


CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Agenda Item No. 6

Date: July 14, 2022

To: Municipal Facilities Committee

From: Steven Fierce, AIA
Municipal Facilities Program Manager 
Bureau of Engineering

Subject: **PROJECT UPDATE – SOUTHEAST YARD RECONSTRUCTION
LOCATED AT 4206 SOUTH MAIN STREET**

RECOMMENDATION

That the Municipal Facilities Committee (MFC) provide approval of:

1. Southeast Yard Reconstruction (Project) to continue Pre-Design and Design efforts;
2. Project Budget of \$9.571 million with recognition of the estimated \$6.1 million shortfall for Project Construction and Post-Construction costs by Fiscal Year (FY) 2024-25; and
3. Project Schedule with an estimated Construction Completion date of 10/31/26.

SUMMARY

The Project includes the Pre-Design, Design and Construction of the following scope:

- Demolition of existing structures including office, storage sheds, shower / locker room, and perimeter fencing;
- Reconstruction / update and expansion of the facility, as required to meet latest code standards and work flow programming requirements will consist of a facility with new storage sheds, lockers, and a consolidated shared office building with separate Designated entries for Bureau of Street Services and the Department of Recreation and Parks (RAP); and
- Resurfacing of the existing asphalt pavement, restriping of parking, and new landscaping or shading to meet latest code standards for the facility's complete site.

The Total Project cost is estimated at \$9.571 million including the absorption of BOE Project Management and Construction Management Staff costs. Current total available funding is \$3.471 million with an estimated \$6.1 million shortfall to complete the Project.

Background

In 2019, the Southeast Yard (4206 S. Main St.) sustained severe fire damage. The facility has been red tagged and Bureau of Street Services (BSS) work crews have been

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deployed from multiple locations to obtain work assignments and equipment, which has adversely impacted work productivity. In addition, the Department of Recreation and Parks (RAP) yards and shops function is also co-located at this facility due to RAP's displaced yards and shops program originally intended at South Park requiring more space than available at that location (RAP Board Report No. 20-207 Revised; October 15, 2020).

The outdated facility requires code compliance and update, expansion to meet standards, and workflow programming. The BSS and RAP approached the Bureau of Engineering (BOE) for the Project scope to include Pre-Design, Design, Construction / Post-Construction services to address comprehensive needs. Following the Mayor's initiatives to carry out the City's goals around sustainability, the Project Design will be required to position towards future on-site energy generation with battery storage for building emergency back-up power and stay compliant to the City Engineer's Special Orders for building Design that meets full building electrification and the Buy Clean California Act.

The focus of this report is to provide an update on the status of the Project's Pre-Design / Design progress, review Project budget / shortfall and schedule in order to discuss the MFC authorization to continue Pre-Design / Design efforts.

The immediate funding for the Project totals \$3,470,424, which includes Pre-Design (\$300,000), Design (\$600,000) and partial funding towards Construction costs (\$2,570,424). At this time, there is \$3,470,424 in total funding authority remaining, which does not include \$1,578,416 in expired MICLA authority. BOE estimates additional funding of \$6.1 million would be required to fully fund Construction, which would be expended over multiple fiscal years, as follows: 2024-25 (\$4.1 million), 2025-26 (\$1.1 million), and 2026-27 (\$900,000).

Pre-Design Phase

The BSS secured topographic survey through their contract with Harris & Associates Consultant and involved the BOE as Project Manager to oversee Pre-Design through Post-Construction efforts. The BOE was tasked to initiate Geotechnical and Environmental Pre-Design survey, investigations, and reporting, as well as issue the Task Order Solicitation (TOS) 76 to secure a Design Architect for Pre-Design, Design, engineering, Construction Administration and support services.

The Geotechnical and Environmental TOS process initiated in October 2021 and November 2021, respectively kicked off with surveys and investigations in December 2021 and April 2022. The geotechnical / preliminary environmental reporting was completed in May 2022. The scope includes:

- Environmental and Geotechnical Investigation services, including soil boring tests, methane gas evaluation, Phase II Environmental Site Assessment (ESA) and soil-vapor evaluation;

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- Additional Field Exploration and Analytical Laboratory Testing, as required following initial field exploration;
- Los Angeles Building and Safety Grading Division approved Geotechnical report; and
- Environmental report of a limited Phase II ESA and soil-vapor evaluation findings.

Outstanding and on-going Geotechnical and Environmental scope includes:

- Methane mitigation Pre-Design, Design planning and coordination; and
- Environmental surveys which includes hazardous materials, asbestos and lead surveys, noise analysis, and cultural / archeology study.

Design Phase

Geotechnical methane mitigation Design has not been initiated and will not commence until an Architect Design Consultant is awarded and develops the Project Design.

The TOS 76 was prepared and advertised to the Pre-Qualified On-Call Architectural Consultant list in March 2022. Due to limited consultant capacity and lack of interest, no proposals were received by the May 2022 deadline. The TOS 76 cost estimates and budget were subsequently revisited and revised to reflect present day Construction climate. Due to the significant Project budget shortfall of \$6.1 million, the TOS 76 is on-hold until the MFC provides authorization to continue with Project Pre-Design and Design efforts.

With the MFC approval, the Project will proceed with the TOS 76 re-advertisement to secure the Architect Design Consultant for Pre-Design, Design, engineering, Construction administration and support services at a cost ceiling estimated not to exceed \$550,000.

Construction / Post-Construction Phase

Based on the current Construction climate experienced and projected cost escalations, a future consideration of securing the Project budget shortfall of \$6.1 million will be necessary to enable Project Construction and Post-Construction completion.

Budget:

The following chart tracks Pre-Design, Design, Construction / Post-Construction funded costs and shortfall of the total \$9,570,424 Project budget.

