ZOO BOND OVERSIGHT COMMITTEE MEETING
Minutes of the Meeting of January 26, 2012
CAO Conference Room

Committee Members Present:

Miguel A. Santana, City Administrative Officer (CAO), Chair
Gerry Miller, Chief Legislative Analyst (CLA)
Chris Espinosa, Mayor’s Office
John R. Lewis, Los Angeles Zoo

Others Present:

Maria Cardenas, Alma Gibson, CAO; Renee Weitzer, Council District 4; Jeb Bonner, Connie Morgan, Greater Los Angeles Zoo Association (GLAZA); Rebecca Abano, Gary Moore, Deborah Weintraub, Public Works Bureau of Engineering (BOE); Darryl Pon, Shelley Wong, Los Angeles Zoo.

Mr. Miguel A. Santana called the meeting to order at 1:02 p.m.

1. Minutes for Approval – Meeting of September 29, 2011

Mr. Gerry Miller moved to approve the Zoo Bond Oversight Committee (ZBOC) special meeting minutes of September 29, 2011. Mr. Chris Espinosa seconded and the motion passed without objection.

2. Bureau of Engineering Program Manager Status Report

Ms. Rebecca Abano reported on the progress of the Zoo’s Capital Improvement Program (CIP).

Master Program Budget

Through the end of December 2011, $147.5M has been expended of the approved program budget of $171.8M. A proposed revision to the Program Budget is shown in Section 3.4 of the Monthly Report. The proposal adds $868,917 of Proposition CC interest earnings to the Program Contingency. BOE is also recommending reducing the Elephants of Asia project budget by $528,276 of which $381,052 are GLAZA/ Municipal Improvement Corporation of Los Angeles (MICLA) funds; and $147,225 are Proposition CC funds.

GLAZA’s commitment for funding the City Debt Service is reduced from $14.4M to $14M. Therefore the total contribution for the Elephants of Asia project is reduced to $18.9M. The Program Contingency is increased from $33,900 to $1,050,042. These changes will increase the overall Program Budget from $171.8M to $172.3M.
Mr. John Lewis asked Ms. Abano if the reduction to the GLAZA commitment only includes approximately $300K. He stated that he understands the structural issue, but when the City asked GLAZA for the money, it was based on the whole budget for the total project. He doesn't understand why a way can't be found to recognize both of those savings to GLAZA. Ms. Maria Cardenas stated that at this point only a reduction of the unspent MICLA money could be recommended. The Proposition CC savings could be looked into to see what other eligible expenditures were made with MICLA and transfer the expenditures to Proposition CC. The financing agreement that the City Council approved stated that the final amount that GLAZA was responsible for would not include any other City money, only the MICLA money.

Mr. Lewis stated that the unfortunate thing is that the Zoo waited two years after the fact to close out the first part of the project. He understands the structural problems, but it seems like the Zoo isn’t giving back full value. He’s not sure what can be done about that; whether there’s a way to use the Proposition CC money towards the Rainforest of the Americas project or something else. Ms. Connie Morgan stated that GLAZA would appreciate the exploration of it, so they’re not out in the community fund-raising.

Ms. Cardenas stated that the $147K in Proposition CC money that hasn’t been spent will only be spent once. If the funds have gone to the Elephant exhibit, they can’t also be used on the Rainforest or Reptile projects. The way the Council approved the project the second time it was stopped, was with the understanding that the $14.479M that was required would be MICLA financed. At the end of the day, when the project was completed, GLAZA would be responsible to pay for that debt service up to that amount. If the project had savings within the MICLA, it would be reduced by that amount. It can’t be reduced right now, but Ms. Cardenas can look into whether, in accordance with accounting restrictions -- what is done within the City are transfer expenditures. There is a way to do it. Ms. Cardenas can transfer $147K in MICLA expenditures to Proposition CC; that would then reduce the overall MICLA amount. Mr. Lewis asked if one of those solutions is to use some of the interest-earned monies. Ms. Cardenas replied no, because that isn’t part of the Elephants of Asia budget. Mr. Lewis noted that it’s part of the total Bond Program budget. Ms. Cardenas noted that the interest earnings are being recommended to be put into a contingency account as unspent and unallocated money.

Mr. Lewis stated that if the Zoo can’t share it, he asks that the Committee amend the recommendation to look for ways to provide the maximum reimbursement to GLAZA that can be done legally and functionally. Mr. Santana noted that a report would be made at the next meeting on that.

Ms. Abano continued. Re: all these monies in contingency, she asked the Committee if they are asking her to come back with recommendations for that money at the next meeting. The program contingency has over $1M that’s not designated for anything. Mr. Gary Moore stated that BOE is very happy to just leave the money in contingency for two or three months, and see how the Rainforest of the Americas project continues to progress. Mr. Santana stated that would be his recommendation.
Ms. Cardenas asked when the Rainforest project gets out of the ground. Mr. Moore replied, let's just wait a few more months and make a little more progress.

