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"The mission of the Los Angeles County Health Agency is to improve health and wellness across Los Angeles County through effective, integrated, comprehensive, culturally appropriate services, programs, and policies that promote healthy people living in healthy communities."



October 31, 2017

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:

**MARTIN LUTHER KING, JR. MEDICAL CAMPUS
MARTIN LUTHER KING, JR. ROOF REPLACEMENT
MARTIN LUTHER KING, JR. DIFFERENTIAL SETTLEMENT REPAIRS
AND PROPOSED BEHAVIORAL HEALTH CENTER PROJECT
ESTABLISH CAPITAL PROJECTS NO. 87445, 87446, AND 87447
APPROVE APPROPRIATION ADJUSTMENT
AND AUTHORIZE VARIOUS RELATED ACTIONS
(SUPERVISORIAL DISTRICT 2)
(4 VOTES)**

SUBJECT

The recommended actions regarding the proposed adaptive re-purpose of the former King-Drew Hospital (Hospital) located in the Martin Luther King, Jr. Medical Campus (MLK Campus) will find the scopes of work in this Board letter are either exempt or are not a project under the California Environmental Quality Act (CEQA), and will establish Capital Project No. 87445 for the proposed Martin Luther King, Jr. Roof Replacement Project, Capital Project No. 87446 for the Martin Luther King, Jr. Behavioral Health Center (MLK BH Center) to be implemented at the former Hospital, and Capital Project No. 87447 for the Martin Luther King, Jr. Differential Settlement Repairs Project; authorize pre-development activities to finalize the scope of the MLK BH Center project; approve an appropriation adjustment; and authorize the Department of Public Works (DPW) to utilize existing Board-approved Job Order Contracts (JOCs) to replace the roof and differential settlement repairs on the former Hospital to prevent further damage to the building and carry out destructive investigation work.

IT IS RECOMMENDED THAT THE BOARD:

1. Find that the proposed roof replacement, differential settlement repairs and destructive investigations at former King-Drew Hospital within the MLK Campus are exempt and that the remaining recommended actions are not a project under the CEQA for the reasons in this letter and in the record of the proposed activities.

ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

22 October 31, 2017

LORI GLASGOW
EXECUTIVE OFFICER

2. Authorize DPW to prepare appropriate environmental documentation required by CEQA for the construction of the proposed MLK BH Center project.
3. Establish Capital Project No. 87445 for the proposed Martin Luther King, Jr. Roof Replacement Project, Capital Project No. 87446 for the proposed MLK BH Center Project, Capital Project No. 87447 for the Martin Luther King, Jr. Differential Settlement Repairs Project; and approve project budget in the amount of \$4,830,000 for the proposed Martin Luther King, Jr. Roof Replacement Project and \$400,000 for the proposed Martin Luther King, Jr. Differential Settlement Repairs Project.
4. Approve the attached appropriation adjustment to transfer a total of \$6,065,000 from the Department of Health Services (DHS) to Capital Project Nos. 87445 in the amount of \$4,830,000 to fully fund the roof replacement, \$835,000 to Capital Project No. 87446 to fund the pre-development activities including various consultants' services, destructive investigations, and project management costs, and \$400,000 to Capital Project No.87447 to fund the differential settlement repairs on the former Hospital.
5. Authorize the Health Agency and CEO to conduct a planning study to define specific program elements, to develop cost estimates, to identify funding sources for the construction of the proposed MLK BH Center and associated operating costs, and provide written report back to the Board within ninety (90) days with a financing plan for the proposed MLK BH Center project.
6. Authorize the DPW Director to utilize previously Board-approved as-needed Architect/Engineer (A/E) and consultant services agreements to commence planning the conceptual design and other predevelopment activities to convert the former Hospital to the proposed MLK BH Center and provide written report back to the Board within ninety (90) days with final concept plans, project scope, schedule, and budget for the proposed MLK BH Center project.
7. Authorize DPW to utilize previously Board-approved JOCs to replace the roof and repair differential settlement on the former Hospital and to perform destructive investigations.

