



CITY OF LONG BEACH

C-11

DEPARTMENT OF PARKS, RECREATION & MARINE

2760 N. Studebaker Road, Long Beach, CA 90815-1697

August 21, 2007

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www.lbparcs.org

HONORABLE MAYOR AND CITY COUNCIL

City of Long Beach

California

RECOMMENDATION:

Authorize the City Manager to accept insurance proceeds in the amount of \$295,163 in the Insurance Fund in the Department of Human Resources to settle the claim for property damage sustained by Rancho Los Alamitos; and authorize the execution of any documents, including lease amendments, necessary to accept, implement, and administer the settlement and disbursement of the proceeds. (District 3)

DISCUSSION

Rancho Los Alamitos (Rancho), located at 6400 Bixby Hill Road, is a living historical site of State significance on the National Register of Historical Places. For nearly two decades, the Rancho Los Alamitos Foundation (Foundation) has overseen the management and operation of the Rancho on behalf of the City.

In January 2006, a winter storm damaged improvements at the Rancho. The fence surrounding the tennis court, the Jacaranda Walk, Grape Arbor, and Friendly Garden were battered. The total cost of repairs is estimated at \$524,091. In accordance with the Lease, the City has an obligation to promptly make repairs to remedy partial or total destruction at the site. The City carries insurance coverage for the City-owned property, which is purchased through McLarens Young International. The Foundation carries business and property insurance coverage for its assets. Only City-owned property was damaged by the storm; Foundation assets were not harmed.

The Department of Parks, Recreation and Marine (PRM) and the City's Risk Management Office filed a damage claim against the City's insurance policy and jointly participated in negotiations. A \$305,163 settlement was negotiated, approximately 60 percent of the total cost of repairs. Differing views on damages attributable to the storm, along with insurance policy exclusions, prevented the City from achieving a settlement of 100 percent of the repair costs. The \$10,000 insurance deductible will be subtracted from the settlement and the City will receive a net sum of \$295,163.

The Foundation ambitiously seeks grant funding for the Rancho. In February 2007, the Long Beach Navy Memorial Heritage Association awarded the Foundation a grant in the amount of \$47,175. These grant funds will be used to help repair storm damage to the Jacaranda Walk.

The \$295,163 insurance settlement and \$47,175 grant award cover slightly more than 65 percent (\$342,338) of the estimated total repair costs of \$524,091. The City's Insurance Fund will offset the remaining \$181,753 balance.

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In October 2006, the City Attorney's Office acknowledged that there are a limited number of contractors qualified to work on historic properties. With that determination, the bid process requirement was eliminated for this project, enabling the Foundation to use contractor Gates Bros. because of their previous work experience at the historic site. The initial selection of Gates Bros. for previous work at the site was through a competitive bid process.

The most recent update of the repair cost estimates, including prevailing wage calculations, was prepared by Gates Bros. in October 2006. Gates Bros. has agreed to honor its 2006 cost estimate of \$524,091, if the funding is secured by September 2007, and is prepared to begin work immediately upon City Council approval.

This matter was reviewed by Deputy City Attorney Gary J. Anderson on August 13, 2007, and Budget and Performance Management Bureau Manager David Wodynski on August 9, 2007.

TIMING CONSIDERATIONS

City Council action is requested on August 21, 2007, in order to enable the immediate commencement of the site repairs.

FISCAL IMPACT

The estimated completion cost of the project is \$524,091, including a 10 percent contingency. The Rancho Los Alamitos Foundation will fund \$47,175 from a grant award. The remaining \$476,916 will be funded from the Insurance Fund (IS) in the Department of Human Resources, with \$295,163 being received from the insurance settlement.

SUGGESTED ACTION:

Approve recommendations.

Respectfully submitted,



PHIL T. HESTER
DIRECTOR OF PARKS, RECREATION AND MARINE



SUZANNE R. MASON
DIRECTOR OF HUMAN RESOURCES

PTH:SRM:GP

APPROVED:



for ANTHONY W. BATTS
CITY MANAGER