County of Los Angeles
CHIEF EXECUTIVE OFFICE
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October 16, 2012

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA90012

Dear Supervisors:

DEPARTMENT OF PUBLIC WORKS:
MARTIN LUTHER KING JR. MEDICAL CENTER
INPATIENT TOWER RENOVATION PROJECT
APPROVE EXECUTION OF VARIOUS CHANGE ORDERS
SPECS. 7055; CAPITAL PROJECT NO. 88945
(SECOND DISTRICT) (4 VOTES)

SUBJECT

The recommended actions will allow the Director of Public Works, or her designee, to execute various change orders with Hensel Phelps Construction Co., as part of the Martin Luther King, Jr., Medical Center Inpatient Tower Renovation Project.

IT IS RECOMMENDED THAT THE BOARD:

1. Approve and authorize the Director of Public Works, or her designee, to finalize and execute a change order with Hensel Phelps Construction Co., in an amount up to $1,300,000, to procure and install aluminum composite panels over the existing precast concrete panels at the exterior of the Inpatient Tower Building.

2. Approve and authorize the Director of Public Works, or her designee, to finalize and execute a change order with Hensel Phelps Construction Co., in an amount up to $1,000,000, to repair or replace existing building plumbing and mechanical equipment.

3. Approve and authorize the Director of Public Works, or her designee, to finalize and execute a change order with Hensel Phelps Construction Co., in an amount up to $700,000, to provide additional design services due to changes required to meet code and design intent of the scoping documents.

4. Approve and authorize the Director of Public Works, or her designee, to finalize and execute a change order with Hensel Phelps Construction Co., in an amount up to $700,000, to modify various existing systems as part of the structural strengthening work at the two existing Intensive Care Units.

5. Approve and authorize the Director of Public Works, or her designee, to finalize and execute a change order with Hensel Phelps Construction Co., in an amount up to $650,000, to design and install structural improvements for the Central Plant 2 concrete slab.

6. Approve and authorize the Director of Public Works, or her designee, to finalize and execute a change order with Hensel Phelps Construction Co., in an amount up to $500,000, to design and install seismic bracing of utility lines in the Hospital Support Building.

7. Approve and authorize the Director of Public Works, or her designee, to finalize and execute a change order with Hensel Phelps Construction Co., in an amount up to $450,000, to design and install a new hot water boiler system to feed the Hospital Support Building.

8. Approve and authorize the Director of Public Works, or her designee, to finalize and execute a change order with Hensel Phelps Construction Co., in an amount up to $380,000, to abate hazardous materials and apply new fireproofing in Central Plant 1.

9. Approve and authorize the Director of Public Works, or her designee, to finalize and execute a change order with Hensel Phelps Construction Co., in an amount up to $380,000, to replace existing sanitary sewer lines in the Inpatient Tower Building.

10. Approve and authorize the Director of Public Works, or her designee, to finalize and execute a change order with Hensel Phelps Construction Co., in an amount up to $250,000, to coordinate various discrepancies in the contract documents.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The following ten recommended change orders totaling up to $6,310,000 will be funded by the Martin Luther King, Jr., (MLK) Inpatient Tower (IPT) Renovation Project (Project) contingency fund which has a current balance at $13,388,000. We estimate that the total additional cost to address these various change order issues encountered during construction, including unforeseen conditions and discrepancies in the scoping

documents, will not exceed the $6,310,000 total cost estimate (Attachment B). Total cost negotiations have not been finalized; however, if the final value of any individual change order exceeds the maximum amount authorized for that change order, we will return to the Board for approval of that change order. The Project is currently over 65 percent complete and scheduled to be completed in early 2013.

Recommendation 1 – Exterior Metal Panels: The installation of new aluminum composite panels on the exterior of the IPT Building was planned as part of the Project. This scope was included in the bid documents as an additive alternate, and included as part of an allowance for upgrades to the building skin in the amount of $1,800,000, included in the total contract amount. Following award of the contract, the Department of Public Works (Public Works) went through an extensive process with the design-builder to evaluate options to provide the needed upgrades to the building skin within the limits of the allowance. After eliminating some components and evaluating numerous potential cost saving measures, we have determined that the aluminum panels are necessary, but the allowance is insufficient to fund this scope of work. The metal panels will not only enhance the appearance of the building, but they mitigate potential for water infiltration through the existing precast concrete panels on the building exterior.

