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FOR IMMEDIATE RELEASE

LACCD Announces Actions to Consider Termination of Contracts of Two Major Building Program Contractors

Chancellor notes that “these are the latest and most significant actions in our drive to reform the LACCD Building Program”

Los Angeles, October 18, 2011 -- Los Angeles Community College District (LACCD or the District) Chancellor Daniel LaVista today announced that the District has sent letters to two major LACCD Building Program contractors instituting procedures that, after hearings to be held later this year, could potentially terminate their contracts with the District’s Building Program.

“The actions we are announcing today are the latest and most significant we have taken yet in our drive to reform our Building Program, root out mismanagement and waste, and ensure that taxpayers are getting full value for the dollars they are investing in our nine newly modernized and improved college campuses,” said LaVista. “Since I became chancellor more than a year ago, reforming the District’s Building Program has been one of my highest priorities and I am very pleased that the Board of Trustees not only shares that priority but has instructed me and my staff to take whatever actions are necessary. These actions, while potentially disrupting construction operations at a number of campuses, appear wholly justified by the facts uncovered through an investigation by the Office of the Inspector General.”

The letters were sent on Monday, October 17, 2011, to FTR International, Inc. (FTR) and Gateway Science and Engineering, Inc. (GSE or Gateway). In FTR’s case, the letter lists three reasons for scheduling a hearing regarding whether to debar FTR “from bidding, contracting, subcontracting or performing any work on any District project” for as much as five years based on (1) the submission of a claim for payment for work at Mission College that had not been performed; (2) misrepresentation to the Division of the State Architect in connection with work done on the Allied Health and Science Building at Valley College; and (3) substandard work at that same building.

The letter to GSE notes that the District staff intends to recommend termination of its contract to manage construction projects at Mission College, and lists as reasons: (1) its certification of an invoice by FTR for work at Mission College that had not been performed; (2) its certification of an invoice by another contractor for work at Mission College that had not been performed; (3) its poor judgment in

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connection with the moving of a water line at Mission College, including the improper awarding of a change order and subcontract to FTR for that work; and (4) its mismanagement of grading at Mission College.

“The circumstances that our Inspector General’s office has investigated and discovered have raised significant questions about two LACCD Building Program contractors, and I fully supported the sending of these letters,” said LaVista. “While each contractor should and will have an opportunity to explain its actions prior to a decision, today’s steps show that the system we put in place last year, as part of an overall and ongoing Building Program reform agenda, is bearing fruit.”

“Nothing is more important to our Building Program than its integrity,” noted Miguel Santiago, president of the LACCD Board of Trustees. “Insuring that we take great care in the spending of precious taxpayer dollars and that we hold all of our employees and contractors accountable for their actions is among the top priorities of the board of trustees. Various program reforms, including the establishment of the Office of the Inspector General and a whistleblower program, the creation of the independent review panel, and the invitation to City Controller Wendy Greuel to look into a number of issues, are just some of the aggressive steps we are taking to ensure that taxpayer dollars are being spent wisely. In just the last two weeks we adopted four resolutions to implement a variety of reforms spurred by an audit by the State Controller’s office, including one to ask the California Attorney General for an opinion on the District’s compliance with state law and voter-approved bond ballot language.”

“In connection with these letters, it is important to keep in mind that our Board of Trustees must reserve judgment until the matter is properly before us after the hearings later this year,” continued Santiago. “Thus, I cannot further comment on the allegations in the letters except to say that they are serious and troubling, and that if sufficient evidence is there to support them, we will take whatever steps are necessary to protect the taxpayers of Los Angeles.”

“With new buildings and facilities at every one of our nine campuses, we have much to be proud of as a result of our Building Program,” said Chancellor LaVista. “Nonetheless, we will aggressively move to hold contractors accountable, no matter what the consequences. Our taxpayers, students, faculty, and staff deserve no less.”

About the Los Angeles Community College District

The Los Angeles Community College District, the nation's largest community college district, serves one-quarter million students a year in more than 36 cities in Los Angeles County. The District covers nearly 900 square miles and has educated and trained the region's diverse workforce since 1969.

About the LACCD Building Program

LACCD's Building Program is a 14-year, \$6 billion program funded mostly by taxpayer-approved bonds, supplemented by additional funding from the state of California. With approximately \$3 billion spent so far, the LACCD's nine colleges are benefiting from brand new and renovated academic buildings, sports facilities, arts complexes, administrative buildings, child development centers, and parking structures. The Building Program has completed hundreds of separate projects, with hundreds more in the planning or construction stages.

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