

DATE April 16, 2003

BOARD OF RECREATION AND PARK COMMISSIONERS

SUBJECT: APPROVAL OF AN AGREEMENT WITH FRIENDS OF THE OBSERVATORY TO ACCEPT A GIFT OF FUNDS FOR ADDITIVE ALTERNATES A, B, AND F OF THE GRIFFITH OBSERVATORY RENOVATION PROJECT

J. Combs _____
*A. Coroalles _____
J. Duggan _____

J. Kolb _____
B. Lukehart _____
H. Fujita _____


General Manager

Approved _____

Disapproved _____

Withdrawn _____

RECOMMENDATION:

That the Board:

1. Accept a gift of \$3,300,000.00 from Friends Of The Observatory for the purposes of awarding Additive Alternative A, B, and F, as outlined in CITY's Contract No. 3068 with SJ Amoroso Construction Company, Inc., to Renovate and Expand the Griffith Observatory (Project #1504C), subject to the conditions in the attached Agreement to Accept Gift; and,
2. Approve the Agreement to Accept Gift, and submit the proposed Agreement to the Mayor, in accordance with Executive Directive No. 16, and to the City Attorney for review and approval as to form, and that the Board President and Secretary be authorized to execute the Agreement subsequent to all necessary approvals; and,
3. Direct that upon receipt, the gift funds be deposited in the Griffith Observatory Trust Fund.

SUMMARY:

On September 20, 2002, the Board awarded Contract No. 3068 to SJ Amoroso to Renovate and Expand the Griffith Observatory (Project #1504C). The bids submitted for this project included a lengthy list of Additive Alternatives, of which only one Alternate (Additive Alternate G) was awarded. Prior to the award, and since construction has started, Friends Of The Observatory (FOTO) has been engaged in a fundraising campaign to supplement the costs of the Observatory Renovation.

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This campaign has yielded funds which the original donors have designated for specific elements in the Expansion and Renovation project.

Specifically, FOTO has received the following funds.

- For Additive Alternate A, Depths of Space: \$1,000,000 from Leonard and Susan Nimoy, \$1,100,000 from Richard Gunther, and \$100,000 from The Boeing Company. Total \$2,200,000.
- For Additive Alternate B, Bookstore/Food Service: \$400,000 from The Ahmanson Foundation.
- For Additive Alternate F, Planetarium Equipment: \$500,000 from The Ralph M. Parsons Foundation and \$200,000 from The Ahmanson Foundation. Total \$700,000.

FOTO is prepared to transfer these funds, totaling \$3,300,000, to the City for the purposes of awarding the aforementioned Additive Alternates before expiration of their bid prices on May 28, 2003. The primary condition of this gift is that the funds shall be used solely for the purposes of awarding and constructing Additive Alternates A, B, and F.

Other conditions of the proposed Agreement to Accept Gift include: (1) reporting requirements, by which FOTO can monitor the expenditure of the funds; (2) indemnification of FOTO in regard to the City's application of the gift funds to the project; and, (3) the right of FOTO to release information about the gift to the media. While the City may also release information about the gift, the City is obligated to notify FOTO seven days in advance of any City releases to the media about the gift. The Agreement provides that interest accrued on the gift will first be applied to contingency on the Additive Alternates A, B, and F, if needed, or otherwise only to other expenses of the Observatory Renovation project.

A Griffith Observatory Trust Fund will be established in the City by Ordinance, and the funds shall be deposited there for expenditure by the City Engineer (Public Works-Bureau of Engineering), who is managing the project and paying invoices on behalf of the City.

A Conditional Gift Agreement between FOTO and the City was previously approved by the Board on March 20, 2002 (Report 02-118), but has not been executed. Drafted prior to the start of the Observatory Renovation, the 2002 Conditional Gift Agreement contains significant language relative to early project planning and how funds would be held until construction began, all moot conditions since the project has been underway for many months. The 2002 Agreement attempts to capture both the operational relationship between the Department and FOTO, and a host of possible conditions under which gifts could be handled. Instead, FOTO and Department staff have determined that the immediate need to receive funds and award the Additive Alternates can be better achieved through the attached Agreement to Accept Gift, tailored to this specific Additive Alternatives gift, while a new or revised operating agreement is under consideration.