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Project Phase	Funding Source	FY	Funded Amount	Shortfall Amount
Pre-Design	MICLA 298/50/50TSEY	2020-21	\$ 168,812	
	298/50/TBD	2021-22	\$ 131,188	
Design / Bid & Award	MICLA 298/50/TBD	2021-22	\$ 168,812	
	298/50/TBD	2022-23	\$ 231,188	
	QUIMBY (302/89/89460K-MZ)	2022-23	\$ 200,000	
Construction / Post-Construction	MICLA 298/50/TBD	2022-23	\$ 768,812	\$ 6,100,000*
	QUIMBY (302/89/89460K-MZ)	2022-23	\$ 1,801,612	
Total Project Budget:			\$ 9,570,424	
* Total Shortfall includes 20% contingency and Construction escalation estimated to the mid-point of Construction.				

Funding:

The Project Past and Current appropriated funding is as follows:

Funding Source	FY	Authority	Expires	Amount	Comments
MICLA 298/50/50TSEY	2020-21	4 th CPR (C.F.20-1021-S3)	2022-23	\$ 1,747,228	MICLA funds expired due to the three-year spending limit and original authority for \$1.2M RAP yards and shops facility is from MICLA FY 2014-15.
			Subtotal – Expired MICLA Authority	\$ 1,578,416	
			Subtotal – MICLA Authority Encumbered	\$ 168,812	Subject to MICLA eligibility restrictions.
MICLA (298/50/TBD)	2021-22	City’s Adopted Budget (C.F. 21-0600)	2023-24	\$ 300,000	Pending reauthorization via FY 2022-23, 2 nd CPR.

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MICLA (298/50/TBD)	2022-23	City's Adopted Budget	2024-25	\$ 1,000,000	Subject to MICLA eligibility restrictions.
Quimby (302/89/89460K- MZ)	2022-23	RAP Board Report No. 22- 058	N/A	\$ 2,001,612	Eligible uses restricted to direct cost of RAP facility amenities and proportionate share of shared site amenities.
Subtotal – Remaining Funding Authority				\$ 3,470,424	
Total :				\$5,048,840*	
*Amount reflects total funding authorized for this Project, which includes \$1,578,416 in expired MICLA authority.					

The total Municipal Improvement Corporation of Los Angeles (MICLA) funding of \$2,047,228 (\$1,747,228 referenced in 2020-21 4th CPR, C.F. 20-1021-S3 and \$300,000 in the City's Adopted Budget, C.F. 21-0600) was secured to cover the Pre-Design, Design, and partial Construction costs due to anticipated Project budget shortfall.

Because the \$1,747,228 in authorized MICLA funds (Account: 298/50/50TSEY) contains \$500,000 for the Bureau of Street Services Annual Capital Repair Program in FY 2020-21 and \$1.2 million in MICLA funds authorized in FY 2014-15 to develop a RAP yards and shops facility, the funds expire FY 2022-23. The request for reauthorization through the FY 2021-22, 5th Construction Projects Report (CPR) was not recommended in light of the \$1.3 million in MICLA appropriation that will be available in FY 2022-23 which consists of:

- \$300,000 in 2021-22 CTIEP MICLA financing (CF 21-0600) from the City's adopted budget scheduled for reauthorization through the FY 2022-23, 2nd CPR; and
- \$1 million in CTIEP MICLA financing awarded through the 2022-23 City's budget process.

Out of the \$1,747,228 in authorized MICLA funds, total of \$168,812 was encumbered. The Project has a total Quimby appropriation of \$2,001,612 within the 302/89/89460K-MZ account (RAP Board Report No. 22-058 dated March 17, 2022). The combined total of \$3,470,424 in MICLA and Quimby appropriation for the Fiscal Year 2022-23 is sufficient to cover estimated Pre-Design and Design costs, but additional funding is necessary to secure budget shortfalls for the Project Construction / Post-Construction completion.

The Project Pre-Design, Design and Construction / Post-Construction anticipated expenditure schedule with cash flow needs is as follows:

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Task	Complete Date	FY 21-22	FY 22-23	FY 23-24	FY 24-25	FY 25-26	FY 26-27
Pre-Design	09/20/21 - 05/30/23	\$300K					
Design	05/30/23 - 09/30/24		\$550K				
Bid and Award	09/30/24 - 04/02/25				\$50K		
Construction*	04/02/25 - 10/31/26				\$6.671M	\$1.1M	
Post Construction*	10/31/26 - 04/02/27						\$900K
* Total construction contract estimated at \$8.671 million, of which \$2.571 million is currently available (\$769,000 in MICLA & \$1,802,000 in Quimby) with projected cash flow needs for the remaining \$6.1 million to occur over 3 fiscal years (FY 24-25, FY 25-26, and FY 26-27) as shown in the chart above based on anticipated expenditures schedule.							

The BOE is recommending MFC approval for the Project to continue Pre-Design / Design efforts with recognition of the projected \$6.1 million shortfall by FY 2024-25 for Construction / Post-Construction completion. Once a Project Design is developed, the BOE will be able to complete additional due diligence of further cost evaluations.

FISCAL IMPACT

There is no additional impact on the General Fund at this time. There appears to be sufficient appropriated funding to address the Pre-Design and Design costs associated with this Project.

However, there is a future impact on the General Fund to the extent that an additional appropriation in the estimated amount of \$6.1 million will be necessary to complete Project Construction and Post-Construction activities.

cc:

- Bernyce Hollins, City Administrative Officer
- LaTanya Roux, City Administrative Officer
- Elis Lee, City Administrative Officer
- Deborah Weintraub, Bureau of Engineering
- Steven Fierce, Bureau of Engineering
- Alex Ngo, Bureau of Engineering
- Melissa Lam, Bureau of Engineering