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**COUNTY OF LOS ANGELES
DEPARTMENT OF PUBLIC WORKS**

"To Enrich Lives Through Effective and Caring Service"

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BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

20 October 2, 2018

October 02, 2018

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

CELIA ZAVALA
EXECUTIVE OFFICER

Dear Supervisors:

**CONSTRUCTION CONTRACT
PUBLIC BUILDINGS CORE SERVICE AREA
RANCHO LOS AMIGOS NATIONAL REHABILITATION CENTER
CONSOLIDATION PROJECT
APPROVE REVISED PROJECT BUDGETS
APPROVAL OF CHANGE ORDERS AND ADDITION OF NORTH CAMPUS
INFRASTRUCTURE AND DEMOLITION PROJECT
SPECS. 7247; CAPITAL PROJECT NO. 69664
(SUPERVISORIAL DISTRICT 4)
(4 VOTES)**

SUBJECT

Public Works is seeking Board approval to reallocate budget within the four Board approved project components on the Rancho Los Amigos National Rehabilitation Center Consolidation project with no increase in the previously Board-approved total project budget and authorize the execution of nine change orders including portions from the North Campus Infrastructure and Demolition project component (Specs. 7247, Capital Project No. 69664) with McCarthy Building Companies, Inc., for modifications to various project components of the Rancho Los Amigos National Rehabilitation Center Consolidation project.

IT IS RECOMMENDED THAT THE BOARD:

1. Find that the recommended actions, including the actions to execute proposed change orders with McCarthy Building Companies, Inc., are within the scope of the previously Board certified Environmental Impact Report as amended by Addendums Nos. 1 and 2 and certified on July 29, 2014, prepared for Rancho Los Amigos National Rehabilitation Center Consolidation project.

2. Approve the budget reallocation and revised project budget for four project components as follows: \$145,573,608 for the Seismic Retrofit Compliance and Inpatient Consolidation, Capital Project No. 69774; \$105,070,103 for the New Outpatient Facilities, Capital Project No. 69656; \$43,583,376 for the Hospital Infrastructure, Capital Project No. 69663; and \$44,962,000 for the North Campus Infrastructure and Demolition, Capital Project No. 69664, with no change in the overall Board-approved project budget of \$418,418,708 for the Rancho Los Amigos National Rehabilitation Center project.

3. Approve and authorize the Director of Public Works or his designee to take all actions necessary to execute the following change orders to Contract PW 13950 with McCarthy Building Companies, Inc.: (1) a change order for a \$5,499,762 not to exceed amount for the demolition of Building 100; (2) a change order for a \$1,376,932 not-to-exceed amount for construction of a new south façade for the Jacquelin Perry Institute, which is part of the Seismic Retrofit Compliance and Inpatient Consolidation project component; (3) a change order for a \$6,970,688 not to-exceed amount for the Leeds Street extension and site improvements; (4) a change order for a \$6,254,627 not-to-exceed amount for the new campus site infrastructure along Leeds Street; (5) a change order for a \$4,639,149 not to exceed amount for the construction of a new utility corridor/tunnel; (6) a change order for a \$4,244,518 not-to-exceed amount for the reroute of associated utilities northeast of Harriman Building; (7) a change order for a \$3,218,421 not to exceed amount for the demolition of Buildings 503, Medical Science, MRI, and Carpentry; (8) a change order for a \$984,673 not-to-exceed amount for the construction of a kiln/storage building; and (9) a change order for a \$1,072,889 not to exceed amount for construction of a new shade structure for the existing sports court.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Approval of the recommended actions will make the required environmental findings for the Rancho Los Amigos National Rehabilitation Center (RLANRC) Consolidation project, approve the budget reallocation and revised project budget for four of the seven project components, and authorize the Department of Public Works to execute the change orders with McCarthy Building Companies, Inc., for the RLANRC Consolidation project. The RLANRC campus is located at 7601 East Imperial Highway in the City of Downey.

Background

Over the past several years, the Board approved various actions related to the consolidation of the RLANRC inpatient and outpatient services as a cost-effective means of satisfying the seismic retrofit requirements of Senate Bill 1953 and to address concerns related to the aging buildings and infrastructure in the Rancho Los Amigos North Campus. The RLANRC Consolidation project includes the following seven project components: Seismic Retrofit Compliance and Inpatient Consolidation, New Outpatient Facilities, Wellness Center, Infrastructure, Harriman Building Renovation, Support Services Annex Building Renovation, and North Campus Infrastructure and Demolition.

