County of Los Angeles
**CHIEF EXECUTIVE OFFICE**
Kenneth Hahn Hall of Administration
500 West Temple Street, Room 713, Los Angeles, California 90012
(213) 974-1101
http://ceo.lacounty.gov

WILLIAM T FUJIOKA
Chief Executive Officer

Board of Supervisors
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March 6, 2012

ADOPTED
BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

22 March 6, 2012

Sachi A. Hamai
SACHI A. HAMAI
EXECUTIVE OFFICER

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

Dear Supervisors:

**DEPARTMENT OF HEALTH SERVICES:**
**HARBOR-UCLA MEDICAL CENTER**
**SURGERY/EMERGENCY REPLACEMENT PROJECT**
**AUTHORIZE PROCUREMENT OF ADDITIONAL MEDICAL EQUIPMENT AND EXECUTION OF A CHANGE ORDER FOR EQUIPMENT SEISMIC BRACING**
**CAPITAL PROJECT NO. 69220**
**(SECOND DISTRICT) (4 VOTES)**

## SUBJECT

Approval of the recommended actions will authorize the Internal Services Department, as the County's Purchasing Agent, to procure additional fixed and major moveable medical equipment and the Department of Public Works to execute a change order with Hensel Phelps Construction Company to provide necessary medical equipment anchorage associated infrastructure elements for the Harbor-UCLA Medical Center Surgery/Emergency Replacement Project.

## IT IS RECOMMENDED THAT YOUR BOARD:

1. Authorize the Director of Internal Services Department, as the County's Purchasing Agent, to procure approximately $14,925,000 of additional fixed and major moveable medical equipment for the Harbor-UCLA Medical Center Surgery/Emergency Replacement Project.

2. Delegate authority to Internal Services Department to solicit proposals and issue purchase orders for equipment with unit costs exceeding $250,000, and within the overall amount budgeted for the additional fixed and major moveable medical equipment.

3. Authorize the Director of Public Works to execute a change order with Hensel Phelps Construction Company to provide necessary medical equipment anchorage and infrastructure elements required to support this additional equipment for a $800,000 not-to-exceed fee.

**PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

On September 8, 2009, your Board awarded a design-build contract to Hensel Phelps Construction Company (Hensel Phelps) for the Harbor-UCLA (H-UCLA) Medical Center Surgery/Emergency (S/E) Replacement Project at a total amount of $170,857,000.

On September 21, 2010, your Board delegated authority to Internal Services Department (ISD), as the County's Purchasing Agent, to purchase certain medical equipment and related installation services in support of the H-UCLA S/E Project, within the approved medical equipment budget of $34,862,000.

Subsequent to your Board's approval related to the medical equipment, the Project's medical equipment procurement team was requested by the H-UCLA's administration and medical staff to procure additional medical equipment that the facility deemed imperative to enhance timely patient care and efficient operations. The cost of this additional equipment at $14,125,000 will be funded and procured by the Department of Health Services (Health Services).

Approval of this recommended action will allow ISD to proceed with the acquisition and installation of additional fixed and major moveable medical equipment including:

- Five additional mobile C-Arm Radiology Units to significantly enhance operating room efficiency. Three will be dedicated for use by the Orthopedic Surgery rooms and the remaining two units to be shared by the other surgical suites;

- Additional Diagnostic Ultrasound devices in the emergency and surgery departments to enhance timely delivery of clinical care;

- Additional stainless steel operating room storage and shelving in the emergency, surgery, and central sterile departments to keep required equipment nearby and optimize patient care and equipment processing;

- Additional flat screen physiological monitors to enhance real-time visualization by all team members during the surgeries, as well as to support the teaching mission of the hospital;

- Additional automated medication dispensers allocated in the emergency department to reduce the need for health practitioners to leave the patient/treatment area to obtain medications; and

- Additional ice makers and blood bank refrigerators allocated to reduce the time required to obtain necessary ice and refrigerated pharmaceutical products.

Your Board's policy requires departments to obtain Board approval prior to ISD soliciting bids or proposals for the purchase of equipment, if the unit cost of a piece of equipment exceeds $250,000. We estimate that six items of the additional medical equipment will exceed the $250,000 per unit cost limit as listed in Attachment B. In order to begin the procurement process, we are requesting that your Board authorize ISD to solicit proposals and issue purchase orders for these additional items. ISD will ensure that the proposals received are validated to be within the overall amount budgeted for this additional equipment prior to issuing the purchase orders.

