

City Council Meeting
June 17, 2008

SUPPLEMENTAL MATERIAL

Honorable Mayor and Members
of the Torrance City Council
City Hall
Torrance, California

Members of the Council:

SUBJECT: Supplemental Material to City Council Agenda 12E (formerly 8J)

Revision to item #1 of the Recommendation- Adding non-responsive to Cedars Engineering bid, so the recommendation will now read:

"Recommendation of the General Services Director and the Fire Chief that City Council:
1) Reject the bid from Cedars Engineering as not responsible and non-responsive, reject the bid from Abeam Construction as non-responsive and reject the bid from S.H.E. Engineering as not responsible."

Cedars Engineering Construction, Inc.

Attachment 1- William F. Clark letter of 6/16/2008 - Cedars Engineering Construction, Inc.
Mr. Clark, Attorney for Cedars Engineering Construction, Inc. provided a letter disputing classification Cedars as non responsible. The letter included information on Cedars Engineering Construction's organization and licensing.

S.H.E. Construction

Attachment 2- Bid specifications
Contract B2004-08 section 308-6 describing Maintenance and Plant Establishment

Attachment 3- City of Torrance letter of 10/3/2006
The City identified numerous items that remained incomplete on the Hawthorne Blvd. landscaping project. Items included placement of mulch, plant establishment and maintenance periods, soil amendments, fine grading and installation of plant materials. It also identified that plant materials appeared to be dead or in poor condition. The City also requested a construction schedule.

Attachment 4- Construction photographs (3 pages) of 10/3/2006

Attachment 5- S.H.E. Construction letter of 10/6/2006
S.H.E. Construction stated problems were due to delays in installation of water meters and lack of payment by the City

Attachment 6- City of Torrance letter of 11/8/2006

The City provided payment 23,469.07 with 19,705.71 remaining unpaid. The City contested request for payment for traffic control expenses which were under review. The City stated that a Notice of Cessation would be filed on 11/9/2006 and funds in the amount of 118,443.84 were withheld due to receipt of stop notices from sub contractors and suppliers.

Attachment 7- Notice of Cessation of 11/9/2006

Attachment 8- City of Torrance letter of 1/31/2007

The City summarized a meeting S.H.E. Construction regarding final payments in the amount of \$43,415.24. The City withheld 183,257.58 in funds due to outstanding stop notices from 4 subcontractors

Attachment 9- ICW Group Insurance Services letter of 2/21/2007

S.H.E. Construction's surety letter to the City of Torrance requesting that the City release no further funds without advance consent from ICW as the surety was attempting to negotiate payment from S.H.E. Construction to subcontractors and suppliers

Attachment 10- Record of Judgment of 7/21/2007

A record of judgment was awarded ABM Engineering against S.H.E. Construction in the amount of \$91,016.00

Attachment 11- S.H.E. Construction letter of 6/13/2008

S.H.E. Construction stated the project was delayed due to lack of traffic control plans, late installation of water meters and lack of payment. 18 e-mails were included. The letter states S.H.E. Construction was never notified about any complaints or asked to make any repairs.

Respectfully submitted,

Sheryl Ballew
General Services Director

By 
Jon Landis
Facility Services Manager

NOTED:

 For S. Ballew.

Sheryl Ballew
General Services Director


LeRoy J. Jackson
City Manager

WILLIAM F. CLARK
Attorney at Law
1611 SOUTH CATALINA AVENUE, SUITE 388
REDONDO BEACH, CALIFORNIA 90277
TEL.: (310) 543-4554 FAX: (310) 316-8596

7 7 3 5 2 0 0 8
2008 JUN 16 11:14:01
TERRANCE, CALIF

June 16, 2008

City of Torrance
3031 Torrance Blvd.
Torrance, California 90509

Re: Bid B2008-06-Fire Station #3 Renovation

To: City Clerk- Torrance:

This letter is in response to the letter sent to Tony Rizk at Cedars Engineering Construction, Inc. on June 5, 2008 and the agenda item 8J for the City Council Meeting of June 17, 2008. I am an Attorney at Law and have represented Cedars Engineering LLC, Cedars Engineering Construction, Inc. and Tony Rizk for many years. I am familiar with the facts as stated herein below and am providing this information for discussion and hearing at the upcoming June 17, 2008 City Council Meeting. I am out of state on another legal matter on June 17, 2008 and will be unable to attend the hearing. This letter will hopefully clarify some misunderstandings and inaccurate statements contained in the City's letter of June 5, 2008.

Cedars Engineering Construction, Inc. hereby formally requests a continuance of the decision by the City Council regarding the herein above referenced bid. Cedars Engineering Construction, Inc. was recently put on notice regarding these issues through the letter of June 5, 2008 and would like an opportunity to more thoroughly respond to these factually twisted statements. This action taken by the City is of utmost importance and clarification must be made to ensure that the City of Torrance properly chooses the correct contractor for the Fire Station renovation and other City of Torrance projects. It is necessary that these inaccurate statements and misleading allegations are not used by others, specifically other contractors in other city bid processes, that would detrimentally impact Cedars Engineering Construction, Inc. from doing further business.

Cedars Engineering LLC is a Nevada Limited Liability Company. The articles of organization were filed on December 29, 2000 in Nevada and Tony Rizk was the manager of said Limited Liability Company. Cedars Engineering was formed and started as an "engineering consulting company" and was never to act as a general contractor. Attached hereto is a Secretary of state of Nevada business entity information sheet marked as Exhibit 1.

Cedars Engineering Construction Incorporated is a California Corporation with Tony Rizk as a primary shareholder of its common stock. Cedars Engineering Construction Incorporated was formed on November 13, 2002 in the state of California. A true and correct copy of the Articles of Incorporation of Cedars Engineering Construction Incorporated is attached hereto and marked Exhibit 2. It was

always the intent of Cedars Engineering Construction, Inc. to act as an engineering and building contractor for purposes of public and private works. Cedars Engineering Construction, Inc. was issued a class "A" license General Engineering Contractor, and a class "B" license General Building Contractor by the State of California Contractors License Board on December 3, 2003. Attached hereto and made apart hereof is a State of California Contractors State License Board information sheet marked Exhibit 3. It is therefore very important for the City of Torrance to first understand and recognize that Cedars Engineering LLC, a Nevada Limited Liability Company, was set up for engineering purposes and is a completely different company and entity than Cedars Engineering Construction, a California Corporation, which is properly licensed with the State Contractors License Board.

As the City is well aware of, a landslide occurred between the properties on Carolwood Lane and Singingwood Lane which damaged many of the homes and created a very important safety issue for the surrounding homeowners. Mr. Rizk's residence on Carolwood Lane was in jeopardy of being destroyed along with six (6) other homeowners on Carolwood Lane. These seven homeowners banded together to attempt to make necessary repairs to the slope so that the homes on Carolwood Lane and Singingwood Lane would be saved. The initial leader of these homeowners to make repairs was a Carolwood Lane homeowner named Earl Francis. After addressing the issues of the manner and method of repairs, the homeowners mutually agreed that Tony Rizk was best suited to oversee and supervise the repairs made by the numerous contractors that ultimately did the construction for the slope repair. The City of Torrance issued owner-builder permits for the slope repair. All homeowners requested and agreed that Mr. Rizk, through his company Cedars Engineering LLC, should be the "contact point" for the contractors during the course of the slope repair. All homeowners worked together and actively participated in choosing the contractors to do the repair as well as the method of repair. All homeowners contributed money for the slope repair, which was given to Cedars Engineering LLC, which in turn paid the contractors during the construction process. At no time did Cedars Engineering LLC act as a general contractor and all homeowners, including Earl Francis, was well aware of that fact.

The allegations by the City that there is failure to properly have a survey during the construction of the landslide remediation is not the responsibility of Cedars Engineering LLC. More importantly, until receipt of the June 5, 2008 letter, it was unknown by Mr. Rizk that a survey has been done which allegedly shows that the retaining wall built for slope repairs may encroach on the downslope Singingwood properties. It should be noted that Richard Gaunt or his company was the general contractor who built the grade beam for the retaining wall for the Carolwood Lane slope repair. It should also be noted that Mr. Gaunt or his family own all the homes that are down slope of the Carolwood Lane retaining wall repairs. If it is found that the retaining wall repairs of Carolwood Lane actually do encroach on the Singingwood Lane properties, it would be the liability of Mr. Gaunt for his negligent construction of the retaining wall. A more likely scenario is that Mr. Gaunt or his family members can provide easements and allow the retaining wall to remain "as is" with the modest encroachment on his Singingwood Lane properties.

Upon reviewing the City agenda item 8J it became apparent that the likely contractor awarded the fire station renovations is Action Contractors. Action Contractors intends to use Richard Gaunt as a sub-contractor on that project. Mr. Gaunt is obviously well aware of the construction of the Carolwood

Lane slope repairs and acted as a general contractor for that project. It can only be assumed that it was Richard Gaunt, through Action Contractors, who made the subject allegations to the City about Cedars Engineering Construction, Inc. which are unfounded and have no relationship to the Carolwood Lane slope repairs and Cedars Engineering LLC.

As part of the Carolwood Lane slope repairs, all of the homeowners entered into an agreement for supervision and oversight of the project by Cedars Engineering LLC. Homeowner Earl Francis refused to pay the balance of the money due for the slope repair leaving Cedars Engineering LLC underfunded and underpaid for monies spent and paid to other contractors for the Carolwood Lane slope repair. Cedars Engineering LLC therefore instituted a legal matter against homeowner Earl Francis requesting to be paid the balance of the money owed as a result of the slope repairs. The case was unable to be settled and just before Trial, Defendant Earl Francis filed a Motion for Judgement on the Pleadings claiming that Cedars Engineering LLC could not prevail on the matter because it was not a licensed contractor. This technical defense by homeowner Earl Francis was made under the false claims that Cedars Engineering LLC was acting as a general contractor and was not entitled to be paid as such. The truth of the matter is that homeowner Earl Francis refused to pay the balance of his contribution to have the slope repairs made and his attorney was able to provide a “technical defense” contrary to fact. Earl Francis was successful in deceiving the Court and was able to avoid having to pay Cedars Engineering LLC, for the balance of his contribution of the Carolwood Lane slope repair.

In addition to his legal defense in the lawsuit filed by Cedars Engineering LLC, Mr. Earl Francis filed a claim with the State of California State Contractors Board alleging that Tony Rizk was operating as a contractor without a contractors license. Mr. Francis made this claim against Tony Rizk and not Cedars Engineering LLC. The State contractors Board issued a citation and scheduled a hearing before an Administrative Law Judge. I attended the hearing with Mr. Rizk regarding this contractors license issue. Upon the presentation of all the evidence by the State Contractors License Board Investigators and the evidence and the testimony by Mr. Rizk, the Administrative law Judge agreed that the matter should be dismissed by the State Contractors License Board and that Mr. Rizk was not found in violation of contractors licensed law and the citation was dismissed. Once again it should be noted that no claim has ever been made against Cedars Engineering Construction, Inc. and this matter before the State Contractors License Board was to Mr. Rizk individually, and all regarding the Earl Francis legal matter and the Carolwood Lane slope repairs.

In conclusion, it is requested again that a continuance of this City Counsel Meeting be had so that a more thorough presentation can be made to staff and City counsel. I regret being out of state on another matter and unable to change the dates of those proceedings. A continuance would help allow time to investigate the alleged encroachment of the Carolwood Lane retaining wall slope repairs. If the continuance is given, it is likely that the issue of any encroachment can be resolved with Mr. Gaunt and his family members regarding the Singingwood Lane properties that are allegedly being encroached upon by the Carolwood Lane retaining wall.

This agenda item has a significant impact on Cedars Engineering Construction, Inc. not only for this City of Torrance project but others. It is important for Cedars Engineering Construction, Inc. to clear its good reputation so that competitors do not try to use this inaccurate and factually twisted information on other projects for other cities. At the minimum, it is requested that the City change its

basis of not awarding Cedars Engineering Construction, Inc. from “not responsible” to no “non-responsive”. The claim or statement that Cedars Engineering Construction, Inc. is not responsible could have a significant detrimental impact on future bids and projects. It is hoped that a non-responsive designation will at least allow these inaccurate statements to be silenced.

If you have any questions regarding the above, please contact the undersigned. Thank you for your anticipated cooperation in reviewing this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "W. F. Clark", with a long horizontal flourish extending to the right.