On February 24, 2015, the Board authorized execution of the design-build contract to McCarthy Building Companies, Inc., for the design and construction of the Seismic Retrofit and Inpatient Consolidation, New Outpatient Facilities, Wellness Center, and Hospital Infrastructure project components.

Proposed Change Orders to McCarthy's Contract

Demolition of Building 100 and Reconstruction of South Façade of Jacquelin Perry Institute (JPI):

As part of the design-build contract, McCarthy is responsible to upgrade RLANRC for compliance with the NPC-5 performance requirements associated with SB1953. However, it has now been determined that, in order to achieve the NPC-5 standard, the JPI Building portion of that work has to be separated from the old Building 100, since Building 100 and the JPI Building share a façade and utility connections. Therefore, Building 100 needs to be demolished and the JPI Building façade be reconstructed. Since this work is consistent with McCarthy's scope of work of delivering a campus compliant with SB1953, Public Works recommends a change order to McCarthy's contract to perform this work to achieve NPC-5 standard.

Public Works has negotiated a change order with McCarthy for the demolition of Building 100 in the amount of \$5,499,762 and reconstruction of south façade for the JPI Building in the amount of \$1,376,932.

Utilities and Leeds Street Extension:

The Leeds Street extension is required for the client's access and circulation of traffic throughout the campus. The continuation and cross connections of the utilities running underneath are required to support future development sites as well as to keep existing buildings operational. The westerly half of Leeds Street and the utilities underneath are part of McCarthy's original scope of work. The easterly portion of the Leeds Street extension was not included in McCarthy's original design-build contract due to timing and sequencing. Since then, the project sequencing has changed, which allows this work to be performed in the current phase which is in the best interests of the campus. Public Works recommends that McCarthy perform this work through a change order.

McCarthy's historical knowledge and understanding of the existing utilities on site would be a significant advantage to the successful completion of this project, as such, we recommend that McCarthy perform this work by a change order. Public Works has negotiated a change order with McCarthy for Leeds Street extension and site improvements in the amount of \$6,970,688 and a change order for North Campus site utilities/ infrastructure in the amount of \$6,254,627, which Public Works has determined is a reasonable cost for this work.

Utility Corridor/Tunnel Construction and Reroute of Associated Utilities:

In addition to the utilities and Leeds Street Extension, a new utility corridor/tunnel is required to maintain operations of the existing buildings on the south side of Leeds Street during this phase of work. These utility connections run under and perpendicular to Leeds Street and are at the junction of the JPI, Building 100, and Harriman Buildings. Due to the complicated nature of the existing conditions and the perpendicular crossing of multiple utilities, it is recommended that McCarthy perform this work in conjunction with the utilities and Leeds Street Extension to ensure that the work is fully coordinated and efficiently performed to maintain functionality of the hospital utilities per the Office of Statewide Health Planning and Development (OSHPD) requirements.

Public Works has negotiated a change order with McCarthy for the utility corridor/tunnel construction in the amount of \$4,639,149 and associated utilities reroute in the amount of \$4,244,518, which Public Works has determined is a reasonable cost for this work.

Demolition of Buildings 503, Medical Science, MRI, and Carpentry:

Based on the original phasing plan of the RLANRC Consolidation project, the demolition and infrastructure beyond McCarthy's scope of work were planned to be designed and constructed with clear separation and as one scope. However, during the design phase of the north campus infrastructure, significant amount of unforeseen conditions was encountered that resulted in changes in the sequencing and phasing of the moves of various RLANRC departments. Building 503, which connects the Harriman Building to Building 500, needs to be demolished to sever OSHPD utilities that feed both buildings and isolate the OSHPD utility loop. The demolition of Building 503 and severing of the OSHPD utility loop are both make-ready work that will need to be completed prior to the renovation of the Harriman Building.

The demolition of the Medical Science, MRI, and Carpentry buildings is required to create space for future developments of RLANRC and were always planned to be completed together. Medical Science demolition specifically, needs to occur in compliance with SB306 OSHPD Building decommissioning. The MRI will be vacated upon completion of the JPI project component and can be demolished concurrently with the adjacent Carpentry building.

