



MOUNTAINS RECREATION & CONSERVATION AUTHORITY

Los Angeles River Center and Gardens
570 West Avenue Twenty-six, Suite 100
Los Angeles, California 90065
Phone (323) 221-9944 Fax (323) 221-9934

November 1, 2010

Mr. Antonio Gonzalez
Chairperson
Santa Monica Mountains Conservancy
5750 Ramirez Canyon
Malibu, California 90265

**Grant Augmentation - Proposition 84 Funds
Confluence Park**

Dear Chairperson Gonzalez and Conservancy Members:

I would like to present the enclosed application for an augmentation of grant funding for the Arroyo Seco/Confluence Park project. The MRCA requests a grant augmentation in the sum of \$600,000 from the Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Bond Act of 2006 (Proposition 84). The proposed augmentation is necessary because the cost of completing the project was substantially higher than previous budget projections.

Please refer to the enclosed application for more information. If you have any questions regarding this, please contact Barbara Romero, at 323-221-9934, extension 188.

Sincerely,

A handwritten signature in black ink, appearing to read "George Lange".

George Lange
Chairperson

Attachments: Application

**SANTA MONICA MOUNTAINS CONSERVANCY
GRANT APPLICATION - AUGMENTATION**

Project Name: Confluence Park	Amount of Request: \$ 600,000		
Applicant Name: Mountains Recreation & Conservation Authority			
Applicant Address: 570 West Avenue 26, Suite 100 Los Angeles, CA 90065 Phone: 323-221-9944 Fax: 323-221-9934	Project Address:		
	County	Senate	Assembly
	Los Angeles	45	22
	Email: Barbara.Romero@mrca.ca.gov		

Grantee's Authorized Representative:

Cara Meyer, Contracts Officer	323-221-9944, x117
<i>Name and Title</i>	<i>Phone</i>

Person with day-to-day responsibility for project:

Barbara Romero, Chief of Urban Projects and Watershed Division	323-221-9944, x1885
<i>Name and Title</i>	<i>Phone</i>

Brief Scope of Work (60 words maximum):
 Planning, acquisition and development of a public park near the confluence of the Los Angeles River and Arroyo Seco.

Funding Source Applied for: Proposition 84

Narrative/Project Description:
 In 2000 the Conservancy authorized a grant to MRCA for the Arroyo Seco/Confluence Park project. Construction of improvements commenced in May 2008 but was suspended in December 2008 pursuant to the Department of Finance Budget Letter 08-33. After the suspension of bond-funded projects was lifted, MRCA resumed construction of the Confluence Park project in November 2009 and was scheduled to be completed by June 30, 2010. MRCA retained the same General Contractor for construction that had previously been building the project.

Despite the best efforts of MRCA staff over several months, the General Contractor failed multiple times to meet agreed-upon deadlines and violated numerous contract provisions. Unable to resolve these violations, in late June 2010, the MRCA's Executive Officer terminated the contract with the General Contractor. MRCA subsequently assumed all sub-contractor contracts and has used force account to complete the project.

MRCA is now requesting a \$600,000 grant augmentation because the cost of completing the project was substantially higher than previous budget projections. All previous budget projections were made assuming that the General Contractor would complete the scope of work within the contracted budget plus a contingency for unexpected conditions. The budget was exceeded due to several factors, including the General Contractor's material deviation from the construction plan specifications, unsatisfactory workmanship on several elements of the project, and direct costs associated with the failure to meet certain deadlines. It is clear that the General Contractor substantially underestimated the time, skill, and cost of completing this project. This augmentation is intended to capture the costs of the General Contractor's failure to satisfactorily complete this project.

Analysis:
 Proposition 84

The Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Bond Act of 2006 (Proposition 84), allocated funds to the Santa Monica Mountains Conservancy in

Chapter 7, 75050(g)(2) of the Public Resources Code for implementation of watershed protection activities throughout the watershed of the Upper Los Angeles River.

Chapter 1, Section 75005 of Proposition 84 defines the following terms:

(f) "Development" includes, but is not limited to, the physical improvement of real property including the construction of facilities or structures.

(i) "Interpretation" includes, but is not limited to, a visitor serving amenity that educates and communicates the significance and value of natural, historical, and cultural resources in a way that increases the understanding and enjoyment of these resources.

(m) "Protection" means those *actions* necessary to prevent harm or damage to persons, property or natural resources or those actions necessary to allow the continued use and enjoyment of property or natural resources and includes acquisition, development, restoration, preservation and interpretation.

The Confluence Park project is within the Upper Los Angeles River watershed. The project is consistent with Proposition 84's policy to promote access and enjoyment of land and water resources. All of the activities planned under this grant can be considered development, interpretation, protection, or restoration for purposes of Proposition 84 because they physically improve the lands being used for the park. All of the project elements are visitor-serving amenities that either educate and communicate the significance and value of natural resources, or contribute directly to the conservation of water resources. All elements of the project fit within the definitions of eligible activities (development, interpretation, protection, restoration). The installation of this park is development, the physical improvement of real property. Therefore, the planning, design, and construction elements of this project are consistent with Proposition 84.

General Obligation Bond Law

The General Obligation Bond Law provides that bond funds may be used for the construction and acquisition of "capital assets." Capital assets include major maintenance, reconstruction, demolition for purposes of reconstruction of facilities, and retrofitting work that is ordinarily done no more often than once every 5 to 15 years or expenditures that continue or enhance the useful life of the capital asset. Capital assets also include equipment with an expected useful life of two years or more.

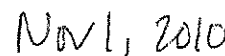
This project is for the development of a capital asset, that is, a land and water resource in the Los Angeles River watershed. As such, it is a proper expenditure of bond funds. In addition, the activities that this grant will fund will enhance the useful life of the property and on that basis as well qualify as capital assets for purposes of the General Obligation Bond Law.

Tasks / Milestones:	Budget:
1 Planning/Construction	\$ 600,000.00

I certify that the information contained in this Grant Application form, including required attachments, is accurate.



Signature of Authorized Representative



Date

Form SMM-001

STATE OF CALIFORNIA ♦ THE RESOURCES AGENCY