



MARK PESTRELLA, Director

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

"To Enrich Lives Through Effective and Caring Service"

900 SOUTH FREMONT AVENUE
ALHAMBRA, CALIFORNIA 91803-1331
Telephone (626) 458-5100
<http://dpw.lacounty.gov>

ADDRESS ALL CORRESPONDENCE TO:
P.O. BOX 1460
ALHAMBRA, CALIFORNIA 91802-1460

ADOPTED

IN REPLY PLEASE
REFER TO FILE

September 03, 2019

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

48 September 3, 2019

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
MARTIN LUTHER KING, JR. MEDICAL CAMPUS
BEHAVIORAL HEALTH CENTER RENOVATION PROJECT
APPROVE REVISED PROJECT BUDGET
AWARD DESIGN-BUILD AGREEMENT
AWARD SERVICE AGREEMENT
CAPITAL PROJECT NOS. 87446, 87487, 87488
(SUPERVISORIAL DISTRICT 2)
(3 VOTES)**

SUBJECT

Public Works is seeking Board approval to revise the project budget, and authorize execution of a Design-Build agreement with Bernards Bros. Inc., and a service agreement with Integrated Demolition and Remediation, Inc., for the Martin Luther King, Jr. Behavioral Health Center Renovation project.

IT IS RECOMMENDED THAT THE BOARD:

1. Find that the recommended actions are within the scope of the previously certified Addendum to the Final Environmental Impact Report for the Martin Luther King, Jr. Behavioral Health Center Renovation project.
2. Find that Bernards Bros. Inc., is the responsive and responsible bidder that submitted the most advantageous and best value proposal for the design and construction of the Martin Luther King, Jr. Behavioral Health Center Renovation project.

3. Award a Design-Build agreement to Bernards Bros. Inc., and authorize the Director of Public Works or his designee to execute the Design-Build agreement with Bernards Bros. Inc., for a not-to-exceed contract amount of \$245,825,000 plus a \$1,000,000 design completion allowance, and a \$500,000 medical equipment allowance for a maximum contract sum of \$247,325,000, contingent upon submission of acceptable bonds and evidence of required contract issuance filed by the design-build entity.
4. Find that Integrated Demolition and Remediation, Inc., is the responsive and responsible bidder that submitted the most advantageous and best value proposal for the make-ready demolition and related work in preparation for construction of the Martin Luther King, Jr. Behavioral Health Center Renovation project.
5. Award a service agreement to Integrated Demolition and Remediation, Inc., and authorize the Director of Public Works or his designee to execute the service agreement with Integrated Demolition and Remediation, Inc., to provide demolition services for a not-to-exceed contract amount of \$5,847,780, contingent upon submission of acceptable bonds and evidence of required contract issuance filed by the service contractor.
6. Authorize the Director of Public Works or his designee in coordination with the Chief Executive Office to exercise control over the contractual allowances, including the authority to reallocate the allowances into the contract amount, as appropriate, in accordance with the project specifications.
7. Delegate authority to the Director of Public Works or his designee to execute a consultant services agreement for a stipend amount not to exceed \$80,000 with the second highest ranked, qualifying design-build proposer, and enabling the County to use all design and construction ideas and concepts included within their proposal.
8. Approve the revised project budget of \$335,714,000, an increase of \$12,879,000 from the previously Board-approved amount of \$322,835,000, for the Martin Luther King, Jr. Behavioral Health Center Renovation project.
9. Authorize the issuance of short-term notes through the Los Angeles County Asset Lease Corporation Lease Revenue Note Program in the amount up to \$256,169,000 to finance the Martin Luther King, Jr. Behavioral Health Center Renovation project.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Approval of the recommended actions will find that the award and execution of the Design-Build (D-B) agreement, service agreement, and consultant services agreement, and related actions are within the scope of the previously certified Addendum to the Final Environmental Impact Report (FEIR); revise the project budget; award a D-B agreement to Bernards Bros. Inc., award a service agreement to Integrated Demolition and Remediation, Inc.; and approve related actions for the Martin Luther King, Jr. (MLK) Behavioral Health Center (BHC) Renovation project.

Background

On July 31, 2018, the Board approved the MLK BHC Renovation project budget of \$322,835,000 and authorized Public Works to award a consultant services agreement with the most qualified firm, Perkins Eastman, to provide design services for the MLK BHC Renovation project, C.P. 87446. On October 10, 2018, the consultant services agreement was executed to provide design services.

