



THOMAS L. GARTHWAITE, M.D.
Director and Chief Medical Officer

FRED LEAF
Chief Operating Officer

COUNTY OF LOS ANGELES
DEPARTMENT OF HEALTH SERVICES
313 N. Figueroa, Los Angeles, CA 90012
(213) 240-8101

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March 18, 2004

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

Dear Supervisors:

**REQUEST FOR APPROVAL OF A SOLE SOURCE CONTRACT
WITH ACCO ENGINEERED SYSTEMS, INC. FOR THE EMERGENCY
REPLACEMENT OF THE CHILLED WATER COIL SYSTEMS ON AIR HANDLER
NOS. S-8, S-9, S-10 AND S-16 AT MARTIN LUTHER KING/DREW MEDICAL CENTER
(2nd District) (3 Votes)**

IT IS RECOMMENDED THAT YOUR BOARD:

1. Find that the repair of air handling units is categorically exempt from the California Environmental Quality Act in accordance with Guidelines section 15301 (a) and (d), and under Class 1 (c) and (d) of the County of Los Angeles Environmental Reporting Procedures and Guidelines adopted by your Board on November 17, 1987; and
2. Delegate authority to the Director of Health Services, or his designee, to execute, upon review and approval by County Counsel and the Chief Administrative Office, a sole source contract with ACCO Engineered Systems, Inc. (ACCO) for emergency replacement of the chilled water coil systems on air handlers Nos. S-8, S-9, S-10 and S-16 at Martin Luther King/Drew Medical Center (King/Drew) at an estimated net County cost of \$520,503.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTIONS:

These four air handlers provide heating, ventilation, and air conditioning (HVAC) services for the patient care and public areas of King/Drew and require immediate repair. The condition of these air handlers, if unaddressed, could pose a health risk to patients and staff at the hospital. The air handling system at King/Drew was custom built when the facility was built and major repair parts, such as chilled water coils, must also be custom fabricated.

There are substantial problems with the current heating and cooling coils, the coil drain and foundation structures that require immediate repair. Additionally, the cooling and heating coils are inefficient and require more energy than is normally necessary to provide the desired temperature. The maintenance staff at King/Drew has done all it can to keep them operational but the air handlers have reached the end of their useful life and require upgrading.

Unless these air handlers are repaired, King/Drew's ability to provide acceptable air quality will be compromised. These units service patient care and administrative areas on the first two levels of the main hospital building and are vital to the ability of the hospital to continue functioning efficiently. They represent about 20 percent of King/Drew's total HVAC capacity.

Current County policy and guidelines require the timely notice of intent to enter into a sole source contract over \$200,000. However, notice was not given because of the immediacy of the situation and the need to identify the most efficient way to complete the project.

FISCAL IMPACT/FINANCING:

The estimated total net County cost of the emergency repairs for the air handlers is \$520,503, which includes \$380,665 for air handlers S-8, S-9 and S-10 and \$139,838 for air handler S-16. This will be funded with the Department of Health Services' existing resources in the 2003-04 Final Budget. No additional net County cost will be required.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS:

Background

Given that potential liability may occur as a result of the facts associated with this matter, a confidential memorandum to your Board from County Counsel discusses these facts in greater detail and advises your Board of the legal issues involved.

The County currently has three energy management services contracts in the Department of Health Services (DHS) for King/Drew, LAC+USC, and Harbor/UCLA Medical Centers. When energy-related equipment, including air handlers, requires improvement, the facility requests the energy management company to review the project and procure a contractor to perform the work. The energy management services contractor for all three contracts is TXU SEM ("TXU").

In July 2003, King/Drew determined that four of its air handlers (S-8, S-9, S-10, S-16) needed new air cooling coils, a project which would qualify as an energy improvement. TXU declined to perform the project because they were taking on no new projects based on a corporate decision to get out of the energy management services business. King/Drew staff solicited repair quotations from ACCO, a well-respected engineering and construction firm in Glendale with a County track record of responsible performance to assess the condition of the air handlers and provide a cost estimate of the repairs needed.

In September 2003, TXU apparently contracted on a temporary basis with The Solutions Group (TSG) to perform some of the King/Drew contract duties. ACCO signed an agreement with TSG to fabricate and install new chilled air coils for three of the King/Drew's air handlers and began to

custom fabricate the coils on the apparent belief that TSG was acting on behalf of the County for this work.

Current Status

ACCO has completed work on the fabrication of the chilled air coils for air handlers S8, S9, and S10 at a cost to TSG of approximately \$55,000. ACCO has not been paid by TSG for their work and ACCO is ready, willing and able to complete the project for all four air handlers at King/Drew.

Board approval of this Agreement will allow the needed repairs to the four air handlers, S-8, S-9, S-10, and S-16 to begin immediately once King/Drew staff completes site preparation work and asbestos removal from the air handlers. The estimated completion time for the entire project is six weeks from notice to proceed. All work and time will run concurrently to minimize any disruption to King/Drew's operations. The price is acceptable given the urgency of the situation.

If these repairs are not contracted on a sole source basis with ACCO, the implementation of the repairs would be delayed by the time required for the procurement process and the time required to custom fabricate coils and other parts. The air handlers are currently operating significantly below acceptable standards of performance and further delay in repairing them increases the likelihood that one or more of them will fail.

The recommended sole source contract includes all the required provisions such as insurance indemnification, prevailing wage, and performance and payment bonds and has been approved as to form by County Counsel. The contract will be effective upon Board approval.

Attachment A provides additional information.

CONTRACTING PROCESS:

It is not appropriate to advertise this contract on the Los Angeles County Online Website.

ENVIRONMENTAL DOCUMENTATION

This project is categorically exempt from the California Environmental Quality Act in accordance with Guidelines section 15301 (a) and (d), and under Class 1 (c) and (d) of the County of Los Angeles Environmental Reporting Procedures and Guidelines adopted by your Board on November 17, 1987, because the project is limited to the restoration and repair of equipment due to deferred maintenance and interior alterations involving plumbing and electrical systems.

IMPACT ON CURRENT SERVICES (OR PROJECTS):

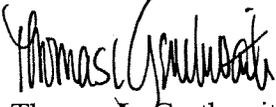
Current services will continue uninterrupted. Implementation of the repairs will occur on weekends and it is anticipated that the refurbishment of one air handling system can be completed each weekend.

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CONCLUSION

When approved, this Department requires three signed copies of the Board approval.

Respectfully submitted,



Thomas L. Garthwaite, M.D.
Director and Chief Medical Officer

TLG:js

Attachment (1)

c: Chief Administrative Officer
County Counsel
Executive Officer, Board of Supervisors

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