

**APPROVED**  
JUN 04 2008

REPORT OF GENERAL MANAGER

NO. 08-150

DATE June 4, 2008

**BOARD OF RECREATION  
and PARK COMMISSIONERS**

C.D. All

**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, 2008**

R. Adams	_____	J. Kolb	_____
J. Combs	_____	F. Mok	_____
H. Fujita	_____	K. Regan	_____
S. Huntley	_____	*M. Shull	<u>Com for MS</u>

Approved \_\_\_\_\_

*[Signature]*  
General Manager

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Withdrawn \_\_\_\_\_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 25, 2008; and
2. After rescission of any such award, authorize the General Manager to execute a Memorandum of Understanding (MOU) on June 30, 2008, 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the Board Office, in each case to incorporate the scope of the project from the contract for which the award has been rescinded, subject to the approval of the City Attorney as to form.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 Los Angeles City approved proposition which assesses owners of residential property \$25,000,000 per year for thirty 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, 2008. If all of the funds are not obligated prior to June 30, 2008, the assessment must be reduced by the amount not obligated, and these funds will be forever lost to the City for any purpose.

In June 2008, the Board of Recreation and Park Commissioners will vote to award seven (7) Proposition K funded construction projects to the lowest responsible and responsive bidder. Per the bid documents, 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 seven (7) Proposition K projects are unable to obtain and provide the City with the necessary payment and performance bonds, and insurance and to execute the contract, within the ten (10) days allotted for this effort, there would 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 execute their respective Contract Agreements in a timely manner. The proposed contingency plan consists of authorizing the General Manager to execute a MOU between RAP, BOE and GSD, 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 listing of the Proposition K contracts which remain unexecuted is provided in Attachment A

### FISCAL IMPACT STATEMENT:

There is no anticipated fiscal impact to the Department's General Fund by transferring as many as seven (7) Proposition K contracts from private contractors to GSD as it is anticipated that GSD could perform the contracts for the amount bid.

This report was prepared by Cathie Santo Domingo, Project Manager, Recreational and Cultural Facilities Program, Bureau of Engineering, and reviewed by Neil Drucker, Program Manager, Recreational and Cultural Facilities Program, Bureau of Engineering, and Michael A. Shull, Superintendent, Planning and Development Division.

## ATTACHMENT A

<u>Project Name</u>	<u>Work Order No.</u>
1 Westchester Recreation Center Facilities Enhancement	E170280
2 Harvard Recreation Center – Skate Park	E170432
3 MacArthur Park – Children's Play Area	E170207
4 MacArthur Park – Lighting	E170473
5 Sepulveda Basin Community Garden Restrooms	E170430
6 Slauson Recreation Center – Building Improvements	E170311
7 Van Ness Recreation Center Field Improvements	E170277