Committee Members Present:

Ray Ciranna, Office of City Administrative Officer (CAO), Chair
Lynne Ozawa, Chief Legislative Analyst’s (CLA) Office
Chris Espinosa, Mayor’s Office
John Lewis, Los Angeles Zoo

Others Present:

Claudia Aguilar, CAO; Jeanne Min, Council District 4; Jeb Bonner, Connie Morgan, Greater Los Angeles Zoo Association (GLAZA); Charley Mims, John Olinger, Public Works Bureau of Contract Administration (BCA); Rebecca Abano, Lynette Howlett, Gary Moore, Deborah Weintraub, Public Works Bureau of Engineering (BOE); Kyla May, Darryl Pon, Los Angeles Zoo.

Mr. Ray Ciranna called the meeting to order at 10:04 a.m.

1. Minutes for Approval – Meeting of July 31, 2008

Mr. John Lewis moved to approve the Zoo Bond Oversight Committee (ZBOC) meeting minutes of July 31, 2008. 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 Schedule

The current Master Program Schedule was approved at the last ZBOC meeting, with overall completion in May 2011. Also at that time, the Master Program Budget revision was approved from $169M to approximately $172M.

Status of Active Projects

Pachyderm Forest

General Services Department (GSD) continues construction on Phase Two of the project. Installation of the elephant barrier and elephant gate is near completion. Hydraulic and electrical work is in progress and should be complete within the next few weeks.
Phase Three of the project was advertised for bid on July 23, 2008. Six bids were received on September 10, 2008, ranging from $26M to $32.5M. The apparent lowest bidder was AKG/Saifco Joint Venture, with a bid of $26,043,000.

Available funding for Phase Three is approximately $26.7M, which is enough money in the budget to award to the lowest bidder. However, this isn’t enough available funding for construction contingency. Ms. Abano stated that she had two choices before the Committee.

The first choice was to reject all bids, reduce the scope of the project and rebid the project. Resultantly, the project would be delayed at least three months, while the bid documents were revised and the new scope prepared. Mr. Espinosa asked if a value engineering exercise had already been done. Ms. Abano replied a value engineering exercise had been done. Mr. Espinosa asked if the only thing to be done was to cut the project’s scope. Ms. Abano replied yes. A rebid would push out the construction start to about February 2009.

The second choice recommended to the Committee was to award to the lowest bidder and increase the project budget for the Pachyderm Forest. Ms. Abano suggested sources for the monies without having to completely redo the program budget. Program contingency funds of $2.6M can be transferred. Within the Pachyderm Forest project itself, contingencies for Phase Two construction will be reduced by $19,460 and transferred to Phase Three construction contingency. An unspent amount of Capital Improvement Expenditure Program (CIEP) monies from the Zoo’s Front Entry Project of approximately $300K can be transferred to the Pachyderm Forest project. Savings are projected for the Golden Monkey Exhibit project of about $285K, which can be moved into the Pachyderm Forest project. So at the end of the day, the Pachyderm Forest budget would only be short $42,535 to make 15% contingency, and award to the $26M low bidder.

Mr. Espinosa asked if contingency was usually 15%. Mr. Moore replied BOE project contingencies range from 10% to 20%, and are usually around 10%. His concern is major programs also have program contingency, and because at this time the program contingency would be used, he wants to make sure that financial difficulties don’t occur in the middle of this project. Mr. Moore stated that one positive is that a lot of the project’s underground work has been done in the first two phases. The apparent low bidder was also the contractor on the Zoo’s Gorilla Exhibit, which had a different designer. The Pachyderm Forest is a $26M major exhibit in the center of the Zoo. Mr. Moore stated he has great confidence in Ms. Abano and the team to minimize change orders. Also, working with Mr. Lewis, BOE was very successful in not having scope creep during construction on the Gorilla Exhibit. Mr. Espinosa agreed that the Pachyderm Forest project was right in the middle of the Zoo.

Mr. Espinosa asked if the Rainforest of the Americas and the Reptile and Insect Interpretative Center projects were almost ready to go to bid as well.
Ms. Abano replied that the Reptile and Insect Interpretative Center was anticipated going to bid in November 2008; then BOE would be doing value engineering on that project as well.

