

COUNTY OF LOS ANGELES DEPARTMENT OF PUBLIC WORKS

"To Enrich Lives Through Effective and Caring Service"

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April 09, 2019

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:

ADOPTED

BOARD OF SUPERVISORS COUNTY OF LOS ANGELES

26 April 9, 2019

CELIA ZAVALA EXECUTIVE OFFICER

CONSTRUCTION CONTRACT
PUBLIC BUILDINGS CORE SERVICE AREA
RANCHO LOS AMIGOS NATIONAL REHABILITATION CENTER
CONSOLIDATION PROJECT
ADOPT, ADVERTISE, AND AWARD CONSTRUCTION CONTRACT FOR
HARRIMAN BUILDING RENOVATION PROJECT
AUTHORIZE A SUPPLEMENTAL AGREEMENT
APPROVAL OF CHANGE ORDER FOR DEMOLITION OF
BUILDING 900 AND ANNEXES A AND B WITH CONTRACT PW13950
(SUPERVISORIAL DISTRICT 4)
(4 VOTES)

SUBJECT

Public Works is seeking Board approval to procure Harriman Building Renovation project using a best value delivery method or if the best value bidding requirements cannot be met, to use a low bid delivery method; to execute a supplemental agreement to Jacobs Project Management Co. for project management/construction management services; and to authorize the execution of a change order for demolition of Building 900 and the Annexes to the existing design-build contract with McCarthy Building Companies, Inc.

IT IS RECOMMENDED THAT THE BOARD:

1. Find that the recommended actions are within the scope of the environmental impacts analyzed in the previously certified Environmental Impact Report as amended by certified Addendums Nos. 1 and 2 for the Rancho Los Amigos National Rehabilitation Center Consolidation project.

- 2. Adopt the plans and specifications that are on file with Public Works for the Harriman Building Renovation project, Capital Project No. 87175.
- 3. Authorize the Director of Public Works or his designee to advertise for bids by inviting the six prequalified contractors to submit a sealed best value bid for the Harriman Building Renovation project, Capital Project No. 87175, pursuant to the Best Value Construction Contracting policy adopted by the Board on March 8, 2017.
- 4. Delegate authority to the Director of Public Works or his designee to award and execute a construction contract with the contractor determined to have submitted a responsive and responsible best value bid as evaluated pursuant to the Best Value Construction Contracting policy, in the form previously approved by County Counsel, provided that the contract can be awarded within the approved total budget, to establish the effective date of the contract upon receipt by Public Works of acceptable performance and payment bonds and evidence of required contractor insurance, and to take all other actions necessary and appropriate to deliver the Harriman Building Renovation project, Capital Project No. 87175.
- 5. Authorize the Director of Public Works or his designee to invite the six prequalified contractors to concurrently submit a separate sealed low bid for the Harriman Building Renovation project, Capital Project No. 87175, to prevent delay for rebidding if fewer than three responsive best value bids are received, which would prevent the project from preceding with a contract based on the best value legislation. These low bids will only be unsealed if the project cannot proceed by the best value process.
- 6. If fewer than three bidders submit best value bids, delegate authority to the Director of Public Works or his designee to award and execute the construction contract, in the form previously approved by County Counsel, to the apparent lowest responsive and responsible bidder if the low bid can be awarded within the approved total budget, to establish the effective date of the contract upon receipt by Public Works of acceptable performance and payment bonds and evidence of required contractor insurance, and to take all other actions necessary and appropriate to deliver the project.
- 7. Delegate authority to the Director of Public Works or his designee to make the determination that a bid is nonresponsive and to reject a bid on that basis; to award to the next lowest responsive and responsible bidder; to waive inconsequential and nonmaterial deficiencies in bids submitted; and to determine, in accordance with the applicable contract and bid documents, whether the apparent lowest responsive and responsible bidder has timely prepared a satisfactory baseline construction schedule and satisfied all conditions for contract award.
- 8. Authorize the Director of Public Works or his designee to execute a consultant services agreement with the selected responsive, responsible low bidder, if the project is awarded on the basis of low bid, to prepare a baseline construction schedule for a \$9,500 not-to-exceed amount.
- 9. Authorize the Director of Public Works or his designee to execute a supplemental agreement with Jacobs Project Management Co. for the Rancho Los Amigos National Rehabilitation Center Consolidation project for a \$1,950,000 not to-exceed fee to augment the current Public Works project management staff.
- 10. Approve and authorize the Director of Public Works or his designee to take all actions necessary to execute a change order to Contract PW 13950 with McCarthy Building Companies, Inc., for a