PURPOSE/JUSTIFICATION OF THE RECOMMENDED ACTIONS

The recommended actions will find the proposed roof replacement and differential settlement repairs at the former Hospital and destructive investigations are exempt and the remaining recommended actions are not a project under the California Environmental Quality Act (CEQA), approve an appropriation adjustment, and allow the pre-development process for the adaptive re-purpose of the former Hospital to commence. As a part of the vision established by the Board of Supervisors (Board) to provide high-quality health and wellness services for the County, at large, and the South Los Angeles Community, the Health Agency has increasing interest in using its capital assets to serve priority populations in innovative, integrated, cost-effective and sustainable ways. In an effort to pursue this strategy in an impactful way, the Health Agency is seeking to repurpose the former Hospital building to establish the proposed MLK BH Center.

The vision for the 500,000 square foot former Hospital building is focused on (a) County priority populations like individuals with mental illness, substance use disorders, homeless individuals, children in foster care and justice involved individuals with significant clinical needs; (b) providing a mix of residential, outpatient and support services to fill major gaps in our continuum of care within South Los Angeles but available for clients Countywide; (c) furthering the effective public-private partnerships already in place at the MLK Campus and (d) leveraging non-County funding in the forms of service based revenue (i.e., Medicaid) and philanthropic investments.

Background

On October 11, 2011, the Board certified the Final Environmental Impact Report (FEIR) for the MLK Medical Center Campus Redevelopment project. The MLK Outpatient Center was certified as Tier I of the FEIR. The Inpatient Tower Renovation project was found to be categorically exempt. Tier II of the project was analyzed in the FEIR at a program level and included 1,476,010 square feet of additional master-planned mixed use development, which included potential spaces for medical offices, general offices, commercial and retail activities, and other development that is appurtenant to, and compatible with, the primary land use that supports the campus.

On December 18, 2012, the Board adopted the MLK Medical Campus Master Plan. This Master Plan described future expansion possibilities for County health services on campus.

On January 28, 2014, the Board allocated \$420,000 for a study of the possible reuse of the former Hospital, which was constructed in 1970 and is approximately 500,000 square feet. In August 2015, DPW was directed to assess the building. The DPW report was completed in February 2016. It assessed the various building systems and included a proposal to re-purpose the building for the various immediate and long term needs of the campus. Although the building meets structural and seismic requirements for outpatient services, it does not meet these requirements for inpatient care.

A preliminary evaluation indicates that the rough order of magnitude cost estimate may range from \$234 million with minimal interior refurbishment to \$368 million with more extensive interior refurbishment, depending on the scope of work needed for the proposed MLK BH Center project. A previously Board-approved as-needed A/E will be assigned to plan project scope of work to determine a more accurate cost estimate for the project. DPW anticipates completion of a written report by the A/E consultant with recommendations for a project scope, cost and schedule within 90 days. Upon completion of the report, the CEO, Health Agency and DPW will return to the Board to seek approval of the project scope, schedule and budget.

A review of the current conditions of the former Hospital revealed that the most important issue that needs to be resolved is the repair of the roof leaks to protect and preserve the asset. With the winter months coming, it is critical that the County take immediate steps to replace the roof to prevent further deterioration of the building. The JOC construction value for the proposed roof replacement and the proposed differential settlement repairs are currently estimated at \$4,340,000 and \$300,000, respectively.

The roof replacement and differential settlement repairs are scheduled to be completed by late Spring 2018. The destructive investigation work involves minor demolition of interior partitions or ceiling, in limited locations, to confirm locations of building systems and to further assess the conditions of these systems. The Board's approval of the recommendations will allow DPW to proceed with the roof replacement work immediately as the specifics of the larger project are finalized. The former Hospital is currently housing County-related programs and approximately 93 employees. These programs will continue to operate in the building while the work described above is performed.

