



MARK PESTRELLA, Director

COUNTY OF LOS ANGELES
DEPARTMENT OF PUBLIC WORKS

"To Enrich Lives Through Effective and Caring Service"

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IN REPLY PLEASE
REFER TO FILE

July 31, 2018

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

ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES
31 July 31, 2018

CELIA ZAVALA
ACTING EXECUTIVE OFFICER

Dear Supervisors:

**CONSTRUCTION-RELATED CONTRACT
PUBLIC BUILDINGS CORE SERVICE AREA
MARTIN LUTHER KING, JR. MEDICAL CAMPUS
BEHAVIORAL HEALTH CENTER RENOVATION PROJECT
APPROVE THE PROJECT BUDGET AND
AWARD CONSULTANT SERVICES AGREEMENT
CAPITAL PROJECT NO. 87446
(SUPERVISORIAL DISTRICT 2)
(3 VOTES)**

SUBJECT

Public Works is seeking Board approval of the project budget and authorization to execute a consultant services agreement to provide architect/engineer services for the Behavioral Health Center Renovation project and related projects at the Martin Luther King, Jr. Medical Campus.

IT IS RECOMMENDED THAT THE BOARD:

1. Find the recommended actions do not constitute a project pursuant to the California Environmental Quality Act for the reasons stated in this Board letter and in the record of the proposed activity.
2. Approve the project budget of \$322,835,000 for the Behavioral Health Center Renovation project (Capital Project No. 87446) at the Martin Luther King, Jr. Medical Campus.

3. Authorize and delegate authority to the Director of Public Works or his designee to award and execute a consultant services agreement with the most qualified firm to provide design services for the Behavioral Health Center Renovation project and related projects for a fee amount not to exceed \$35,000,000.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Approval of the recommended actions will find that the recommended actions do not constitute a project pursuant to the California Environmental Quality Act (CEQA); approve the project budget; and authorize Public Works to enter into an agreement with an architect/engineer (A/E) to provide design services for the proposed Behavioral Health Center (BHC) Renovation project, Capital Project (C.P.) No. 87446 and related projects for a fee amount not to exceed \$35,000,000 at the Martin Luther King, Jr. (MLK) Medical Campus.

Background

On October 31, 2017, the Board established the MLK BHC Renovation project (C.P. 87446), and authorized Public Works to commence planning the conceptual design and other pre-development activities to convert the former King-Drew Hospital into the MLK BHC. The Board also authorized the development of the project cost estimates, associated annual operating costs, and the identification of funding sources to construct the MLK BHC Renovation project.

On May 16, 2018, the Health Agency and Chief Executive Office reported back to the Board with the final space program narrative, scope of work, the estimated project cost, the project timeline, the annual operating costs and funding sources, and a preliminary financing plan.

The vision for the proposed 500,000-square-foot MLK BHC Renovation project is a collaborative effort among Department of Mental Health (DMH), Department of Public Health (DPH), Department of Health Services (DHS), Probation Department, and Workforce Development, Aging and Community Services (WDACS) focusing on (a) County priority populations like individuals with mental illness, substance use disorders, homeless individuals, and justice involved individuals with significant clinical needs; (b) providing a mix of residential, outpatient and support services to fill major gaps in the continuum of care within South Los Angeles but available for clients Countywide; and (c) leveraging non-County funding in the forms of service based revenue (i.e. Medicaid) and grants.

The proposed MLK BHC Renovation project scope of work includes the replacement of the mechanical, electrical, and plumbing systems, including but not limited to, replacement of exterior windows, demolition of the existing single-story waiting room addition, relocation of the Magnetic Resonance Imaging Center building, upgrades to existing elevators, exterior building refresh, and site improvements.

Consultant Services Agreement

The proposed MLK BHC Renovation project is targeted to be completed by late 2020. To meet this aggressive project schedule, we are recommending that the Board authorize Public Works to award and execute a consultant services agreement with the most qualified A/E firm to provide design services for the project and related projects for a fee amount not to exceed \$35,000,000. The current A/E fee estimate for the MLK BHC Renovation project is \$27,000,000. The balance of the estimated fee amount of \$8,000,000 is for the design services necessary to complete related

projects at the MLK Medical Campus such as the relocations of the laboratory, campus information technology main point of entry, and red bag storage.