A portion of the additional medical equipment requires additional anchorage and infrastructure elements. The cost for this support is estimated at $800,000 and will be funded through the Project's change order contingency, within the amount previously authorized and approved by your Board. Approval of the recommended actions will allow the Department of Public Works (Public Works) to issue one or more construction change orders with a total not-to-exceed value of $800,000. This will provide for the necessary anchorage and infrastructure elements required to support the additional equipment. These additional medical equipment items were not identified prior to the bidding process and, therefore, the medical equipment anchorage and infrastructure elements were not incorporated into the bidding documents or the current design.

Under its delegated authority, Public Works has issued a Proceed Order for a $75,000 total amount for the work related to the proposed change, the value of which is included in the total $800,000 estimate. Should your Board elect not to approve this change order to the Hensel Phelps agreement, the installation of the medical equipment anchorage and infrastructure elements can be completed by a Job Order Contract using the design documents produced by Hensel Phelps under this Proceed Order.

**Green Building/Sustainable Design Program**

The H-UCLA S/E Project was established and permitted by the Office of Statewide Health Planning and Development prior to your Board's enactment of the policy for Green Building/Sustainable Design Program; therefore, the Project does not require Leadership and Energy and Environmental Design certification for the new building. However, the Project will support your Board's Policy for Green Building/Sustainable Design Program to the extent feasible by using building materials that are composed of

recycled materials; strategically designing mechanical, plumbing, and electrical systems to optimize energy efficiency; reducing the amount of demolition materials that would be disposed in landfills; and constructing interior spaces to provide indoor environmental quality and a healthy work environment for Health Services staff and public members using the H-UCLA.

**Implementation of Strategic Plan Goals**

The Countywide Strategic Plan directs the provision of Operational Effectiveness (Goal 1); and Children, Family, and Adult Well-Being (Goal 2), by investing in public health infrastructure and improving access to surgery and emergency services in the southern and western areas of the County. Completion of this Project will provide much needed improvements to the facility for the residents of the County.

**FISCAL IMPACT/FINANCING**

The recommended actions, if authorized, will not affect the overall Project budget, approved by your Board on September 8, 2009.

Health Services Operational Budget Impact

The total cost of the equipment related to this action is $14,125,000 and includes $2,776,000 in capital assets purchases. Of this equipment, $10,604,000 will be financed through the Los Angeles County Capital Asset Leasing Corporation (LAC-CAL), with the remaining $745,000 in Services & Supplies.

The Fiscal Year (FY) 2011-12 lease purchase costs are estimated at $1,276,000. Funding for the total cost of the equipment is included in the FY 2011-12 Final Budget. The projected LAC-CAL costs for the remaining years of financing will be requested as part of the budget process in future years, and are included in the ' Fiscal Outlook.

Project Budget Impact

The work related to the medical equipment anchorage and infrastructure elements will be funded through the project's change order contingency, for an $800,000 not-to-exceed fee, within the amount previously authorized and approved by your Board. This work will include all necessary services to provide the required medical equipment anchorage and infrastructure elements, including necessary design documents, plan check fees, inspections, and construction.

The Project Schedule and Budget Summary are included in Attachment A.

**FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

On October 16, 2001, your Board adopted a policy, whereby departments must obtain Board approval to purchase equipment with a unit cost of $250,000 or greater prior to submitting their requisitions for purchasing.

Under a management plan for procurement of medical equipment, developed by ISD, CEO, Health Services, and Public Works, each department will perform specific roles to ensure an integrated and coordinated procurement, as follows:

Public Works will:

- Prepare the performance specifications for the equipment in collaboration with Health Services to ensure the specified equipment complies with the Board-approved medical program and is coordinated with the building construction for each project;

- Review, in cooperation with Health Services, the proposals received to ensure conformance with the performance specifications; and

- Coordinate with the selected vendor to obtain shop drawings and ensure delivery of the equipment in coordination with the construction of each project.

The CEO and Health Services will:

- Review each request for proposals/invitation for bids prior to ISD releasing the request for proposals/invitation for bids to provide appropriate financing terms and conditions in the solicitation;

- Approve all purchase orders upon selection of the vendor to ensure that the purchase order is within the allocated budget for the project; and

- Monitor and manage the overall medical equipment budget for each project.

ISD will:

- Prepare each request for proposals/invitation for bids;

- Ensure that each procurement is conducted in accordance with County policies and procedures;

- In coordination with Health Services, manage the overall review of proposals and selections of vendors; and

- Issue final purchase orders. Supplemental purchase orders determined to be required to resolve coordination issues between the selected vendors and the construction contractors, as requested by Public Works, will be reviewed and approved by the CEO and ISD.