Ms. Lynne Ozawa requested of Mr. Moore that it be stated in writing that if the project was rebid, it is his professional belief as City Engineer that the City would not receive a better or lower-priced bid. The CLA’s office requires this before feeling comfortable making a recommendation to use contingencies. Mr. Moore replied that if the project were to be rebid, its scope would be cut, and the bid numbers would be seen to come down. Mr. Espinosa noted that the Committee would have to be consulted with in order to determine how much to reduce the project’s scope.

Ms. Ozawa restated that the CLA’s office requires seeing in writing that Mr. Moore’s professional judgment is that a rebid for the project as is would not result in a more responsible bid that is lower priced. Mr. Ciranna restated, a rebid with the same scope, and asked Mr. Moore if the recent six bids are as good as it will get with the existing scope. Mr. Moore caveated that he can’t know if new bidders will enter the market or if rebidding in a month from now will bring additional bidders. He can’t guarantee that the rebid price might go down or go up, because once the bids have been seen by all six bidders, then everyone’s number has been exposed to the competition. Between the number one bidder and the number two bidder was a $600K difference. Mr. Moore noted that he could include in a memo the logic for BOE’s belief that the price wouldn’t go up, but he can’t guarantee absolutes. Mr. Moore delineated factors that can impact a bid range, and he stated that six bids is a very good, competitive number of bids.

Mr. Espinosa stated that BOE has worked on and completed many great projects, but the Pachyderm Forest project is the most expensive project, and is a real showcase project in the center of the Zoo. He stated that he supports and appreciates that BOE has found several sources of funds, and that he would like to move forward with the lowest bidder, with BOE submitting documentation to the CLA. Ms. Ozawa suggested that the memo be the whole Committee, so it’s on the official record.

Mr. Ciranna asked Mr. Moore what he was proposing as scope reduction. Mr. Moore replied that BOE would have to work with the architect and Zoo staff. Looking over the project estimate, Mr. Moore stated that Ms. Abano has looked at deleting the north pool in the Cambodia section, and deleting the waterfall. Mr. Moore stated that Mr. Lewis hasn’t had a chance to input on deleting these two big items. Mr. Ciranna said that he understood a lot of work has gone into developing the project’s scope and laying out this important project. He noted that most of the other projects have used a 10% contingency, and that this project is a lot bigger.

Mr. Lewis stated that during the project’s value engineering, the team worked hard to keep it within budget, and from the Zoo’s perspective, that was an extremely frustrating part of the project. For the record, Mr. Lewis said that he feels it’s a fallacy in the way the City builds things, that undependable estimates are used to try to scope the project, and then the project still isn’t scoped based on the bids.
Mr. Lewis said he thinks the City should look at a way to keep projects moving. From the Zoo’s perspective, he supports the projects by engaging GLAZA to go out and get donations; they have raised $4.5M based on project elements such as the waterfall, pond, and viewing structures that are now being considered for scoping out. This puts the Zoo in a terrible position in the philanthropic community of saying ‘we can’t deliver what we told you we were gonna do.’ This is a struggle; from the Zoo’s standpoint given the work done so far, and based on other projects he has worked on, the project team has a real number right now and the funds to do it. Mr. Lewis stated he would like to see the Committee move forward so the project can get started and done, but then the Zoo and GLAZA can focus on the next two projects and how to help the City deliver those projects. If mucking around the Pachyderm Forest project continues, Mr. Lewis is afraid it will cost the City more and the Zoo will end up with a less than premiere display.

Mr. Charley Mims stated while the bid is an important number, it also needs to be considered that the contractor is one with which the City and the Zoo have had experience. The contractor delivered a quality project with the Gorilla Exhibit, and when unforeseen conditions arose they worked with the project manager in order to minimize costs. It’s not just the bid price that needs to be looked at, but also how the contractor will perform, the quality of work, and the fact that the contractor has a history of working to minimize costs for changes of conditions.

Mr. Espinosa asked where the estimators were far off, or if they were off on a few key things. Ms. Abano replied she had the estimator present at the meeting. Mr. Moore interjected that the architect is required to do an estimate. In this case, BOE hired an independent estimator, also. The architect initially estimated that the project was in budget. The independent estimator said that the project was $3M over budget. The value engineering was done with Mr. Lewis, and the project went out to bid. To summarize, an addendum issue arose during the bid period, a million dollars or more of added work that the architect added by addendum. The architect has not had an opportunity to give feedback. Mr. Espinosa asked if this addendum was the life support system and the steel frame partitions. Mr. Moore replied no, BOE had estimated that the bid would come in at $22M, and the bid came in at $26M. Of that $4M difference, the independent estimator said that half of it came from addendums issued and the other half was for the elephant barriers, which were undervalued by both the architect’s estimator and the independent estimator.

