



County of Los Angeles  
**CHIEF EXECUTIVE OFFICE**

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WILLIAM T FUJIOKA  
Chief Executive Officer

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Fifth District

January 27, 2009

The Honorable Board of Supervisors  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, CA 90012

Dear Supervisors:

**DEPARTMENT OF PUBLIC WORKS: OLIVE VIEW-UCLA MEDICAL CENTER  
EMERGENCY ROOM REPLACEMENT AND TUBERCULOSIS UNIT PROJECT  
APPROVE REVISED PROJECT BUDGET  
AWARD CONSTRUCTION CONTRACT  
AWARD SUPPLEMENTAL AGREEMENT  
SPECS. 6678; C.P. 69249  
(FIFTH DISTRICT) (3 VOTES)**

**SUBJECT:**

This action is to approve the revised total project budget and award a construction contract and execute a supplemental agreement for the Emergency Room Replacement and Tuberculosis Unit project at the Olive View-UCLA Medical Center.

**IT IS RECOMMENDED THAT YOUR BOARD:**

1. Approve the revised total Project Budget of \$53,218,000.
2. Find that McCarthy Building Companies' bid is reasonable and appropriate, and award a guaranteed maximum price construction contract to McCarthy Building Companies in the amount of \$32,741,836 for the Olive View-UCLA Medical Center Emergency Room Replacement and Tuberculosis Unit project, subject to the satisfactory and timely completion by the contractor of a baseline construction schedule for the project, and receipt by the Department of Public Works of acceptable and approved Faithful Performance and Labor and Materials Bonds and insurance certificates filed by the contractor.

*"To Enrich Lives Through Effective And Caring Service"*

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3. Delegate to the Director of Public Works the authority to determine, in accordance with the applicable contract and bid documents, whether the contractor has satisfied the above conditions for contract award; subject to such determinations, authorize the Director of Public Works to execute the construction contract with McCarthy Building Companies, in the form previously approved by County Counsel; and to establish the effective contract date.
4. Authorize the Director of Public Works to execute Supplemental Agreement 5 to Contract PW-12834 with Langdon Wilson Architects for optional services for a \$350,000 not-to-exceed fee.

### **PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

Approval of the recommended actions will allow the Department of Public Works (Public Works) to proceed with the construction of the Olive View-UCLA Medical Center Emergency Room Replacement and Tuberculosis Unit project.

### **Background**

Your Board previously approved the Olive View-UCLA Medical Center Emergency Room Replacement and Tuberculosis Unit Project, recognizing the strain placed on the current emergency department as a result of hospital closures in the San Fernando Valley Area. The project will result in a reduction in the number of emergency transfers to other County and private hospitals that currently occur due to overcrowding in the emergency department. In addition, the project will provide for consolidation of tuberculosis treatment services for the County in the new tuberculosis unit. The centralization of these services will increase efficiency and effectiveness of medical care and relieve the current strain placed on other County hospitals serving these patients.

### **Construction Contract**

On July 15, 2008, your Board adopted final plans and specifications, authorized advertising for a construction bid from the only prequalified bidder, McCarthy Building Companies (McCarthy), and authorized the use of the guaranteed maximum price agreement. Public Works has analyzed and verified the bid and found it to be reasonable and appropriate. We are recommending that your Board award a construction contract for the Olive View-UCLA Medical Center Emergency Room Replacement and Tuberculosis Unit project to McCarthy, for a \$32,741,836 not-to-exceed fee, subject to the satisfactory and timely completion by the contractor of a baseline construction schedule for the project, and receipt by Public Works of

acceptable and approved Faithful Performance and Labor and Materials Bonds and insurance certificates filed by the contractor.

Because McCarthy was the only prequalified bidder, Public Works took proactive steps to assure that the bid submitted by McCarthy is fair and reasonable. As part of the guaranteed maximum price agreement selection process, McCarthy provided us the details of the bids they received for each subcontractor trade so that we could verify that competitive subcontractor pricing had been achieved. Subcontractor work comprises approximately 80 percent of the total contract value. The remainder of the contract, costs directly attributable to McCarthy, has been reviewed and negotiated in detail by Public Works and is consistent with industry norms. Public Works also obtained an independent cost estimate for the project, and this cost estimate was approximately 12 percent higher than McCarthy's bid proposal. Public Works then compared the cost of McCarthy's bid to other hospital projects in California, where the hospital construction market remains extremely active despite the overall slow down in construction. McCarthy's bid proposal equates to \$679 per square foot compared to average costs of nearly \$850 per square foot for other hospital projects which have recently been awarded in California. For all these reasons, we believe that McCarthy has provided a fair and reasonable guaranteed maximum price for the project.