William F. Clark
WFC/rd

cc: Cedars Engineering & Construction
Patrick Sullivan, Deputy City Attorney

CEDARS ENGINEERING LLC

Business Entity Information			
Status:	Default on 1/1/2008	File Date:	12/29/2000
Type:	Domestic Limited-Liability Company	Corp Number:	LLC12749-2000
Qualifying State:	NV	List of Officers Due:	12/31/2007
Managed By:	Managers	Expiration Date:	12/29/2500

Resident Agent Information			
Name:	CORPORATE SERVICES OF AMERICA	Address 1:	800 E CHARLESTON BLVD.
Address 2:		City:	LAS VEGAS
State:	NV	Zip Code:	89104
Phone:		Fax:	
Email:		Mailing Address 1:	
Mailing Address 2:		Mailing City:	
Mailing State:		Mailing Zip Code:	

Financial Information	
No Par Share Count:	0
Capital Amount:	\$ 0
No stock records found for this company	

Officers	
<input type="checkbox"/> Include Inactive Officers	
Manager - TONY RIZK	
Address 1:	726 S CASINO CENTER BLVD # 207
City:	LAS VEGAS
Zip Code:	89101
Status:	Active
Address 2:	
State:	NV
Country:	
Email:	

Actions\Amendments			
Action Type:	Articles of Organization	# of Pages:	1
Document Number:	LLC12749-2000-001	Effective Date:	
File Date:	12/29/2000	(No notes for this action)	
Action Type:	Annual List	# of Pages:	1
Document Number:	LLC12749-2000-005	Effective Date:	
File Date:	02/21/2002	(No notes for this action)	
Action Type:	Resident Agent Change	# of Pages:	2
Document Number:	LLC12749-2000-003	Effective Date:	
File Date:	11/14/2002	CORPORATE SERVICES OF AMERICA #207 726 S. CASINO CENTER BLVD. LAS VEGAS NV 891016742 RAA	
Action Type:	Resident Agent Change	# of Pages:	2
Document Number:	LLC12749-2000-004	Effective Date:	
File Date:	11/03/2003	INCORP SERVICES, INC. SUITE 1 6075 SOUTH EASTERN AVE LAS VEGAS NV 891193146 MTF	
Action Type:	Annual List		

Document Number:	LLC12749-2000-002	# of Pages:	1
File Date:	12/13/2004	Effective Date:	
List of Officers for 2004 to 2005			
Action Type:	Annual List		
Document Number:	20050552345-71	# of Pages:	1
File Date:	11/15/2005	Effective Date:	
(No notes for this action)			
Action Type:	Annual List		
Document Number:	20060802959-21	# of Pages:	1
File Date:	12/14/2006	Effective Date:	
(No notes for this action)			
Action Type:	Resident Agent Address Change		
Document Number:	20070526750-74	# of Pages:	66
File Date:	07/30/2007	Effective Date:	
(No notes for this action)			

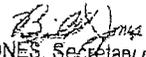
2483732

ENDORSED-FILED
In the Office of the Secretary of State
of the State of California

ARTICLES OF INCORPORATION

NOV 13 2002

OF


BILL JONES, Secretary of State

Cedars Engineering Construction Incorporated

FIRST. The name of the corporation is Cedars Engineering Construction Incorporated.

SECOND. The purpose of the corporation is to engage in any lawful act or activity for which a corporation may be organized under the General Corporation Law of California other than the banking business, the trust company business or the practice of a profession permitted to be incorporated by the California Corporations Code.

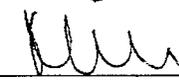
THIRD. The name and street address of the corporation's initial agent for service of process in the State of California is Tony Rizk, 3124 Singingwood Drive, Torrance, California 90505.

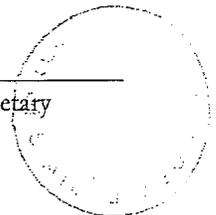
FOURTH. The corporation is authorized to issue one class of shares, designated as "Common Stock", and the total number of shares of Common Stock authorized to be issued is 1,000.

IN WITNESS WHEREOF, the undersigned incorporator has executed these Articles of Incorporation on the date below.

Date: November 7, 2002

LegalZoom.com, Inc., Incorporator

By: 
Carine Mink, Assistant Secretary





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Department of Consumer Affairs
Contractors State License Board



- 01 CONSUMERS
- 02 CONTRACTORS
- 03 APPLICANTS
- 04 JOURNEYMEN
- 05 PUBLIC WORKS
- 06 BUILDING OFFICIALS
- 07 GENERAL INFO

WHAT YOU CAN DO

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- Board and Committee Meetings
- Disaster Information Center
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- Frequently Asked Questions
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 - [Processing Times](#)
 - [Check Application Status](#)
 - [Search for a Surety Bond Insurance Company](#)
 - [Search for a Workers' Compensation Company](#)
- How to Participate

CONTRACTOR'S LICENSE DETAIL

⚠️ DISCLAIMER: A license status check provides information taken from the CSLB license database. Before relying on this information, you should be aware of the following limitations.

- CSLB complaint disclosure is restricted by law (B&P 7124.6). If this entity is subject to public complaint disclosure, a link for complaint disclosure will appear below. Click on the link or button to obtain complaint and/or legal action information.
- Per B&P 7071.17, only construction related civil judgments reported to the CSLB are disclosed.
- Arbitrations are not listed unless the contractor fails to comply with the terms of the arbitration.
- Due to workload, there may be relevant information that has not yet been entered onto the Board's license database.

License Number: 327991 **Extract Date:** 06/06/2008
Business Information: CEDARS ENGINEERING CONSTRUCTION INCORPORATED
 1255 B SARTORI AVENUE
 TORRANCE, CA 90501
 Business Phone Number: (310) 320-7417
Entity: Corporation
Issue Date: 12/03/2003
Expire Date: 12/31/2009
License Status: This license is current and active. All information below should be reviewed.

Classifications:	CLASS	DESCRIPTION
	A	GENERAL ENGINEERING CONTRACTOR
	B	GENERAL BUILDING CONTRACTOR

Bonding: CONTRACTOR'S BOND
 This license filed Contractor's Bond number 10140451 in the amount of \$12,500 with the bonding company [AMERICAN CONTRACTORS INDEMNITY COMPANY](#).
Effective Date: 11/13/2007
[Contractor's Bonding History](#)
 BOND OF QUALIFYING INDIVIDUAL
 1. The Responsible Managing Officer (RMO) TONY ADEL RIZK certified that he/she owns 10 percent or more of the voting stock/equity of the corporation. A bond of qualifying individual is not required.
Effective Date: 11/17/2004
[BQI's Bonding History](#)

Workers' Compensation: This license has workers compensation insurance with the [STATE COMPENSATION INSURANCE FUND](#)
Policy Number: 092-0000472
Effective Date: 01/01/2005
Expire Date: 01/01/2009
[Workers' Compensation History](#)

Miscellaneous Information:	DATE	DESCRIPTION
	09/23/2004	HAZ CERTIFICATION REMOVED

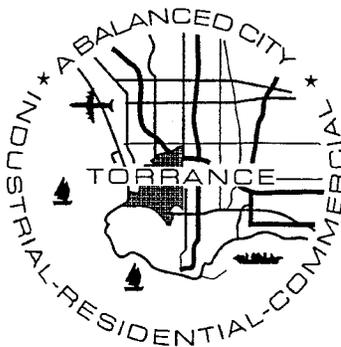
Personnel listed on this license (current or disassociated) are listed on other licenses.



**PROPOSAL, SPECIFICATIONS, BOND
AND AFFIDAVIT
FOR THE CONSTRUCTION OF
MEDIAN ISLAND IMPROVEMENTS
FOR THE BEAUTIFICATION OF
HAWTHORNE BOULEVARD**

**FROM
PACIFIC COAST HIGHWAY TO SEPULVEDA BOULEVARD**

B2004-08



**JEFFERY W. GIBSON
Community Development Director
March 2004**

- 1 lb. 12-12-12 commercial fertilizer per cubic yard of mix
- 2 lbs. iron sulfate per cubic yard of mix

* from area(s) approved by CITY

The materials shall be thoroughly mixed to the bottom of the pit so that they are evenly distributed and without clods or lumps. Backfill shall be so placed in the pits that the plant will be at its natural growing height and the backfill material will be level one inch below surrounding soil after settlement.

Fertilizer planting tablets twenty-one (21) gram size and shall be placed with each plant at the following rates:

- One (1) tablet per one (1) gallon container;
- Two (2) tablets per five (5) gallon container;
- Four (4) tablets per fifteen (15) gallon container;
- Eight (8) tablets per 24" box container;
- One (1) tablet per each three inches (3") of box size greater than 24".

Center plant in pit or trench on slight pedestal. Face plants with fullest growth into prevailing wind. Set plant plumb and hold rigidly in position until soil has been tamped firmly around ball or roots. Position the plant in the hole and backfill no higher than halfway up the root ball. If required, place the recommended number of tablets evenly around the perimeter of, and immediately adjacent to, the root ball at a depth which is between the middle and the bottom of the root ball. Complete the backfilling, tamp (eliminating all air voids) and water. Do not pack.

Except for street trees, construct a berm 4" above finish grade, extending 4" to 6" beyond edge of root ball, forming a watering basin with a level bottom around each plant. After a minimum of 2 days soaking and the regular irrigation system is operating, the berm area shall be smoothed to finish grade.

308-4.6 Plant Staking and Guying. Add the following:

All trees shall be double-staked.

308-6 MAINTENANCE AND PLANT ESTABLISHMENT. Replace the entire subsection with the following:

The Establishment and Maintenance Period shall begin on the first day after all planting in this Work is completed and accepted, and shall continue thereafter until 90 calendar days have passed. Notify the CITY at least seven (7) days in advance of completion. Failure by the Contractor to notify the CITY will delay the start of the Establishment and Maintenance Period.

Should the Establishment and Maintenance Period be extended beyond the prescribed 90 calendar days because of rejection by the CITY for whatever reason, the entire installation shall remain the responsibility of the Contractor unless otherwise determined by the CITY. Any rejected material shall be replaced and the 90 calendar day Establishment and Maintenance Period shall be restarted from that time for the replaced material only.

All areas landscaped or restored under this Contract shall be maintained by the Contractor. The Contractor, without any expense to the CITY, shall weed the planted areas as needed and shall remove all accumulated debris from the landscaped areas as needed and/or as called for by the CITY.

One month after planting, fertilize plants with 12-12-12 (N-P-K) commercial fertilizer at the rate of 3 level tablespoons per 5-gallon plant basin. The CITY may require additional fertilization at each monthly interval.

Apply Iron Sequestrene as specified by the manufacturer immediately at the onset of any symptom of iron chlorosis. Repeat fertilization monthly for duration of maintenance period.

The above fertilization schedule may be revised by the CITY if, in his/her opinion, optimal plant health and growth is not being obtained. The Contractor shall comply with all changes as directed.

The Contractor shall be responsible to provide adequate water to all plants without overwatering. Water conservation is mandated. The Contractor shall obtain approval from the CITY for its proposed irrigation schedule and any changes thereto.

308-6.1. Payment. Payment for Plant Establishment and Maintenance Period shall be on a lump sum basis per the Contract Unit Price. The Contract Unit Price shall include full compensation for all tools, materials, labor, equipment, water and incidentals to complete this work in accordance with the Plans and Special Provisions.

308-7 GUARANTY. Add the following:

The Contractor, without expense to the CITY, shall adjust all irrigation heads to their appropriate operational heights, shall adjust and clean all irrigation heads so that the planting areas are properly covered as intended by the irrigation plan and they shall be adjusted so as to prevent excessive overflow into the adjacent street right-of-way.

The CITY reserves the right to make temporary repairs as necessary to keep the irrigation system equipment in operating condition. The exercise of this right by the CITY shall not relieve the Contractor of its responsibility under the terms of the Contract as herein specified.



CITY OF TORRANCE

COMMUNITY DEVELOPMENT DEPARTMENT

JEFFERY W. GIBSON
COMMUNITY DEVELOPMENT DIRECTOR

October 3, 2006

S.H.E. Construction Group, Inc.
18570 Sherman Way, Unit B
Reseda, CA 91335
Attention: Mr. David Sheerit

RE: Hawthorne Boulevard Median Island Improvements (Contract #C2004-098)

Dear Mr. Sheerit:

This is to advise you that the contract (#C2004-098) your company has with the City expires on October 31, 2006. The term of this contract has been extended several times and will not be extended another time. Timely completion of this project is a necessity.

In the original contract, dated June 6, 2004, construction was delayed in order obtain traffic control approval from the State. Subsequently, a contract amendment was developed to extend the term of the contract. Per your request, this amendment included a \$42,766 addition to the contract for construction material cost increases. A Notice to Proceed was issued on May 4, 2005. Two more contract amendments were issued with the latest term expiring on October 31, 2006.

According to the contract, there are outstanding tasks that have not yet been completed. In the medians along Hawthorne Boulevard, tasks that have not been completed include installation of shredded bark mulch and the 90-day plant establishment and maintenance. At the southeast corner of Hawthorne Boulevard and Pacific Coast Highway, yet to be completed is the soil amendment and fine grading, installation of plant material, shredded bark mulch and completion of the 60-day establishment and maintenance period.

As noted in the specifications, as the contractor, you are responsible for all landscaped areas. Without any expense to the City, you are responsible to keep the project area clean which includes the removal of all debris from the landscaped areas. There are numerous pallets of pavers, empty tree boxes and containers, and asphalt that have remained on the boulevard for many weeks. Also, weeding of the planted areas shall be conducted.

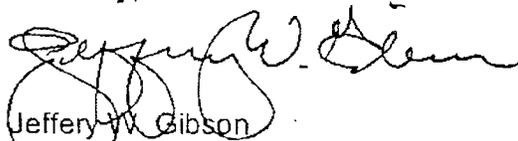
In addition, there is plant material that appears either dead or in poor condition. As specified in the specifications, all plant material shall be guaranteed for specific times depending on the size of plant material. The plant material found either dead or in poor condition shall be expeditiously replaced.

In order to complete the project in a timely manner, the City asks that you submit a construction schedule for the remainder of the project. As part of the construction schedule, please describe the implementation of the 90-day maintenance period after the City accepts planting as completed.