We estimate that the total additional cost to complete the exterior metal panel installation will not exceed $1,300,000. To avoid delays to the overall Project schedule, on April 18, 2012, Public Works, under delegated authority, issued a $70,000 proceed order to Hensel Phelps Construction Co., (Hensel Phelps) to proceed with design, engineering, and plan review of the requested revisions by the Office of Statewide Health Planning and Development (OSHPD), and another proceed order on July 19, 2012, to use $80,000 from the exterior enhancement allowance, which allowed for the preparation of shop/fabrication drawings for the aluminum composite panels, the value of which is included in the existing allowance.

Recommendation 2 – Existing Equipment Repair and Replacement: The Project scoping documents identified that various pieces of mechanical and plumbing equipment, piping, and appurtenances in the IPT were to remain and be reused as part of the Project. OSHPD requested a detailed report to validate the condition and functionality of these systems prior to reuse. An evaluation of the condition of the equipment is being conducted and the requested report will be submitted to OSHPD. In the event that certain components are found to be no longer suitable or dependable for long-term use, Hensel Phelps will be directed to upgrade and/or replace the equipment. To avoid possible delays, if it is determined that equipment needs to be replaced, authority to approve a change order is being sought at this time. We estimate that the total additional cost will not exceed $1,000,000.

Recommendation 3 – Additional Design Services: At the time of bidding by the design-builder, the scoping designers were continuing with the design of the Project to obtain OSHPD jurisdictional plan approval. Due to this concurrent process used to meet the aggressive Project schedule, certain design requirements of the Project had not been finalized at the time of bid. It was identified that the final Project requirements were more extensive than originally anticipated and required additional coordination between all disciplines. Therefore, additional design services from the design-builder are required to implement the final Project requirements.

We estimate that the total cost will not exceed $700,000.

Recommendation 4 – Intensive Care Units Upgrades: The existing Intensive Care Units (ICU) in the IPT Building were identified to remain in place in the Project scoping documents. However, the design of the floor above required upgrades to the structural steel in the ceiling space above the ICU area. To facilitate this work, removal of mechanical ductwork, electrical conduit, and piping is required to provide access for the installation of the steel. Following installation of the steel, the utilities will have to be reinstalled or replaced as required for full functionality of the systems. For the reinstallation work, OSHPD is requiring that any replacement work be completed in accordance with current code.

We estimate that the total cost will not exceed $700,000.

Recommendation 5 – Central Plant 2 Structural Upgrades: The existing concrete slab in the Central Plant 2 building that spans over the existing underground water tank has been determined to be insufficient to support the operating weight of the new thermal fluid boilers. Therefore, the abandoned tank will be filled in and structural upgrades provided prior to installing the new broilers.

We estimate that the total cost will not exceed $650,000. To avoid delays to the overall project schedule, on September 25, 2012, Public Works, under delegated authority, issued a $125,000 proceed order to Hensel Phelps to proceed with design and initial upgrades to the structure, the value of which is included in the $350,000 not-to-exceed amount.

Recommendation 6 – Seismic Bracing of existing Utility Lines in the Hospital Support Building: The majority of the existing utilities in this building were removed and replaced as part of the Project. However, certain utilities were planned to be protected in place and reused. As a condition of reuse, the utility lines that were protected in place must be anchored and braced to meet current seismic requirements.

We estimate that the total cost will not exceed $500,000. To avoid delays to the overall Project schedule, Public Works, under delegated authority, issued proceed orders totaling $210,000, which allowed Hensel Phelps to proceed with installation of the seismic bracing as required to mitigate project schedule impacts. The value of proceed orders is included in the recommended $500,000 not-to-exceed amount.

Recommendation 7 – Hospital Support Building Water Boiler: During construction in the Hospital Support Building, the need to seismically brace an existing steam line was identified. Because of the cost of this remedial work, Public Works worked with the design team to review alternative solutions. It was determined that the existing water boiler could be replaced at a lower cost, and thereby eliminate the need to brace the steam line and also provide a more reliable system.

We estimate that the total cost will not exceed $450,000. To avoid delays to the overall Project schedule, Public Works, under delegated authority, issued proceed orders totaling $125,000, which allowed Hensel Phelps to procure the new hot water boiler equipment. The value of the proceed orders is included in the $450,000 not-to-exceed amount.

