



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

ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

August 06, 2019

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

33 August 6, 2019

CELIA ZAVALA
EXECUTIVE OFFICER

Dear Supervisors:

**CONSTRUCTION CONTRACT
PUBLIC BUILDINGS CORE SERVICE AREA
LAC+USC MEDICAL CENTER
MODULAR CHILLER PLANT PROJECT
APPROVE REVISED PROJECT BUDGET
RELATED APPROPRIATION ADJUSTMENT
AND CONTRACT AMENDMENT
CAPITAL PROJECT NO. 87383
(SUPERVISORIAL DISTRICT 1)
(4 VOTES)**

SUBJECT

Public Works is seeking Board approval to increase the total project budget from the previously Board-approved amount of \$10,425,000 to \$12,520,000 for the LAC+USC Medical Center Modular Chiller Plant project, and authorize Public Works to execute an amendment to the construction contract.

IT IS RECOMMENDED THAT THE BOARD:

1. Find that the recommended actions are within the scope of the previously approved exemption from the California Environmental Quality Act for the LAC+USC Medical Center Modular Chiller Plant project for the reasons stated in this Board letter and in the record of the project.
2. Approve the revised project budget from the previous Board-approved amount of \$10,425,000 to \$12,520,000 for the LAC+USC Medical Center Modular Chiller Plant project.

3. Approve a Fiscal Year 2019-20 Appropriation Adjustment to reallocate \$2,095,000 from the Department of Health Services' Enterprise Fund Committed for the Department of Health Services to Capital Project No. 87383 to fund the projected Fiscal Year 2019-20 expenditures of the total project budget.

4. Approve and authorize the Director of Public Works or his designee to execute an amendment increasing the construction contract with Faris Construction Inc. by \$791,250 to compensate the contractor for 211 days of time delay at the contractual daily delay rate of \$3,750.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Approval of the recommended actions are within the scope of the previous finding of exemption under California Environmental Quality Act (CEQA), approve the revised total project budget (Enclosure A), approve an Appropriation Adjustment (Enclosure B), and authorize Public Works to execute an amendment to increase the construction contract by \$791,250.

Background

On December 20, 2016, the Board established the LAC+USC Medical Center (LAC+USC MC) Modular Chiller Plant project and authorized Internal Services Department to procure the modular chiller plant equipment. On March 21, 2017, the Board approved the LAC+USC MC Modular Chiller Plant project with a budget of \$10,425,000, which included the cost to procure the modular chiller plant equipment. The project scope was to increase the cooling capacity of the main Central Plant by installing a new and separate modular chiller plant, high voltage electrical feeder and unit station, site paving, and chilled water plumbing.

On June 6, 2017, the Board authorized Public Works to award a construction contract to Faris Construction Inc. (Faris), in the amount of \$4,883,000. During the construction of the project, several unforeseen conditions as well as numerous deficiencies in the purchased pre-manufactured modular chiller plant were discovered.

Time Delay

When the modular chiller plant was delivered to the site, numerous defects were noted that prevented Faris from properly installing the equipment. Public Works negotiated with the manufacturer, US Air Conditioning Distributors (US Air), to repair and address the defective modular chiller plant. As a result, the project schedule was impacted until US Air agreed to fix the defects. US Air performed the corrections over a course of time, which prevented Faris from performing other sequential work on the project, resulting in time delays. On April 17, 2019, US Air completed the corrections to their product and Faris was then able to complete the remaining work on the modular chiller.

The defective modular chiller plant was corrected by US Air with no direct charge to the County. However, the time delay associated with the corrective work caused 211 days impact to Faris' ability to perform the subsequent contract work. The total cost of the time delay is \$791,250. Public Works plans to recover the \$791,250 from US Air and is currently working with Internal Services Department to pursue the matter to resolution.

As a result of the defective modular chiller plant and the extended time of the project duration, additional inspection, testing, architectural/engineering, and project management services were

required to complete the work, amounting to an additional \$603,250 needed to complete the project.

Unforeseen Conditions/Change Orders

Due to the nature of the project's location on an existing campus of considerable age, various unforeseen conditions were discovered during the course of the project, which resulted in additional change orders totaling \$700,500. The changes in work include an additional micropile test and addressing several underground obstructions, including re-routing underground waterlines, electrical lines, chilled waterlines, repairs to existing underground storm drains. Other changes in work resulted from the on-set of new agency requirements for Low-Impact Development features that were not in place at the time of the project's design review and included the installation of a water conservation irrigation system.