### **Supplemental Agreement**

The proposed supplemental agreement with Langdon Wilson Architects provides for additional contract administration services and contingency for potential issues that may arise during construction. We are requesting a full-time architect and as-needed engineering consultants for construction administration services during the first year of construction to efficiently resolve possible construction-related conflicts. The total not-to-exceed fee for Supplemental Agreement 5 is \$350,000.

### **Total Revised Project Budget**

Your Board previously approved an overall total project budget of \$49,418,000. Based on the result of the construction bid, new code requirements by the Office of Statewide Health Planning and Development (OSHPD), and adjustments to projected fees/management cost required to complete the project, we are recommending that your Board approve the revised total project budget of \$53,218,000.

Approximately \$2 million of this increase is due to the addition of new requirements by OSHPD for additional seismic upgrades to the existing Central Plant to bring it into compliance with the final requirements of Senate Bill 1953, which would otherwise not have to be completed until the year 2030. The balance of the additional cost increase is

due to adjustments to the construction budget based on the final bid amount and increases made to fees/management cost based on our current estimates.

### **Implementation of Strategic Plan Goals**

The Countywide Strategic Plan directs the provision of Service Excellence (Goal 1), Fiscal Responsibility (Goal 4), and Children and Families' Well-Being (Goal 5) by investing in public health infrastructure to enhance the safety of the patients and staff.

### **FISCAL IMPACT/FINANCING**

The revised total project budget, including construction, plans and specifications, jurisdictional agency review, consultant services, miscellaneous expenditures, and County services, is currently estimated at \$53,218,000.

Sufficient funding is available in the Fiscal Year 2008-09 Capital Projects Budget to fund the recommended actions. The project is currently funded by Tobacco Settlement Funds, commercial paper proceeds, and miscellaneous revenue for Olive View-UCLA Medical Center improvements, but will ultimately be funded through the issuance of long-term tax exempt bonds.

The Project Budget Summary is included in the Attachment.

### **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

The contract agreement will be in the form previously reviewed and approved by County Counsel. The recommended contract agreement was solicited on an open competitive basis and is in accordance with applicable Federal, State, and County requirements. The contractor is in compliance with the Chief Executive Officer's and your Board's requirements.

The contract contains terms and conditions supporting your Board's ordinances, policies, and programs, including but not limited to: County's Greater Avenues for Independence and General Relief Opportunities for Work Programs (GAIN/GROW), Board Policy No. 5.050; Contract Language to Assist in Placement of Displaced County Workers, Board Policy No. 5.110; Reporting of Improper Solicitations, Board Policy No. 5.060; Notice to Contract Employees of Newborn Abandonment Law (Safely Surrendered Baby Law), Board Policy No. 5.135; Contractor Employee Jury Service Program, Los Angeles County Code, Chapter 2.203; Notice to Employees Regarding the Federal Earned Income Credit (Federal Income Tax Law, Internal Revenue Service Notice 1015); Contractor Responsibility and Debarment, Los Angeles County Code, Chapter 2.202; and the Los Angeles County's Child Support Compliance Program,

Los Angeles County Code, Chapter 2.200; and the standard Board-directed clauses that provide for contract termination or renegotiation.

Data regarding the proposer's minority participation is on file with Public Works. The contractor was selected upon final analysis and consideration without regard to race, creed, gender, or color.

### **ENVIRONMENTAL DOCUMENTATION**

On May 29, 2007, your Board approved the Mitigated Negative Declaration for the project.

### **CONTRACTING PROCESS**

On November 21, 2006, your Board approved the selection criteria to be used in determining prequalified bidders, adopted preliminary plans and specifications, and authorized the advertising of Request for Statement of Qualifications that began on November 28, 2006. McCarthy was approved as the prequalified contractor by your Board on May 29, 2007. On July 15, 2008, your Board adopted final plans and specifications, authorized Public Works to request a bid from McCarthy, and approved the use of the guaranteed maximum price delivery method contracting. On October 16, 2008, McCarthy submitted a bid in the amount of \$32,741,836 that has been determined to be reasonable and appropriate.

On July 15, 2008, your Board authorized Public Works to enter into a consultant services agreement with McCarthy to prepare a baseline construction schedule, structural steel shop drawings, and a Stormwater Pollution Prevention Plan for a \$85,000 not-to-exceed fee if we determined its bid to be reasonable and appropriate.

On February 8, 2005, your Board authorized Public Works to award the architectural engineering services agreement to Langdon Wilson Architects for \$1,707,000 for design services. Supplemental Agreements 1 through 3 were executed under delegated authority with a combined value of \$80,300 and Supplemental Agreement 4 in the amount of \$400,000 was executed as authorized by your Board on November 21, 2006. The cost of Supplemental 5 is \$350,000 and represents a 21 percent increase to the original contract amount. Approval of Supplemental Agreement 5 would increase the total contract amount to \$2,687,300.

Langdon Wilson Architects has performed in a competent and professional manner to date. Public Works, the Department of Health Services, and the Chief Executive Office consider this supplemental costs increase to be appropriate for this project.

