



JAMES A. NOYES, Director

COUNTY OF LOS ANGELES

DEPARTMENT OF PUBLIC WORKS

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IN REPLY PLEASE REFER TO FILE: **PM-2**

May 23, 2002

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

**OLIVE VIEW - UCLA MEDICAL CENTER
NEW CONFERENCE CENTER BUILDING
EARTHQUAKE RECOVERY PROJECT
TERMINATION OF CONTRACT
SPECS. 5622; LACO 517T; C.P. 77185
SUPERVISORIAL DISTRICT 5
3 VOTES**

IT IS RECOMMENDED THAT YOUR BOARD:

1. Find the contractor Medallion Contractors & Developers (USA), Inc., in default and terminate its right to perform work for the Olive View - UCLA Medical Center new conference center building under the contract pursuant to General Conditions, paragraph 50.C, of the contract documents.
2. Instruct the Director of Public Works, with the assistance of County Counsel, to take measures to complete the project including, as appropriate, the execution of a takeover agreement with American Safety Casualty Insurance Company and to pursue all legal rights and remedies of the County.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The recommended actions will terminate the contractor's right to perform work and authorize the Director of Public Works to take measures to complete the Olive View - UCLA Medical Center new conference center building project. The contractor has failed to adequately staff the project and has been unresponsive to County demands to cure the resulting project delay.

Implementation of Strategic Plan Goals

This action meets the County's Strategic Plan Goal of Fiscal Responsibility by taking appropriate actions to mitigate further project delay and to complete the project and provide the medical center with a new conference center.

FISCAL IMPACT/FINANCING

The construction of this facility is funded through the FEMA Grant Acceleration Program. Sufficient funds are available in the Federal and State Disaster Aid Budget to cover the estimated project costs.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

On September 19, 2000, your Board adopted plans and specifications for the project and instructed the Executive Officer to advertise for construction bids. On October 17, 2000, seven bids were received. Medallion Contractors was the apparent lowest responsible bidder meeting the criteria adopted by your Board. On December 21, 2000, Public Works executed construction contract PW 12254 for \$675,782. A Notice to Proceed with construction was issued March 6, 2001, after receiving an acceptable construction schedule with a substantial completion date of October 1, 2001.

The contractor has failed to satisfactorily perform the work in a timely manner as shown in Enclosure A. To date, the project is only 52 percent complete and the contractor has not staffed the construction site since April 18, 2002. On April 23, 2002, the contractor was directed in writing to provide a work plan by April 30, 2002, detailing its intention to complete the work. The contractor failed to respond to this order.

The contract provides that the County may terminate the contract for default for failure to (1) prosecute the work with the diligence to ensure completion by the scheduled completion

date, (2) provide sufficient workers to complete the contract work without delay, (3) complete the contract work by the scheduled completion date, and (4) promptly pay its subcontractors and suppliers. The contractor was notified in writing that it was required to cure these failures and failed to cure them.

Based on the contractor's continuing noncompliance with the provisions of the contract and disregard of the County's written directives, and in consultation with County Counsel, it is in the best interest of the County to terminate for default Medallion Contractors' right to perform under the contract and take actions to complete the project. However, Public Works and County Counsel have determined that there is not sufficient grounds for debarment.

ENVIRONMENTAL DOCUMENTATION

The recommended action will have no impact on the environment which was not considered in the Mitigated Negative Declaration approved by your Board on September 7, 1999.

CONTRACTING PROCESS

On November 7, 2000, your Board awarded a construction contract to Medallion Contractors for the Olive View - UCLA Medical Center new conference center building earthquake replacement project for \$675,782. On December 21, 2000, Public Works executed Contract Agreement PW 12254 with Medallion Contractors.

The contract provides that upon default of the contractor, the County may complete the project through a replacement contractor or other measures which would not require rebidding the project.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

There will be no negative impact on any other programs or projects as a result of this action.

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CONCLUSION

Please return one adopted copy of this letter to Public Works.

Respectfully submitted,

JAMES A. NOYES
Director of Public Works

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Enc.

cc: Chief Administrative Office
County Counsel
Department of Health Services
Department of Public Social Services (GAIN Program)
Office of Affirmative Action Compliance

May 23, 2002

ENCLOSURE A

**OLIVE VIEW - UCLA MEDICAL CENTER
NEW CONFERENCE CENTER BUILDING
TERMINATION OF CONTRACT
SPECS. 5622; LACO 517T; C.P. 77185
PROJECT CHRONOLOGY**

CONTRACTOR: Medallion Contractors & Developers (USA), Inc.