Health Services has identified funding to cover the additional costs as follows: \$791,250 for the time delay to Faris, \$603,250 for additional inspection and project management costs associated with the extended project duration, and \$700,500 for change orders due to unforeseen conditions, for a total increase of \$2,095,000 to the project budget. Approval of the recommended actions will allow Public Works to complete the project.

Implementation of Strategic Plan Goals

The County Strategic Plan directs the provision of Strategy II.3, Make Environmental Sustainability our Daily Reality, Objective II.3.2, Foster a Cleaner, More Efficient, and More Resilient Energy System, and Strategy III.3, Pursue Operational Effectiveness, Fiscal Responsibility, and Accountability, Objective III.3.2, Manage and Maximize County Assets. The recommended actions support the Strategic Plan by supporting the wellness of our communities and enhancing the delivery of comprehensive and seamless healthcare services to the residents of the County of Los Angeles seeking healthcare assistance.

FISCAL IMPACT/FINANCING

Approval of the recommendations will increase the previously Board-approved project budget from \$10,425,000 to \$12,520,000. The revised total project budget of \$12,520,000 includes the modular chiller plant equipment, plans and specifications, jurisdictional reviews and approval, construction, change order contingency, consultant services, miscellaneous expenditures, and County services.

The increase of \$2,095,000 includes the contract amendment of \$791,250 for the time delay, \$603,250 associated with the extended project duration, and \$700,500 for the unforeseen conditions/change orders.

The enclosed FY 2019-20 Appropriation Adjustment will reallocate \$2,095,000 from the Department of Health Services' Enterprise Fund Committed for the Department of Health Services to fund the FY 2019-20 expenditures for the LAC+USC MC Modular Chiller Plant project, Capital Project No. 87383, to complete the project.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

On December 7, 2017, a construction contract was executed with Faris for a total amount of \$4,883,000. To date, the project is ninety-seven percent complete.

Public Works negotiated change orders for various unforeseen conditions totaling \$700,500, which will require an increase in the project budget subject to the approval of the Board. These individual change orders will be executed under the delegated authority of the Director pursuant to California Public Contract Code Section 20142 and subject to its requirements and limitations.

The County has issued proceed orders in the amount of \$338,068 to Faris pending final change order negotiations totaling \$700,500, which will be executed upon the Board's approval of the recommended actions.

Upon the Board's approval of the recommended actions, Public Works will execute a construction contract amendment for \$791,250 for time delay and execute appropriate change orders under delegated authority for unforeseen conditions for a total aggregate up to \$1,038,568, for a revised contract with Faris not to exceed \$6,712,818.

In accordance with the Board's Civic Art Policy amended on August 11, 2015, the project is exempt from the Civic Art fund as the project provides for repair or replacement of existing facilities and mechanical equipment.

In accordance with the Board's consolidated Local and Targeted Worker Hire Policy adopted on September 6, 2016, the project requires 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

On March 21, 2017, the Board found the project, which consists of the installation of a modular chiller plant and associated electrical and site work to be exempt from CEQA under Sections 15301(a), (b), (d), (f), and (l); 15302(c), (d), and (e); 15303(b), (d), (e), and (m); and 15304(f) of the State CEQA Guidelines and Classes 1(c), (e), (g), (h), and (i); 2(a) and (e); 3(b) and (d); and 4(k) of the County's Environmental Document Reporting Procedures and Guidelines, Appendix G. A Notice of Exemption was filed.

The recommended actions are within the scope of the previous exemption finding for the previously approved project by the Board and there have been no changes to the project since the time of approval.

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

IMPACT ON CURRENT SERVICES (OR PROJECTS)

Approval of the recommended actions will have no impact on current services at the existing LAC +USC MC. Patient care services on campus will remain fully operational during construction. All critical work will be completed in phases and during non-peak periods to minimize disruptions to patient services.

CONCLUSION

Please return one adopted copy of this Board letter to 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" written in a larger, more prominent script than the last name "Pestrella".

MARK PESTRELLA
Director

MP:AKM:cg

Enclosures

c: Arts and Culture
Auditor-Controller
Chief Executive Office (Capital Programs
Division)
County Counsel
Executive Office
Department of Health Services

**CONSTRUCTION CONTRACT
PUBLIC BUILDINGS CORE SERVICE AREA
LAC+USC MEDICAL CENTER
MODULAR CHILLER PLANT PROJECT
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AND CONTRACT AMENDMENT
CAPITAL PROJECT NO. 87383
(SUPERVISORIAL DISTRICT 1)
(4 VOTES)**

I. PROJECT SCHEDULE SUMMARY

| Project Activity | Scheduled Completion Date |
|------------------------|---------------------------|
| Contract Award | 12/2017 |
| Construction Start | 12/2017 |
| Substantial Completion | 5/2019 |
| Project Acceptance | 11/2019 |