\$4,697,773 not-to-exceed amount for the demolition of Building 900 and Annexes A and B buildings, which is part of the North Campus Infrastructure and Demolition project component.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

This action will find that the proposed recommendations are within the previously approved Environmental Impact Report (EIR) and Addenda for the Rancho Los Amigos National Rehabilitation Center (RLANRC) Consolidation project; adopt Harriman Building Renovation building plans and specifications; concurrently solicit two separate bids, a best value bid and low bid from selected prequalified contractors; authorize Public Works to award a construction contract for the Harriman Building Renovation using Best Value Construction Contracting Delivery process, or if less than three bids are received, using the separately sealed low bids to be provided by the pre-qualified contractors; approve and execute a supplemental agreement to Jacobs Project Management Co. to augment Public Works Agreement PW 13892 for project management/construction management services for the RLANRC Consolidation project; and approve and execute a change order with McCarthy Building Companies, Inc., Contract PW 13950 for the demolition of Building 900 and Annexes A and B.

Project Progress

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, consolidating services to optimize operational effectiveness, and to address concerns related to the aging buildings and infrastructure in the RLANRC North Campus.

The RLANRC Consolidation project includes the following project components: Seismic Retrofit and Inpatient Consolidation, New Outpatient Facilities, Don Knabe Wellness Center, Support Services Annex Building Renovation, Hospital Infrastructure, North Campus Infrastructure and Demolition, and Harriman Building Renovation.

To date, several of the project components have been completed, such as the construction of the new Wellness Center, central plaza, warehouse building, parking structure addition, and new Leeds Street. Most recently, the project reached a milestone event with the completion of the new Outpatient Building and the expansion and remodel of the Jacquelin Perry Institute (JPI).

As part of the County's consolidation plan for RLANRC, the next sequential project component to be completed is the renovation of the historic Harriman Building. Construction is anticipated to begin in the summer of 2019 and completed by the summer of 2021.

Harriman Building Renovation Project

The two-story, 78,815-square-foot building, originally built in 1931, is a cast-in-place concrete structure with barrel clay tile roof and a mission-style façade. It was found eligible for the California Register of Historical Resources and the National Register of Historic Places for its association with William R. Harriman, Superintendent of the Los Angeles County Poor Farm in 1915, and as a distinguished institutional building in the Mission Revival and Spanish Colonial Revival styles of architecture.

Renovations will include construction of a centralized entrance in the northeast corner of the building to function as a new connection point to the main campus; replacement of mechanical, electrical,

and plumbing infrastructures systems; removal of interior partitions behind corridor walls to adapt spaces to new functions; conversion of upper level of north wing corridor to an open office space concept; alterations and/or replacement of windows and doors for improved circulation; and exterior and interior architectural renovations while maintaining and restoring historic character defining features. The proposed renovation of the building will comply with the Secretary of the Interior's Standards for Rehabilitation and Guidelines for Rehabilitating Historic Buildings.

Harriman Building Renovation project plans and specifications are complete and on file with Public Works and recommended to be adopted for solicitation of construction bids proposals.

Best Value Construction Contracting

On January 16, 2018, the Board authorized Public Works to pursue Best Value Construction Contracting (BVCC) delivery method for the Harriman Building Renovation project as part of the RLANRC Consolidation project. It was determined that the method would result in an overall reduction in project cost and expedite project delivery. Thereafter, Public Works solicited statements of qualifications (SOQ) from interested contractors, pursuant to the two-step BVCC policy adopted by the Board on March 8, 2017.

A total of nine SOQs were received and reviewed by an Evaluation Committee comprised of representatives from the Chief Executive Office, Health Services, and Public Works. Of the nine SOQs received, the committee qualified six general contractors meeting the established prequalification criteria.

It is recommended to authorize Public Works to award and execute a construction contract upon determination of the best value bidder if the bid can be awarded within the total approved project budget. This will allow Public Works to decrease the procurement time directly impacting the reduction of leasing duration for interim facilities deployed to house the displaced Harriman Building staff during construction.