**Master Program Schedule**

The Zoo has two active projects; one repair project is now complete. Through the end of December 2011, the Living Amphibians, Invertebrates and Reptiles (LAIR) project is behind schedule and the Rainforest project is on schedule. Mr. Espinosa asked how far behind schedule the LAIR is. Ms. Abano replied that the Master Schedule shows the project to be complete by December 2011. The Temporary Certificate of Occupancy was received yesterday, but the contractor is still on site and not completed. The milestone is to get the full Certificate of Occupancy, so the project is two months behind schedule.

**Status of Active Projects**

**The Elephants of Asia**

As previously reported, the project is complete. On January 20, 2012, the Board of Public Works (BPW) approved the Project Acceptance Report. Any money held from the contractor is being processed and payment is being released. BOE has finalized the Expenditure Report and the project has $529K in savings.

**Living Amphibians, Invertebrates and Reptiles (LAIR)**

Construction is 95% complete and will remain at 95% until the final Certificate of Occupancy is received. Current construction activities include punchlist work continuing in both of the project’s buildings as well as on the project site. The contractor’s working on the final Certificate of Occupancy and the Temporary Certificate of Occupancy was received on January 25, 2012.

Through the end of December 2011, ninety change orders have been executed totaling $1,082,150. Pending change order requests are estimated at $250K, making the total change order exposure approximately $1.3M, which is still within the approved construction contingency of $1.5M. Royal Construction’s contract completion date was November 10, 2011. Liquidated damages in this contract are $3K per calendar day. To date BOE has assessed $225K in liquidated damages through January 24, 2012.

Mr. Moore clarified what the word ‘assessed’ means: BOE hasn’t actually collected $225K. He wouldn’t want the Committee to think BOE had received the money. BOE believes that the contractor is subject to liquidated damages and has notified the contractor of this. Mr. Moore would be surprised if the contractor didn’t try to come back and make a case for all the change orders that have been issued in the final stages of the project and so forth. The contractor has been put on notice that BOE believes they are under liquidated damages, which is the only mechanism to try to expedite the project. As Mr. Lewis knows, this project has been very challenging.
Mr. Santana asked Mr. Moore if BOE has withheld from the contractor or if it would require the contractor to write the City a check. Mr. Moore answered that BOE actually asked the Bureau of Contract Administration (BCA) to withhold $225K back. Ms. Abano replied that BOE does liquidated damages through retainage from the contractor; right now 10% is being withheld from the contractor; this retainage hasn’t been reduced. BCA takes portions of what is being assessed as liquidated damages out of that retainage and sets it aside in an escrow fund. The Committee briefly continued to discuss this issue.

Rainforest of the Americas

The Rainforest project’s construction contract was awarded to Metro Builders, Inc. in the amount of $11.7M with a 540 calendar-day duration. Notice to Proceed (NTP) was issued on August 2, 2011. Construction is 17% complete.

Metro Builders has started erecting the concrete masonry walls along the tram road, as well as the underground utilities that will eventually serve the new facility. BOE issued one no-cost change order, extending the construction by six non-compensable calendar days to accommodate the City’s operations shut-down during the week between Christmas and New Year’s Day. The Rainforest contract completion date was moved from January 30, 2013 to February 5, 2013.

BOE will also be issuing a few owner-requested change orders such as replacing the frog/ant exhibit with a caiman exhibit, adding perching trees within the harpy eagle exhibit, deleting the eel exhibit in the stilt house, and adding two drinking fountains to the project.

Ms. Abano distributed photographs of the two projects in construction to the Committee. Photographs of the Rainforest included: a rendering of the stilt house, grading done on the lower half of the site, barricades along the tram road, ongoing hillside grading for the upper exhibits, foundation work at the harpy eagle exhibit, and closure of the tram road to the public from Monday through Friday.

Photographs of the LAIR included: the rendering of the project, the green roof, the finished grading and foundation for the boardwalk, murals, finishing of the crocodile pond, and installation of the donor wall tiles. Currently, finished items include the green roof, tile walls, railings for the boardwalk and walkways, and signage. Photographs of the buildings’ features included: the Damp Forest, the Fiji iguana exhibit, the murals, the entry plaza, and the rockwork. More project features include a bronze sculpture of a Gray’s monitor on a shotcrete tree, various murals, a Burmese tortoise exhibit, and a Fly River turtle exhibit with underwater viewing. The door handles of the buildings feature reptiles.

An exterior feature of the LAIR is the Arroyo Lagarto. A change order was issued to widen the Arroyo walkway, which is between the two buildings.
The space was recently used for a Zoo commercial. Ms. Abano continued to describe the walkways and exteriors within the LAIR exhibit.

The last photograph was of the Southwest Desert Building, which also features a lot of rockwork and tiles.

Ms. Abano concluded her report.

3. Greater Los Angeles Zoo Association (GLAZA) to Report on Capital Improvement Project Fundraising Activities

Ms. Connie Morgan reported that in December 2011, GLAZA received two gifts totaling $150K.

Ms. Morgan concluded her report.

Public Comment

There was no public comment.

Mr. Santana adjourned the meeting at 1:23 p.m.

Next Meeting: March 29, 2012

Minutes prepared by Ms. Kyla May of the Los Angeles Zoo's Planning and Development Division. Reviewed by BOE, CLA, CAO, and the Zoo.