On December 11, 2018, the Board certified the Addendum to the FEIR, approved the MLK BHC Renovation project, and authorized Public Works to deliver the make-ready work for the BHC Renovation project using Board-approved Job Order Contracts (JOCs). However, due to the extent of the scope of work for the make-ready work, Public Works recommends to use a Board-approved JOC for only the interior abatement portion of the make-ready work, to have the demolition-related portion of the make-ready work performed by a service contract, and to include any required structural work in the design-build contractor scope of work.

Upon completion of the procurement process for the D-B, Bernard Bros. Inc., was found to have submitted the best value and most advantageous proposal. The two proposers' costs were within 3 percent of each other. However, cost proposals were higher than the budgeted construction amount of \$210,000,000 due to unusual cost escalations being experienced in a high demand construction market. Value engineering and scope adjustments were reviewed with Bernard Bros. Inc., to reduce and finalize their cost proposal, without compromising the building quality and patient care services. After extensive negotiations to reduce the cost proposal, Public Works negotiated the final maximum contract sum amount at \$247,325,000 and reduced project soft costs to limit the increase of the total project budget to \$335,714,000. The total construction duration is anticipated to take 16 months to complete upon jurisdictional approval of the plans and specifications.

Prior to the start of construction by Bernard Bros. Inc., Public Works intends to perform the demolition portion of the make-ready work through a service agreement with Integrated Demolition and Remediation, Inc. The service agreement work includes interior demolition of partitions and mechanical, electrical and plumbing systems; and the exterior demolition of the waiting room addition and Magnetic Resonance Imaging building. Upon award of the service agreement, demolition is anticipated to take 5 months to complete.

Design Completion Allowance

The \$1,000,000 design completion allowance is intended to facilitate the resolution of issues identified during the design phase. The design completion allowance is reserved for changes required by jurisdictional agencies and other unanticipated design issues. The inclusion of the design completion allowance will facilitate the design decision process and minimize potential delays that could occur with design issues.

Medical Equipment Allowance

The \$500,000 medical equipment allowance is intended to facilitate the procurement and installation of fixed medical equipment during the D-B phase. The medical equipment allowance is reserved for procuring and installing Groups 1 and 2 fixed medical equipment, the quantity and cost of which were unknown at the time of bid. The inclusion of the medical equipment allowance will facilitate the procurement and construction process and minimize potential delays that could occur with medical equipment.

The use and reallocation of the design completion, site unforeseen, and medical equipment allowances will be controlled by coordination with Public Works, with concurrence from the Chief Executive Office (CEO). Any remaining unused allowance funds will be credited back to the County.

Consultant Services Agreement

Upon the Board's approval, the second highest ranked, qualifying D-B proposer for the MLK BHC Renovation project will be paid a stipend of \$80,000 pursuant to consultant services agreement, which affords the County the right to use the information and ideas submitted by the proposer.

Green Building/Sustainable Design Program

On December 20, 2016, the Board adopted a new Leadership in Energy and Environmental Design (LEED) policy. The MLK BHC Renovation project supported the Board's policy by providing a cost-benefit assessment for the proposed renovation projects. The cost-benefit assessment determined that it makes environmental and fiscal sense to retrofit the existing building to achieve LEED Silver 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 funded by DHS' operating budget. On July 31, 2018, the Board approved the total project budget of \$322,835,000 for the MLK BHC Renovation project.

Approval of the recommendations will increase the previously Board-approved project budget from \$322,835,000 to \$335,714,000. The revised total project budget (Enclosure A) of \$335,714,000 includes programming, pre-development activities, make-ready work, scoping documents, plans and specifications, permit fees, construction, construction change order allowance, civic art fee, consultant services, inspection services, and County services.

Funding will be provided by each participating Department based on their specific allocation of space programmed within the facility. Based on the current program and space allocation, the percentage of costs for the Departments of Mental Health (DMH), Public Health (DPH), Probation, Health Services (DHS), and Workforce Development, Aging and Community Services (WDACS) are as follows: 59.2 percent, 20.6 percent, 10.2 percent, 7.9 percent, and 2.1 percent, respectively. These percentages will vary upon final design based on scope adjustments still underway.