Additionally, Public Works recommends authorizing a concurrent solicitation of a low bid contracting delivery method for the Harriman Building Renovation project from the six prequalified contractors via separately sealed bids from these contractors. Pursuant to statutory requirements, Public Contract Code (PCC) Section 20155.5, if fewer than three responsive best value bids are received, then the award of a best value contract shall not proceed. To prevent unnecessary delay, the award will proceed by the low bid method using these separately sealed low bids, which will not be opened unless needed. If not needed, the sealed low bids will be either returned to the bidders or destroyed.

Consultant Services Supplemental Agreement

On July 29, 2014, Jacobs was awarded a consultant services agreement in the amount of \$15,000,000 to provide project and construction management and project controls services for the RLANRC Consolidation project. A supplemental agreement for \$3,559,770 was awarded on September 13, 2016, to procure and lease interim trailer facilities to temporarily house the tenants of Harriman for a total contract amount of \$18,559,770 because Jacobs was able to procure trailer facilities at a lower cost than quotes obtained through a low bid process.

During Phase I of the project, Jacobs provided optional services that utilized a portion of their contract. These items include: temporary wayfinding signage throughout the campus, additional construction trailers for the inspectors, storage containers, additional trailers for hospital functions, temporary construction and equipment relocations, move management services, interim laundry

delivery services, furniture planning services, partnering services, weekend and night overtime work, security services, enhanced commissioning, additional quality assurance and quality control services, and additional inspection services of existing conditions.

The recommended Supplement Agreement 2 to Jacobs' agreement of \$1,950,000 includes continuation of services and other management and technical support services to complete the second phase of the RLANRC Consolidation project.

Demolition of Building 900 and Annexes A and B

On September 4, 2018, the Board established capital projects for the RLANRC Skilled Nursing Facility and Recuperative Care Center (RCC) and the RLANRC Crisis Residential Treatment Program (RTP). Health Services explored a major renovation of Building 900 to include a Skilled Nursing Facility in addition to the RCC. Health Services in conjunction with Public Works have completed a comprehensive feasibility study which revealed that the building, including major building systems and infrastructure, have outlived its useful life. The costs associated with a major renovation for Building 900 far exceeded the cost of building a new facility. Therefore, Public Works recommended demolition of Building 900 and building a new facility for the RCC and CRTP. Health Services is currently exploring other options for the Skilled Nursing Facility.

The RLANRC RCC and RTP projects will be planned at the location of the existing Building 900 and Annexes A and B. This location on the campus provides sufficient available land for these projects and provides synergy for the RCC to be located adjacent to the JPI. Timely demolition of the existing buildings is required to complete the RCC and RTP projects and meet the grant funding deadlines for the RTP project.

On October 2, 2018, the Board authorized Public Works to execute nine change orders to Contract PW 13890 with McCarthy Building Companies, Inc. The approved change orders include scope of work from the North Campus Infrastructure and Demolition project component (Specs. 7247, Capital Project No. 69664).

The proposed change order for the demolition of Building 900 and Annexes A and B is required to create space for future development of the RLANRC RCC and RTP projects under the North Campus Infrastructure and Demolition project component. Revisions to the project sequencing and phasing for the RLANRC has 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 900 and Annexes A and B in the amount of \$4,697,773, which Public Works has determined is a reasonable cost for this work.

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 order 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. 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 change order 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 project was established 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 Gold Certification.

<u>Implementation of Strategic Plan Goals</u>

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 July 29, 2014, the Board approved the revised total project budget for the Harriman Building Renovation project component in the amount of \$43,812,769 as part of the overall total program budget for the RLANRC Consolidation project. It includes plans and specifications, plan check, construction, consultant services, and County Services.

The proposed Supplemental Agreement 2 to Jacobs' Agreement PW 13892 is for a \$1,950,000 not-to-exceed amount and will increase the overall contract amount to \$20,509,770.

Sufficient funding is available in the overall total project budget of \$418,418,708 to award the recommended supplemental agreement. There is no increase to the overall Board approved total project budget for the RLANRC Consolidation project.

The RLANRC Consolidation project is being financed initially with short-term notes through the Los Angeles County Capital Asset Lease Corporation Lease Revenue Note Program (the "Note Program", also known as Commercial Paper Program). The short term borrowing through the Note Program will eventually be refinanced through the issuance of long-term bonds, with the proceeds used to fund a redemption of the outstanding lease revenue notes, and the remainder of the project costs.