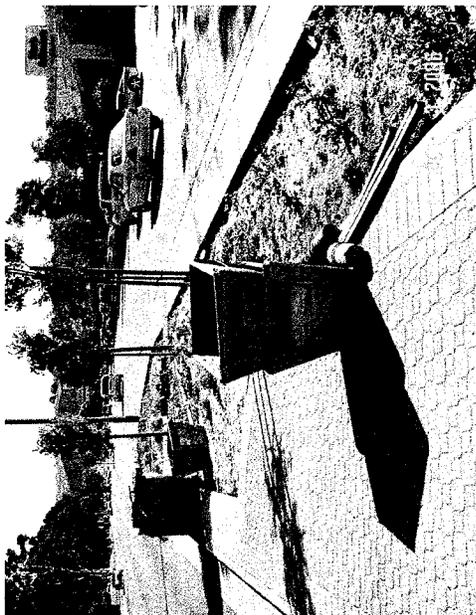
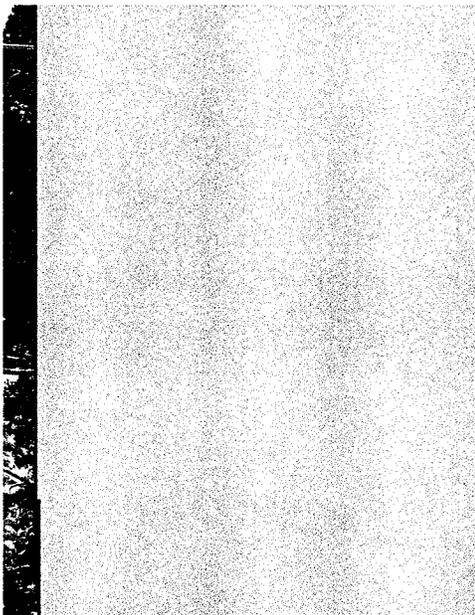
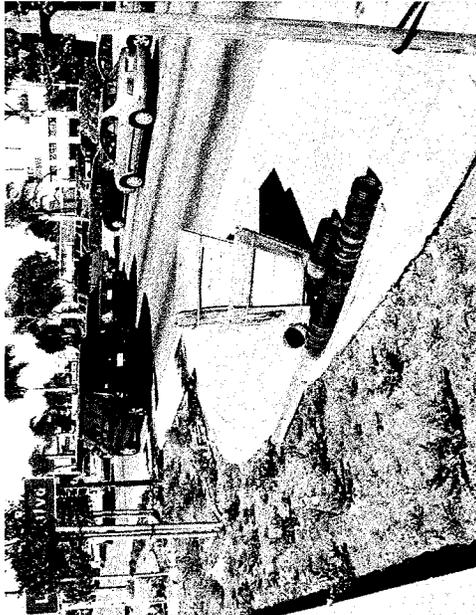
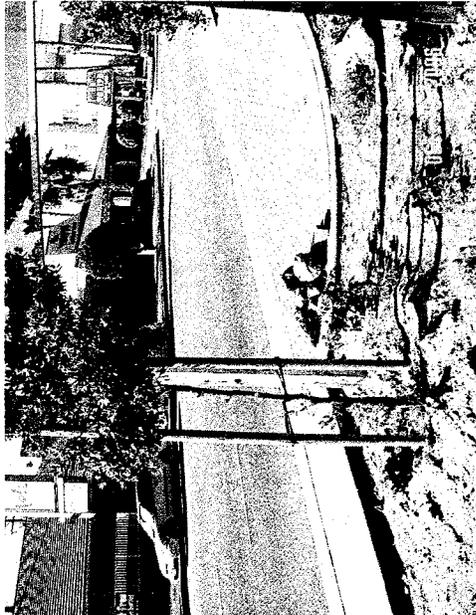
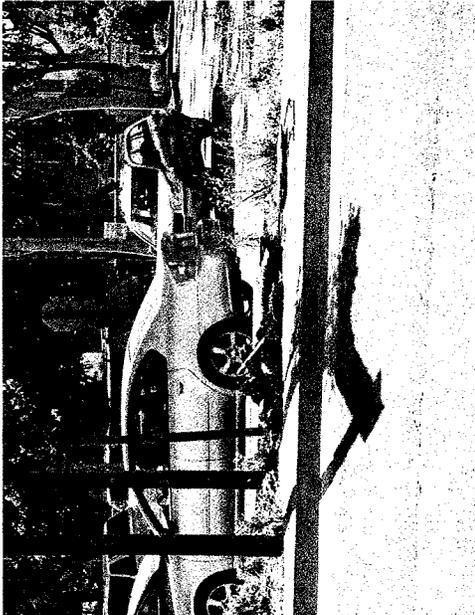
Failure to complete the project may call for liquidated damages, as identified in the specifications for this project.

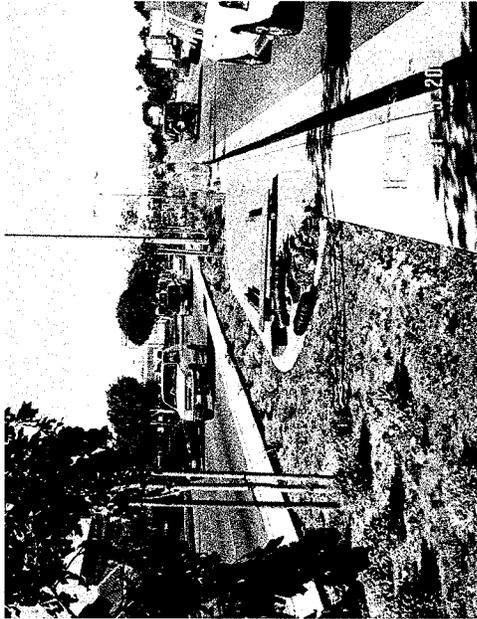
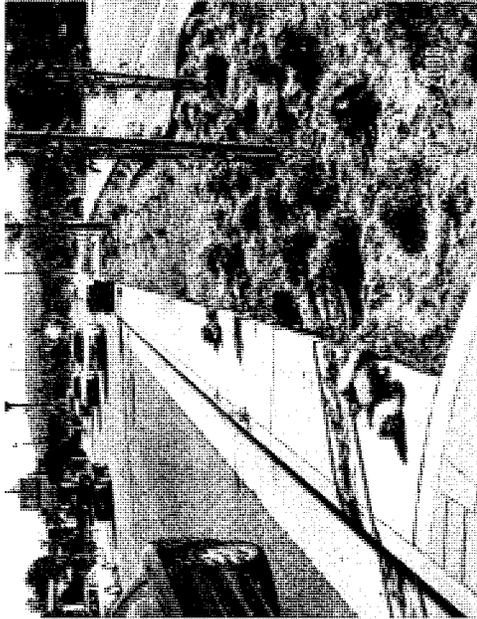
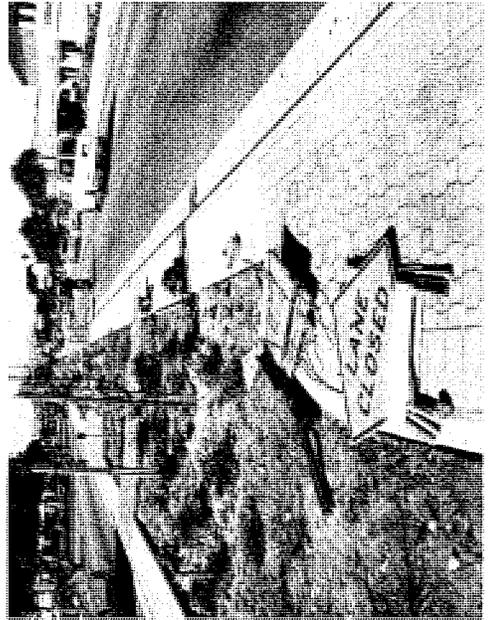
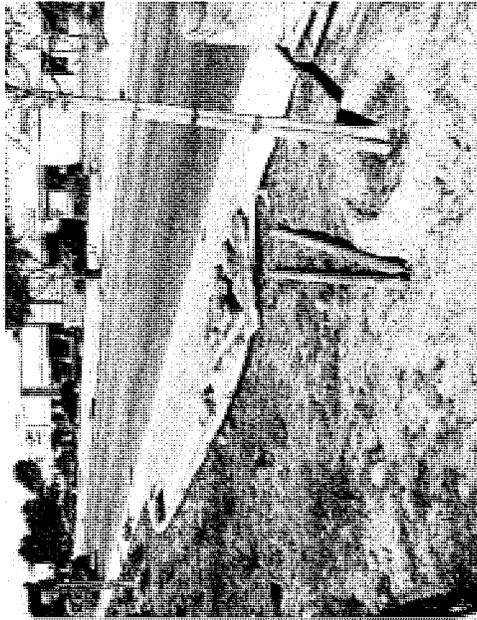
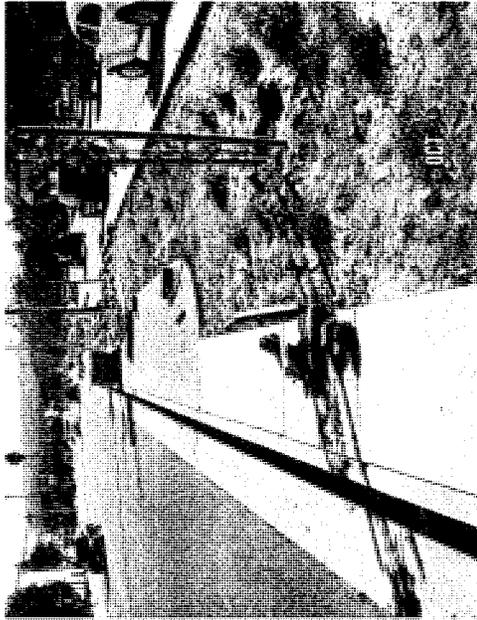
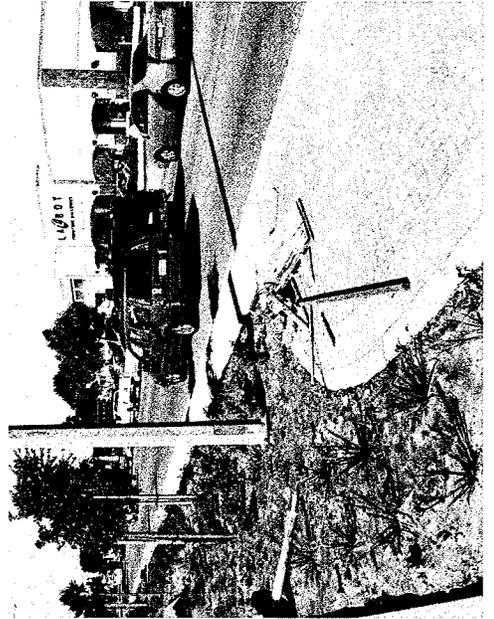
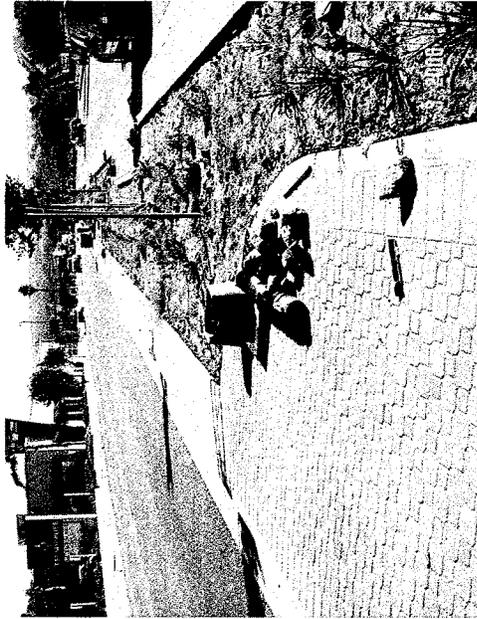
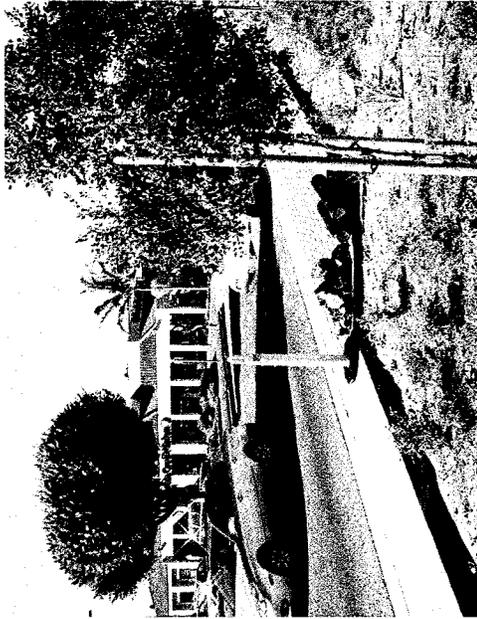
If you have any questions, please contact Ted Semaan in the Community Development Department at (310) 618-5990.

