

TRANSMITTAL

TO Council	DATE 02-04-19	COUNCIL FILE NO.
FROM Proposition K – L.A. For Kids Steering Committee		COUNCIL DISTRICT 5

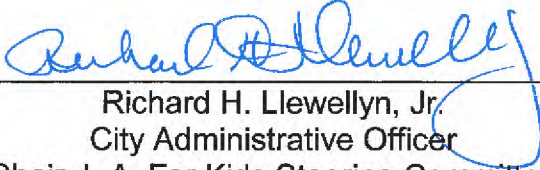
At its meeting on January 31, 2019, the L.A. for Kids Steering Committee (LAFKSC) adopted the recommendations of the attached Office of the City Administrative Officer report, as amended to provide the following Controller's instructions, subject to final Council approval: Authorize the Controller to transfer a total of \$2,322,200 in program inflation funds (\$2,033,474) and in additional specified (GAP) funds (\$288,726), to establish new accounts for the Robertson Recreation Center project as follows:

FROM: \$2,033,474 – 43K/10/10R800 – INFLATION
\$288,726 – 43K/10/10R999 – ADDITIONAL SPECIFIED FUNDING

TO: \$2,033,474 – 43K/10/TBD – INF: ROBERTSON REC CENTER (S46)
\$288,726 – 43K/10/TBD – GAP: ROBERTSON REC CENTER (S46)

At the LAFKSC meeting held on August 29, 2018, the Bureau of Engineering (BOE) presented a project status update report. At that time, BOE reported to the LAFKSC that the project was in active construction with project completion scheduled for October 2019. BOE reported that of the total project budget of \$12.9 million, only \$10.6 million had been awarded, for a remaining shortfall of \$2.3 million.

There is no immediate impact on the General Fund as the remaining \$2.3 million construction shortfall for the Robertson Recreation Center project will be fully offset by the Proposition K program funds. As an existing Department of Recreation and Parks facility, any incremental increases for operation and maintenance costs will be addressed through future City budgets following the project's completion.


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

**CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE**

Date: January 31, 2019

To: Proposition K – L.A. for Kids Steering Committee

From: CAO Staff

Subject: **ROBERTSON RECREATION CENTER PROJECT (PROP K ID #S46) – AWARD OF PROPOSITION K INFLATION FUNDS AND ADDITIONAL GAP MONIES**

RECOMMENDATION

That the L.A. for Kids Steering Committee authorize staff to transmit to Council a recommendation to award a total of \$2,322,200 in Proposition K – L.A. for Kids Program (Proposition K) funds to the Robertson Recreation Center project, utilizing \$2,033,474 in program inflation funds and \$288,726 in additional specified (GAP) funds, including the associated Controllers instructions.

SUMMARY

The Proposition K Ballot Measure authorized funding for a specified project at the Robertson Recreation Center that is located at 1641 Preuss Road, in Council District 5, with a scope defined as follows:

- Construct a modern gymnasium, community center, childcare center and perimeter improvements.

At the L.A. for Kids Steering Committee meeting held on August 29, 2018, the Bureau of Engineering (BOE) presented a project status update report. At that time, BOE reported to the Steering Committee that the project was in active construction with project completion scheduled for October 2019. BOE also reported that of the total project budget of \$12.9 million, only \$10.6 million in cumulative funds had been awarded, for a remaining shortfall of \$2.3 million, as detailed in the chart below:

ROBERTSON RECREATION CENTER (Prop K ID No. S46)	
• Proposition K Specified Funding	\$ 3,000,000
• Proposition K Interest Earnings (C.F.12-1670-S2)	\$ 3,090,099
• Quimby	\$ 4,483,109
Cumulative Funding Awards:	\$ 10,573,208
Total Project Budget:	\$ 12,895,408
Funding Shortfall:	\$ 2,322,200

BOE has advised that in order to complete the project on schedule and within the current budget, the project shortfall needs to be addressed at this time. The Robertson Recreation Center project qualifies for Proposition K inflation funds as it is a specified project with a remaining funding shortfall. In 2014, the project received a \$3.09 million allocation of Proposition K Program interest earnings (C.F. 12-1670-S2), but has not yet received any award of Proposition K inflation funds.

Proposition K inflation funds are primarily used to offset project funding shortfalls that are attributable to inflationary cost escalation over the course of the 30 year program. Program inflation funds are programmed each year as part of the \$25 million annual Proposition K budget. The maximum award level for inflation funds for each specified project is set at three percent from year two of the program. There is also an allowance included as part of the \$25 million annual program budget to award additional (GAP) funding to address shortfalls for specified projects.

The Robertson Recreation Center project qualifies for a maximum Proposition K inflation award of \$3.4 million based on the three percent award factor, which is capped at the project's funding shortfall level of \$2,322,200. The 2018-19 adopted budget for the Proposition K Program has total inflation funds of \$2,033,474 and an allowance of \$1.32 million in Additional Specified (GAP) funds. We recommended awarding a total of \$2,322,200, utilizing the balance of inflation funds of \$2,033,474 available and \$288,726 in GAP funds.

In 2014, as part of a prior Proposition K Program reconciliation report (C.F. 12-1670-S2), the Robertson Recreation Center project was designated as one of 11 high-priority projects. Awarding the additional Proposition K funds now being recommended will enable the program to fully satisfy the scope requirements of this specified project. The remaining balance of Additional Specified (GAP) funds in the 2018-19 Proposition K Program budget, along with unspent prior year funding residuals for completed projects will be available to any additional specified projects that qualify for inflation awards in the current year.

FISCAL IMPACT

There is no immediate impact on the General Fund as the remaining \$2.3 million construction shortfall for the Robertson Recreation Center project will be fully offset by Proposition K program funds. As an existing Department of Recreation and Parks facility, any incremental increases for operation and maintenance costs will be addressed through future City budgets following the project's completion.

RHL:RWS:05190089