Revisions to the project sequencing and phasing for the RLANRC has now made it possible for a more efficient infrastructure component delivery by having McCarthy perform the demolition of these buildings, which are the necessary predecessors to McCarthy's existing work on the North Campus Infrastructure project component. Awarding the work to McCarthy will avoid jeopardizing the integrity of campus infrastructure, maintaining functionality of hospital utilities, and avoid any delays in the delivery of this project. Public Works has negotiated a change order with McCarthy for the demolition of Building 503, Medical Science, MRI, and Carpentry in the amount of \$3,218,421, which Public Works has determined is a reasonable cost for this work.

Kiln/Storage Building and Shade Structure:

The outdoor kiln room with storage is to be used by vocational therapy for the ongoing rehabilitation of patients, and a shade structure is to be provided over the new sports court for patients with spinal cord injuries. Both components are functions of the new Outpatient Building provided by McCarthy. The kiln room was previously located within the new Outpatient Building and was moved outside to make it more accessible to vocational therapy staff. Public Works has negotiated a change order in the amount of \$984,673 for the construction of the kiln/storage building and a separate change order in the amount of \$1,072,889 for the construction of a new shade structure for the existing sports court, which Public Works has determined is a reasonable cost for this work. These scope refinements will remain as part of the New Outpatient Facilities project component.

McCarthy's knowledge of existing site conditions, hospital operations, and established working relationships with hospital staff and administration will ensure successful project completion. Delivering the scope as change orders to McCarthy's contract will also reduce the length of time it takes to complete the work as it will shorten the length of the contracting process. The RLANRC Consolidation project must be in compliance with SB1953 by December 2020, and by having the work performed by McCarthy, this date can be achieved. Given the current market conditions in which construction costs are escalating significantly, the need for expedited contracting and construction duration and consideration of budgetary confines, Public Works recommends executing the nine change orders to McCarthy's contract.

Public Works has reviewed McCarthy's cost proposals for each of these changes and finds those costs to be reasonable and within industry standards. Both the Chief Executive Office and the

Department of Health Services concur with the proposed approach to deliver this scope through change orders to McCarthy's contract.

Green Building/Sustainable Design Program

The RLANRC Consolidation project will comply with the Board's Green Building/Sustainable Design Program by obtaining a United States Green Building Council's Leadership in Energy and Environmental Design Silver Certification and will incorporate design and construction sustainable features to optimize energy and water use, enhance the sustainability of the site, improve indoor environmental quality, and maximize the use and reuse of sustainable and local resources. The projects were awarded prior to the revisions to the Green Building/Sustainable Design Program implemented by the Board on December 20, 2016, requiring that new buildings 10,000 square feet or larger obtain a Leadership in Energy and Environmental Design's Gold 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, Objective II.1.2, Support Small Businesses and Social Enterprises, and Strategy III.3, Pursue Operational Effectiveness, Fiscal Responsibility, and Accountability. The recommended actions support the County Strategic Plan by providing a world-class healthcare facility for the community, which will benefit the common good by driving the development of the workforce and the economic development of the County.

FISCAL IMPACT/FINANCING

On January 16, 2018, the Board approved revised project budgets for the following project components: \$109,670,103 for the New Outpatient Facilities, Capital Project (C.P.) No. 69656; \$45,383,376 for the Hospital Infrastructure, C.P. No. 69663; \$22,806,423 for the Support Services Annex Building Renovation, C.P. No. 87150; and \$12,610,429 for the Don Knabe Wellness Center, C.P. No. 69773. The remaining project components include: \$150,473,608 for the Seismic Retrofit and Inpatient Consolidation C.P. No. 69774, \$43,812,769 for the Harriman Building Renovation, and \$33,662,000 for the North Campus Infrastructure and Demolition. The overall total program budget for the RLANRC Consolidation project remained at \$418,418,708.

The proposed budget reallocations will transfer \$4,900,000 from the Seismic Retrofit and Inpatient Consolidation, C.P. No. 69774; \$4,600,000 from the New Outpatient Building, C.P. No. 69656; and \$1,800,000 from the Hospital Infrastructure, C.P. No. 69663, totaling \$11,300,000, to the North Campus Infrastructure and Demolition, C.P. No. 69664, to cover the scope of the change orders. The revised project budget for the four project components will be as follows: \$145,573,608 for C.P. No. 69774; \$105,070,103 for C.P. No. 69656; \$43,583,376 for C.P. No. 69663; and \$44,962,000 for C.P. No. 69664. The overall Board-approved total program budget of \$418,418,708 remain unchanged.