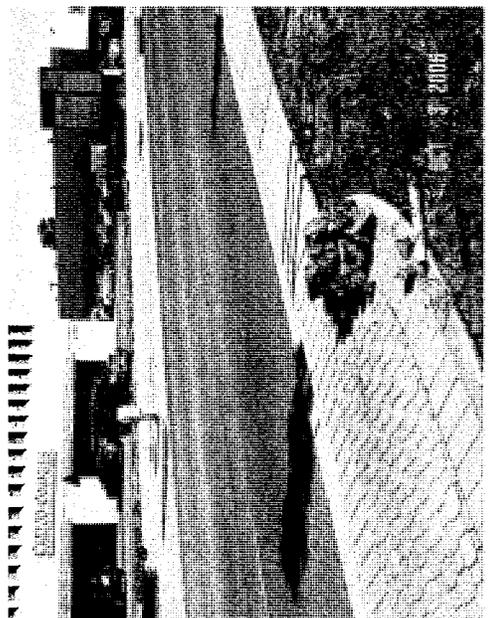
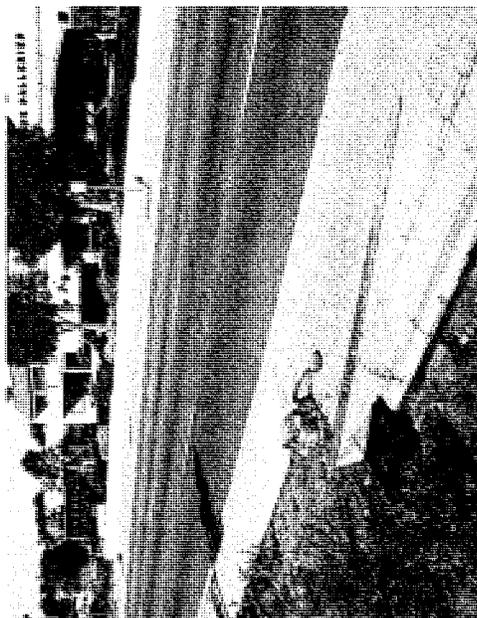
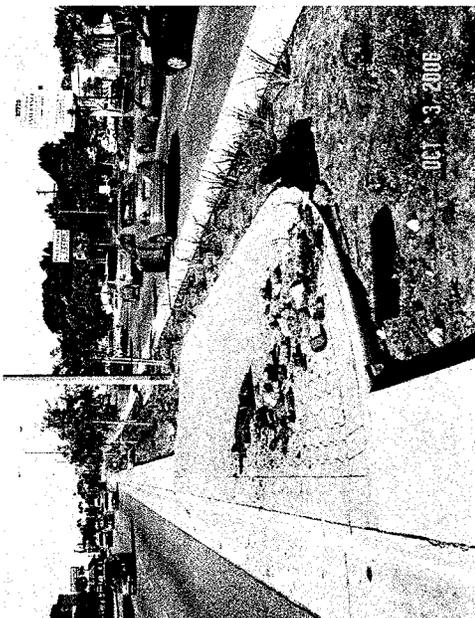
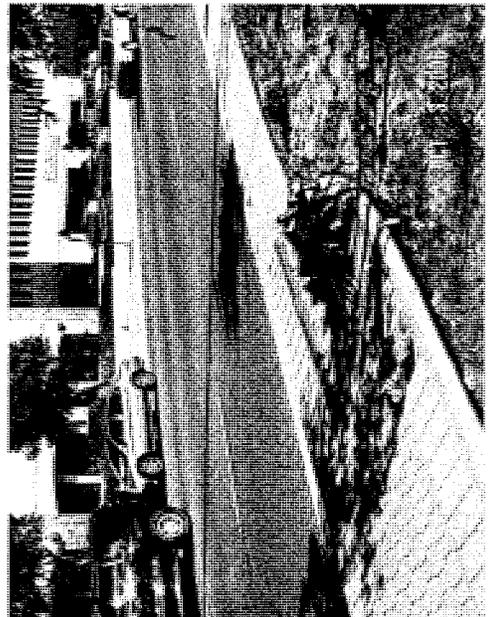
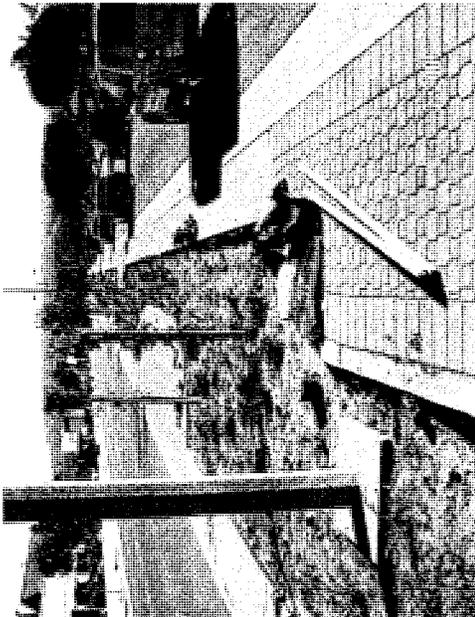
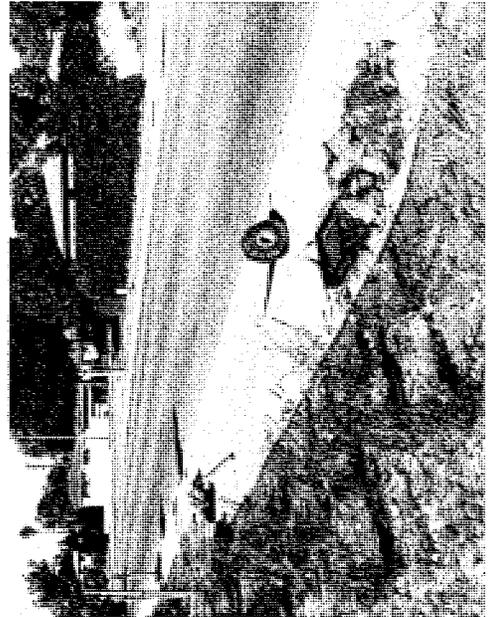
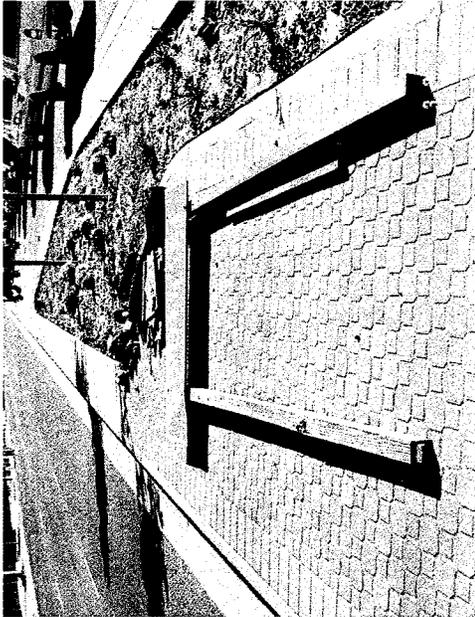
Sincerely,



Jeffrey W. Gibson
Community Development Director





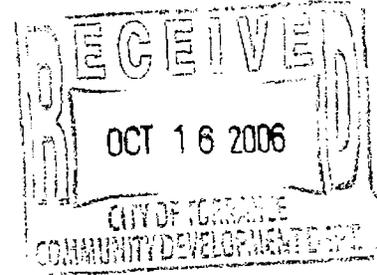


S.H.E. CONSTRUCTION GRP. INC.

General Building Contractor License # 726238
18645 Sherman Way Suite 101 Reseda, CA 91335
Tel. No: (818) 996-2159 Fax No: (818) 609-8645

October 6, 2006

Mr. Jeffery W. Gibson
Community Development Director
3031 Torrance Boulevard
Torrance, CA. 90503



Re: Median Island Improvements
Contract # C2004-098

Dear Mr. Gibson,

This is to acknowledge receipt of you letter dated October 3rd, 2006.

During the course of this project, we have had to stop the project a few times because the water meters, which the city is responsible to install, had not been installed. On May 22, 2006 almost two years after the signing of the contract, the water meters were installed. This delay has caused a contract extension twice in the past. As of today we are still waiting on a meter at the pocket park next to Jack in the Box, as a result work over in that area cannot proceed after all concrete and irrigation was completed.

After receiving our last payment, we were informed by Mr. Henry Sakamoto that the reason that our last payment was not paid in full was because the City of Torrance ran out of funds for this project. (Approximately \$18,000 less than our payment request). In addition to the original contract we have yet to be paid on change orders and traffic control bills amounts exceeding \$50,000. During the last week of August, Mr. Sakamoto notified us that it will take two weeks for replenish the funds for this project. We kept working through the month of September honoring Mr. Sakamoto's word. We stopped work on the project on September 30, 2006, after we were not paid as we were promised a few weeks back.

In your letter, you did not mention any funds issues, or water meter delays. So it is my understanding that almost six weeks after we were promised payment, you have still not come up with the funds to pay us. I would like to clarify that both contract extensions were a result of the City's delay with the water meters. If you want us to continue working please send us all the funds what we are owed, so we can pay our subs and suppliers.

If you have any further questions or clarifications, please contact our office at 818-996-2159.

Thank you,

David Sheetrit
President



CITY OF TORRANCE

COMMUNITY DEVELOPMENT DEPARTMENT

JEFFERY W. GIBSON
COMMUNITY DEVELOPMENT DIRECTOR

**CERTIFIED MAIL #7000 1670 0009 8776 9470
RETURN RECEIPT REQUESTED**

November 8, 2006

David Sheetrit, President
S.H.E. Construction Group, Inc.
18645 Sherman Way, Suite 101-102
Reseda, CA 91335

RE: Hawthorne Boulevard Median Island Improvements (Contract #C2004-098)

Dear Mr. Sheetrit:

This is to advise you that your Contract #C2004-098 with City of Torrance expired on October 31, 2006. We have received and reviewed your payment requests in the following order:

Balance Owed from Payment Request #7R **\$19,750.71**

Balance Owed from Payment Request #8R

City of Torrance received the Payment Request #8 in the amount of \$46,587.28. However, after reviewing the request and re-tabulating the items, the actual sum of the PR#8 is, \$35,090.32. The following adjustments were made to the PR#8:

Payment Request #8 (Actual)

	\$35,090.32
Reduction Items #26, #28, #29 (duplicate from Payment Request #7R)	<\$8,256.60>
Item #30 - Irrigation System	
Billed 100% (\$14,938.00)	
But work not completed - only 95% completed	
Reduction Item #30 - (\$14,938.00 * 95%) =>	<\$746.90>
Item #31 - Soil Amendment and Fine Grading	
Billed 50% (\$2,088.00)	
But work not performed - 0% completed	
Reduction Item #31 - (\$2,088.00 * 0%) =>	<\$2,088.00>
Total owed on PR#8	\$23,998.82
Total owed from PR#7 & PR#8	\$43,749.53

City of Torrance also received 7 invoices for the months of January 2006 to July of 2006 for traffic control expenses in the amount of \$55,280.96. These charges are contested and still under review by our staff. S.H.E. Construction Group will be notified as soon as staff has concluded its review.

The available fund for this project is \$23,469.07, and we have attached a check for the amount of \$23,469.07. Due to insufficient funds for payment of the balance owed to you, Community Development has tentatively scheduled the November 21, 2006 Council meeting to request additional funds from the City Council.

The City of Torrance will file the Notice of Cessation on November 9, 2006 and that will continue to hold the retention on this project until December 14, 2006, as required by the Section 9-3.1 of the Green Book.

In addition, as of November 8, 2006, the City of Torrance has received stop notices from the following sub-contractors in the amounts outlined:

Back Hoe Rental	\$2,417.50
A.D.M. Engineering Inc.,	\$93,944.72.
AJJ Associates /Landscape Resource	<u>\$22,081.62</u>
TOTAL:	\$118,443.84

As outlined in the October 3rd letter, the City of Torrance is not satisfied with the performance of S.H.E. Construction. As a result, staff is reviewing the merits of any outstanding invoices in addition to the evaluation of uncompleted and unacceptable work.

It is our intention to incorporate these components into the November 21, 2006 Council Item to adequately close the project. If you have any questions please call me at (310) 618-5990.

Very truly yours,

JEFFERY W. GIBSON
COMMUNITY DEVELOPMENT DIRECTOR

By



Ted Semaan, Manager
Transportation Planning, Development
Engineering and Records

Attachment:
City of Torrance Warrant

2

06-2495615

RECORDING REQUESTED BY:
City of Torrance

WHEN RECORDED MAIL TO:
Office of the City Clerk
City of Torrance
3031 Torrance Boulevard
Torrance Ca 90503

NOTICE OF CESSATION

TO WHOM IT MAY CONCERN:

Your are hereby notified as follows:

1. The date of cessation of the work of improvement is October 31, 2006
2. The owner of the work of improvement is the City of Torrance, a municipal corporation, 3031 Torrance Boulevard, Torrance, Ca 90503.
3. The nature of the owner's interest or estate is:

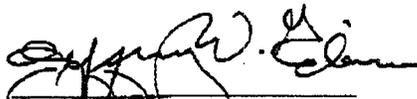
- X A Fee
- An Easment
- A Lease
- Other (Please Explain):

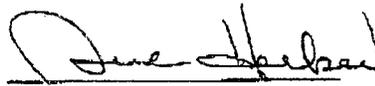
4. The work of the improvement is located on Hawthorne Boulevard and is particularly described as Median Island Improvements for the Beautification of Hawthorne Boulevard from Pacific Coast Highway to Sepulveda Boulevard

5. The name of the original contractor for the work of improvement is
S.H.E Construction Group
18645 Sherman Way Suite 101
Reseda, CA 91335

I certify (or declare) under penalty of perjury that the foregoing is true and correct.

Date: November 9, 2006


Jeffery W. Gibson
Community Development Director


Sue Pierbers
City Clerk, City of Torrance

C2004-098

Post-It® Fax Note	7671	Date	5/22/08	# of pages	4
To	PIANE	From	H. SAKAMOTO		
Co./Dept.		Co.	ORD		
Phone #		Phone #			
Fax #	x 7199	Fax #			

7



CITY OF TORRANCE

COMMUNITY DEVELOPMENT DEPARTMENT

JEFFERY W. GIBSON
COMMUNITY DEVELOPMENT DIRECTOR

January 31, 2007

S.H.E. Construction Group, Inc.
18645 Sherman Way, Suite 101/102
Reseda, CA 91335
Attention: Mr. David Sheerit

RE: Hawthorne Boulevard Median Island Improvements (Contract #C2004-098)

Dear Mr. Sheerit:

Thank you for meeting with the City on January 24, 2007. After our meeting, we consulted with our legal staff. We are happy to inform you that we were able to release certain funds to S.H.E. Construction. Please find enclosed is a check in the amount of \$43,415.24. Included with this letter is an itemized breakdown of the payment.

Please note that the check includes funds previously held by the Stop Notice that you submitted the Release for on January 24, 2007. As you are aware, the City has other outstanding Stop Notices. By law, the City is withholding funds for the Stop Notices filed by ~~A.D.M. Engineering (\$117,430.00) and Dripscapes (\$51,327.56)~~ in the total amount of \$168,758.46 and will be releasing the funds ~~after March 8, 2007~~. In addition, the City is withholding funds for the Stop Notices filed by ~~Bob Ellison Backhoe Rentals (\$2,417.50) and A.J. Associates (\$12,051.62)~~ in the total amount of \$14,499.12 and will be releasing these funds ~~after May 12, 2007~~. These outstanding Stop Notices can be released prior to these dates if the City receives Release of the Stop Notices by the claimants.

If you have any questions, please contact me in the Community Development Department at (310) 618-5990.