On June 13, 2018, Public Works issued a Request for Proposals (RFP) to solicit an A/E to provide design services for the MLK BHC Renovation project and related projects. Upon the Board authorization and completion of a selection process, which is based upon demonstrated competence, experience, and qualification, Public Works will negotiate the A/E fee with the most qualified firm and execute a consultant services agreement with that firm, to the extent the fee negotiated is fair and reasonable to the County. The selected A/E firm will provide make-ready design, design documents, plan check review, construction bidding support, and construction administration support services for the proposed MLK BHC Renovation project and the related projects.

Green Building/Sustainable Design Program

On December 20, 2016, the Board adopted a new Leadership in Energy and Environmental Design (LEED) policy. The recommended actions will support the Board's policy by providing a cost benefit assessment. The A/E agreement will include performing a cost benefit assessment to determine if it makes environmental and fiscal sense to retrofit the existing building to be LEED certified. Upon completion of this assessment, we will return to the Board to recommend the level of certification based on the cost benefit assessment. The project budget is based on code compliance and does not include costs for LEED certification.

Implementation of Strategic Plan Goals

The County Strategic Plan directs the provision of Strategy II.1, Drive Economic and Workforce Development in the County; Strategy II.2, Support the Wellness of our Communities; and Strategy III.3, Pursue Operational Effectiveness, Fiscal Responsibility, and Accountability. The recommended actions support the Strategic Plan by supporting the wellness of our communities and enhancing the delivery of behavioral healthcare services that will in turn benefit the common good by driving the development of the workforce and the economic development of the County.

FISCAL IMPACT/FINANCING

On October 31, 2017, the Board approved \$835,000 for the MLK BHC programming and pre-development activities. The cost of this activity was fully funded by DHS' operating budget.

The enclosed total project budget summary of \$322,835,000 for the proposed MLK BHC Renovation project (C.P. 87446) includes programming, pre-development activities, make ready work, design documents, plan check, construction, construction change order allowance, consultant services, civic art, inspection, and project and construction management services.

The project budget for the related projects is not included in the total project budget of \$322,835,000 for the MLK BHC Renovation project. We will return to the Board in the near future to seek separate approvals for the related projects, including a financing plan.

This proposed MLK BHC Renovation project would house multiple County departments, including, DMH, DHS, DPH, Probation, and WDACS. It is anticipated that each department will fund their share of the project based on their specific allocation of space planned within the facility. Based on the current program, space allocation and percentage of costs between departments of DMH, DPH,

DHS, Probation, and WDACS are 59 percent, 21 percent, 8 percent, 10 percent, and 2 percent, respectively. These figures are subject to change based on the final design and configuration upon completion of schematic design anticipated by November 2018.

The pre-construction activities for the MLK BHC Renovation proposed project, including make-ready work, would be initially funded with short-term borrowing through the Lease Revenue Note Program (Note Program). The costs of financing through the Note Program include interest, insurance, and letter of credit fees, which would be funded on a pro-rata basis from each participating department's operating budget. Following the award of the construction contract, long-term bonds would be issued for the proposed MLK BHC Renovation project, with the proceeds used to fund a redemption of the outstanding lease revenue notes and the remainder of the project costs.

With an estimated total project cost of \$322,835,000, the projected annual debt service obligation is approximately \$22,000,000 to \$24,000,000 over a bond term of 30 years. The annual debt service for each department would depend on the final project costs and interest rates in effect at the time the long-term bond financing is completed.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

In accordance with the Board's Civic Art Policy amended on August 11, 2015, the MLK BHC Renovation project's budget includes 1 percent of the design and construction costs be allocated to the Civic Art Fund. The eligible Civic Art Allocation for this project is \$1,000,000.

