0220-03145-0335

# TRANSMITTAL

| TO | DATE | COUNCIL FILE NO. |
|---|---|---|
| Council | 11-06-19 | |
| **FROM** | | **COUNCIL DISTRICT** |
| Proposition K – L.A. For Kids Steering Committee | | CD 2 |

At its meeting held on October 31, 2019, the L.A. for Kids Steering Committee adopted the recommendations of the attached Bureau of Engineering (BOE) report, which is hereby transmitted for Council consideration. Adoption of the report recommendation would:

1) Authorize an increase of $5,319,459 in the approved project budget for the Studio City Recreation Center, New Gymnasium Project from $10,686,000 to $16,005,459; and,

2) Recommend the Board of Recreation and Parks Commissions (RAP Board) approve the release of the call for bids for the project, with final award of the Project to be subject to the identification of full funding prior to award; and,

3) Instruct staff from BOE, RAP, and related departments to continue to work concurrently with the Council District 2 to develop a funding plan for addressing any remaining funding shortfall following the award determination for State grant funds anticipated by January 2020.

On August 12, 2014, Council authorized a project budget of $10,686,000 that has increased to $16,005,459 based on revised estimates provided by BOE due to construction escalation and changes to the project scope (C.F. 12-1670-S2). Construction of the project will not proceed until sufficient funding is secured to address the current shortfall estimated at $8.55 million.

There is a potential future impact on the General Fund to the extent that funding shortfalls for the project are not resolved through additional commitments of supplemental program funds, other Special Fund monies or grant opportunities. As indicated in the report, the Department of Recreation and Parks is currently pursuing up to $8.5 million in grant funds.

Richard H. Llewellyn, Jr.
City Administrative Officer
Chair, L.A. For Kids Steering Committee

*RHL:JMS:05200072*

Agenda Item No. 5

**CITY OF LOS ANGELES**
INTERDEPARTMENTAL CORRESPONDENCE

**L.A. FOR KIDS STEERING COMMITTEE MEETING, October 31, 2019**
**AGENDA ITEM ( 5 )**
**RECOMMENDATION TO APPROVE A REVISED PROJECT BUDGET FOR THE STUDIO CITY RECREATION CENTER - NEW GYMNASIUM PROJECT**

**DATE:** October 31, 2019

**TO:** Proposition K – L.A. for Kids Steering Committee

**FROM:** Neil Drucker, Interim Division Head
Architectural Division
Proposition K – L.A. for Kids Program
Bureau of Engineering

**SUBJECT: APPROVAL OF THE REVISED PROJECT BUDGET FOR THE STUDIO CITY RECREATION CENTER - NEW GYMNASIUM PROJECT (COUNCIL DISTRICT 2, PROPOSITION K ID #S12), AND AUTHORITY TO CALL FOR BIDS.**

**RECOMMENDATION:**

The Bureau of Engineering (BOE) recommends that the Proposition K - L.A. for Kids Steering Committee recommend that:

1. The City Council authorize an increase in the Project budget from $10,686,000 to $16,005,459 for the Studio City Recreation Center – New Gymnasium project (Council District 2, Proposition K ID S12 ) (Project).

2. The Board of Recreation and Park Commissioners (RAP Board) approve the release of the call for bids for the Project, and instruct staff that final award of the Project be subject to the identification of full funding; and,

3. Staff from BOE, the Department of Recreation and Parks (RAP), and related departments be instructed to continue to work concurrently with the Council District 2 (CD2) to address the anticipated funding shortfall.

**DISCUSSION/BACKGROUND:**

The Project is located at the existing Studio City Recreation Center, long known as Beeman Park to local residents and longtime park users. The Recreation Center is located at 12621 Rye Street, Los Angeles, in CD2. This is a Proposition K (Prop. K) – L.A. for Kids Program Specified Project (Prop. K Project ID S12). The Project has also been referenced as the Studio City Gym, Studio City Recreation Center, and/or Studio City Recreation Center Gymnasium. The specific scope of work for the Project in the Prop. K Ballot Measure states: "Construct a Modern Gymnasium, Community Center, Landscape and Irrigation."

The current Project scope proposes to demolish the existing 5,723-square-foot community building, and construct a new 12,000-square-foot gymnasium building and adjoining community center to provide much-needed space for the Department's essential programs and classes serving the community. In addition, there will be site improvements, including, new hardscape areas to provide circulation and gathering spaces, improvements to the surrounding landscape through turf and irrigation repairs, and new trees and shade.

The Project is pursuing LEED (Leadership in Energy Efficient Design) and Net-Zero Energy certifications. It is one of the first pilot Net-Zero Energy projects for the City, as outlined in the Mayor's Sustainable City pLAn.

Three (3) Local Volunteer Oversight Committee (LVNOC) meetings were held to address the requirements of the Prop. K-funded line items within the Project scope. The three LVNOC meetings were conducted on September 9, 2015, December 17, 2015, and July 20, 2017, which provided opportunities for the Project's stakeholders and community members to engage in the development of the Project design. A consensus on the scope, budget, and timeline was reached, and the Project obtained LVNOC approval on July 20, 2017. The Project design was completed by the BOE Architectural Division on September 15, 2019. In addition, a series of community meetings (five separate meetings) were held in mid-2019 in anticipation of, and as required by, the State Proposition 68 Grant application. The said application has been submitted to the State and a funding decision is forthcoming. It should be noted that a site visit will be held by the State in early November 2019 as a part of the application process. The public in attendance at the five (5) meetings were in support of the project as designed.

At present time, the Project is in the Bid and Award phase, and the final plans and specifications are anticipated to be presented to the RAP Board on December 4, 2019. Upon approval by the RAP Board, the Project will then be advertised for bids.