Sincerely,

Ted Semaan, Manager
Redevelopment and
General Plan Divisions

**S.H.E. CONSTRUCTION (C2004-098)
HAWTHORNE BOULEVARD LANDSCAPING – SEPULVEDA
BOULEVARD TO PACIFIC COAST HIGHWAY**

SUMMARY OF PROGRESS PAYMENT #9

<u>ITEM</u>	<u>AMOUNT</u>
Attachment A	\$20,280.46
Balance owed on Payment Request #8	
Attachment B	\$4,097.77
Change Order #7 – Weed Removal	
Change Order #8 – Increase Nursery costs	\$2,692.36
Change Order #9 – Additional Rental costs	\$1,906.40
Attachment C	\$6,589.54
Traffic Control – January 2006	
Traffic Control – February 2006	\$3,362.54
Traffic Control – March 2006	\$3,362.54
Traffic Control – April 2006	\$3,362.54
Traffic Control – May 2006	\$4,340.43
Traffic Control – June 2006	\$6,622.18
Traffic Control – July 2006	\$5,872.43

Subtotal	\$62,489.19
Attachment D	<\$2,746.95>
Less Funds withheld to cover Stop Notices (Stop Notices minus Retention)	
Attachment E	<\$16,327.00>
Less cost for Clean-up, pick-up and relocation of 7 pallets of pavers and estimated cost to replace dead/missing plant material	

TOTAL	\$43,415.24

S.H.E. CONSTRUCTION

Balance Owed on Payment Request #8

S.H.E. CONSTRUCTION (C2004-098)

PAYMENT #8 SUMMARY

On November 3, 2006, the Community Development Department submitted a payment request to the Finance Department in the amount of \$23,469.07. Due to insufficient funds, the amount submitted was a partial payment for the combined payment requests of #7 and #8 (see Interoffice Communication dated November 3, 2006). At the November 21, 2006 meeting, the City Council approved additional funds to close outstanding invoices on this project.

Below is the Project Payment #8 Breakdown:

Total Payment Owed	\$43,749.53
Payment made	\$23,469.07

Balance Owed	\$20,280.46

CITY OF TORRANCE

INTEROFFICE COMMUNICATION

DATE: November 3, 2006

To: Joyce Reyes
Accounting Manager

From: Jeffery W. Gibson, Community Development Director
JW

Subject: Progress Payment – S.H.E. Construction Group (C2004-098)

Today, we are submitting a progress payment (Payment Request #8). This memo details the payment request.

FUNDING

Available Project Funds	\$23,469.07
Balance Owed from Payment Request #7R (See Note #1)	\$19,750.71
Payment Request #8 (See Attachment – Corrected Total)	\$23,998.82
Total Payment Owed (See Note #2)	\$43,749.53

Note #1: When Payment Request #7R was processed for payment there were insufficient funds for full payment. A partial payment of \$89,410.91 was made leaving an invoice balance of \$19,750.71.

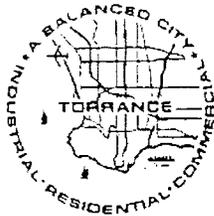
Note #2: Insufficient funds for payment in full; Community Development will need to request additional funds from Council.

Project Payment #8 Breakdown

Balance Owed from Payment Request #7R	\$19,750.71
Available funds to pay Payment Request #8	\$3,718.36
Total Project Payment #8	\$23,469.07

Therefore, we request payment to S.H.E. Construction Group in the amount of \$23,469.07.

If you have any questions or comments, please contact me at extension 5990.



CITY OF TORRANCE

COMMUNITY DEVELOPMENT DEPARTMENT

JEFFERY W. GIBSON
COMMUNITY DEVELOPMENT DIRECTOR

November 3, 2006

RE: S.H.E. Construction Group – Payment Request #8
Contract #C2004-098

The following is in response to Payment Request #8 dated October 19, 2006.

S.H.E. Construction Payment Request Sheet (Attachment A)	\$46,587.28
Itemized Breakdown Summary (Attachment B)	\$35,090.32

Therefore: Payment Request #8 will be based on summary of items of work completed as identified in the itemized breakdown summary (\$35,090.32).

Payment Request #8 (Actual)	\$35,090.32
Reduction Items #26, #28, #29 (duplicate from Payment Request #7R)	<\$8,256.60>
Item #30 – Irrigation System	
Billed 100% (\$14,938.00)	
But work not completed – only 95% completed	
Reduction Item #30 – (\$14,938.00 * 95%) =>	<\$746.90>
Item #31 – Soil Amendment and Fine Grading	
Billed 50% (\$2,088.00)	
But work not performed – 0% completed	
Reduction Item #31 - (\$2,088.00 * 0%) =>	<\$2,088.00>
CORRECTED TOTAL	\$23,998.82

Henry Sakamoto
Project Manager

Date: 11/03/06

Jeffery W. Gibson
Community Development Director

Date: 3/1/06

S.H.E CONSTRUCTION GROUP, INC.

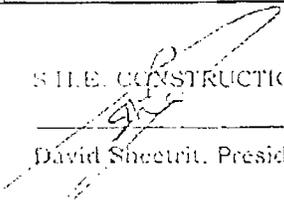
18570 Sherman Way, Suite B Reseda, CA 91335
 Tel. No: (818) 996-2159 Fax No: (818) 609-8645

TO: CITY OF TORRANCE PAYMENT REQUEST
 3031 Torrance Boulevard No. 8
 Torrance, CA 90509-2970

Project Name: Construction of Median Island Improvements
 for the Beautification of Hawthorne Boulevard
 from Pacific Coast Highway to Sepulveda Boulevard

Project Number: C2004-098

(A)	Total Earned to Date	\$ 677,381.88
(B)	Total Earned to Date on Change Orders	\$ -
(C)	Total Earned (Sum of A & B)	\$ 677,381.88
(D)	Total Amount to be retained (10% of 'C' above)	\$ 67,738.19
(E)	Total Payment Allowed to Date ('C' minus 'D')	\$ 609,643.69
(F)	Less Previous Payment (Item "E" from prior claim)	\$ 533,050.41
(G)	Total Amount Payable this Contract Payment Request	\$ 76,593.28

Contractor: S.H.E. CONSTRUCTION GROUP, INC. (Federal ID# 95-4571568) Date: 10/9/2004

 David Sheetrit, President

Inspector: Highway Consulting & Inspection
 William Hurst _____ Date: _____

Project Manager: City of Torrance
 _____ Date: _____
 Henry Sakamoto

Community Development Director: _____ Date: _____
 Jeffrey Gibson

PROJECT NAME: Construction of Median Island Improvements for the Beautification of Hawthorne Boulevard from Pacific Coast Highway to Sanulveda Boulevard
 DATE: October, 19, 2006
 PAYMENT REQUEST # 3

ITEM	DESCRIPTION	QTY	UNIT	UNIT PRICE	ITEM COST	PREVIOUS AMOUNT PAID	CITY COMPLETED TO DATE	THIS PAYMENT	TOTAL COMPLETION DATE
1	Traffic Control	1	LS	10,000.00	10,000.00	10,000.00	LS		10,000.00
2	Calltrans Inspection Fees	1	LS	1,800.00	1,800.00	1,800.00	LS		1,800.00
3	Miscellaneous Removals	1	LS	10,500.00	10,500.00	10,500.00	LS		10,500.00
4	Remove Median Asphalt Paving/and Base	41500	SF	2.01	81,018.00	81,018.00	53,466		61,016.00
4A	Remove Median Asphalt Paving/and Base	11860	SF	2.01	23,488.66	23,488.66	11,686		22,488.66
5	Wheelchair Ramp (Colored Concrete)	2	EA	4,189.00	8,378.00	8,378.00	2.0		8,378.00
6	Concrete Median Pavement (Colored & Scored)	28310	SF	5.34	151,175.40	138,339.00	26906		138,339.00
7	Precast Concrete Pavers (Sand Base)	9480	SF	9.54	90,439.20	91,115.54	9551.0		91,116.54
8	6" Wide PCC Edging	1720	LF	14.33	24,647.60	23,502.44	1688		23,502.44
9	Install City-Furnished Advance Street Sign	7	EA	787.43	5,512.01				
10	Install City-Furnished Street Sign Panel On Existing Pole	20	EA	50.00	1,000.00				
11	Irrigation System	1	LS	104,788.43	104,788.43	99,548.00	LS		\$ 99,548.00
12	Schedule 80 PVC Sleeve (Bored/Jack Under Street For Irrigation Mainline)	590	LF	26.25	15,487.50	15,487.50	590		15,487.50
12A	Schedule 80 PVC Sleeve (Bored/Jack Under Street For Irrigation Mainline)	288	LF	26.25	7,560.00	7,560.00	288		7,560.00
	PVC Moisture Barrier Bordering					5,065.00	1132		5,065.00
	Landscape Areas								
13	PVC Moisture Barrier Bordering	6160	LF	5.69	35,050.40	30,907.74	5416		30,907.74
14	Landscape Areas	21010	LF	0.78	16,655.80	17,251.00	22168		17,251.04
	Soil Amendment and Finish Grading (including Soil Fertility Testing)								
TOTAL PAGE 1					\$ 598,701.20	514,577.34			576,081.12

PROJECT NAME: Construction of Median Island Improvements for the Beautification of Hawthorne Boulevard from Pacific Coast Highway to Sepulveda Boulevard

DATE: October, 19, 2006

PAYMENT REQUEST # 8

ITEM	DESCRIPTION	QTY	UNIT	UNIT PRICE	ITEM TOTAL	PREVIOUS AMOUNT PAID	QTY. COMPLETED TO DATE	THIS PAYMENT	TOTAL COMPLETION TO DATE
15	Tree (15 Gallon) Including Stakes and Root Barrier	11	EA	154	1,694.00	1,504.00	11		1,694.00
16	Tree (24" Box) Including Stakes and Root Barrier	67	EA	284.92	19,089.64	19,089.64	67		19,089.64
17	Shrub (1 Gallon)	1921	EA	7.12	13,677.52	13,172.00	1921.0	505.52	13,677.52
18	Shrub (5 Gallon)	499	EA	21.2	10,578.80	10,578.80	499.0		10,578.80
19	Ground Cover (From Flats)	12860	SF	0.49	6,301.40		12860	6,301.40	6,301.40
20	Shredded Bark Mulch	21610	SF	0.54	11,669.40				
21	Plant Establishment and Maintenance	1	LS	5760	5,760.00				
22	Traffic Control	1	LS	2000	2,000.00	1,540.00	LS		1,540.00
23	Demolish, Remove and Dispose of Existing Asphalt Portion of Sidewalk	170	SF	33.19	5,642.30	7,167.00	216		7,167.00
24	Demolish, Remove and Dispose of Existing Wood Pole Fence	1	LS	3600	3,600.00	3,600.00	1		3,600.00
25	Standard Concrete Paving to Replace Asphalt in Sidewalk, New Pad at Bus Shelter, Paved Area at Corner, 6' Wide Walkway Through Site, & Parking Space for Maintenance Vehicle	970	SF	9.70	9,409.00	9,409.00	970		9,409.00
SUB-TOTAL PAGE 1					89,420.36				73,017.36
TOTAL PAGE 1 & 2					\$ 688,121.56	60,216.44		6,305.92	73,017.36

PROJECT NAME: Construction of Median Island Improvements for the Beautification of Hawthorne Boulevard from Pacific Coast Highway to Sepulveda Boulevard

DATE: October, 19, 2006

PAYMENT REQUEST # 8

ITEM	DESCRIPTION	QTY	UNIT	UNIT PRICE	ITEM TOTAL	PREVIOUS AMOUNT PAID	QTY. COMPLETED TO DATE	THIS PAYMENT	TOTAL COMPLETION TO DATE
26	Concrete Curb (6") to Edge Existing Asphalt Paving At South Edge of Site	80	LF	13.52	1,081.60		80	1,081.60	1,081.60
27	Patch/Repair Asphalt Paving Adjacent to New Concrete Curb	1	LS	3,000.00	3,000.00		1	3,000.00	3,000.00
28	Precast Concrete Bollards at Existing Aprons (Unlighted)	3	EA	520	1,560.00		3	1,560.00	1,560.00
29	Concrete Mow Strip to Edge Turf	150	LF	13.52	2,028.00		150	2,028.00	2,028.00
30	Automatic Irrigation System (Not Including New Water Meter)	6330	SF	2.36	14,938.80		6330.0	14,938.80	14,938.80
31	Soil Amendment and Fine Grading	6330	SF	0.66	4,177.80			2,099.00	2,099.00
32	24" Box Trees (Including Staking)	10	EA	222	2,220.00				
33	5 Gallons Shrubs	50	EA	18.0	900.00				
34	1 Gallon Shrub/Perennial	200	EA	6.0	1,200.00				
35	Flatted Ground Cover	2000	SF	0.46	920.00				
36	Sodder Turf	3280	SF	1.62	5,313.60				
37	Shredded Dark Mulch in All Shrub/Ground Cover Areas	3050	SF	0.72	2,196.00				
38	60-Day Contractor's Landscape Maintenance Period	1	LS	1320	1,320.00				
SUBTOTAL PAGE 3					43,635.80				
TOTAL PAGES 1, 2 & 3					\$ 731,757.36			26,283.40	28,283.40

S.H.E. CONSTRUCTION

Change Order #7, #8, and #9

S.H.E. CONSTRUCTION GROUP, INC.

18570 Sherman Way, Suite B, Reseda, CA 91135
Tel No: (818) 996-2159 Fax No: (818) 609-8645

City of Torrance
3031 Torrance Boulevard
Torrance, CA 90503-2970

CHANGE ORDER# 07
June 21, 2005

Median Island Improvements for the Beautification of Hawthorne Blvd.
Contract No. C-2004-098

ITEM	DESCRIPTION OF CHANGE	PRICE
1	Remove and spray weeds 3 Days 3 Employees 8 Hours= 72 hours	
2	Labor 72 hours x \$49.00	3,528.00
3		
4	Total	3,528.00
5	Add: 15% G.C. Overhead & Profit	529.20
6	Subtotal	4,057.20
7	Add: 2% Bond 1% BOND	81.14 40.57
8	Total Change Order	4,138.34 4097.77

Contractor: S.H.E. CONSTRUCTION GROUP, INC.

