

TRANSMITTAL


0220-05395-0003

TO Council	DATE 03-29-19	COUNCIL FILE NO. 14-1604
FROM Municipal Facilities Committee		COUNCIL DISTRICT 14

At its meeting on March 28, 2019, the Municipal Facilities Committee considered the attached Bureau of Engineering (BOE) report, concurred with the recommendations, and instructed staff to transmit to Council for approval. Council approval of the report recommendations would revise the FY 2018-19 Budget for the Demolition and Pre-Design Component of the LASCBC Project from \$21,000,000 to \$23,554,567; and reauthorize the use and issuance of \$2,554,567 in MICLA funds, and increase appropriations in MICLA Fund 298, Account 50NTCD, titled "Los Angeles St Civic Center Building/Parker Center Demo Project." This does not affect the total approved project budget of \$32.2 million.

Fiscal Impact Statement:

Approval of the reissuance of \$2,554,567 in MICLA funds will have an impact on the General Fund. However, this impact will not result in an increase of the already approved conceptual total budget, and funding anticipated in FY 2019-20 to complete the project will commensurately be reduced by \$8,745,433.


Richard H. Llewellyn, Jr.
City Administrative Officer
Chair, Municipal Facilities Committee


RHL:JVW/mk15190103

Attachment

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Date: March 26, 2019

To: Municipal Facilities Committee

From: 
Reza Bagherzadeh, PE, Program Manager
Civic Center Development Division
Bureau of Engineering

Subject: **MUNICIPAL FACILITIES COMMITTEE MEETING MARCH 28, 2019
LOS ANGELES STREET CIVIC BUILDING PROJECT AND PARKER
CENTER DEMOLITION- INCREASE IN MICLA APPROPRIATIONS WITHIN
THE APPROVED BUDGET – CD 14**

RECOMMENDATIONS:

1. Approve the Revised FY 2017-18 and 2018-19 Budget for the Demolition and Pre-Design Component of the LASCB Project and increase of \$2,554,567 from \$21,000,000 to \$23,554,567 in order to accommodate the pace of demolition activities and actual costs incurred;
2. Reauthorize the use and issuance of \$2,554,567 in Municipal Improvement Corporation of Los Angeles (MICLA) Commercial Paper and increase appropriations in MICLA Fund 298, Account 50NTCD, titled "Los Angeles St Civic Center Building/Parker Center Demo Project";
3. Recognize that the overall conceptual budget of up to \$32,300,000 for the project and anticipated December 2019 completion for demolition date remains unchanged; and
4. Direct the City Administrative Officer (CAO) to make any technical corrections as needed in order to carry out the intent of the Council.

PROJECT: Los Angeles Street Civic Building (LASCB) / Parker center Demolition – Reallocation of Funds Between Fiscal Years for Cash Appropriation

Project Website: <https://civiccenterprojects.lacity.org/>

Project Email Address is: eng.civicbuilding@lacity.org

BACKGROUND AND PROJECT SCOPE:

On July 3, 2018, the Council approved a total conceptual budget for the demolition, financial feasibility, pre-design, legal and other services of \$32.3 million, see Attachment Table 10 from the May 15, 2018 Report from the Bureau of Engineering (BOE) to the Municipal Facilities Committee (MFC).

The total \$32.3 million conceptual budget approved in FY 18-19 for the demolition of Parker Center and other services, was followed by CAO technical corrections on January 9, 2019, based on project activities and actual costs for the reallocation of funds between budget line and contingency items to maximize use of already approved funding. This did not affect the total approved project budget of \$32.3 million.

The BOE requests adjustments to the Fiscal Year Project Budget required for Project activities and actual costs as of March 18, 2019. These adjustments are required to accommodate the pace of demolition activities along with invoices submitted by the contractor at the Parker Center property. We are requesting an increase of \$2,554,567 from the FY 2017-18 and 2018-19 Budget from \$21,000,000 to \$23,554,567 to meet the Project's rate of expenditure needs. Of the \$2,554,567, \$2,054,567 is to be used for Parker Center Demolition, HazMat Removal, Grading and Duct Bank Construction Bid (*Silverado Contractors*); and \$500,000 in contingency that will be used for anticipated change orders consistent with the percentage level of completion of the work.

