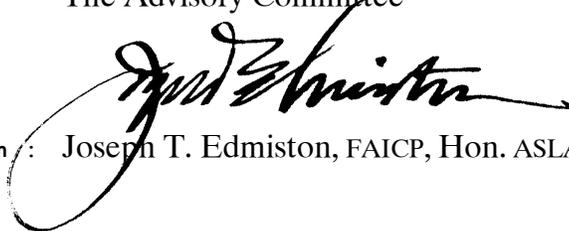


Memorandum

To : The Conservancy
The Advisory Committee

Date: November 8, 2010

From :  Joseph T. Edmiston, FAICP, Hon. ASLA, Executive Director

Subject: **Agenda Item 16: Consideration of resolution authorizing a budget augmentation for SMM-0868 to the Mountains Recreation and Conservation Authority.**

Staff Recommendation: That the Conservancy adopt the attached resolution authorizing a budget augmentation for SMM-0868 to the Mountains Recreation and Conservation Authority in the amount of \$600,000.

Legislative Authority: Sections 33204(c), 33204.2, 33204.27, 79570(c), and 5096.650(b)(3) of the Public Resources Code.

Background: Following the suspension of bond-funded projects in December 2008, the Mountains Recreation and Conservation Authority (MRCA) resumed construction of the Confluence Park project in November 2009 and was scheduled to be completed by June 30, 2010. Despite the best efforts of MRCA staff, the General Contractor failed multiple times to meet agreed-upon deadlines and violated numerous contract provisions. Unable to resolve these violations, in late June 2010, the MRCA's Executive Officer terminated the contract with the General Contractor. The MRCA subsequently assumed all sub-contractor contracts and has used force account to complete the project.

MRCA has requested a \$600,000 grant augmentation because the cost of completing the project was substantially higher than previous budget projections. All previous budget projections were made assuming that the General Contractor would complete the scope of work within the contracted budget plus a contingency for unexpected conditions. The budget was exceeded due to several factors, including the General Contractor's material deviation from the construction plan specifications, unsatisfactory workmanship on several elements of the project, and direct costs associated with the failure to meet certain deadlines. It is clear that the General Contractor substantially underestimated the time, skill, and cost of completing this project.

MRCA retained a construction consultant to review plans, contract and change orders, evaluate on-site improvements, and identify defects and substantial deviations of improvements from plans/change orders. Upon completion of these evaluations, MRCA will aggressively pursue all options to recover the costs of completion for unacceptable work, including reimbursement and claims against contract retention.

Agenda Item 16
November 8, 2010
Page 2

The Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Bond Act of 2006 (Proposition 84), allocated funds to the Santa Monica Mountains Conservancy in Chapter 5, 75050(g)(2) of the Public Resources Code, for the protection and restoration of rivers, lakes and streams, their watersheds and associated land, water and other natural resources and the implementation of watershed protection activities throughout the watershed of the Upper Los Angeles River pursuant to Section 79508 of the Water Code. As outlined in the MRCA's application, staff finds the proposed project consistent with Proposition 84's policy to promote the access to and enjoyment of land and water resources.

Consideration: The amount of the requested grant augmentation is \$600,000.