Recommendation 8 – Abatement in Central Plant 1: The existing Central Plant 1 required seismic strengthening and overall upgrades as part of the Project. The initial phases of the work were completed using a job order contract as part of the make-ready phase of construction. It was determined during construction that it was more efficient to shift some of this scope of work from the job order contract to the design-builder because of the construction sequencing. Therefore, the removal of an existing ceiling and abatement of asbestos, and replacing existing fire-proofing is being transferred to Hensel Phelps.

We estimate that the total cost will not exceed $380,000. To avoid delays to the overall Project schedule, on March 5, 2012, Public Works, under delegated authority, issued a $190,000 proceed order to Hensel Phelps to proceed with the removal of the existing acoustical ceiling, the value of which is included in the $380,000 not-to-exceed amount.

Recommendation 9 – Sanitary Sewer Line Replacement: The existing sanitary sewer lines at the basement level of the IPT Building have deteriorated and require replacement. Due to the aggressive schedule of the Project and the fact that this space was an active patient care area, we were unable to expose and test the condition of existing sewer lines in the basement prior to bid of the Project. Therefore, this is an unforeseen condition in the building.

We estimate that the total cost will not exceed $380,000. To avoid delays to the overall Project schedule, on July 24, 2012, Public Works, under delegated authority, issued a $125,000 proceed order to Hensel Phelps to proceed with testing and repairing the lines, the value of which is included in the $380,000 not-to-exceed amount.

Recommendation 10 – Coordination of Existing Systems: As part of the design process, Public Works and the design team worked extensively to document existing conditions in the 190,000 square-foot IPT Building and the other buildings that are affected by construction. Despite these efforts, following award of the design-build contract, Hensel Phelps identified numerous locations where the design drawings did not accurately match the existing conditions in the field. As a result, additional design and coordination effort was required to correct the construction drawings.

We estimate that the total cost will not exceed $250,000.

All of the recommended changes described above are nondiscretionary and are required to complete construction of the Project. Authorization of the recommended change orders is requested at this time to allow Public Works to conclude negotiations and execute the change orders in a timely manner to avoid the risk of delay. Construction is now over 65 percent complete. Funding for all of these recommended change orders is within the scope of the project and within the Board-approved project budget of $237,430,000 (Attachment A). Sufficient funds are available in the Capital Project Budget (C.P. No. 88945) to fund the recommended actions. It is currently projected that the Project will be completed within the Board-approved budget.

Green Building/Sustainable Design Program

The MLK IPT Renovation Project supports the Board's policy for Green Building/Sustainable Design Program. The new Ancillary Building will include sustainable design features for certification at a Silver or higher level under the United States Green Building Council Leadership in Energy and Environmental Design for new building construction. The Project includes design features to optimize energy efficiency, such as replacing and/or upgrading the mechanical, electrical, and plumbing systems, use of recycled and low-gas emitting materials, and use of alternative transportation methods.

Implementation of Strategic Plan Goals

The Countywide Strategic Plan directs the provision of Operational Effectiveness (Goal 1) by investing in public health infrastructure to enhance the safety of patients and staff. Completion of this Project will provide much needed improvements to the facility for the residents of the County.

FISCAL IMPACT/FINANCING

Approval of the recommended actions will not affect the overall Project budget previously approved by the Board on October 11, 2011. The total Project cost remains at $237,430,000. As previously approved by the Board, the Project is currently funded through the issuance of tax-exempt commercial paper, but will ultimately be financed with proceeds from the issuance of long-term, tax exempt bonds. The MLK IPT Renovation Project Schedule and Budget Summary are included in Attachment A.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

Section 20137 of the Public Contract Code allows the Board, with a four-fifths vote, to authorize a change order to a construction agreement that is less than 10 percent of the original agreement amount without having to obtain bids for the work. The total not-to-exceed value of the recommended change orders is well below the 10 percent threshold.

ENVIRONMENTAL DOCUMENTATION

On August 18, 2009, the Board found the MLK IPT Renovation Project to be categorically exempt from the California Environmental Quality Act. The recommended actions are within the scope of the categorical exemption and will have no impact on the environment.

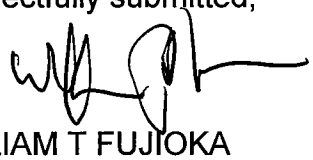
CONTRACTING PROCESS

On April 19, 2011, the Board awarded a design-build contract to Hensel Phelps for a total amount of $165,100,000. To date, the Project is approximately 65 percent complete, and the County has executed 51 construction change orders increasing the total contract amount to $166,999,440.

