



Building A Better Long Beach

May 2, 2011

REDEVELOPMENT AGENCY BOARD MEMBERS
City of Long Beach
California

RECOMMENDATION:

Approve and authorize the Executive Director to execute the Consent of Assignment of Contract Funds with RLI Insurance Company and Anderson, McPharlin and Conners, LLP in connection with Contract No. CT 112 for the construction of the Homeland Cultural Theater at MacArthur Park. (Central – District 6)

DISCUSSION

On March 16, 2009, the Redevelopment Agency (Agency) awarded a contract to KOAM Construction, Inc. (Contractor) in an amount not to exceed \$1,428,850 for the construction of the MacArthur Park Homeland Cultural Theater (Project) at 1323 Gundry Avenue. The Project consisted of constructing a new 3,000-square-foot, multi-purpose theater that accommodates 60 theater seats for cultural programming and visual arts displays. A notice-to-proceed for the Project was issued on June 1, 2009, and work was completed in April 2011.

During the course of construction, the Project suffered from numerous quality control issues that resulted in delays to the schedule. In addition, a large number of legal stop notices to withhold construction funds were filed, causing additional delays and performance issues.

Due to the numerous stop notices initiated by subcontractors and vendors, and the negative schedule impacts, RLI Insurance Company (Surety), the Contractor's bonding company, agreed to become involved in the management of the Project's construction contract and advanced funds to suppliers and subcontractors. This allowed work to resume and was critical to the overall completion of the Project.

In accordance with a public entity's mandatory duty to withhold sufficient funds to address stop notice claims, at the direction of the City Attorney, the release of funds to the Contractor was suspended. As part of the Contractor's obligations to its Surety, the Contractor has requested the remaining contract funds be assigned to the Surety. This would allow for all amounts due or that may become due under the contract to be disbursed directly to the Surety. The Surety has authorized their attorney Anderson, McPharlin and Conners, LLP, to manage disbursements on their behalf.

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Since the Project is now satisfactorily completed and the Surety has been cooperative, Agency staff recommends granting authorization to the Executive Director to execute the Consent of Assignment of Contract Funds with RLI Insurance Company and Anderson, McPharlin and Conners, LLP, in connection with Contract No. CT 112.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



ROBERT M. ZUR SCHMIEDE, AICP
ASSISTANT EXECUTIVE DIRECTOR



AMY J. BODEK, AICP
EXECUTIVE DIRECTOR

AJB:RMZ:LT:DSW:EM