

To the Mayor and Members of the City Council**June 16, 2015**

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**SUBJECT: BETHLEHEM COMMUNITY CENTER**

The purpose of this Informal Report is to respond to a request for information about the status of construction on the Bethlehem Community Center to be operated by United Community Centers, Inc. (UCC) at 951 Evans Avenue.

The UCC Bethlehem project is for construction of a new \$3.2M City-owned facility to be leased and operated by UCC with a 20 year agreement. This project is being paid for with a Section 108 (CDBG guaranteed) loan, which is the balance of funds remaining from the old Evans-Rosedale CDBG-funded redevelopment project. Construction began in April 2014 with an estimated completion date of May 2015. The contractor, J.C. Commercial, was selected using a best-value competitive sealed proposal process, and they had the lowest price proposal. From the early stages, contractor had numerous quality deficiencies that required re-work, to include removing and replacing sections of the concrete grade beams. The contractor had changes in their on-site supervisor, numerous project managers and had difficulty progressing in accordance with the plans and specifications. When they proceeded to install structural components incorrectly, a Stop Work Notice was issued on February 2, 2015 until the corrections were made. A second Stop Work Notice was issued later that same month for the contractor's failure to call for Code Inspections in a timely manner.

The contractor is continuing to make slow progress towards completion, and they have indicated they have every intention to complete the project. Several of their key subcontractors have quit the project. The project has passed the original contract completion date, so to protect the City's interests, a letter was sent to the contractor and their bonding company on May 11, 2015 making a formal demand to provide an updated schedule and notifying the contractor that they are not in compliance with the terms of their contract, and that as per the contract, liquidated damages of \$630 per day will be assessed for late performance.

In a meeting on June 2, 2015 the contractor committed to having new subcontractors in place and the building envelope completed by June 12, 2015. This is the critical path schedule item that will allow interior finishes to begin and allow scheduling of the completion of the facility. Based on the current pace of construction and recent commitments from the contractors, the estimated completion for this project is late August 2015.

Please feel free to direct any questions you might have to Wayne Corum, Director or Glenn Balog, Facilities Manager, Property Management Department.

David Cooke
City Manager