Assuming full funding is obtained prior to the end of calendar year 2019, construction is anticipated to start in mid-2020.

Current Construction Climate, Construction Escalation and Inflation Increase

In 2015, the previously approved Project budget total was $10,686,000. However, the Project budget has increased to $16,005,459. The revised budget reflects: 1) the current construction climate, construction escalation and inflation; 2) scope revisions and design changes requested by RAP and the community; and 3) the extended pre-design and design phases (caused in part by the piloting of the NetZero program for this project, which required identification and hiring of an outside NetZero consultant, of which few are currently available.

The current revised budget was previously reported in the City Administrative Officer's (CAO's) Prop. K Cost to Complete report dated July 29, 2019 (C.F. 19-0842), and approved by the Los Angeles City Council on October 11, 2019. That report placed the Project in the Prop. K Tier 4 group of projects, specified projects with shortfalls exceeding $5 Million dollars.

The initial Project budget in 2012 was $9,600,000. In 2014, the budget was increased to $10,164,000 (C.F. 12-1670-S2, approved by the Los Angeles City Council on August 12, 2014) due to construction cost inflation at the time. The construction cost in 2015 was estimated at $7,000,000, which was very low for a modern gymnasium, with an area of approximately 12,000 square feet; however, it was not uncommon for many of the projects awarded at this time since construction prices had reached an all-time low. For example, the Woodland Hills Recreation Center - Park Renovation (W.O. #E1907454) (PRJ20090), which consists of a new 12,400-square-foot gymnasium, a 6,800 square-foot pool, a 2000-square-foot bathhouse, a 1000-square-foot pump house, playground, and shade structures, was awarded to the lowest bidder with a base bid of $12,988,000 in 2014.

Since the economic recovery, BOE staff has noticed that bids are coming in much higher than the initial construction estimate across the board. This is due to the booming construction market over the past several years, and the effect of construction escalation and inflation increases. For example, the Robertson Recreation Center, which is an identical project to benchmark for comparison, received bids of $10,785,000 in July 2017. The scope of the Robertson Recreation Center project is also to construct an approximately 12,000-square-foot gymnasium. However, the total project budget for this project has increased to $15,000,000. Recent trade disputes have also increased the price of aluminum, steel, and many other key construction materials.

Scope Revision and Design Changes

In addition to the current construction climate and cost escalations, the Project design had to be revised many times due to the findings of the soil investigation, requests for changes and/or code changes from other City agencies, and requests for additional community space from RAP.

The highest cost impact came from the required change from a standard footing to a mat footing, which costs approximately $1 million. When the 2015 cost estimate was done, the final Geotechnical Report was not approved by the Department of Building and Safety, and therefore, the cost estimate assumed a standard foundation system for the Project. However, the soil report dated August 12, 2015 indicated there was extensive clay on site and required that the building must be supported by a structural mat foundation. The soil conditions also require that the Project use deep drywell systems to comply with Low Impact Development (LID) storm water mitigation requirements.

The additional parking required by the Department of Building and Safety and subsequent re-configuration and expansion of the existing parking lot have also contributed to the project budget increase.

Extended Pre-Design and Design Phases

It also took longer than anticipated to start design due to the difficulty of selecting a qualified design consultant who specialized in NetZero Energy design because consultants with this qualification were scarce in the construction industry in 2015. This Project is a pilot project for achieving NetZero Energy design for the City that will meet

the Mayor's sustainability goals by creating a new energy independent building. City staff and consultants have spent huge efforts to do research and computer modeling to analyze building configurations and orientation to achieve the NetZero goals.

In addition, during the early design development phase of the project, the community showed much interest via the LVNOC process, and was actively involved in providing input on development of the design for the Project. Staff completed multiple revisions to the schematic design in order to accommodate input and requests from the community. An overwhelming number of residents in CD2 fully support the project and BOE staff is addressing any issues or concerns raised by the community regarding the Project. BOE staff has proceeded cautiously to ensure that the Prop. K Program, and Project requirements are met.

**STATUS OF FUNDING:**

The available funds for the project are $7.5 million dollars from Prop K. Therefore, the project currently has an $8.5 million dollar shortfall.
Table 1 below lists the current revised budget, and the total available funding for the Project.

| **Table 1- Studio City Recreation Center – New Gym - Funding Status** | |
|---|---|
| | |
| **Revised Total Project Budget** | **$16,005,459** |
| | |
| **Available Funding Sources** | |
| Prop K 14 | $10,000 |
| Prop K 18 | $3,933,300 |
| Prop K 19 | $1,000,000 |
| Prop K 23 | $1,600,000 |
| Quimby | $911,767 |
| **Current Total Available funding** | **$7,455,067** |
| | |
| **Total Shortfall** | **$8,550,392** |
| | |
| **Potential Funding Sources** | |
| Municipal Facilities Capital Improvement Expenditure Program (CIEP) (FY 2020-2021) | $50,392 |
| Proposition 68 Statewide Park Development and Community Revitalization Program Grant | $8,500,000 |

Over the past few fiscal years, BOE staff has asked for additional funding through the annual BOE Ongoing Capital Projects, Capital Improvement Expenditure Program (CIEP) funding request. At the same time, RAP has submitted a request for $8.5 million for Proposition 68 Statewide Park Development and Community Revitalization Program Grant, and is actively seeking additional funding sources to fill the gap. However, additional funding is yet to be available. BOE staff will continue to work with CD2, CAO

and RAP to find additional funding sources to cover the shortfall. No construction activities will begin until the project is fully funded.

ND/PT:sp:sz