Hensel Phelps original design-build contract was solicited on an open competitive basis and bid in accordance with applicable Federal, State, and County requirements, and in compliance with the CEO and your Board's requirements.

Section 20137 of the Public Contract Code allows your Board, with a four-fifths vote, to authorize a change order to a construction contract that is 10 percent or less of the original contract amount without having to obtain bids for the work. The recommended change order in the not-to-exceed amount of $800,000 represents 0.47 percent of the original contract amount.

The contract contains terms and conditions supporting your Board's ordinances, policies, and programs, including but not limited to: County's Greater Avenues for Independence (GAIN) and General Relief Opportunity for Work (GROW) Programs, Board Policy No. 5.050; Contract Language to Assist in Placement of Displaced County Workers, Board Policy No. 5.110; Reporting of Improper Solicitations, Board Policy No. 5.060; Notice to Contract Employees of Newborn Abandonment Law (Safely Surrendered Baby Law), Board Policy No. 5.135; Contractor Employee Jury Service Program, Los Angeles County Code, Chapter 2.203; Notice to Employees Regarding the Federal Earned Income Credit (Federal Income Tax Law, Internal Revenue Service Notice 1015); Contractor Responsibility and Debarment, Los Angeles County Code, Chapter 2.202; and the Los Angeles County's Child Support Compliance Program, Los Angeles County Code, Chapter 2.200; and the standard Board-directed clauses that provide for contract termination or renegotiation.

## ENVIRONMENTAL DOCUMENTATION

On April 11, 2006, your Board adopted a Mitigated Negative Declaration (MND) for the H-UCLA S/E Project and an Addendum to the MND on April 13, 2010. The recommended action is within the scope of the previously adopted MND and the Addendum to the MND, and will have no impact on the environment.

## CONTRACTING PROCESS

The acquisition of equipment is under the statutory authority of the County's Purchasing Agent and will be requisitioned, solicited, and purchased in accordance with the County's purchasing policies and procedures.

On September 8, 2009, your Board awarded a design-build contract to Hensel Phelps for a total amount of $170,857,000. To date, the Project is approximately 52 percent complete, and Public Works has executed 66 construction change orders totaling $1,652,173 through its delegated authority, increasing the total contract amount to $172,509,173. This change order, if approved, will increase the total contract amount to $173,309,173, but will not impact the total Project amount.

## IMPACT ON CURRENT SERVICES (OR PROJECTS)

Approval of this action will have no impact on current services.

## CONCLUSION

Please return an adopted copy of this Board letter to the Chief Executive Office, Capital Projects Division; Department of Public Works, Project Management Division I; and Department of Health Services, Capital Projects Division.

Respectfully submitted,

WILLIAM T FUJIOKA
Chief Executive Office

WTF:RLR:DJT
SW:TH:cvb

Attachments

c: Executive Office, Board of Supervisors
County Counsel
Arts Commission
Health Services
Internal Services
Public Works

ATTACHMENT A

**DEPARTMENT OF HEALTH SERVICES:**
**HARBOR-UCLA MEDICAL CENTER**
**SURGERY/EMERGENCY REPLACEMENT PROJECT**
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**CAPITAL PROJECT NO. 69220**

## I. PROJECT SCHEDULE

| Project Activity | Board-Approved Schedule Completion Date | Proposed Schedule Completion Date |
|---|---|---|
| Environment Documents | 04/11/06* | 04/11/06* |
| Make-Ready | | |
| Jurisdictional Approval | 06/12/06* | 06/12/06* |
| Construction Award | 10/18/06* | 10/18/06* |
| Construction Start | 10/19/06* | 10/19/06* |
| Substantial Completion | 12/31/09 | 12/31/09* |
| S/E Building | | |
| Contract Award | 09/08/09 | 09/08/09* |
| Jurisdictional Approvals | 12/26/11 | 12/26/11* |
| Construction Start | 11/24/09 | 11/24/09* |
| Substantial Completion | 07/24/13 | 07/24/13 |
| Backfill | | |
| Jurisdictional Approvals | TBD | TBD |
| Contract Award | TBD | TBD |
| Construction Start | TBD | TBD |
| Substantial Completion | TBD | TBD |

*Indicates actual date.