CONTRACT: \$675,782

Chronology of events:

- 10/17/00 - Bids received.
- 12/21/00 - Contract executed.
- 01/04/01 - Notice to Proceed with preparation of schedule issued.
- 03/05/01 - Received schedule. Requested corrections to the schedule of values, monthly cost spread, in reference to approved schedule.
- 03/06/01 - Construction schedule accepted and Notice to Proceed with construction issued.
- 03/15/01 - Site mobilization; trailer spotted on site. Contractor notified at construction meeting to provide two-week look ahead schedule to help prevent any further delays.
- 03/21/01 - Began pot holing to locate 8-inch water and sewer line.
- 04/20/01 - Site survey performed to locate building pad.
- 04/26/01 - Sod removed.
- 05/08/01 - Trenching for new underground 8-inch fire water line started.
- 05/15/01 - Grading contractor began.
- 05/17/01 - Work stopped due to contractor not having Fire Department approval for underground fire water supply line.

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- 05/17/01 - Contractor's fire sprinkler subcontractor initiates preparation of relocation plan for existing underground fire water line and new fire sprinkler plans.
- 06/06/01 - Letter issued to contractor requesting recovery schedule to complete the project by October 1, 2001. Project is two months behind schedule.
- 06/11/01 - Medallion submits plans to Fire Department for approval.
- 6/19/01 - Meeting with Medallion Contractors management at DPW headquarters to discuss delays and recovery schedule.
- 6/27/01 - Medallion meets with the Fire Department to review plan check comments.
- 07/12/01 - Approval received from Fire Department.
- 07/20/01 - Fire Marshall on site for testing and discovered the existing hospital fire system is not as shown in the OVMC as-built plans.
- 07/24/01 - Modification of interface to hospital fire system required by the Fire Department; original data from site operations was incorrect. Approved plan to be revised and resubmitted to Fire Department. Work stopped due to Fire Department requirement to redesign fire water supply system.
- 08/14/01 - Revised plan approved by Fire Department.
- 08/15/01 - Installation of underground fire sprinkler line resumed.

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- 08/22/01 - Letter issued to contractor stating recovery schedule submitted has substantial completion of December 7, 2001, a delay of 67 calendar days. Contractor was reminded that per Specifications, Section 01010, the liquidated damages are \$350 a day.
- 08/31/01 - Fire Marshall approved underground installation of 8-inch line.
- 09/05/01 - Fire Marshall approve underground installation of 4-inch line.
- 09/06/01 - Backfill over 4- and 8-inch lines completed.
- 09/13/01 - Excavation for footings and installation of underground electrical and plumbing in process.
- 09/19/01 - Underground electric and plumbing in process.
- 09/25/01 - Letter issued to contractor noting the 2-week look-ahead schedule submitted by contractor contains an additional 10-day delay, increasing the total to 77 days, contractor delay of 55 days, and County delay of 22 days.
- 10/17/01 - Contractor requested that invoice payments be sent to the surety company who will pay vendor's invoices. Request was discussed with Contracts and County Counsel. It was agreed that the check is to be made payable to Medallion Contractors and mailed to the surety company.
- 10/17/01 - Concrete footing installation completed and work for concrete slab placement begins.
- 10/31/01 - Structural steel erection started (completed 12/04/02).
- 12/03/01 - First stop payment notice from a subcontractor (dated 11/26/01) received by County.
- 01/04/02 - Notification of stop notices sent to Medallion Contractors.

- 01/07/02 - Framer began laying out walls and rough-in electrical work started.
- 01/10/02 - Surety company representatives and contractor met at jobsite and discussed how to expedite payments to subcontractors and material suppliers and improve construction progress/productivity. The surety company assures the County that steps will be taken to increase productivity.
- 01/14/02 - Plumbers begin rough-in work.
- 01/17/02 - HVAC begin layout work.
- 02/25/02 - Rough-in of overhead sprinkler system started.
- 03/06/02 - Fax sent to contractor stating that no workers had been on site since March 1, 2002, and that electrician had not been on site since February 8, 2002.
- 03/25/02 - DPW requested an action plan from the contractor and advised the contractor to accelerate his work.
- 04/08/02 - Letter to contractor noting that from March 1 to April 5, 2002, only an average of 2 employees per day for only 13 days were on site.
- 04/11/02 - Meeting with Medallion Contractors instructing contractor to provide an acceptable work plan within 48 hours. Other issues, such as payment to subcontractor and stop notices, were also discussed.
- 04/23/02 - Cure letter sent to contractor requiring a reasonable recovery work plan to complete the project must be submitted by 5:30 p.m., April 30, 2002.
- 05/01/02 - No response to the cure letter was received; termination process initiated.