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Matthew W. Szabo, Chair
Municipal Facilities Committee
200 N. Main Street, Room 1500
Los Angeles, CA 90012

**AUTHORIZE THE DEPARTMENT OF GENERAL SERVICES
TO AWARD CONTRACT & INITIATE CONSTRUCTION - 7th STREET BODY SHOP**

RECOMMENDATION

That the Municipal Facilities Committee (MFC):

1. Authorize the Department of General Services (GSD) to award a contract and initiate construction of the new 7th Street Body Shop with a shortfall of \$5.87 million with additional funding required in FY 23-24.

SUMMARY

A Bureau of Engineering (BOE) investigation of the current 7th Street Body Shop, as detailed in a report dated March 20, 2019, indicated that structural deficiencies and non-compliant elements at the facility are “overwhelming” and it was not feasible to make repairs to the building. It was BOE’s recommendation that the existing building should be demolished and replaced.

GSD developed an initial estimate of \$7.79 million to construct a new Body Shop adjacent to the existing facility along with demolition of the existing facility, and identified \$5.02 million in prior-year encumbrances to begin the initial phase of the project. On June 27, 2019, the MFC authorized GSD to proceed with the initial phase of the project to replace the existing Body Shop (ref. 0220-05642-000). On September 10, 2019 Council adopted the Information Technology and General Services and Budget & Finance Committees’ report (CF. 19-0814).

Subsequent repurposing of funds for City Hall HVAC upgrades reduced the amount of available funding by \$2.4 million. This MICLA funding was subsequently restored in the FY21-22 budget.

On March 25, 2022, GSD released an RFB for the construction of a new alternative-fuel compliant Body Shop. On June 23, 2022, GSD received two bids for the project:



\$10,950,000 and \$16,900,000. The low bidder has been the successful bidder on more than a dozen GSD alternative fuel infrastructure projects. As such, they are a known entity with a long history of competitive pricing and successful delivery of quality projects for the City.

A total project funding of \$7.8 million has been awarded to date. The current project shortfall is \$5.87 million, including a twenty percent contingency and funding for 120-day contracts for required project staff. This shortfall will need to be addressed in FY 23-24. The award deadline is approaching in January 2023. Failure to move forward with the current low bid will result in the need for a rebid process, expending significant resources and time and which will likely result in a significantly increased project cost. This is based on now-known bid numbers and year-over-year construction cost increases, currently estimated at 14%. Based on these factors, any new bid could easily see project costs in the range of \$20 million.

GSD has submitted a FY23-24 continuing Capital and Technology Improvement Expenditure Program (CTIEP) budget package to address the current project shortfall. However, additional funding will be required in FY 23-24 to meet the expected construction completion of June 2024 (based on a construction contract award in January 2023).

BACKGROUND

The Department of General Services had been attempting to replace the 7th Street Body Shop (Body Shop) located at 2310 E. 7th Street, Los Angeles 90023 due to the age and poor condition of the existing facility which is more than 60 years old.

As part of the decision-making process to determine the best course of action, a number of options were considered and evaluated before concluding that replacement was the only viable option. As part of this evaluation process, GSD requested an investigation report from the Bureau of Engineering (BOE) regarding a full cost evaluation of repairs and identification of items not code compliant. The BOE report, dated March 20, 2019, indicated that the deficiencies and non-compliant elements are “overwhelming”, and therefore, it is not feasible to make repairs to the building. It was BOE’s professional opinion that the existing building should be demolished and replaced.

GSD’s Fuel Services and Environmental Compliance Division, which administers the City’s Alternative Fuel Infrastructure Program, developed an initial project estimate of \$7.8 million for full replacement of the Body Shop on a site adjacent to the current facility. GSD identified \$5.02 million in prior-year encumbrances to partially fund the project. The MFC authorized GSD to move forward with an initial Phase I with this funding (ref. 0220-05462-000). Council subsequently approved the report (CF. 19-0814).

Full project funding was subsequently provided in the FY’s 2021 and 2022 budgets (see *SUMMARY* above, and *PROJECT FINANCIALS* below). In March 2022, GSD released a bid for a new Body Shop adjacent to the existing Body Shop. On June 23, 2022, GSD received two bids for the project: \$10,950,000 and \$16,900,000. The total project shortfall,

based on available funding and inclusive of project contingency and required 120-day contracts, is \$5.87 million. GSD has extended the bid award-by date to January 22, 2023, while a course of action is determined. After January 22, 2023, this project will have to go back out for bid with significant cost increases extremely likely, based on now-known bid numbers and recent year-over-year construction cost escalations.

Based on the known deficiencies and non-compliant elements of the existing Body Shop, as detailed in the 2019 BOE investigative report, it is imperative that these operations be moved to an appropriate and safe facility to ensure continued operations and the safety of staff.

BACKGROUND: *Body Shop Operations and Impact to City Services*

The Body Shop provides collision repair services for all council-controlled departments, City Council members and Motor Pool. Larger departments serviced are Bureau of Sanitation, Recreation and Parks, Department of Transportation, including Parking Enforcement, Bureau of Street Services and Bureau of Street Lighting. This service includes not only equipment damaged due to collision, but also repairs needed due to normal wear and tear of body components, such as door hinges, handles, latches and window regulators. The Body Shop typically repairs over 500 vehicles per year, including repairs to specialty vehicles such as street sweepers, sewer cleaning equipment, semi-truck tractors, construction equipment, specialized utility truck bodies and approximately 550 Parking Enforcement vehicles.

