

APPROVED

SEP 11 2013

REPORT OF GENERAL MANAGER

NO. 13-225

DATE August 14, 2013

BOARD OF RECREATION
AND PARK COMMISSIONERS

C.D. All

BOARD OF RECREATION AND PARK COMMISSIONERS

SUBJECT: CONSTRUCTION CONTRACTS POLICY – REDUCTION OF THE 50 PERCENT PRIME CONTRACTOR SELF-PERFORMANCE REQUIREMENT TO 30 PERCENT PRIME CONTRACTOR SELF-PERFORMANCE

R. Adams	_____	K. Regan	_____
H. Fujita	_____	*M. Shull	<i>[Signature]</i>
V. Israel	_____	N. Williams	_____

[Signature]
General Manager

Approved _____ Disapproved _____ Withdrawn _____

RECOMMENDATION:

That the Board of Recreation and Park Commissioners (Board) require a Prime Contractor to perform, with its own organization, at least thirty percent (30%) of the contract price for future Department of Recreation and Parks (RAP) construction projects.

SUMMARY:

The Board has a policy that requires the Prime Contractor to perform, with its own organization, contract work amounting to at least fifty percent (50%) of the base bid price. Schedule "A" of the Minority Women Subcontractor's Business Enterprise (MBE/WBE) and Other Business Subcontractor Information Form, which is required to be submitted with the bid on every construction project and to enter the dollar value of the base bid to be performed by the Prime Bidder.

A list of all subcontractors and suppliers who will do work on the project valued in excess of one-half of one percent or \$10,000.00, whichever is greater must be also listed on the form. The fifty percent (50%) requirement is evaluated from Schedule "A" during the bid review period.

Several projects have come before the Board requesting that this requirement be reduced to a lesser percentage, either twenty percent (20%) or thirty percent (30%). These projects provide an explanation that the reason for the reduction in the requirement request is as follows: "It has been the policy of this Board to require that the prime contractor on construction projects perform a minimum of fifty percent (50%) of the work for the project, as measured by the base bid price. It is proposed that the Board reduce the prime contractor's participation requirement from fifty percent (50%) to twenty percent (20%) (or thirty percent (30%)) on this project.

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This should help attract a broader range of prime contractors, thus creating a more inviting and competitive bidding environment for this project. Also, it should create more competitive pricing among the specialty subcontractors providing bids to the prime contractors.”

The Board has granted these requests in recent projects, such as, the Mid-Valley Intergenerational Multi-Purpose Center, the Hollywood Recreation Center – Pool and Pool Building, the Palms Recreation Center – Synthetic Soccer Field, and the Los Angeles Riverfront Park – Phase II project.

The Standard Specification for Public Works Construction (SSPWC) 2009 Edition is a standard specification followed by most municipalities in California. The Board of Public Works uses the SSPWC 2009 Edition for public works construction. The Board of Public Works has also provided amendments to sections of the SSPWC 2009 Edition to address specific situations for the City of Los Angeles. These amendments are in the January 6, 2011 Version of the Brown Book.

The Brown Book, Section 2-3.2, states the following: “On contracts within the public right-of-way (R/W), the Contractor shall perform, with its own organization, contract work amounting to at least fifty percent (50%) of the Contract Price. On contracts outside the public R/W, such as municipal buildings, fire stations, parks, etc., the Contractor shall perform work amounting to at least thirty percent (30%) of the Contract Price. Any designated specialty items may be performed by subcontract. The amount of any such specialty items so performed may be deducted from the Contract Price before computing the work required to be performed by the Contractor with its own forces.”

In order to maintain consistency in the City contracting policies and standards and to provide a more competitive bidding environment for future park construction projects, staff recommends the adoption of this section of the SSPWC 2009 Edition as amended by Section 2-3.2 of the Brown Book, January 6, 2011 Version. This would reduce the requirement for the Prime Contractor to perform, with its own organization, from at least fifty percent (50%) to at least thirty percent (30%) of the contract price.

Staff has determined that this revision to the Board’s policy does not require review under the provisions of California Environmental Quality Act (CEQA). Future projects will be evaluated under the provisions of CEQA as they are conceptualized.

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FISCAL IMPACT STATEMENT:

This revision to the Board's policy has no anticipated fiscal impact to RAP's General Fund. Each project, as it moves forward in the bid and award process, will have prior determination of sufficient funds for the construction of the project.

This report was prepared by Cathie Santo Domingo, Superintendent, Planning, Construction, and Maintenance Branch, Department of Recreation and Parks.