Ms. Ozawa asked if the addendum included things that weren’t in the plans. Mr. Moore referred to Ms. Abano. Ms. Abano stated that a lot of questions came from the bidders, so the architect revisited the drawings and added sketches that added scope changes, which BOE’s estimators did not include in their original estimate when the project went out to bid. So when the bids came in, those were priced by the contractor.

Mr. Lewis clarified that he isn’t criticizing the estimator or using that process, he is saying the way it’s depended on in moving projects forward.
Speaking just for the Zoo, because Zoo projects are very different than building a firehouse or any other specific, industry-similar project, this process needs to be a guide, but it shouldn’t be the endpoint.

Mr. Ciranna stated that he would like to award the construction bid at $26M with 15% contingency, plus moving the other funds around. Mr. Espinosa asked that this be submitted to the Committee. Mr. Moore replied a report would be written to the Committee. Ms. Ozawa stated that she votes no; the CLA’s preference would be to hold a special meeting immediately after receiving the BOE report.

Mr. Espinosa suggested amending the CLA’s request, so that a response on these issues will be made within fifteen days at the most. Mr. Moore stated that the report would be submitted prior to the Board of Public Works (BPW) actually awarding the project, so that a ZBOC special meeting can be convened if necessary. Ms. Ozawa asked when BPW was anticipated to award the project. Mr. Moore replied probably at least three weeks away. Mr. Mims noted that a question posed to the City Attorney is still waiting for a reply, but he has every confidence that the low bidder will be found to be responsive.

Ms. Abano asked if the Committee was approving the revision to the project budget. Mr. Espinosa replied this was correct. Ms. Abano noted that she reported a $42K shortage and asked if the award was being made less that $42K. The Committee replied yes. Mr. Lewis stated that he had spoken to GLAZA about covering that gap. Ms. Connie Morgan stated that GLAZA would raise the $42K, or $50K.

Ms. Aguilar stated that the $300K mentioned before for Children’s Discovery Center (CDC) funds, are in fact GLAZA funds as well, so they will be getting credit for that $300K. Mr. Jeb Bonner stated that normally GLAZA would have to go back to their donors, because those are restricted funds, but $300K has been identified that does not have particular donor restrictions, which can then be transferred from the CDC project to the Pachyderm Forest project. Ms. Aguilar stated that it will be a few months before actual bills are received, so those funds can be held off to use to pay a bill, until confirmation is received from GLAZA. Ms. Morgan and Mr. Bonner replied that confirmation is given today. Mr. Bonner added that the funds can be transferred and GLAZA will go through with the $42K or $50K.

The Committee moved to approve BOE’s recommendation to approve the lowest bidder on the Pachyderm Forest and the new cost, with the proviso that if the BOE report is not sufficient, a special meeting will be held to determine a correction.

Mr. Ciranna stated that the motion was made three to one. Mr. Ciranna, Mr. Espinosa and Mr. Lewis voted yes, and Ms. Ozawa voted no.

Ms. Abano continued with her report.
Rainforest of the Americas

The project is in the construction document phase and 50% construction document review has been completed. More meetings are taking place with the architect, Portico Group, to ensure the project stays within budget. The project has a funding shortfall, since the Mayor’s new budget cut out $5.5M toward it. Savings identified on other projects have reduced this shortfall to $1.8M.

Reptile and Insect Interpretative Center

BOE has completed the review of Portico’s 100% construction documents. The project is anticipated to go out to bid in November 2008. BOE is currently value engineering the project, so it can be bid within budget.

The Golden Monkey Exhibit

All Certificates of Occupancy have been gotten and the exhibit has been turned over to the Zoo. The Zoo has started to move in. Mr. Lewis stated that a male mangabey, an African monkey, has been put into the exhibit for testing.

Ms. Abano concluded her report.


Mr. Lewis reported that he did not have an update at this time.

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

Ms. Connie Morgan noted that GLAZA has sent in their funds for the Pachyderm Forest, are closing out their campaign, and look forward to moving on.

Next Meeting: Mr. Ciranna announced that the next meeting is October 30, 2008.

Public Comment

There was no public comment.

Mr. Ciranna adjourned the meeting at 10:33 a.m.

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