There is no impact to net County Cost as a result of this action.

In February 24, 2015, the Board awarded a design-build contract to McCarthy for \$228,389,407, inclusive of a \$10,234,837 design completion allowance. The contract was for the design and construction of the Seismic Retrofit Compliance and Inpatient Consolidation, New Outpatient Facilities, Wellness Center, and Hospital Infrastructure project components.

The proposed nine change orders and not-to-exceed amounts are as follows:

- 1) Demolition of Building 100, \$5,499,762, which is 2.4 percent of the original contract amount.
- 2) Reconstruction of South Façade for the JPI, \$1,376,932, which is 0.6 percent of the original contract amount.
- 3) Leeds Street Extension and Site Improvements, \$6,970,688, which is 3.1 percent of the original contract amount.
- 4) North Campus Infrastructure along Leeds Street Extension, \$6,254,627, which is 2.7 percent of the original contract amount.
- 5) Utility Corridor/Tunnel Construction, \$4,639,149, which is 2.0 percent of the original contract amount.
- 6) Reroute of Associated Utilities, \$4,244,518, which is 1.9 percent of the original contract amount.
- 7) Demolition of Building 503, Medical Science, MRI & Carpentry Buildings, \$3,218,421, which is 1.4 percent of the original contract amount.
- 8) Kiln/Storage Building, \$984,673, which is 0.4 percent of the original contract amount.
- 9) Sports Court Shade Structure, \$1,072,889, which is 0.5 percent of the original contract amount.

Each of the nine proposed change orders to McCarthy's original contract fall under the 10 percent threshold complying with Public Contract Code Section 20137. To date, McCarthy's original contract has increased by 1.4 percent for a total change order amount of \$3,094,283. These scopes of work were not included in McCarthy's contract due to earlier project sequencing; however, this work is necessary in the scheduling and sequencing for the overall RLANRC consolidation project delivery in December 2020. Upon the Board's approval of the proposed change orders, the total amount of change orders will increase to \$37,355,942, which is 16.4 percent of the original contract amount.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

Under Public Contract Code Section 20137, the Board may, on a 4-vote action, approve an individual change order that does not exceed 10 percent of the original contract amount.

McCarthy's contract has terms and conditions supporting the Board's ordinances and policies, including but not limited to, the County's Greater Avenues for Independence and General Relief Opportunities for Work Programs (GAIN/GROW), Contract Language to Assist in Placement of Displaced County Workers, and Notice to Employees Regarding the Federal Earned Income Credit (Federal Income Tax Law, Internal Revenue Service's Notice 1015).

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

In accordance with the Board's Civic Art Policy amended on August 11, 2015, the RLANRC Consolidation Program budget includes 1 percent of the design and construction costs to be allocated towards Civic Art (\$1,000,000).

ENVIRONMENTAL DOCUMENTATION

On April 7, 1992, the Board certified the scope of work for the seven project components included in the RLANRC Consolidation project as analyzed in an Environmental Impact Report (EIR), further

certified in Addendums Nos. 1 and 2. On February 26, 2013, the Board certified Addendum No. 1 to the EIR to include refinements to the project such as the demolition of aging buildings and additional utility infrastructure and roadways to support North Campus. The proposed change orders to demolish Building 100, Building 503, Medical Science, MRI, Carpentry, site infrastructure, and construct a new south façade for the JPI and the sports court shade structure is within the scope of the previously certified and amended EIR.

Upon the Board's approval of the recommended actions, Public Works will file a Notice of Determination with the Registrar-Recorder/County Clerk in accordance with Section 21152(a) of the California Public Resources Code.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

There will be no 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 Department of Health Services, Capital Projects Division; and the Department of Public Works, Project Management Division II.

Respectfully submitted,



MARK PESTRELLA

Director

MP:VY:cc

- c: Auditor-Controller
- Chief Executive Office (Capital Programs Division)
- County Counsel
- Executive Office
- Internal Services Department
- Department of Public Social Services (GAIN/GROW Program)