Separate capital project numbers have been established to accurately track project expenditures by department. The project is currently funded from the operating budgets of the participating Departments as follows: DMH (C.P. No. 87488) - \$38,464,000; DHS (C.P. No. 87446) - \$26,521,000; Probation (C.P. No. 87487) - \$14,560,000.

The remaining amount of the revised total project cost, up to \$256,169,000, is proposed to be funded initially with short-term notes through the Los Angeles County Capital Asset Lease Corporation

Lease Revenue Note Program (Note Program). The amount to be funded through the Note Program may decrease based on available funding from the Department's operating budgets in future budget cycles.

Additional funding from short-term notes, in the amount of \$71,345,000, will be appropriated in the FY 2019-20 Final Adopted Budget phase to fully fund the projected FY 2019-20 project expenditures.

The costs of financing through the Note Program, which include interest, insurance, administrative costs, and letter of credit fees, would be funded from each Department's operating budget based on the same cost allocation percentage as described above. The short-term notes issued through the Note Program will eventually be refinanced through the issuance of long-term lease revenue bonds, with the proceeds used to fund a redemption of the outstanding notes and the remainder of the project costs.

Operating Budget Impact

The Furniture, Fixtures and Equipment (FF&E), Groups III through V, are not included in the project budget and will be funded by the Departments through their respective operating budgets. Public Works, in concert with the tenant Departments, developed a preliminary estimate of the furniture at approximately \$16,388,000. DMH, DPH, Probation, DHS, and WDACS will provide one-time funding in future budget cycles in the amounts based on the space allocation percentages of approximately \$9,702,000, \$3,376,000, \$1,671,000, \$1,295,000, and \$344,000, respectively, for their Departments' FF&E. The final cost by Department will be completed at the end of the design phase and shared with the Departments. The medical equipment planning and detailed cost estimate by Department will be completed during the design phase.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

In accordance with the Board's Civic Art Policy, the proposed project budget includes 1 percent of the design and construction costs to be allocated to the Civic Art fund. The eligible Civic Art Allocation remains at \$1,000,000.

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

On March 21, 2017, the Board approved two motions to negotiate the terms and conditions of a Project Labor Agreement (PLA) to include local hire and business assistance requirements for five major capital projects, including the MLK BHC Renovation project. Public Works, in collaboration with CEO and County Counsel, negotiated and finalized the PLA, which is also referred to as a Community Workforce Agreement (CWA). The PLA/CWA is currently being circulated for signature by the various trade unions. Public Works anticipates that the PLA/CWA will be presented to the Board for consideration in the near future, prior to the start of construction of the project. Provided the Board approves the PLA/CWA, the D-B and its subcontractors will be subject to the PLA/CWA for all construction work on the MLK BHC Renovation project.

Standard D-B and service agreements in forms previously approved by County Counsel will be used that contain 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, 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).

ENVIRONMENTAL DOCUMENTATION

On October 11, 2011, the Board approved the MLK Medical Center Multi-Service Ambulatory Care (Tier I) project, and conceptually approved the future MLK Medical Center Campus Redevelopment (Tier II) project. On January 15, 2013, the Board of Supervisors adopted the MLK Campus Master Plan as a policy document to serve as a guideline for the future development of facilities and services at the campus and found that the master plan is within the scope of the previously conceptually approved Tier II development.

On December 11, 2018, the Board, acting as lead agency under CEQA, certified an Addendum to the FEIR, certified on October 11, 2011, for the MLK Medical Campus Redevelopment project when it approved the MLK BHC Renovation project. Approval of the award and execution of the D-B agreement and consultant agreement and related actions is within the scope of the previously approved project analyzed in the certified Addendum and FEIR and there have been no changes to the project or the circumstances under which it will be implemented since the time of approval which would require further actions under CEQA.

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 location and custodian of the documents and other materials constituting the record of the proceedings upon which the Board's decisions is based in this matter is the County of Los Angeles Public Works, Project Management Division I, 900 South Fremont Avenue, Alhambra, California, 91803.

CONTRACTING PROCESS

D-B Agreement

The D-B procurement was conducted in accordance with the D-B policy adopted by the Board on June 4, 2016.

On February 21, 2019, Public Works issued a Request for Proposal (RFP) for D-B services. The contract opportunity was listed on the County's "Doing Business with Us" and "Public Works Business Opportunities" websites. Public Works also informed the local small business enterprises about this business opportunity for those certified by the Department of Consumer and Business Affairs.