II. PROJECT BUDGET SUMMARY

| Project Activity | Board-Approved Budget | Impact of this Action | Proposed Project Budget |
|--------------------------------|-----------------------|-----------------------|-------------------------|
| Hard Costs | | | |
| Construction | \$ 5,283,987 | | \$ 5,349,282 |
| Chiller Plant | \$ 2,982,300 | | \$ 2,982,300 |
| Construction Contract Amend. | | \$ 791,250 | \$ 791,250 |
| Change Orders | \$ 338,068 | \$ 700,500 | \$ 1,038,568 |
| Hard Costs Subtotal | \$8,604,355 | \$1,491,750 | \$ 10,161,400 |
| Soft Costs | | | |
| Plans and Specifications (D-B) | \$ 1,003,815 | \$ 230,185 | \$ 1,234,000 |
| Consultant Services | \$ 233,764 | \$ 233,331 | \$ 401,800 |
| Miscellaneous Expenditures | \$ 14,131 | \$ 569 | \$ 14,700 |
| Jurisdictional Review | \$ 69,110 | \$ 76,890 | \$ 146,000 |
| County Services | \$ 499,825 | \$ 62,275 | \$ 562,100 |
| Soft Costs Subtotal | \$ 1,820,645 | \$ 603,250 | \$ 2,358,600 |
| TOTAL | \$ 10,425,000 | \$2,095,000 | \$ 12,520,000 |

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BOARD OF SUPERVISORS OFFICIAL COPY

COUNTY OF LOS ANGELES

REQUEST FOR APPROPRIATION ADJUSTMENT

DEPARTMENT OF HEALTH SERVICES

DEPT'S NO. 110

July 19, 2019

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 2019-20

4 - VOTES

SOURCES

USES

BA Detail - See Attachment Page 1.

BA Detail - See Attachment Page 1.

SOURCES TOTAL: \$ 6,285,000

USES TOTAL: \$ 6,285,000

JUSTIFICATION

This budget adjustment is necessary to provide additional funding for Capital Project No. 87383, LAC+USC MC Modular Chiller Plant from DHS Enterprise Fund-Committed for DHS for anticipated expenditures in FY 2019-20.

ADOPTED BOARD OF SUPERVISORS COUNTY OF LOS ANGELES

AUTHORIZED SIGNATURE Mela Guerrero, Controller, DHS

BOARD OF SUPERVISOR'S APPROVAL (AS REQUESTED/REVISED)

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AUG 06 2019

CELIA ZAVALA EXECUTIVE OFFICER

REFERRED TO THE CHIEF EXECUTIVE OFFICER FOR ---

ACTION

RECOMMENDATION

APPROVED AS REQUESTED

APPROVED AS REVISED

AUDITOR-CONTROLLER

BY [Signature]

CHIEF EXECUTIVE OFFICER

BY [Signature]

B.A. NO. 004

July 23 20 19

July 23 20 19

**DEPARTMENT OF HEALTH SERVICES
REQUEST FOR APPROPRIATION ADJUSTMENT
CAPITAL PROJECTS
FISCAL YEAR 2019-20**

4 VOTES

SOURCES:

DHS Enterprise Fund
MN2-3078
Committed for DHS 2,095,000
Decrease Obligated Fund Balance

LAC+USC Medical Center Enterprise Fund
MN4-HG-96-9911-60010
Operating Transfers In 2,095,000
Increase Revenue

Total Enterprise Fund \$ 4,190,000

Ent Sub - LAC+USC Medical Center
A01-AC-6100-21200-21224
Other Financing Uses 2,095,000
Decrease Appropriation

Total General Fund \$ 2,095,000

Total \$ 6,285,000

USES:

DHS Enterprise Fund
MN2-HS-6100-60070
Other Financing Uses 2,095,000
Increase Appropriation

LAC+USC Medical Center Enterprise Fund
MN4-HG-96-9912-60010
Operating Subsidy - General Fund 2,095,000
Decrease Revenue

Total Enterprise Fund \$ 4,190,000

LAC+USC Medical Center Capital Improvements
LAC+USC MC Modular Chiller Plant
A01-CP-6014-64010-87383
Capital Assets - Buildings & Improvements 2,095,000
Increase Appropriation

Total General Fund \$ 2,095,000

Total \$ 6,285,000

Noted & Approved:


Mela Guerrero, Contoller
Department of Health Services

ADOPTED
BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

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AUG 06 2019

Lafame
7/23/19

BA # 004


CELIA ZAVALA
EXECUTIVE OFFICER