A standard consultant services agreement, in the form previously approved by County Counsel, will be used. The agreement will contain terms and conditions in compliance with the Chief Executive Office and the Board's requirements. The agreement will contain terms and conditions in compliance with the Board's ordinances, policies, and programs. The agreement also includes a provision requiring the consultant firms to track subcontractor's utilization of Local Small Business Enterprise, Disabled Veterans Business Enterprise, and Social Enterprise businesses.

The consultant will be selected based upon final analysis and consideration without regard to race, creed, gender, or color.

In accordance with the Board's consolidated Local and Targeted Worker Hire Policy adopted on September 6, 2016, the proposed MLK BHC Renovation make-ready work 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 recommended actions do not constitute a project pursuant to CEQA. The award of an A/E agreement and the approval of a project budget are activities that are excluded from the definition of a project by Section 21065 of the Public Resources Code and Section 15378(b) of the State CEQA Guidelines, as they involve an organizational or administrative activity of government, which will not result in direct or indirect changes to the environment. Public Works will return to the Board with recommendations regarding appropriate environmental documentation prior to commencing any activity that would constitute a project under CEQA.

CONTRACTING PROCESS

On June 13, 2018, Public Works issued an RFP for A/E services for the MLK BHC Renovation project and related projects at both MLK and adjacent campuses. The RFP was posted on the "Doing Business with Us" and the "Public Works Contract Opportunities" websites. Public Works also informed the local business enterprises about this business opportunity for those certified by the County of Los Angeles Department of Consumer and Business Affairs.

The proposals received were evaluated by an evaluation committee consisting of representatives from the Chief Executive Office, DMH, DPH, and Public Works. The evaluation committee is scoring the proposing firms on the basis of their demonstrated competence and qualifications to perform the subject scope of services. The firm will be selected based on the overall quality and responsiveness of the proposal, competency, health facility design services expertise, experience, qualifications of proposed staff, and project specific work plans. We are recommending that the Board authorize Public Works to execute an agreement with the firm that is determined to be the most-qualified to complete the services requested for the projects.

Public Works has evaluated and determined that Los Angeles County Code Chapter 2.201 (Living Wage Program) does not apply to the recommended agreements. This consultant services agreement is exempt from the requirements of Proposition A because the services are required on a part-time and intermittent basis. Public Works notified the Union on this solicitation.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

Approval of the recommended actions will have no impact on current services at the campus. Patient care services on campus will remain fully operational during design and construction.

CONCLUSION

Please return one adopted copy of this Board letter to the Department of Public Works, Project Management Division I.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Mark Pestrella". The signature is fluid and cursive, with the first name "Mark" and last name "Pestrella" clearly distinguishable.

MARK PESTRELLA

Director

MP:AKM:ms

Enclosures

- c: Arts Commission
- Chief Executive Office (Capital Programs Division)
- County Counsel
- Executive Office
- Department of Health Services (Capital Projects Division)
- Department of Mental Health
- Probation Department
- Department of Public Health
- Workforce Development, Aging and Community Services

TOTAL PROJECT BUDGET SUMMARY	
MLK Behavioral Health Center	
Budget Category	Estimated Budget
Construction	
Construction	\$ 217,000,000
Change Orders Contingency (15% of Construction)	\$ 32,200,000
Civic Arts (1% of Construction)	\$ 1,000,000
Subtotal	\$ 250,200,000
Programming/Development	\$ 835,000
Plans and Specifications	
Architect/Engineer Fee ⁽¹⁾	\$ 21,000,000
Design Contingency ⁽²⁾	\$ 6,000,000
Subtotal	\$ 27,000,000
Consultant Services	\$ 17,100,000
Miscellaneous Expenditures (ISD-OAAC)	\$ 190,000
Jurisdictional Review/Plan Check/Permit	\$ 1,500,000
County Services	\$ 26,010,000
BUDGET TOTAL	\$ 322,835,000

- (1) This Architect/Engineer Fee amount is for MLK BHC Project only and does not include the \$8,000,000 Architect/Engineer fee for the upcoming related projects noted in the Board letter.
- (2) Design Contingency includes additional services to be provided by the Architect/Engineer, such as, medical planning, fire life safety systems, special lighting, and energy studies.