The first phase of the RFP process was the submittal of a prequalification questionnaire by all interested D-B firms. On March 26, 2019, two prequalification questionnaires were received for evaluation. The prequalification questionnaires were reviewed by an evaluation committee comprised of staff from DMH, CEO, and Public Works. In accordance with the shortlisting requirements in the RFP, two firms (Bernards Bros. Inc., and Hensel Phelps) were shortlisted and invited to submit technical and cost proposals for the project.

On June 3, 2019, the two D-B firms submitted technical and cost proposals for evaluation. The technical and cost proposals were evaluated by the evaluation committee based on technical design and construction expertise, team organization and personnel, proposed delivery plans, life-cycle cost analysis, skilled labor force availability, cost proposal, proposed design, and design excellence. Bernards Bros. Inc., in its D-B proposal, was found to have submitted the best value and most advantageous proposal to perform these services under the D-B delivery method in accordance with the evaluation criteria stated in the RFP. These evaluations were completed without regard to race, creed, color, or gender. A summary of selected firm's Business Utilization and Community Business Enterprise participation is enclosed (Enclosure B).

Service Agreement

On June 3, 2019, Public Works issued an RFP for demolition services. The contract opportunity was listed on the County's "Doing Business with Us" and "Public Works Business Opportunities" websites

On July 8, 2019, one firm submitted a proposal for demolition services. An evaluation committee composed of staff from the CEO, Public Works, and DHS evaluated the proposal on the proposed staff qualifications and experience, the company's experience in providing specific services, work plan, and technical response to the RFP. Based on the review and evaluation of the proposal, Integrated Demolition and Remediation, Inc., was confirmed to be qualified to provide the requested services. The evaluation was completed without regard to race, creed, color, or gender. A summary of the selected firm's Business Utilization and Community Business Enterprise participation is enclosed (Enclosure C).

IMPACT ON CURRENT SERVICES (OR PROJECTS)

Approval of the recommended actions will have little to no impact on current services at the campus. Patient care services on campus will remain fully operational during design and construction. The majority of the construction will occur in the building that is currently vacant. Public Works will work closely with the campus to minimize impact to the daily operations.

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" and last name "Pestrella" clearly distinguishable.

MARK PESTRELLA

Director

MP:AKM:jc

Enclosures

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

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

I. PROJECT SCHEDULE SUMMARY

Project Activity	Scheduled Completion Date
BHC Make-Ready	
Construction Documents	May 15, 2019
Jurisdictional Approvals	June 2019
Construction Award	September 2019
Substantial Completion	December 2019
BHC Renovation	
Scoping Documents	April 15, 2019
Design-Build Award	September 2019
Jurisdictional Approvals	January 2020
Partial Completion (Phase 1)	October 2020
Substantial Completion (Phase 2)	May 2021
Project Acceptance	August 2021

II. PROJECT BUDGET SUMMARY

Project Budget Category	Board Approved Budget	Impact by the Action	Revised Budget
Design-Build Construction	\$210,000,000	\$37,825,000	\$ 247,825,000
Make-Ready Construction	\$ 11,550,000	\$ 7,825,000	\$19,375,000
Change Orders Contingency	\$ 45,791,000	(\$28,591,000)	\$ 17,200,000
Civic Arts	\$ 1,000,000	\$0	\$ 1,000,000
Plans and Specifications	\$ 10,000,000	\$0	\$ 10,000,000
Consultant Services	\$ 15,440,000	(\$4,180,000)	\$ 11,260,000
Miscellaneous Expenditures	\$ 194,000	\$0	\$ 194,000
Jurisdictional Review/Plan Check/Permits	\$ 4,860,000	(\$1,710,000)	\$ 3,150,000
County Services	\$ 24,000,000	\$1,710,000	\$ 25,710,000
TOTAL	\$322,835,000	\$12,879,000	\$ 335,714,000

**COUNTY OF LOS ANGELES PUBLIC WORKS
 DESIGN-BUILD SERVICES FOR THE MARTIN LUTHER KING, JR.
 BEHAVIORAL HEALTH CENTER RENOVATION PROJECT**