David Sheetrit, President

Date: 6/21/05

Owner: City of Torrance

Henry S. Sakamoto, Project Manager

Date:

S.H.E. CONSTRUCTION GROUP, INC.

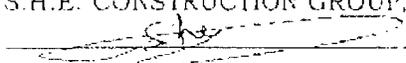
18570 Sherman Way, Suite B, Reseda, CA 91135
Tel No: (818) 996-2159 Fax No (818) 609-8645

City of Torrance
3031 Torrance Boulevard
Torrance, CA 90503-2970
Median Island Improvements for the Beautification of Hawthorne Blvd.
Contract No. C-2004-098

CHANGE ORDER# 08
June 21, 2005

ITEM	DESCRIPTION OF CHANGE	PRICE
1	Increased price by nursery (Please see attached breakdown	
2		2,318.00
3		
4	Total	2,318.00
5	Add 15% G.C. Overhead & Profit	347.70
6	Subtotal	2,665.70
7	Add 1% Bond	26.66
8	Total Change Order	2,692.36

Contractor: S.H.E. CONSTRUCTION GROUP, INC.



David Sheerif, President

Date: _____

Owner: City of Torrance

Henry S. Sakamoto, Project Manager

Date: _____

S.H.E. CONSTRUCTION GROUP, INC.

18570 Sherman Way, Suite B, Reseda, CA 91135

Tel. No: (818) 996-2159 Fax No: (818) 609-8645

City of Torrance

3031 Torrance Boulevard

Torrance, CA 90503-2970

Median Island Improvements for the Beautification of Hawthorne Blvd.

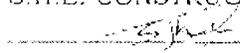
Contract No. C-2004-098

CHANGE ORDER# 09

June 21, 2005

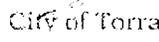
ITEM	DESCRIPTION OF CHANGE	PRICE
1	4 Months of portable bathrooms onsite	389.00
2	4 months mobil storage rental	421.00
3	8 hours change order pot hauling sepulveda	440.00
4	1 compressor	171.33
5	4 hours change order for hauling water main	220.00
6	Total	1,641.33
7	Add: 15% G.C. Overhead & Profit	246.20
8	Subtotal	1,887.53
9	Add: 1% Bond	18.88
10	Total Change Order	1,906.40

Contractor: S.H.E. CONSTRUCTION GROUP, INC.


David Sheelrit, President

Date: _____

Owner: City of Torrance


Henry S. Sakamoto, Project Manager

Date: _____

S.H.E. CONSTRUCTION

Traffic Control: January to July

**S.H.E. CONSTRUCTION - TRAFFIC CONTROL
PAYMENT REQUESTS IN DISPUTE**

<u>MONTH</u>	<u>AMOUNT REQUESTED</u>	<u>DAYS WORKED</u>	<u>* PAYMENT APPROVED</u>
January 2006	\$10,533.64	9 out of 20	\$6,589.54
February 2006	\$3,362.54	0	\$3,362.54
March 2006	\$3,362.54	0	\$3,362.54
April 2006	\$3,362.54	0	\$3,362.54
May 2006	\$10,533.64	3 out of 22	\$4,340.43
June 2006	\$10,533.64	10 out of 22	\$6,622.18
July 2006	\$10,533.64	7 out of 20	\$5,872.43
TOTAL	\$52,222.18	29 out of 84	\$33,512.20

* Payment approved for cost of equipment; labor costs prorated to number of days worked (See Attached for Calculations)

**S.H.E. CONSTRUCTION - TRAFFIC CONTROL
PAYMENT REQUESTS IN DISPUTE (continued)**

CALCULATIONS

The contractor's invoices include lump sum totals for labor for the months of January, May, June and July. Since the contractor did not work everyday during these months, a per day labor cost is necessary.

Assumptions:

- Labor per month = \$6,174.00 (as stated in S.H.E. Construction payment requests)
- Number of working days per month = Monday through Friday; does not including Holidays or Rainy days

Calculation for Labor Cost per day

\$6,174/month divided by the number of potential working days per month = Cost/Day

- January and July had 20 potential working days.
\$6,174 divided by 20 days = \$308.70/day
- May and June had 22 potential working days.
\$6,174 divided by 22 days = \$280.64/day

January 2006

Additional arrowboard	\$900.00
Additional signage	\$1,995.00
Labor (9 days @ \$308.70/day)	<u>\$2,778.30</u>
Subtotal	\$5,673.30
15% overhead/profit	<u>\$851.00</u>
Subtotal	\$6,524.30
1% bond	<u>\$65.24</u>
TOTAL	\$6,589.54

February 2006

Additional arrowboard	\$900.00
Additional signage	\$1,995.00
Labor	<u>\$0</u>
Subtotal	\$2,895.00
15% overhead/profit	<u>\$434.25</u>
Subtotal	\$3,329.25
1% bond	<u>\$33.29</u>
TOTAL	\$3,362.54

**S.H.E. CONSTRUCTION - TRAFFIC CONTROL
PAYMENT REQUESTS IN DISPUTE (continued)**

March 2006

Additional arrowboard	\$900.00
Additional signage	\$1,995.00
Labor	<u>\$0</u>
Subtotal	\$2,985.00
15% overhead/profit	<u>\$434.25</u>
Subtotal	\$3,329.25
1% bond	<u>\$33.29</u>
TOTAL	\$3,362.54

April 2006

Additional arrowboard	\$900.00
Additional signage	\$1,995.00
Labor	<u>\$0</u>
Subtotal	\$2,895.00
15% overhead/profit	<u>\$434.25</u>
Subtotal	\$3,329.25
1% bond	<u>\$33.29</u>
TOTAL	\$3,362.54

May 2006

Additional arrowboard	\$900.00
Additional signage	\$1,995.00
Labor (3 days @ \$280.64/day)	<u>\$841.92</u>
Subtotal	\$3,736.92
15% overhead/profit	<u>\$560.54</u>
Subtotal	\$4,297.46
1% bond	<u>\$42.97</u>
TOTAL	\$4,340.43

June 2006

Additional arrowboard	\$900.00
Additional signage	\$1,995.00
Labor (10 days @ \$280.64/day)	<u>\$2,806.40</u>
Subtotal	\$5,701.40
15% overhead/profit	<u>\$855.21</u>
Subtotal	\$6,556.61
1% bond	<u>\$65.57</u>
TOTAL	\$6,622.18

S.H.E. CONSTRUCTION - TRAFFIC CONTROL
PAYMENT REQUESTS IN DISPUTE (continued)

July 2006

Additional arrowboard	\$900.00
Additional signage	\$1,995.00
Labor (7 days @ \$308.70/day)	<u>\$2,160.90</u>
Subtotal	\$5,055.90
15% overhead/profit	<u>\$758.39</u>
Subtotal	\$5,814.29
1% bond	<u>\$58.14</u>
TOTAL	\$5,872.43

S.H.E. CONSTRUCTION GROUP, INC.

18570 Sherman Way, Suite B, Reseda, CA 91135

Tel. No: (818) 996-2159 Fax No. (818) 609-8645

City of Torrance

3031 Torrance Boulevard

Torrance, CA 90503-2970

Median Island Improvements for the Beautification of Hawthorne Blvd.

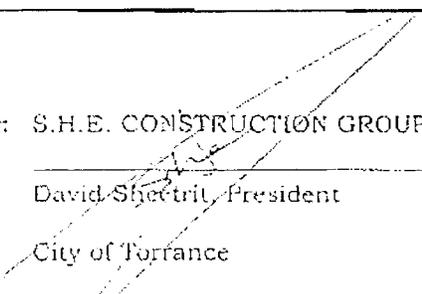
Contract No. C-2004-098

TRAFFIC CONTROL

March 17, 2006

ITEM	DESCRIPTION OF CHANGE	PRICE
	As we concluded on our last meeting the following is the breakdown of the monthly traffic control expenses for the month of January . Please approve as soon as possible. Thank you.	
1	Extra arrowboard (\$ 900.00 per month)	900.00 per month
2	Extra 57 signs (\$ 35.00 x 57)	1,995.00 per month
3	extra 8 hours a day for traffic control	6,174.00 per month
4	Total	9,069.00
5	Add: 15% G.C. Overhead & Profit	1,360.35
6	Subtotal	10,429.35
7	Add: 1% Bond	104.29
8	Total Change Order	10,533.64

Contractor: S.H.E. CONSTRUCTION GROUP, INC


David Sheerit, President

Date: 5/22/06

Owner: City of Torrance

Henry S. Sakamoto, Project Manager

Date: _____

S.H.E. CONSTRUCTION GROUP, INC.

18570 Sherman Way, Suite B, Reseda, CA 91135
Tel. No: (818) 996-2159 Fax No: (818) 609-8645

City of Torrance
3031 Torrance Boulevard
Torrance, CA 90503-2970
Median Island Improvements for the Beautification of Hawthorne Blvd.
Contract No. C-2004-098

TRAFFIC CONTROL
March 17, 2006

ITEM	DESCRIPTION OF CHANGE	PRICE
	As we concluded on our last meeting the following is the breakdown of the monthly traffic control expenses for the month of February (Without man power). Please approve as soon as possible. Thank you.	
1	Extra arrowboard (\$ 900.00 per month)	900.00 per month
2	Extra 57 signs (\$ 35.00 x 57)	1,995.00 per month
4	Total:	2,895.00
5	Add: 15% G.C. Overhead & Profit	434.25
6	Subtotal	3,329.25
7	Add: 1% Bond	33.29
8	Total Change Order	3,362.54

Contractor: S.H.E. CONSTRUCTION GROUP, INC.

David Sheerit
David Sheerit, President

Date: 3/22/06

Owner: City of Torrance

Henry S. Sakamoto
Henry S. Sakamoto, Project Manager

Date: _____

S.H.E. CONSTRUCTION GROUP, INC.

18570 Sherman Way, Suite B, Reseda, CA 91135
Tel. No. (818) 996-2159 Fax No. (818) 609-9645

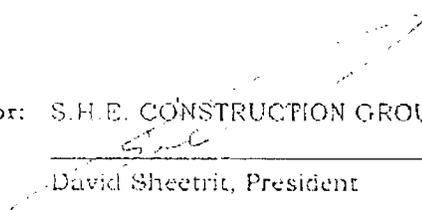
City of Torrance
3031 Torrance Boulevard
Torrance, CA 90503-2970

TRAFFIC CONTROL
5/225006

Median Island Improvements for the Beautification of Hawthorne Blvd.
Contract No. C-2004-098

ITEM	DESCRIPTION OF CHANGE	PRICE
	AS we concluded on our last meeting the following is the breakdown of the monthly traffic control expenses for the month of March (Without man power) Please approve as soon as possible. Thank you.	
1	Extra arrowboard (\$ 900.00 per month)	900.00 per month
2	Extra 57 signs (\$ 35.00 x 57)	1,995.00 per month
4	Total	2,895.00
5	Add: 15% G.C. Overhead & Profit	434.25
6	Subtotal	3,329.25
7	Acid. 1% Bond	33.29
8	Total Change Order	3,362.54

Contractor: S.H.E. CONSTRUCTION GROUP, INC.



David Sheetrit, President

Date: 5/23/00

Owner: City of Torrance

Henry S. Sakamoto, Project Manager

Date: _____

S.H.E. CONSTRUCTION GROUP, INC.

18570 Sherman Way, Suite B, Reseda, CA 91135
Tel. No: (818) 996-2159 Fax No: (818) 600-8645

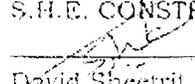
City of Torrance
3031 Torrance Boulevard
Torrance, CA 90503-2970

TRAFFIC CONTROL
5/225006

Median Island Improvements for the Beautification of Hawthorne Blvd.
Contract No. C-2004-098

ITEM	DESCRIPTION OF CHANGE	PRICE
	As we concluded on our last meeting the following is the breakdown of the monthly traffic control expenses for the month of April (Without man power). Please approve as soon as possible. Thank you.	
1	Extra arrowboard (\$ 900.00 per month)	900.00 per month
2	Extra 57 signs (\$ 35.00 x 57)	1,995.00 per month
4	Total	2,895.00
5	Add: 15% G.C. Overhead & Profit	434.25
6	Subtotal	3,329.25
7	Add: 1% Bond	33.29
8	Total Change Order	3,362.54

Contractor: S.H.E. CONSTRUCTION GROUP, INC.



David Sheerit, President

Date: 5/12/04

Owner: City of Torrance

Henry S. Sakamoto, Project Manager

Date: ..

S.H.E. CONSTRUCTION GROUP, INC.

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Tel. No: (818) 996-2159 Fax No: (818) 609-8645

City of Torrance

3031 Torrance Boulevard

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Median Island Improvements for the Beautification of Hawthorne Blvd.

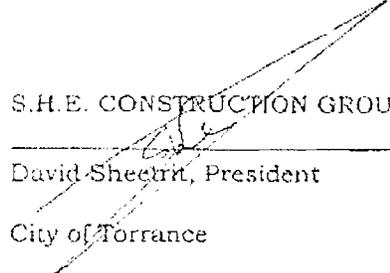
Contract No. C-2004-098

CHANGE ORDER # 04

August 4, 2006

ITEM	DESCRIPTION OF CHANGE	PRICE
	As we concluded on our last meeting the following is the breakdown of the monthly traffic control expenses for the month of MAY. Please approve as soon as possible. Thank you.	
1	Extra arrowboard (\$ 900.00 per month)	900.00 per month
2	Extra 57 signs (\$ 35.00 x 57)	1,995.00 per month
3	extra 6 hours a day for traffic control	6,174.00 per month
4	Total	9,069.00
5	Add: 15% G.C. Overhead & Profit	1,360.35
6	Subtotal	10,429.35
7	Add: 1% Bond	104.29
8	Total Change Order	10,533.64

Contractor: S.H.E. CONSTRUCTION GROUP, INC.