FISCAL IMPACT/FINANCING

The cost estimate for the proposed Martin Luther King, Jr. Roof Replacement Project is \$4,830,000, which includes plans and specifications, plan check, construction, consultant/inspection services, miscellaneous expenditures, and County Services.

The cost estimate for the proposed Martin Luther King, Jr. Differential Settlement Repairs Project is \$400,000, which includes plans and specifications, plan check, construction, consultant/inspection services, destructive investigation, miscellaneous expenditures, and County Services.

The cost estimate for the pre-development activities for the proposed MLK BH Center project is \$835,000. The pre-development activities consist of various A/E and EIR consultant services, destructive investigations, and project management cost.

The cost of the proposed Martin Luther King, Jr. Roof Replacement Project, Differential Settlement Repairs Project, and pre-development activities for the proposed MLK BH Center will be fully funded by DHS operating budget. Approval of the enclosed budget adjustment will provide sufficient funding for the proposed roof replacement, differential settlement, and pre-development activities.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

In accordance with the Board's Civic Art Policy amended on November 1, 2015, the proposed actions are exempt from the Civic Art fund as it provides for repair or replacement of existing facilities. Upon completion of the pre-development activities for the proposed MLK BH Center project, a request will be made to the Board to allocate a final value for Civic Art fund required to complete the project.

In accordance with the Board's consolidated Local and Targeted Worker Hire Policy adopted on September 6, 2016, the proposed MLK BH Center project will require that at least 30 percent of the total California craft worker hours for construction of the project be performed by Local Residents and at least 10 percent be performed by Targeted Workers facing employment barriers.

ENVIRONMENTAL DOCUMENTATION

The proposed actions, which involve the replacement of the existing roof, repairing differential settlement, and destructive investigations, are categorically exempt from CEQA because they are within certain classes of projects that have been determined not to have a significant effect on the environment and meet the criteria set forth in Sections 15301 (a), (d), and (f); and 15302 (c) of the CEQA Guidelines; and Classes 1 (c), (d), and (i), and 2 (e) of the County's Environmental Document Reporting Procedures and Guidelines, Appendix G. The proposed action involves no expansion of an existing use and the new roof will have the same purpose and capacity. In addition, the work will comply with all applicable regulations there are no cumulative impacts, unusual circumstances, damage to scenic highways, listing on hazardous waste sites compiled pursuant to Government code Section 65962.5 or potential for substantial adverse change in the significance of a historical resource that would make the exemption inapplicable based on the records of the project activities.

The destructive investigations are also statutorily exempt under Section 15262 of the State CEQA Guidelines since they involve feasibility or planning for possible future actions which the Board has not approved or adopted or funded but for which environmental factors have been considered.

The remaining recommended actions are not a project under Sections 15061 and 15378(b) (4) and (5) of the State CEQA Guidelines since they are organizational and administrative activities of government or government fiscal activities that do not involve any commitment to any specific project which may result in a direct or indirect physical changes or potentially significant impact on the environment.

Upon the Board's approval of the recommended actions, DPW will file a Notice of Exemption with the County Clerk in accordance with Section 15062 of the State CEQA Guidelines and will return to the Board to recommend appropriate findings under CEQA related to the approval of the MLK BH Center at such time that a project is recommended.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

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

CONCLUSION

Please return one adopted copy of this Board letter to the office of the Health Agency Director, and to CEO.

Respectfully submitted,

A handwritten signature in black ink that reads "Mitchell Katz". The signature is written in a cursive style.

Mitchell H. Katz, MD
Director, Health Agency

MHK:gp:jpy

Enclosures

c: Chief Executive Office
County Counsel
Executive Office, Board of Supervisors

COUNTY OF LOS ANGELES

REQUEST FOR APPROPRIATION ADJUSTMENT

DEPARTMENT OF HEALTH SERVICES

DEPT'S. NO. 110

OCTOBER 11, 2017

AUDITOR-CONTROLLER:

THE FOLLOWING APPROPRIATION ADJUSTMENT IS DEEMED NECESSARY BY THIS DEPARTMENT. PLEASE CONFIRM THE ACCOUNTING ENTRIES AND AVAILABLE BALANCES AND FORWARD TO THE CHIEF EXECUTIVE OFFICER FOR HIS RECOMMENDATION OR ACTION.