The RLANRC Consolidation project will be funded by Health Services, with the exception of the Harriman Building Renovation, demolition, and remaining infrastructure on the North Campus. The renovation of the historic Harriman Building will be funded by net County cost, and any costs for the demolition of vacated buildings and associated infrastructure will be apportioned on a pro-rata basis to the respective department or entity developing the site.

On 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 proposed change order for the demolition of Building 900 and Annexes A and B in the amount of \$4,697,773 is 2.06 percent of

McCarthy's original contract, which falls under the 10 percent threshold complying with PCC Section 20137. To date, McCarthy's original contract has increased by 16.9 percent for a total change order amount of \$38,521,957. This work is necessary in the scheduling and sequencing for the overall RLANRC Consolidation project delivery by the summer of 2021 (see Enclosure). Upon the Board's approval of the proposed change order, the total amount of change orders will increase to \$43,219,730, which is 18.9 percent of the original contract amount.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

A standard construction contract will be used that contains 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).

The plans and specifications include the contractual provisions and material requirements necessary for the project and are on file with Public Works Business Relations and Contracts Division.

Under PCC 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.

In accordance with the Board's consolidated Local and Targeted Worker Hire Policy adopted on September 6, 2016, the 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 scope of work for the seven project components, inclusive of the Harriman Building Renovation scope for the RLANRC Consolidation project, was analyzed in an EIR Rancho Los Amigos Medical Center that was certified by the Board, as the lead agency, on April 7, 1992, and a Mitigation Monitoring and Reporting Program was adopted at the time of certification. On February 26, 2013, the Board-Certified Addendum No. 1 to the EIR for a refined project that reduced the number of licensed beds assigned to the JPI, included additional demolition of aging buildings, and allocated space for future construction of buildings to support Veteran's Administration programming. Approval of the refined project in 2013 analyzed in the previously certified Addendum resulted in fewer licensed hospital beds for JPI than authorized in the project as approved in 1992.

Further revisions to the previously approved project were subsequently proposed, including the addition of a new stand-alone warehouse, construction of the Don Knabe Wellness Center, and the use of interim facilities during construction to facilitate continuity of hospital services at the campus during implementation. Addendum No. 2 to the EIR was certified by the Board on July 29, 2014. There have been no changes to the project or to the circumstances under which will be undertaken that require further documentation, including preparation of a subsequent or supplemental EIR under Sections 15162 or 15163 of the State California Environmental Quality Act Guidelines.

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.

The previously certified EIR, Mitigation Monitoring and Reporting Program, and Addenda are available and can be viewed at 900 South Fremont Avenue, 5th Floor, Alhambra, CA 91803-1331. The location of the documents and other materials constituting the record of the proceedings upon which the Board's decision is based in this matter is Public Works, 900 South Fremont Avenue, 5th Floor, Alhambra, CA 91803-1331. The custodian of such records is the Division Head, Public Works, Project Management Division II, 900 South Fremont Avenue, 5th Floor, Alhambra, CA 91803-1331.

CONTRACTING PROCESS

Best Value Construction Contracting

On January 1, 2016, California PCC Section 20155 established a pilot program to award a contract for construction projects in excess of \$1,000,000 to the bidder who represents the best value to the County using objective criteria for evaluating the qualification of bidders with the resulting selection representing the best combination of price and qualification. This pilot program ends on January 1, 2020.

On March 8, 2017, the Board adopted BVCC policy and procedures for applicable construction projects. The Harriman Building Renovation project was approved to use BVCC on January 16, 2018. Subsequently, a request for SOQ was issued to the public on June 7, 2018, requesting statement of firms' qualifications related to experience, licensing, payment and performance capacity, liability insurance, safety record, and commitment to use skilled and trained workforce. A total of nine SOQs were received on July 5, 2018, for the Evaluation Committee to review; six were found to meet the minimum requirements.

The following prequalified firms are recommended by Public Works to be invited to submit best value bid proposals:

- 2H Construction
- Abbott Construction
- BNBuilders, Inc.
- Clark Construction Group
- Kemp Bros. Construction
- Pinner Construction

In accordance to the adopted BVCC policy, a Request for Bids will be advertised to the prequalified firms. Best value bid proposals will be evaluated in accordance with the approved selection criteria and posted publicly.