The Body Shop provides a critical service meeting the unique needs of the City. It should be noted that the Body Shop also plays a key role in assisting Fleet Services to maintain maximum availability of customer vehicles by completing timely repairs in a cost effective and efficient manner.

The Body Shop also prepares collision damage estimates for all City vehicles involved in any type of collision for City Attorney documentation.

Summary of BOE Observations and Recommendations

BOE stated that structural deficiencies and non-compliant elements are overwhelming. The following are examples of items noted in their report:

- The existing moment frame, purlins and girts are corroded. The corrugated walls and roof of the building are rusted and dilapidated in many areas. Exterior doors are rusted and do not provide for proper egress per California Building Code. The roof leaks extensively and there is also evidence of water intrusion throughout the structure, possibly creating a hazardous situation with the current electrical equipment.
- Tie rods are missing and cut, which compromises the design seismic capacity of the building to resist lateral forces. Additionally, there are missing bolts on connections requiring immediate reinstallation.
- Main Electrical Service disconnects are not installed outside the building or inside the nearest point of service entrance conductors, an NEC violation and safety hazard, as well. If there is a fire, LAFD will not be able to turn off the power.

- Given the age of the building, some of the building materials most likely contain asbestos and the paint used throughout is probably lead based. Paint continuously flakes off from the ceiling and is found daily on the floor, as well as on vehicles parked therein.
- BOE recommends a HazMat Survey for the building.
- Original use of the structure was as storage only and a Change of Use Permit is needed to make the building legal and safe for the occupants to use as a repair shop. This permit will require full compliance with the most current building codes.
- Building is not equipped with a fire sprinkler system or fire alarm system.
- Chemical storage areas are not code compliant.
- Building is not alternative-fuel compliant.
- Building is not equipped with a central ventilation or heating system.
- The height of the building is approximately (10) feet lower than a typical building with this type of use.
- Building interior layout does not meet ADA accessibility guidelines nor are there accommodations for disabled access. The same is true for building code and several OSHA safety requirements.

PROJECT FINANCIALS

There is currently an available project balance of \$7,552,291 from the original funding of \$7,829,132 in a combination of general fund and MICLA accounts as detailed below. Costs to date have included miscellaneous pre-construction costs, including a cultural resources investigation and 120-day contract support to provide electrical engineering support and design/construction management support. The only anticipated costs going forward are for the construction contract and continued 120-day contract support required for the project duration, including post-construction. The current total funding shortfall is \$5,867,709.

It should be noted that approval of, and funding for, two 120-day contracts (a Construction & Maintenance Supervisor II and an Electrical Engineering Associate IV) are critical and required for the duration of this project. The retired employees have more than 40 years of combined expertise in the construction of alternative fuel infrastructure, particular expertise currently not available within GSD or BOE. These retired employees have successfully planned and designed the new Body Shop and their continued participation in construction oversight and post-construction activities is critical. If these positions are not continued and funded, GSD will lack the resources needed to successfully complete this project.

Project Funding & Available Balances

SOURCE	BFY	FUNDED AMOUNT	REMAINING BALANCE
CTIEP	2020	\$2,847,698	\$2,570,857
MICLA	2021	\$2,581,434	\$2,581,434
MICLA	2022	\$2,400,000	\$2,400,000
	TOTAL	\$7,829,132	\$7,552,291

Project Costs

ELEMENT	AMOUNT
<i>Bid Amount</i>	\$10,950,000
<i>Contingency (20%)</i>	\$2,190,000
Construction Total	\$13,140,000
120 Day Contracts	\$280,000
TOTAL	\$13,420,000

Project Shortfall

	AMOUNT
<i>Project Costs</i>	\$13,420,000
<i>Available Funding</i>	\$7,552,291
Total Shortfall	\$5,867,709

Project Schedule*

Phase	FY22-23	FY23-24	FY24-25
Construction (18 Months)			
Post-Construction (6 Months)			

*Assumes a January 2023 Construction Contract Award

Anticipated Cash Needs*

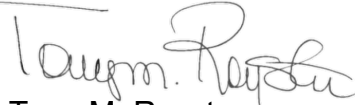
ELEMENT	FY22-23	FY23-24	FY24-25	TOTAL
Construction	\$4,380,000	\$8,760,000	-	\$13,140,000
120 Day Contracts	\$70,000	\$140,000	\$70,000	\$280,000
<i>Additional Funding Needed</i>		<i>\$5,797,709 Shortfall</i>	<i>\$70,000 Shortfall</i>	
TOTAL	\$4,450,000	\$8,900,000	\$70,000	
				\$13,420,000

*Assumes a January 2023 Construction Contract Award

FISCAL IMPACT

There is sufficient appropriated funding in place at this time to begin and make significant progress on the project in the current fiscal year. However, there is a shortfall in FY 23-24 estimated to be approximately \$5.87 million that will be necessary to complete the project at the end of FY 23-24. This timeframe is based on a January 2023 construction start date. GSD has submitted a FY23-24 continuing CTIEP budget package to address the shortfall.

For additional information, please contact Rene Villa-Agustin, Director of GSD Fuel Services and Environmental Compliance at (213) 978-3795.



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