BUDGET: The Revised FY Cash Flow Allocations reflects the revised funding requirements and the proposed timeframe for expenditures. These adjustments will not affect the total approved conceptual budget of \$32.3 million.

SCHEDULE: No change in schedule as a result of the fiscal year reallocation.

FISCAL IMPACT: Approval of the recommendation for additional MICLA funds will have an impact on the General Fund. However, this impact will not result in an increase of the already approved conceptual total budget, as funding anticipated for FY 2019-20 to complete the project will be commensurately reduced to \$8,745,433.

DEBT IMPACT: Based on the CAO's analysis, the issuance of MICLA Bonds is a General Fund obligation. This reauthorization of MICLA for an additional \$2,554,567 from \$21,000,000 to \$23,554,567 for the demolition and pre-design component of the LASCBC Project would cause the City to borrow a total of \$23,554,567 at an approximate 5.5 percent interest rate over 20 years. The total estimated debt service is \$39,420,000, including interest of \$15,860,000. During the life of the bonds, the estimated average annual debt service is \$1,970,000 over 20 years.

Actual interest rates may differ as rates are dependent on market conditions at the time of issuance. We cannot fully predict what interest rates will be in the future.

In accordance with the City's Debt Management Policy, the City has an established debt ceiling to guide in evaluating the affordability for future debt. The debt ceiling for non-voted direct debt as a percentage of General Fund revenues is 6.0 percent. The City is currently at 4.15 percent for 2018-19. The issuance of the debt for this project will not impact the City's debt capacity for non-voted approved debt as the issuance of debt for this project is already included in the debt ratio.

Q:\Admin\Typed Documents\

Attachments: Demolition & DBFOM Pre-Design Total Budget for LASCB dated 3-11-2019.

cc: Kiana Taheri, Office of the Mayor
Paul Wang, Office of the Mayor
Alma Lopez, Office of the Mayor
Shawn Kuk, Office of Council District 14
Sean Torres, City Attorney's Office
Yolonda Chavez, City Administrative Officer
Jacqueline Vernon Wagner, City Administrative Officer
Mandana Khatibshahidi, City Administrative Officer
Matias Farfan, City Legislative Analyst
Cheryl Banares, City Legislative Analyst
Ted Ross, Information Technology Agency
Anthony Moore, Information Technology Agency
Gary Lee Moore, City Engineer Bureau of Engineering
Deborah Weintraub, Bureau of Engineering
Mahmood Karimzadeh, Bureau of Engineering

**TABLE NO. 10: DEMOLITION AND DBFOM PRE-DESIGN TOTAL BUDGET FOR
LASCB FOR FY 2017-18, FY2018-19 & FY2019-2020**

BUDGET ITEM	PROPOSED BUDGET
Demolition and Communication System Drawings, Draft Stacking Plan	\$1,300,000
Parker Center Building Demolition, Hazmat Removal, Grading, and Duct Bank Construction Bid	\$16,737,549
Demolition Contingency	\$3,462,451
ITA Work Force / Hiring Hall for Pulling Communication Cables	\$500,000
DEMOLITION CONSTRUCTION BUDGET SUBTOTAL	\$22,000,000
Financial Analysis Consultant Administered by CAO	\$600,000
Programming/Performance Specification/Design Guidelines Consultant	\$1,600,000
RFQ/RFP Consultant for DBFOM Project Procurement	\$2,000,000
Stipend for Design Competition	\$1,500,000
Legal Counsel DBFOM Specialist Consultant	\$1,000,000
CONSULTANT BUDGET SUBTOTAL	\$6,700,000
FY2017-18 City Staff Cost Direct	\$200,000
FY2018-19 City Staff Cost Direct	\$1,900,000
FY2019-2020 City Staff Cost Direct	\$1,000,000
DBFOM Program Contingency	\$500,000
SUBTOTAL	\$3,600,000
TOTAL PROJECT BUDGET:	\$32,300,000
Available MICLA Funding	(\$11,000,000)
TOTAL MICLA SHORTFALL:	\$21,300,000