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**IMPACT ON CURRENT SERVICES (OR PROJECTS)**

There will be no negative impact on current County services or projects during the performance of the recommended services.

The hospital will remain fully operational during construction. Public Works and its consultants have worked with the Department of Health Services to develop construction staging and phasing plans that minimize impact to operations at the hospital during construction.

**CONCLUSION**

Upon approval of the recommendations, please forward an adopted copy of the Board letter to my office.

Respectfully submitted,



WILLIAM T FUJIOKA  
Chief Executive Officer

WTF:GBF:DL  
JSE:DJT:SW:zu

Attachment

c: County Counsel  
Department of Health Services  
Department of Public Social Services (GAIN/GROW) Program  
Department of Public Works (Project Management I)

January 27, 2009

**ATTACHMENT**

**DEPARTMENT OF PUBLIC WORKS: OLIVE VIEW-UCLA MEDICAL CENTER  
EMERGENCY ROOM REPLACEMENT AND TUBERCULOSIS UNIT PROJECT  
APPROVE APPROPRIATION ADJUSTMENT  
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**I. PROJECT SCHEDULE**

<b>Project Activity</b>	<b>Completion Date</b>	<b>Revised Completion Date</b>
Construction Documents	03/26/2006*	03/26/2006*
Jurisdictional Approval	04/17/2007*	04/17/2007*
Advertise for Bids	07/3/2007	10/16/2008*
Award Construction Contract	08/01/2007	01/14 28/2009
Construction Substantial Completion	03/31/2010	08/30/2011
Acceptance of Project	07/31/2010	11/30/2011

\* Actual completion date

**II. PROJECT BUDGET SUMMARY**

	<b>Approved Budget</b>	<b>Impact of This Action</b>	<b>Revised Budget</b>
Land Acquisition	\$0	\$0	\$0
Construction			
GMP Construction Contract	\$29,105,000	\$3,636,836	\$32,741,836
Job Order Contract	\$5,500,000	\$680,156	\$6,180,156
Change Orders	\$4,522,000	(\$3,022,000)	\$1,500,000
Departmental Crafts	\$0	\$0	\$0
Youth Employment	\$0	\$0	\$0
Construction Consultants	\$0	\$0	\$0
Misc. Expense	\$0	\$1,012,008	\$1,012,008
Telecomm Equip - Affixed to Building	\$0	\$200,000	\$200,000
Civic Arts	\$0	\$0	\$0
Subtotal	\$39,127,000	\$2,507,000	\$41,634,000
Programming / Development	\$0	\$0	\$0
Plans & Specifications	\$2,520,000	\$300,000	\$2,820,000
Consultant Services			
Site Planning	\$0	\$0	\$0
Hazardous Materials	\$46,000	\$10,000	\$56,000
Geotech/Soils Report and Monitoring	\$230,000	\$40,000	\$270,000
Material Testing	\$275,000	\$150,000	\$425,000
Cost Estimating	\$40,000	\$0	\$40,000
Topographic Surveys	\$45,000	\$0	\$45,000
Construction Management	\$780,000	\$0	\$780,000
Construction Administration	\$0	\$0	\$0
Environmental	\$95,000	\$10,000	\$105,000
Move Management	\$0	\$0	\$0
Equipment Planning	\$0	\$0	\$0
Legal	\$0	\$0	\$0
Contract/Change Order	\$0	\$0	\$0
Other	\$59,000	\$200,000	\$259,000
Subtotal	\$1,570,000	\$410,000	\$1,980,000
Miscellaneous Expenditures	\$20,000	(\$10,000)	\$10,000
Jurisdictional Review/Plan Check/Permit	\$490,000	\$0	\$490,000
County Services			
Code Compliance and Quality Control Inspection	\$569,000	\$50,000	\$619,000
Design Review	\$63,000	\$0	\$63,000
Design Services	\$0	\$0	\$0
Contract Administration	\$137,000	\$10,000	\$147,000
Project Management	\$640,000	(\$229,000)	\$411,000
Project Management Support Services	\$3,685,000	\$929,000	\$4,614,000
ISD Job Order Contract Management	\$0	\$0	\$0
DPW Job Order Contract Management	\$80,000	(\$80,000)	\$0
ISD ITS Communications	\$250,000	\$0	\$250,000
Project Security	\$0	\$0	\$0
Project Technical Support	\$140,000	(\$50,000)	\$90,000
Office of Affirmative Action	\$50,000	\$0	\$50,000
County Counsel	\$50,000	(\$50,000)	\$0
Other	\$27,000	\$13,000	\$40,000
Sheriff Job Order Contract Management	\$0	\$0	\$0
Subtotal	\$5,691,000	\$593,000	\$6,284,000
<b>Total</b>	<b>\$49,418,000</b>	<b>\$3,800,000</b>	<b>\$53,218,000</b>