CONCLUSION

Please return one adopted copy of this Board letter to the Chief Executive Office, Capital Projects Division; Health Services, Capital Projects Division; and Public Works, Project Management Division I.

Respectfully submitted,



WILLIAM T FUJIOKA
Chief Executive Officer

WTF:RLR:DJT
SW:TH:cvb

Attachments

c: Executive Office, Board of Supervisors
County Counsel
Health Services
Internal Services
Public Works

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DEPARTMENT OF PUBLIC WORKS:
MARTIN LUTHER KING JR. MEDICAL CENTER
INPATIENT TOWER RENOVATION PROJECT
APPROVE EXECUTION OF VARIOUS CHANGE ORDERS
SPECS. 7055; CAPITAL PROJECT NO. 88945

I. PROJECT SCHEDULE

Project Activity	Board-Approved Completion Date
C.P. 88945	
MAKE-READY	
Programming	09/18/2009*
Design	04/29/2010*
Jurisdictional Agency Approval	07/27/2010*
Construction Bid and Award (Job Order Contract)	08/19/2010*
Construction Substantial Completion Acceptance	 11/01/2011* 12/01/2011*
IPT RENOVATION AND SUPPORT SPACE	
Programming	09/18/2009*
Design	03/31/2011*
Jurisdictional Agency Approval	06/31/2011*
Award Design-build	04/19/2011*
Construction Substantial Completion Acceptance Building Occupancy	 03/15/2013 08/30/2013 TBD

*Indicates actual date

II. PROJECT BUDGET SUMMARY MLK IPT RENOVATION AND MAKE-READY (C.P. NO. 88945)

Budget Category	Board-Approved Budget
Land Acquisition	$ 0
Construction	
Design-Build Agreement	$148,684,000
Job Order Contract	22,855,000
Change Orders Contingency	19,001,000
Proposer Stipends	400,000
Construction Consultants	0
Telecomm Equipment - Affixed to Building	0
Medical Equipment	0
Subtotal	$190,940,000
Programming/Development	$ 0
Plans and Specifications	
Architect/Engineer Fee	$ 19,302,000
Design Contingency	$ 100,000
Subtotal	$ 18,528,000
Consultant Services	
Site Planning	$ 0
Hazardous Materials	256,000
Geotech/Soils Report and Soils Testing	687,000
Material Testing	1,015,000
Consultant Peer Review Services	425,000
Inspection Services	2,150,000
Topographic Surveys	0
Construction Management	6,240,000
Document and Project Controls	3,205,000
Labor/Outreach/Local Worker Hiring Program	535,000
Move Management (Move Manager Only)	0
Equipment Planning	0
Consultant Contingency	497,000
Subtotal	$ 15,055,000
Miscellaneous Expenditures	$ 1,000,000
Jurisdictional Review/Plan Check/Permit	$ 3,364,000
County Services	
Code Compliance Inspection	$ 450,000
Quality Control Inspection	0
Design Review	15,000
Design Services	0
Contract Administration	500,000
Project Management	240,000
Project Management Support Services	5,346,000
ISD Job Order Contract Management	0
DPW Job Order Contract Management	421,000
ID ITS Communications	175,000
Project Technical Support	52,000
Office of Affirmative Action	215,000
Other	255,000
Subtotal	$ 7,669,000
TOTAL	**$237,430,000**

ATTACHMENT B
October 16, 2012

DEPARTMENT OF PUBLIC WORKS:
MARTIN LUTHER KING JR. MEDICAL CENTER
INPATIENT TOWER RENOVATION PROJECT
APPROVE EXECUTION OF VARIOUS CHANGE ORDERS
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SUMMARY OF RECOMMENDED CHANGE ORDERS

Recommendation	Description	Not-to-Exceed Amount
1	Exterior Metal Panels	$1,300,000
2	Existing Equipment Repair and Replacement	$1,000,000
3	Additional Design Services	$ 700,000
4	Intensive Care Units Upgrades	$ 700,000
5	Central Plant 2 Structural Upgrades	$ 650,000
6	Seismic Bracing in Hospital Support Building	$ 500,000
7	Hospital Support Building Water Boiler	$ 450,000
8	Abatement in Central Plant 1	$ 380,000
9	Sanitary Sewer Line Replacement	$ 380,000
10	Coordinate Existing Systems	$ 250,000
	TOTAL	**$6,310,000**