David Sheerit, President

Date: 8/4/2006

Owner: City of Torrance

Henry S. Sakamoto, Project Manager

Date: _____

S.H.E. CONSTRUCTION GROUP, INC.

18570 Sherman Way, Suite B, Reseda, CA 91135
Tel No: (818) 996-2159 Fax No: (818) 609-8645

City of Torrance
3031 Torrance Boulevard
Torrance, CA 90503-2970

CHANGE ORDER # 04
August 4, 2006

Median Island Improvements for the Beautification of Hawthorne Blvd.
Contract No. C-2004-098

ITEM	DESCRIPTION OF CHANGE	PRICE
	As we concluded on our last meeting the following is the breakdown of the monthly traffic control expenses for the month of June. Please approve as soon as possible. Thank you.	
1	Extra arrowboard (\$ 900.00 per month)	900.00 per month
2	Extra 57 signs (\$ 35.00 x 57)	1,995.00 per month
3	extra 6 hours a day for traffic control	6,174.00 per month
4	Total	9,069.00
5	Add: 15% G.C. Overhead & Profit	1,360.35
6	Subtotal	10,429.35
7	Add: 1% Bond	104.29
8	Total Change Order	10,533.64

Contractor: S.H.E. CONSTRUCTION GROUP, INC.

David Shectrit, President

Date: 8/4/2006

Owner: City of Torrance

Henry S. Sakamoto, Project Manager

Date: _____

S.H.E. CONSTRUCTION GROUP, INC.

18570 Sherman Way, Suite B, Reseda, CA 91135

Tel. No: (818) 996-2159 Fax No: (818) 609-8645

City of Torrance
3031 Torrance Boulevard
Torrance, CA 90503-2970
Median Island Improvements for the Beautification of Hawthorne Blvd.
Contract No. C-2004-098

CHANGE ORDER # 04

August 4, 2006

ITEM	DESCRIPTION OF CHANGE	PRICE
	As we concluded on our last meeting the following is the breakdown of the monthly traffic control expenses for the month of July. Please approve as soon as possible. Thank you.	
1	Extra arrowboard (\$ 900.00 per month)	900.00 per month
2	Extra 57 signs (\$ 35.00 x 57)	1,995.00 per month
3	extra 6 hours a day for traffic control	6,174.00 per month
4	Total	9,069.00
5	Add: 15% G.C. Overhead & Profit	1,360.35
6	Subtotal	10,429.35
7	Add: 1% Bond	104.29
8	Total Change Order	10,533.64

Contractor: S.H.E. CONSTRUCTION GROUP, INC.

gsp

David Sheerit, President

Date: 8/4/2006

Owner: City of Torrance

Henry S. Sakamoto, Project Manager

Date: _____

S.H.E. CONSTRUCTION
Stop Notice and Retention Summary

S.H.E. CONSTRUCTION (C2004-098)

STOP NOTICES AND RETENTION SUMMARY

Attached are the summaries of the Stop Notices and Retention. Currently, the amount of Outstanding Stop Notices exceeds the amount of retention that the City of withhold. Therefore, an additional \$2,746.95 must be withheld in order to cover the Outstanding Stop Notices.

Outstanding Stop Notices	\$183,257.58
Retention	\$180,510.63

Additional funds to be withheld to cover outstanding Stop Notices -	\$2,746.95

S.H.E. CONSTRUCTION (C2004-098)

STOP NOTICES SUMMARY

<u>STOP NOTICE</u>	<u>DATE FILED</u>	<u>AMOUNT</u>	<u>CUMULATIVE AMOUNT</u>	<u>RELEASE</u>	<u>OUTSTANDING BALANCE</u>
Bob Ellison Backhoe Rentals	06/08/05	\$2,417.50	\$2,417.50	No	\$2,417.50
A.D.M. * Engineering	08/02/05	\$117,430.90 (\$93,944.72)	\$119,848.40	No	\$117,430.90
Ferguson Enterprises, Inc.	03/06/06	\$5,591.36	\$125,439.76	Yes (03/27/06)	\$0
Dripscapes**	10/25/06	\$51,327.56	\$176,767.32	No	\$51,327.56
AJJ Associates	11/01/06	\$22,081.62	\$198,848.94	Yes Partial \$10,000.00 (11/29/06)	\$12,081.62
United Rentals	12/05/06	\$30,305.48	\$229,154.42	Yes (01/24/07)	\$0
Ferguson Enterprises, Inc.	None Found (Only received Release of Stop Notice)	\$4,667.40	\$233,821.82	Yes (12/13/06)	\$0
TOTAL					\$183,257.58

* A.D.M. Engineering, Inc. Stop Notice = \$93,944.72
City withheld 125% of \$93,944.72 or \$117,430.90

** Dripscapes submitted Notice 10/25/06 – added to list 01/09/07 at the recommendation of City Attorney's Office

S.H.E. CONSTRUCTION (C2004-098)

RETENTION SUMMARY

<u>RETENTION</u>	<u>AMOUNT</u>
Payment Request #1	\$8,295.00
Payment Request #2	\$6,926.14
Payment Request #3	\$9,834.20
Payment Request #4	\$12,548.67
Payment Request #5	\$13,236.40
Payment Request #6	\$3,298.23
Payment Request #7	\$8,941.09

Subtotal	\$63,079.73
Funds held for A.D.M. Engineering Stop Notice (125%)	\$117,430.90

Total	\$180,510.63

ATTACHMENT E

S.H.E. CONSTRUCTION

Clean-up, Paver Relocation and Replanting

S.H.E. CONSTRUCTION – CLEAN UP/REPLACEMENT OF PLANT MATERIAL SUMMARY

CLEAN UP/REPLACEMENT OF PLANT MATERIAL: \$16,327.00

Includes:

- Weeding/debris of medians from Sepulveda to PCH and the property on southeast corner of Hawthorne/PCH \$8,400.00
- Pick up and delivery to the City yard of 7 pallets of interlocking pavers
- Clean up of staging area used by contractor (service road on Hawthorne and 240th Street
- Spreading of pre-emergent weed killer \$1,050.00
- Estimate: Replacement of dead/missing plants \$6,877.00



Insurance Company of the West
Explorer Insurance Company
Independence Casualty and Surety Company

February 21, 2007

Jeffery W. Gibson
Community Development Director
City of Torrance
3031 Torrance Blvd.
Torrance, CA 90503

Via Regular and Certified U.S. Mail,
Return Receipt Requested

Re: Surety: Insurance Company of the West
Principal: S.H.E. Construction, Inc.
Bond No.: 213 40 87
Obligee: City of Torrance, CA
Project: Median Island Improvements at Hawthorne and P.C. Highway

Dear Mr. Gibson:

Insurance Company of the West (ICW) is the payment and performance bond surety for S.H.E. Construction, Inc. with regard to the above-referenced construction project. It is our understanding that you have issued a Notice of Cessation to our principal S.H.E. Construction, Inc. that prevents them from returning to complete the remaining scope of work.

Subcontractors and suppliers of Principal have asserted claims for payment asserted against the Payment Bond; and

Surety has received a Notice of Cessation from Obligee concerning the Principal; and

Surety has been required to make payment upon certain claims for payment of subcontractors or suppliers of Principal under Surety's Payment Bond furnished for the project to the extent at this time of \$25,000.

As a consequence of the above, ICW is exposed to potential losses under its payment bond furnished for this project.

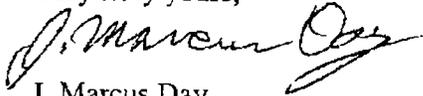
We are attempting to negotiate payment from S.H.E. Construction, Inc. in order to avoid this procedure with you. As of this time, however, we demand, on behalf of ICW that you release no further funds under the above-referenced contract without the advance

written consent and direction of ICW. We make this demand on the basis of and to protect the Surety's rights of subrogation end to enable the Surety to protect its interests under its Bond furnished for the Project. Joint payment checks payable to ICW and S.H.E. Construction, Inc. will be a satisfactory procedure once fund distributions are approved.

If you have any questions with regard to this notice, please contact the undersigned as soon as possible. We will be contacting you to discuss this matter further as our investigation proceeds. Thank you in advance for your cooperation in this matter.

Nothing herein shall be deemed to be an estoppel, waiver or modification of any of Surety's rights or defenses and Surety hereby reserves all of its rights and defenses under any general contracts, agreements, bonds, or applicable law.

Very truly yours,



J. Marcus Day
INSURANCE COMPANY OF THE WEST
Surety Claims Counsel
Direct Line: 858.350.2419
Facsimile: 858.350.2640
E-mail: mday@icwgroup.com

Cc: S.H.E. Construction, David Sheerit
Pam Bentley, San Diego Surety

Rec'd
7-2-07

JUD-100

ATTORNEY OR PARTY WITHOUT ATTORNEY (Name, state bar number, and address): LAW OFFICES OF WILLIAM J. HOUSER 18731 Strathern Street Reseda, CA 91335 TELEPHONE NO. 818-343-5291 FAX NO. (Optional): 818-343-5292 E-MAIL ADDRESS (Optional): ATTORNEY FOR (Name): Plaintiff		FOR COURT USE ONLY FILED LOS ANGELES SUPERIOR COURT JUL 12 2007 JOHN A. BLARKE, CLERK BY M. WHITE, DEPUTY
SUPERIOR COURT OF CALIFORNIA, COUNTY OF LOS ANGELES STREET ADDRESS: 6230 Sylmar Avenue MAILING ADDRESS: Van Nuys, CA 91401 CITY AND ZIP CODE: Northwest District BRANCH NAME:		
PLAINTIFF: A.D.M. ENGINEERING, INC. DEFENDANT: S.H.E. CONSTRUCTION GROUP, INC., et al.		
JUDGMENT <input type="checkbox"/> By Clerk <input type="checkbox"/> By Default <input type="checkbox"/> After Court Trial <input checked="" type="checkbox"/> By Court <input type="checkbox"/> On Stipulation <input type="checkbox"/> Defendant Did Not Appear at Trial		CASE NUMBER: LC 073616

JUDGMENT

1. **BY DEFAULT**
 - a. Defendant was properly served with a copy of the summons and complaint
 - b. Defendant failed to answer the complaint or appear and defend the action within the time allowed by law.
 - c. Defendant's default was entered by the clerk upon plaintiff's application.
 - d. Clerk's Judgment (Code Civ. Proc., § 585(a)) Defendant was sued only on a contract or judgment of a court of this state for the recovery of money.
 - e. Court Judgment (Code Civ. Proc., § 585(b)) The court considered
 - (1) plaintiff's testimony and other evidence
 - (2) plaintiff's written declaration (Code Civ. Proc., § 585(d)).
2. **ON STIPULATION**
 - e. Plaintiff and defendant agreed (stipulated) that a judgment be entered in this case. The court approved the stipulated judgment and
 - b. the signed written stipulation was filed in the case.
 - c. the stipulation was stated in open court the stipulation was stated on the record.
3. **AFTER COURT TRIAL.** The jury was waived. The court considered the evidence.
 - a. The case was tried on (date and time): **June 19, 2007 - 10:30 a.m.**
 before (name of judicial officer): **Honorable Judge Bert Glennon, Jr.**
 - b. Appearances by:

<input checked="" type="checkbox"/> Plaintiff (name each): (1) A.D.M. ENGINEERING, INC. (2) _____ <input type="checkbox"/> Continued on Attachment 3b	<input checked="" type="checkbox"/> Plaintiff's attorney (name each): (1) WILLIAM J. HOUSER (2) _____
<input checked="" type="checkbox"/> Defendant (name each): (1) S.H.E. CONSTRUCTION GROUP, INC. (2) _____ <input type="checkbox"/> Continued on Attachment 3b.	<input checked="" type="checkbox"/> Defendant's attorney (name each): (1) MARK E. BAKER (2) _____
 - c. Defendant did not appear at trial. Defendant was properly served with notice of trial.
 - d. A statement of decision (Code Civ. Proc., § 632) was not was requested.

PLAINTIFF: A.D.M.	CASE NUMBER
DEFENDANT: S.H.E.	LC 073616

JUDGMENT IS ENTERED AS FOLLOWS BY: THE COURT THE CLERK

4. Stipulated Judgment. Judgment is entered according to the stipulation of the parties.

5. Parties. Judgment is

a. for plaintiff (name each):
 A.D.M. ENGINEERING, INC.
 and against defendant (names):
 S.H.E. CONSTRUCTION GROUP, INC.

c. for cross-complainant (name each):
 and against cross-defendant (name each):

Continued on Attachment 5a.

Continued on Attachment 5c.

b. for defendant (name each):

d. for cross-defendant (name each):
 A.D.M. ENGINEERING, INC.
 ACCREDITED SURETY AND CASUALTY
 COMPANY, INC. PLATTE RIVER INS.
 c. Cross-defendant named in item 5c above must pay
 cross-complainant on the cross-complaint

6. Amount.

a. Defendant named in item 5a above must pay plaintiff on the complaint:

(1) <input checked="" type="checkbox"/> Damages	\$ 91,016.00
(2) <input checked="" type="checkbox"/> Prejudgment interest at the annual rate of 10%	\$ 18,203.20
(3) <input checked="" type="checkbox"/> Attorney fees - Per Separate Order	\$
(4) <input checked="" type="checkbox"/> Costs	\$ 2,507.90
(5) <input type="checkbox"/> Other (specify):	\$
(6) TOTAL	\$ 111,727.10

(1) <input type="checkbox"/> Damages	\$
(2) <input type="checkbox"/> Prejudgment interest at the annual rate of %	\$
(3) <input type="checkbox"/> Attorney fees	\$
(4) <input type="checkbox"/> Costs	\$
(5) <input type="checkbox"/> Other (specify)	\$
(6) TOTAL	\$

b. Plaintiff to receive nothing from defendant named in item 5b.
 Defendant named in item 5b to recover costs \$
 and attorney fees \$

d. Cross-complainant to receive nothing from cross-defendant named in item 5d.
 Cross-defendant named in item 5d to recover costs \$
 and attorney fees \$

7. Other (specify):

Date: 7-12-07


 JUDICIAL OFFICER
 BERT GLENNON JR.