ADJUSTMENT REQUESTED AND REASONS THEREFOR

FY 2017-18

4 - VOTES

SOURCES

USES

BA DETAIL - SEE ATTACHMENT PAGE 1.

BA DETAIL - SEE ATTACHMENT PAGE 1.

SOURCES TOTAL: \$

18,195,000

USES TOTAL: \$

18,195,000

JUSTIFICATION

This budget adjustment is necessary to establish and fully fund the MLK Roof Replacement (Capital Project No. 87445) and Differential Settlement Repairs (Capital Project No. 87447) at the former King-Drew Hospital, and fund the pre-development activities for the MLK Behavioral Health Center (Capital Project No. 87446).

ADOPTED BOARD OF SUPERVISORS COUNTY OF LOS ANGELES

AUTHORIZED SIGNATURE Mela Guerrero, Controller, DHS

[Handwritten signature: Mela Guerrero]

22 OCT 31 2017 BOARD OF SUPERVISOR'S APPROVAL (AS REQUESTED/REVISED)

[Handwritten signature: Lori Glasgow] LORI GLASGOW EXECUTIVE OFFICER

REFERRED TO THE CHIEF EXECUTIVE OFFICER FOR ...

- ACTION (checkbox) RECOMMENDATION (checkbox checked)

AUDITOR-CONTROLLER

B.A. NO. 051

BY [Handwritten signature] Oct. 12 2017

APPROVED AS REQUESTED (checkbox checked)

APPROVED AS REVISED (checkbox)

CHIEF EXECUTIVE OFFICER

BY

[Handwritten signature] OCT. 12 2017

**DEPARTMENT OF HEALTH SERVICES
REQUEST FOR APPROPRIATION ADJUSTMENT
FISCAL YEAR 2017-18**

4 VOTES

SOURCES:**DHS ENTERPRISE FUND**

MN2-3078
COMMITTED FOR DHS 6,065,000
DECREASE OBLIGATED FUND BALANCE

METROCARE NETWORK ENTERPRISE FUND

MN1-HH-96-9911-60020
OPERATING TRANSFERS IN 6,065,000
INCREASE REVENUE

ENT SUB - METROCARE NETWORK

A01-AC-6100-21200-21226
OTHER FINANCING USES 6,065,000
DECREASE APPROPRIATION

USES:**DHS ENTERPRISE FUND**

MN2-HS-6100-60070
OTHER FINANCING USES 6,065,000
INCREASE APPROPRIATION

METROCARE NETWORK ENTERPRISE FUND

MN1-HH-96-9912-60020
OPERATING SUBSIDY-GENERAL FUND 6,065,000
DECREASE REVENUE

**MLK JR. OUTPATIENT CENTER CAP IMPROV
MLK - ROOF REPLACEMENT PROJECT**

A01-CP-6014-64020-87445
CAPITAL ASSETS - BUILDINGS & IMPROV. 4,830,000
INCREASE APPROPRIATION

**MLK JR. OUTPATIENT CENTER CAP IMPROV
MLK - BEHAVIORAL HEALTH CENTER**

A01-CP-6014-64020-87446
CAPITAL ASSETS - BUILDINGS & IMPROV. 835,000
INCREASE APPROPRIATION

**MLK JR. OUTPATIENT CENTER CAP IMPROV
MLK - DIFFERENTIAL SETTLEMENT REPAIRS PROJECT**

A01-CP-6014-64020-87447
CAPITAL ASSETS - BUILDINGS & IMPROV. 400,000
INCREASE APPROPRIATION

Total

\$ 18,195,000

Total

\$ 18,195,000

ADOPTED
BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

22 OCT 31 2017

Lori Glasgow
LORI GLASGOW
EXECUTIVE OFFICER

BA#051

Lafan
10/12/17