

0220-05652-000

TRANSMITTAL

TO Council	DATE 8-30-19	COUNCIL FILE NO.
FROM Proposition K – L.A. For Kids Steering Committee		COUNCIL DISTRICT CD 13

At its meeting held on August 29, 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 in the approved project budget from \$10,000,000 to \$19,650,000; and,
- 2) Authorize the City Engineer to utilize Quimby funds to commence with the design phase of the Hollywood Recreation Center Phase II – Modern Gymnasium project to include hiring an architectural design consultant, with instructions to staff to work concurrently with the Council Office to develop a funding strategy to address the projected shortfall.

Phase I of the Hollywood Recreation Center is completed and includes a Proposition K funded pool building and a non-Proposition K funded pool. Phase II's scope includes the demolition of the current facility and the building of a 10,000 square foot gymnasium building, restrooms, landscaping, and site improvements. The original project budget was estimated by BOE in 2016 at \$10,000,000 but has increased to \$19,650,000 due to construction escalation and changes to the project scope. Construction of the project will not proceed until sufficient funding is secured to address the current shortfall currently estimated at \$10.6 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 applications.



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

**CITY OF LOS ANGELES
INTERDEPARTMENTAL CORRESPONDANCE
L.A. FOR KIDS STEERING COMMITTEE MEETING, August 29, 2019
AGENDA ITEM # (5)
HOLLYWOOD RECREATION CENTER PHASE II - MODERN GYMNASIUM
PROJECT (W.O. E170386, PROJECT I.D. S121)**

DATE: August 29, 2019

TO: Proposition K - L.A. for Kids Steering Committee

FROM: Neil Drucker, Interim Division Head 
Architectural Division, Bureau of Engineering,
Department of Public Works

SUBJECT: HOLLYWOOD RECREATION CENTER PHASE II - MODERN GYMNASIUM PROJECT (W.O.# E170386, PROJECT I.D. S121) – STATUS OF FUNDING, AND REQUEST TO PROCEED WITH AN INCREASED BUDGET AUTHORITY AND DESIGN

RECOMMENDATION:

The Bureau of Engineering (BOE) recommends that the L.A. for Kids Steering Committee recommend to City Council that they approve the following:

1. Authorize an increase in the approved project budget from \$10,000,000 to \$19,650,000; and,
2. Authorize the City Engineer to commence with the design phase of the Hollywood Recreation Center Phase II – Modern Gymnasium project (Project) to include hiring an architectural design consultant, with instructions to staff to work concurrently with the Council Office to develop a funding strategy to address the projected funding shortfall.

BACKGROUND

The proposed Project is located at the City's Department of Recreation and Parks (RAP) existing Hollywood Recreation Center, located at 1122 Cole Avenue, Los Angeles, CA 90038. The Proposition K (Prop K) specified scope is: "Construct modern gym and pool buildings." The modern pool building (as well as a non-Prop K funded new pool) was completed as Phase I. The scope of Phase II includes the demolition of the existing, sub-standard gymnasium building, and the construction of a new 10,000 square foot gymnasium building with a full-size basketball court, classrooms, offices, warming kitchen, restrooms, landscaping, and site improvements. In

addition to providing much needed amenities and services to the community, another goal for this project is to have the gymnasium building certified as a Net Zero Building, in which the building's energy consumption on an annual basis will be offset by the amount of renewable energy generated onsite.

In 2016, a cost estimate was prepared for the project, which yielded a total project cost of \$10,000,000. A request to proceed with design recommendation was presented to and approved by the Proposition K – L.A. for Kids Steering Committee along with a request to authorize the City Engineer to utilize the residual funds from the completed Hollywood Recreation Center Phase I in January 2017.

However, since that time, several factors have increased the total project budget from \$10,000,000 to \$19,650,000, including: 1) construction escalation and inflation costs, and the current high construction bidding climate; 2) request from RAP to incorporate additional project scope to increase the building interior programming space, which will increase the total square footage of the gymnasium from the previously requested 10,000 square feet, to approximately 13,400 square feet, and will result in an anticipated cost increase of approximately \$1,700,000, which is reflected in the new \$19,650,000 cost estimate; 3) relocation of existing outdoor features and addition of new features such as a children's playground, outdoor basketball court, outdoor exercise stations, picnic area; and 4) the construction of a new outdoor shade structure and new parking lot with vehicle drop-off area, as requested by the community. We are currently working with RAP to identify potential funds, including Proposition 68, Measure A, Capital Improvement Expenditure Program (CIEP), Municipal Improvements Corporation of Los Angeles (MICLA) and other funding sources, for the expanded Project.