Date: Clerk, by _____, Deputy

(SEAL)

CLERK'S CERTIFICATE (Optional)

I certify that this is a true copy of the original judgment on file in the court.

Date:

Clerk, by _____, Deputy

S.H.E ENGINEERING & CONSTRUCTION GROUP. INC.

General Building Contractor License # 837212
18645 Sherman Way Suite 101 Reseda, CA 91335
Tel. No: (818) 996-2159 Fax No: (818) 609-8645

June 13, 2008

Jon Landis
General Service Department
Community Development Director
3350 Civic Center Drive
Torrance, CA. 90503

Dear Mr. Landis

This is to acknowledge receipt of your letter dated June 5, 2008 regarding the claims that we are a "non-responsible bidder". Although we respect your claims, we find them to be highly inaccurate, and extremely one sided. The letter attacks our ability to complete the work, our skill, our integrity, and trustworthiness.

We have successfully completed many projects in the past, and the proof lies in the fact that we repeatedly work with the same entities over and over again. This speaks to our integrity and reputation. Having said that, we value our relationships with all our previous owners. This project ended for many reasons, as I will outline in this letter, however we worked tirelessly with the city to work out all the pending issues, and did not pursue any further requests for compensation to preserve our relationship with the City of Torrance.

The project was delayed for many months due to the City of Torrance's failure to produce traffic control plans for the project at bidding time. It took the city approximately 10 months to produce these simple yet extremely necessary plans that were overlooked by The City of Torrance during the bidding process.

During the course of this project, we have had to stop the project many times after the city failed to install water meters, which the city was responsible to install, and were necessary to complete work. We had worked on the project as much as we could in the absence of these meters. We were then forced to leave the site for more than 4 months and wait until the city installed the meters. These meters were necessary

for planting. After the May 22nd installation, they forgot to install one more meter at the corner of PCH and Hawthorn. The work on this corner was completed except for the planting which we needed to wait on until the meters were installed. We requested these meters two years prior at the pre construction meeting. After many written requests and pleads with the project manager, he arranged installation on May 22, 2006 almost two years after the signing of the contract. Please see a sample of the emails we sent Mr. Henry Sakamoto pleading with him for meters over a period of a year and a half. This delay has caused a contract extension twice in the past. It took the city two years to install meters so work can be done. Please carefully look over the emails I am attaching and take note of the dates, and time span they were written in.

Additionally, the project was not complete due to funding issues the city had encountered. In your letter, you failed mention any funding issues, water meter delays or City overlooking the traffic control plans. Your claim which states that we failed to “perform the contract within the time specified without delay”, omits any and all circumstances which have occurred during the course of this project. I would like to clarify that both contract extensions were a result of the City’s delay with the water meters and other issues.

We arrived on site with a capable crew, with the intention of completing this job, and the ability to do so. The city was unprepared, and is now slinging accusations to place blame on the contractor. This project ended abruptly due to city’s inability to pay and manage this project. However, we worked with the city closely to close out the contract, and settle the payments where both sides were satisfied. The City went on to deduct almost \$17, 000 from the final bill. In the interest of preserving our relationship with the City of Torrance, we did not bring any formal complaints regarding compensation of time and losses. During the project we never received any complaints about work performance, and quality of work.

Lastly, you mentioned that we did not provide maintenance for this project. Please be advised that SHE CONSTRUCTION was never contacted to repair anything regarding this project. Had we been contacted, we would have gladly obliged.

We will be attending the June 17, 2008 Council Chambers meeting to speak regarding this letter. Please notify us if any changes in time or date have been made to this meeting.

Respectfully yours,
David Sheetrit
President

sheconstruction@sbcglobal.net

From: <sheconstruction@sbcglobal.net>
To: "Henry Sakamoto" <hsakamoto@torrnet.com>
Sent: Tuesday, August 15, 2006 3:34 PM
Subject: water meters

Henry,

Good afternoon! We wrote you an email last week on (8-9-06) regarding the water meter in the small area next to Jack in the Box. We still have not heard back from you regarding when the meter would be installed. Please update us as soon as possible, we don't want this to slow down the job.

Thank you,

David

sheconstruction@sbcglobal.net

From: <sheconstruction@sbcglobal.net>
To: "Henry Sakamoto" <hsakamoto@torrnet.com>
Sent: Monday, August 21, 2006 1:07 PM
Subject: WATER METER

Henry,

I have been trying to get an answer regarding the water meter by jack in the box. It is very important that we get that taken care of right away. Avi is leaving town in two weeks for personal issues. And we would like to square away this project by the end of the month. Please notify us as to when exactly the meter will be ready, its very important that it installed right away.

Thank you,
David

sheconstruction@sbcglobal.net

From: <sheconstruction@sbcglobal.net>
To: "Henry Sakamoto" <hsakamoto@torrnet.com>
Sent: Wednesday, August 09, 2006 10:42 AM
Subject: Meters

Henry,

I would like to remind you that there is still no meter by the Jack in the Box in Torrance. We need to know when the meter will be installed.

Please get back to us with a definite answer.

Thank you,
David

sheconstruction@sbcglobal.net

From: <sheconstruction@sbcglobal.net>
To: "Henry Sakamoto" <hsakamoto@torrnet.com>
Sent: Friday, June 30, 2006 10:36 AM
Subject: Jack in the Box Meter

Henry,

Please double check that the meter in the small area next to jack in the box has been installed. I was there today, and I could not find it.

Thank you,
David

sheconstruction@sbcglobal.net

From: <sheconstruction@sbcglobal.net>
To: "Henry Sakamoto" <hsakamoto@torrnet.com>
Cc: <kjoe@torrnet.com>
Sent: Monday, May 15, 2006 12:53 PM
Attach: Henry Sakamoto.pdf
Subject: Torrance

Henry,

As are you already aware, the project has been on hold for the past 6 months. This hold is due to the water meters not being installed and we couldn't get millstone progress. You notified us last week that the water meters will be installed by this Monday. The contract extension expires May 31, 2006, and as we have stated in the past (12/7/2005, please see attached), that if this process is further prolonged, the trees will be untagged. We need to start over and tag them again, as well as check if the prices of these trees have gone up as time has elapsed. The landscaper on the project and myself visited the site on Wed. May 10 and we discovered that the whole planting area is covered with weeds, and needs to be removed as extra work.

During the last six months you have promised us on a number of occasions that the outstanding balance will be paid to us (please see attached). You've also promised that once the contract extension is approved, **all** the bills will be processed. Although we were paid after the extension, we were only given a partial payment (sans traffic controls, and change order). Since then you have promised me a few more times, and yet we are still waiting for money.

We ask that while we are working on the issues with the plants, you work on sending us the outstanding balance, so we can pay our subs, and bring our accounts back to good standing. We have been waiting quite a long time, as well as our subs, and we need to have this taken care of as soon as possible.

Thank you,
David Sheehrit

sheconstruction@sbcglobal.net

From: <sheconstruction@sbcglobal.net>
To: "Henry Sakamoto" <hsakamoto@torrnet.com>
Sent: Monday, April 17, 2006 11:08 AM
Subject: Torrance Blvd.

Henry,

I am sure you are aware that there is no work being done on the medians since January 06. We have been waiting for water meter installments for quit some time now. All this time our equipment has been waiting there, and we have been generating bills. You promised me personally many times prior to the contract extension to pay the traffic control and the change order. This has not happened to date. United Rentals are threatening to file a law suit against us as a result of you not processing our payments. We need to you to take this issues seriously, and notify us if there is anything we can do in assisting you to process these payments.

Additionally, you notified me three weeks ago that that meters will be installed, however, there is still no meters on-site. As of today, we suggest another contract extension if things keep dragging the way they have been. We have written you a few emails, and have not heard back with updates.

Henry, we are eager to complete this project, but cannot do so without the water meters and prompt payment. Please process our payments and give us an accurate date as to when these meters will be installed.

Looking forward to hearing back with an update,

Thank you,

David Sheerit

sheconstruction@sbcglobal.net

From: <sheconstruction@sbcglobal.net>
To: "Henry Sakamoto" <hsakamoto@torrnet.com>
Sent: Tuesday, March 14, 2006 11:36 AM
Subject: Water meters

Henry,

Good Morning!

As per our conversation this morning, you notified me that the water meters will be installed sometime next week, most likely mid week. Please let us know exactly when next week we can expect installation so that we can schedule work.

Thank you for your help,

sheconstruction@sbcglobal.net

From: <sheconstruction@sbcglobal.net>
To: "Henry Sakamoto" <hsakamoto@torrnet.com>
Sent: Thursday, March 09, 2006 3:25 PM
Subject: Torrance Project.

Henry,

We need something to be done about the water meter situation immediately. We need them installed so that we can begin with the irrigation and landscaping. This needs to be taken care of so that we can meet the deadline for the end of the project.

Please work on this and let us know what going on with that at the end of the week.

Thank you for your efforts with bringing the payment through, they are greatly appreciated. Fanny told me the check will go out on Tuesday March 14, using a overnight carrier.

Please get back to me regarding this issue as soon as possible.

Thank you,
David Sheetrit

sheconstruction@sbcglobal.net

From: <sheconstruction@sbcglobal.net>
To: "Henry Sakamoto" <hsakamoto@torrnet.com>
Sent: Wednesday, December 07, 2005 3:03 PM
Subject: Water Meter : 4th request

Henry,

The nursery called to notify us that if we do not schedule planting with them immediately, they will sell the tagged trees and reserved plants. Please schedule for the water meter to be installed as soon as possible.

David

sheconstruction@sbcglobal.net

From: <sheconstruction@sbcglobal.net>
To: "Henry Sakamoto" <hsakamoto@torrnet.com>
Sent: Tuesday, December 06, 2005 2:06 PM
Subject: Water Meter

Henry,

As of today the irrigation is complete. We have requested a water meter, and it has yet to be installed. Please contact us and notify us as to when the meter will be onsite. Without this meter we cannot continue the landscaping.

Thank you,

David

sheconstruction@sbcglobal.net

From: <sheconstruction@sbcglobal.net>
To: "Henry Sakamoto" <hsakamoto@tor.net.com>
Sent: Thursday, December 01, 2005 3:24 PM
Subject: Water Meter

Henry,

The irrigation system has been completed. In order to schedule continuous work, meaning soil treatment and planting, we need a water meter. As of today no water meter has been installed, please help us keep the process moving by getting the meter installed as soon as possible.

Thank you,
David Sheerit

sheconstruction@sbcglobal.net

From: <sheconstruction@sbcglobal.net>
To: "Henry Sakamoto" <hsakamoto@torrnet.com>
Sent: Wednesday, November 23, 2005 1:38 PM
Subject: Water Meter

Henry,

As of Nov. 29 the irrigation system will be 95% completed. The next stage will be soil treatment. In order to transition to this next stage, we will need water on site. Please arrange for this as soon as possible.

Thank you,
David

sheconstruction@sbcglobal.net

From: <sheconstruction@sbcglobal.net>
To: "Henry Sakamoto" <hsakamoto@torrnet.com>
Sent: Monday, November 14, 2005 10:14 AM
Subject: Water Meter/Signs

Henry,

Please arrange for the delivery of the water meter so that we can schedule delivery for the plants. Additionally, please have the signs delivered to the site so that the pavers can install them as they work. Please call our office, and let us know when we could expect delivery for these items.

Thank you,
David

sheconstruction@sbcglobal.net

From: <sheconstruction@sbcglobal.net>
To: "Henry Sakamoto" <hsakamoto@tor.net.com>
Sent: Thursday, October 27, 2005 2:29 PM
Subject: Water meter

Henry,

Please let us know when the water meter is being installed. We need to begin scheduling planting, and without a water meter, this is not possible.

Thank you,
David Sheerit

sheconstruction@sbcglobal.net

From: <sheconstruction@sbcglobal.net>
To: "Henry Sakamoto" <hsakamoto@torrnet.com>
Sent: Tuesday, September 27, 2005 12:20 PM
Subject: Water meter

Henry,

As of today, the water meter has yet to be installed. We request that the meter be installed so we can proceed with a planting schedule on the island which required irrigation.

Please get back to me and let me know when we can expect to have this installed.

Thank you,

David

sheconstruction@sbcglobal.net

From: <sheconstruction@sbcglobal.net>
To: "Henry Sakamoto" <hsakamoto@torrnet.com>
Sent: Friday, September 02, 2005 1:31 PM
Subject: Water Meter

Henry,

I am writing to notify you that we are still awaiting the installation of the water meters. These meters are a necessity in the upcoming week as we prepare to start irrigation work. Please make sure that these meters are installed as soon as possible to avoid delays with the irrigation and planting.

Thank you,

David

sheconstruction@sbcglobal.net

From: <sheconstruction@sbcglobal.net>
To: "Henry Sakamoto" <hsakamoto@torrnet.com>
Sent: Friday, June 24, 2005 1:22 PM
Subject: Median Island Improvements

Henry,

We would like to inform you that we have to postpone the boring on Tuesday, June 28th because no preparation was made for the new meter on hard surface. We were told on the field that the city will do it either today or Monday.

Also, we have not received your response on our email and phone messages.

We would really appreciate if you could send your response to our office as soon as possible.

Thank you,

David

sheconstruction@sbcglobal.net

From: <sheconstruction@sbcglobal.net>
To: "Henry Sakamoto" <hsakamoto@torrnet.com>
Sent: Thursday, May 26, 2005 12:50 PM
Subject: Response

Henry,

We would like to follow up our two inquiries concerning the water meter and the protruding tree roots both sent may 5th. FRI # 4 addresses the tree roots, and an e-mail sent on May 5th mentions the water meter. You can refer to those two articles of mail for further information. Please send us your response on this issue as soon as possible as to not hold up the job.

Thank you,
David