Alternative Construction Contracting – Low Bid

A separate set of sealed low bid proposals will be solicited in addition to the best value bid proposals. The second set of sealed bids will not be opened unless fewer than three bidders submit best value bids. If less than three bidders submit best value bids, the project will proceed as a prequalified low-bid project.

Participation by Community Business Enterprises (CBE) in the project is encouraged through Public Works' CBE Outreach Program and by monitoring the good faith efforts of bidders to utilize CBE.

<u>IMPACT ON CURRENT SERVICES (OR PROJECTS)</u>

There will be no impact on current County services as temporary trailers will be provided to serve the tenants during the performance of the recommended action.

CONCLUSION

Please return one adopted copy of this Board letter to the Department of Health Services, Capital Projects Division, and Public Works, Project Management Division II.

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Respectfully submitted,

MARK PESTRELLA

Director

MP:VY:cc

Enclosures

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

ENCLOSURE

CONSTRUCTION CONTRACT
PUBLIC BUILDINGS CORE SERVICE AREA
RANCHO LOS AMIGOS NATIONAL REHABILITATION CENTER
CONSOLIDATION PROJECT
ADOPT, ADVERTISE, AND AWARD CONSTRUCTION CONTRACT FOR
HARRIMAN BUILDING RENOVATION PROJECT
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APPROVAL OF CHANGE ORDER FOR DEMOLITION OF
BUILDING 900 AND ANNEXES A AND B WITH CONTRACT PW 13950
(SUPERVISORIAL DISTRICT 4)
(4 VOTES)

PROJECT SCHEDULE

Project Activity	Completion Date

North Campus Infrastructure and Demolition Project (C.P. 69664)

Construction Bid and Award	07/06/2019
Construction	
Substantial Completion	07/30/2021
Project Acceptance	10/29/2021

Harriman Building Renovation Project (C.P. 87175)

Construction Bid and Award	08/06/2019
Construction	
Substantial Completion	04/31/2021
Project Acceptance	07/30/2021

PROGRAM BUDGET SUMMARY

Budget Category	Seismic Retrofit and Inpatient Consolidation (C.P. No. 69774)		New Outpatient Facilities (C.P. No. 69656)		Infrastructure				Harriman Building Renovation (C.P. No. 87175)		North Campus Infrastructure and Demolition (C.P. No. 69664)		Wellness Center (C.P. No. 69773)		All CPs	
Construction																
Construction	\$	110,470,911	\$	90,064,665	\$	35,085,059	\$	17,489,611	\$	30,746,329	\$	32,204,432	\$	12,088,669	\$	328,149,676
Change Orders Contingency	\$	7,473,926	\$	2,528,438	\$	1,138,317	\$	1,371,776	\$	2,672,960	\$	3,130,567	\$	178,401	\$	18,494,385
Civic Arts	\$	600,000	\$	400,000	\$	-	\$	-	\$		\$	-	\$		\$	1,000,000
Subtotal	\$	118,544,837	\$	92,993,103	\$	36,223,376	\$	18,861,387	\$	33,419,289	\$	35,334,999	\$	12,267,070	\$	347,644,061
Programming/Development	\$	-	\$		\$		\$		\$		\$	-	\$		\$	
Plans and Specifications	\$	4,318,000	\$	1,082,000	\$	2,936,000	\$	1,781,580	\$	3,968,420	\$	2,588,000	\$		\$	16,674,000
Consultant Services	\$	12,727,846	\$	6,749,837	\$	2,533,528	\$	1,102,382	\$	3,320,437	\$	2,833,527	\$	93,534	\$	29,361,091
Miscellaneous Expenditures	\$	100,000	\$	80,000	\$	7,500	\$	45,000	\$	125,000	\$	171,500	\$	1,600	\$	530,600
Jurisdictional Review/Plan Check/Permit	\$	2,873,000	\$	1,160,000	\$	324,500	\$	154,000	\$	882,000	\$	1,029,500	\$	65,907	\$	6,488,907
County Services	\$	7,009,925	\$	3,005,163	\$	1,558,472	\$	862,074	\$	2,097,623	\$	3,004,474	\$	182,318	\$	17,720,049
BUDGET TOTAL	\$	145,573,608	\$	105,070,103	\$	43,583,376	\$	22,806,423	\$	43,812,769	\$	44,962,000	\$	12,610,429	\$	418,418,708