SELECTED FIRMS

Consultant Name (Prime with subcontractors* listed below) - *only subcontractors with Utilization Participation were listed.	Local SBE	SBE	Minority	Women	Disadvantaged	Disabled/Vet
Bernards						
CSDA Design Group	X	X				
Ficcadenti Wagoner and Castle		X				
Jenkins/Gales & Martinez, Inc.	X		X		X	
PDA Consulting Group, Inc.		X			X	
Sanchez/Kamps Associates Design DBA		X	X		X	
SKA Design		X				
SWA Architects	X	X	X			
Taft Electric Company	X					
Zaretsky Engineering Solutions		X				

NON-SELECTED FIRMS

Consultant Name (Prime with subcontractors* listed below) - *only subcontractors with Utilization Participation were listed.	Local SBE	SBE	Minority	Women	Disadvantaged	Disabled/Vet
Hensel Phelps						
The Solis Group	X	X	X	X	X	X
Veneklasen Associates Inc.		X				
Safil Bouquet Structural Engineers Inc.	X		X		X	
VCA Engineers Inc.	X	X		X	X	
Webb Foodservice Design		X		X		

**PROPOSERS UTILIZATION PARTICIPATION AND COMMUNITY BUSINESS ENTERPRISE
PROGRAM INFORMATION FOR DESIGN-BUILD SERVICES FOR MARTIN LUTHER KING, JR.
BEHAVIORAL HEALTH CENTER RENOVATION PROJECT**

FIRM INFORMATION*		Bernards
BUSINESS STRUCTURE		
Corporation		
CULTURAL/ETHNIC COMPOSITION:		NUMBER % OF OWNERSHIP
Black/African American		0.68%
Hispanic/Latino		18.56%
Asian or Pacific Islander		4.11%
American Indian		0.34%
Filipino		2.74%
White		73.57%
Female (included above)		20.4%
		NUMBER
Black/African American		3
Hispanic/Latino		37
Asian or Pacific Islander		8
American Indian		0
Filipino		3
White		129
Female (included above)		26
Black/African American		6
Hispanic/Latino		54
Asian or Pacific Islander		11
American Indian		2
Filipino		7
White		48
Female (included above)		59
Total # of Employees		308
COUNTY CERTIFICATION		
CBE		
LSBE		
OTHER CERTIFYING AGENCY		

* information provided by Proposers in response to the RFP. On final analysis and consideration of award, vendors were selected without regard to race, creed, gender or color

**COUNTY OF LOS ANGELES PUBLIC WORKS
 DEMOLITION SERVICES FOR THE MARTIN LUTHER KING, JR.
 BEHAVIORAL HEALTH CENTER MAKE-READY PROJECT**

Enclosure C

SELECTED FIRM

Consultant Name (Prime with subcontractors* listed below) - *only subcontractors with Utilization Participation were listed.	Local SBE	SBE	Minority	Women	Disadvantaged	Disabled Vet
Integrated Demolition and Remediation Inc.		X	X		X	
Suttles Plumbing & Mechanical Group		X		X		
Pro-Craft Construction		X				

**PROPOSERS UTILIZATION PARTICIPATION AND COMMUNITY BUSINESS ENTERPRISE
PROGRAM INFORMATION FOR DEMOLITION SERVICES FOR MARTIN LUTHER KING, JR.
BEHAVIORAL HEALTH CENTER MAKE-READY PROJECT**

FIRM INFORMATION*		INTEGRATED DEMOLITION AND REMEDATION INC.	
BUSINESS STRUCTURE		Corporation	
CULTURAL/ETHNIC COMPOSITION:		NUMBER % OF OWNERSHIP	
Black/African American			
Hispanic/Latino			
Asian or Pacific Islander		100%	
American Indian			
Filipino			
White			
<i>Female (included above)</i>			
		NUMBER	
Black/African American		0	
Hispanic/Latino		3	
Asian or Pacific Islander		10	
American Indian		0	
Filipino			
White		2	
<i>Female (included above)</i>		6	
MANAGER			
Black/African American			
Hispanic/Latino			
Asian or Pacific Islander			
American Indian			
Filipino			
White		2	
<i>Female (included above)</i>		6	
STAFF			
Black/African American			
Hispanic/Latino			
Asian or Pacific Islander			
American Indian			
Filipino			
White		5	
<i>Female (included above)</i>		3	
Total # of Employees		21	
COUNTY CERTIFICATIONS			
Supplier Clearing House		Minority	
Los Angeles County Metropolitan Authority		Disadvantaged	

* Information provided by Proposers in response to the RFP. On final analysis and consideration of award, vendors were selected without regard to race, creed, gender or color