**Demolition and DBFOM Pre-Design Total Budget for LASCB
Revised FY Cash Flow Allocations**

Budget Item	APPROVED BUDGET (MICLA)			EXPENDITURE PLAN/CASH FLOW REVISION				
	APPROVED BUDGET (MICLA) (5/25/2018)	Jan. 9, 2019 FY 18-19 CHANGE	FY 18-19 REVISED BUDGET	FY 19-20 CURRENT CASH FLOW	FY 18-19 PROPOSED CHANGE 3/28/2019	FY 18-19 REVISED CASH FLOW	FY 19-20 REVISED CASH FLOW	TOTAL CASH FLOW
Demolition and Communication System Drawing, Draft Stacking Plan (IBI Group)	\$ 1,300,000	\$ -	\$ 1,300,000	\$ 317,615	\$ -	\$ 982,385	\$ 317,615	\$ 1,300,000
Geotechnical Services for Demo Phase, Wood Environmental et Al. \$170,302	Included above							
Geotechnical Services for Demo Observation & Field Density, Kleinfelder West, Inc \$95,000.	Included above							
Parker Center Demolition, Hazmat Removal, Grading and Ductbank Construction Bid (Silverado Contractors)	\$ 16,737,549	\$ -	\$ 16,737,549	\$ 4,537,549	\$ 2,054,567	\$ 14,154,567	\$ 3,582,982	\$ 16,737,549
Demolition Contingency	\$ 3,462,451	\$ -	\$ 3,462,451	\$ 2,462,451	\$ 500,000	\$ 1,500,000	\$ 1,962,451	\$ 3,462,451
ITA Work Force / Hiring Hall for Pulling Communication Cables	\$ 500,000	\$ -	\$ 500,000		\$ -	\$ 500,000	\$ -	\$ 500,000
DEMOLITION CONSTRUCTION BUDGET SUBTOTAL	\$ 22,000,000	\$ -	\$ 22,000,000	\$ 7,417,615	\$ 2,554,567	\$ 17,136,951	\$ 4,863,048	\$ 21,999,999
Financial Analysis Consultant Administered by CAO (IBI Group, E&Y)	\$ 600,000	\$ (100,000)	\$ 500,000	\$ -	\$ -	\$ 500,000	\$ -	\$ 500,000
Programming/Performance Specification/Design Guidelines Consultant (Perkins + Will)	\$ 1,600,000	\$ 400,000	\$ 2,000,000	\$ -	\$ -	\$ 1,517,616	\$ 482,384	\$ 2,000,000
RFQ/RFP Consultant for Project Procurement (Arup)	\$ 2,000,000	\$ -	\$ 2,000,000	\$ 1,200,000	\$ -	\$ 800,000	\$ 1,200,000	\$ 2,000,000
Legal Counsel DBFOM Specialist Consultant (Ashurst)	\$ 1,000,000	\$ 500,000	\$ 1,500,000	\$ -	\$ -	\$ 1,500,000	\$ -	\$ 1,500,000
Stipend for Design Competition	\$ 1,500,000	\$ -	\$ 1,500,000	\$ 1,500,000	\$ -	\$ 0	\$ 1,500,000	\$ 1,500,000
CONSULTANT BUDGET SUBTOTAL	\$ 6,700,000	\$ 800,000	\$ 7,500,000	\$ 2,700,000	\$ -	\$ 4,317,616	\$ 3,182,384	\$ 7,500,000
FY 2017-18 City Staff Cost Direct	\$ 200,000	\$ -	\$ 200,000	\$ -	\$ -	\$ 200,000	\$ -	\$ 200,000
FY 2018-19 City Staff Cost Direct	\$ 1,900,000	\$ -	\$ 1,900,000	\$ -	\$ -	\$ 1,900,000	\$ -	\$ 1,900,000
FY 2019-20 City Staff Cost Direct	\$ 1,000,000	\$ (300,000)	\$ 700,000	\$ 700,000	\$ -	\$ -	\$ 700,000	\$ 700,000
DBFOM Program Contingency	\$ 500,000	\$ (500,000)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0
CITY STAFF SUBTOTAL	\$ 3,600,000	\$ (800,000)	\$ 2,800,000	\$ 700,000	\$ -	\$ 2,100,000	\$ 700,000	\$ 2,800,000
TOTAL BUDGET	\$ 32,300,000	\$ -	\$ 32,300,000	\$ 11,300,000	\$ 2,554,567	\$ 23,554,567	\$ 8,745,432	\$ 32,300,000
Authorized MICLA Funding to Date	\$ (21,000,000)		\$ (21,000,000)					
Total MICLA Shortfall	\$ 11,300,000		\$ 11,300,000					

Revised 3/18/2019