These four issues are discussed in detail below.

Construction Cost Escalation, Inflation Issues and High Bidding Climate

Since the economic recovery, Bureau of Engineering (BOE) staff noticed that bids are coming in much higher than the initial construction estimate. This is due to escalation/inflation costs and the increase in construction projects throughout the City of Los Angeles, as well as statewide and nationally, for the past several years. In July 2017, the construction contract awarded for the Robertson Recreation Center, which is a comparable project, was \$10,785,000. The scope of the Robertson Recreation Center project, as described in the Proposition K Bond Measure is to "construct a modern gymnasium, community center, and perimeter improvements." The actual scope of the Robertson Recreation Center Project is to construct a 10,000 square foot gym that will house two exercise rooms, an office, warming kitchen, gym area, storage areas, and outdoor landscaping, hardscaping, and some offsite work. The total project budget for the project, which is now approximately 85% complete in construction, has increased to \$15,000,000.

Client's Request for Increased Building Interior Programming Space

Several high-level meetings were held with RAP, regarding the modernizing of the City's recreation centers, due to concerns that the facilities are not meeting the current needs of the staff and communities. From these meetings, it was determined that the objective moving forward for all City recreation center projects is to design for increased building interior programming space in order to accommodate multiple programs which may occur at the same time. Ultimately, to accommodate this objective, a larger and more spacious layout for the project was prepared. New programming space will include a computer lab, new multipurpose rooms, private meeting room, staff restroom, extra storage/utilizes rooms, additional space for staff, and battery rooms for emergency required by new building code requirements. This additional space is anticipated to cost approximately \$1,700,000; There is currently \$5,663,640 in Quimby and RAP will apply and secure other funding sources for this request that includes a 4th Cycle Proposition 68 application and a possible Los Angeles County Measure A application as well.

Relocation and Addition of Outdoor Features

In addition to the building, RAP has requested BOE to make site improvements to include: the relocation and replacement of the existing children's play area with a new playground, outdoor basketball court, outdoor exercise stations, picnic area, lawn, landscaping and irrigation.

New Outdoor Shade Structure and Parking Lot

Community members have also requested RAP to provide a new outdoor shade structure and a parking lot, with vehicle drop-off area, to relieve the lack of on-site parking in the park and to accommodate additional handicapped parking spaces. The additional cost for these amenities is \$2,500,000; There is currently \$5,663,640 in Quimby and RAP will apply and secure other funding sources for this request as discussed above.

At this time, BOE is working with RAP staff, as well as members of the community who are regular park users, to fully develop the scope and programming spaces for this expanded Project. It is anticipated that some of these park users will be part of the future Local Volunteer Neighborhood Oversight Committee that will be formed for the project. The construction cost, excluding construction escalation and contingency, for the Project is anticipated to be approximately \$12,000,000, based on a recent cost estimate and considering the increases in costs for comparable projects like the Robertson Recreation Center and Studio City Recreation Center. Based on the current anticipated construction cost, the total project cost is estimated at \$19,650,000.

STATUS OF FUNDING AND PROJECTED SHORTFALL

The current funding allocated to this project is \$9,042,091. The current total project budget is estimated at approximately \$19,650,000, and the funding shortfall is approximately \$10,607,909. Table 1 below lists the current and proposed funding for the Project.

Table 1- Hollywood Rec. Center Phase II – Modern Gym - Funding Status	
Available Funding Sources	
Prop K Funding (Current)	\$2,801,989
Prop K Funding (Proposed Additional Inflation)	\$576,462
RAP Quimby Funding (Current)	\$5,663,640
Current Total Available funding	\$9,042,091
Potential Funding Sources	
Prop 68 Round 4/Measure A/CIEP/MICLA	\$10,607,909
Total Project Budget	\$19,650,000

It is important to note that any programming space, which is not Proposition K eligible, will be funded through non-Prop K funding sources. In order to offset the Project shortfall, RAP is currently committed to applying for other funding sources such as Prop 68 Round 4 funding, Measure A Competitive Grants, and as a last resort CIEP to fund the project. Additionally, the project team is working with the Office of the City Administrative Officer (CAO) to determine if the Project is eligible for MICLA as another funding source.. No construction activities will start until the project is fully funded.

cc:
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