## II. PROJECT BUDGET SUMMARY

| Project Activity | Approved Project Budget | Proposed Budget |
|---|---|---|
| Land Acquisition | $ 0 | $ 0 |
| Construction | | |
| Low Bid Construction Contract | $ 2,321,654 | $ 2,321,654 |
| Design-Build Contract | | |
| (a) S/E Building and Site | 161,140,000 | 161,140,000 |
| (b) Option for Parking Structure | 9,717,000 | 9,717,000 |
| Job Order Contract | 16,852,000 | 16,852,000 |
| Purchase Order Contract | 3,500,000 | 3,500,000 |
| Southern California Edison Contract | 285,000 | 285,000 |
| Change Orders Total | 18,320,346 | 18,320,346 |
| Department Crafts | 0 | 0 |
| Youth Employment | 0 | 0 |
| Construction Consultants | 0 | 0 |
| Misc. Expense | | |
| Design-Build Stipends | 250,000 | 250,000 |
| Side Plate License | 107,000 | 107,000 |
| Builder's Risk Insurance | 2,000,000 | 2,000,000 |
| Other | | |
| Telecomm Equip–Affixed to Building | 2,100,000 | 2,100,000 |
| Medical Equipment | 32,762,000 | 32,762,000 |
| Project Contingency | 5,634,000 | 5,634,000 |
| Civic Arts | 0 | 0 |
| Subtotal | $255,082,000 | $255,082,000 |
| Programming/Development | $ 0 | $ 0 |
| Plans and Specs | $ 9,553,650 | $ 9,553,650 |

## III. PROJECT BUDGET SUMMARY (CONT.)

| Project Activity | Approved Project Budget | Proposed Budget |
|---|---|---|
| Consultant Services | | |
| Site Planning | $ 0 | $ 0 |
| Hazardous Materials | 490,000 | 490,000 |
| Geotech/Soils Report & Soils Testing | 1,006,000 | 1,006,000 |
| Material Testing | 3,960,000 | 3,960,000 |
| Cost Estimating (gkkworks) | 560,845 | 560,845 |
| Topographic Surveys | 190,000 | 190,000 |
| Construction Mgmt (gkkworks) | 20,139,834 | 20,139,834 |
| Peer Review (gkkworks) | 1,801,074 | 1,801,074 |
| Design Management (gkkworks) | 1,012,981 | 1,012,981 |
| Environmental | 600,000 | 600,000 |
| Move Management | 267,000 | 267,000 |
| Equipment Planning | 975,000 | 975,000 |
| Legal | 1,971,000 | 1,971,000 |
| Construction/Change Order | 0 | 0 |
| Other: Document Management | 2,637,000 | 2,637,000 |
| Other: Commissioning (gkkworks) | 823,266 | 823,266 |
| Consultant Services Subtotal: | $ 36,434,000 | $36,434,000 |
| Miscellaneous Expenditures | $ 262,000 | $ 262,000 |
| Jurisdictional Review/Plan Ck/Permit | $ 3,970,000 | $ 3,970,000 |
| County Services | | |
| Code Compliance Inspection | $ 3,305,175 | $ 3,305,175 |
| Quality Control Inspection | 2,857,525 | 2,857,525 |
| Design Review | 150,000 | 150,000 |
| Design Services | 100,000 | 100,000 |
| Contract Administration | 554,015 | 554,015 |
| Project Management | 7,169,958 | 7,169,958 |
| Project Management Support Services | 509,000 | 509,000 |
| ISD Job Order Contract Management | 402,000 | 402,000 |
| DPW Job Order Contract Mgmt | 673,000 | 673,000 |
| ISD ITS Communications | 500,000 | 500,000 |
| Project Security | 0 | 0 |
| Project Technical Support | 581,268 | 581,268 |
| Office of Affirmative Action | 346,409 | 346,409 |
| County Counsel | 0 | 0 |
| Regional Planning | 15,000 | 15,000 |
| Other: DPW Materials & Testing | 10,000 | 10,000 |
| Other: DPW Land Development | 50,000 | 50,000 |
| Other: DPW Traffic & Lighting | 45,000 | 45,000 |
| Other: DPW Design Division | 10,000 | 10,000 |
| Other: DPW Construction Division | 10,000 | 10,000 |
| Other: DPW Flood Maint. Division | | |
| Subtotal | 10,000 | 10,000 |
| | $ 17,298,350 | $ 17,298,350 |
| **TOTAL** | **$322,600,000** | **$ 322,600,000** |

**DEPARTMENT OF HEALTH SERVICES:**
**HARBOR-UCLA MEDICAL CENTER**
**SURGERY/EMERGENCY REPLACEMENT PROJECT**
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**Items Exceeding $250,000 per Unit Cost**

| Qty | Description | Unit Price | Extended Price |
|---|---|---|---|
| 5 | Mobile C-Arm Digital Radiology Unit | $ 325,496.50 | $1,627,482.50 |
| 1 | Diagnostic Ultrasound System | $290,993.47 | $290,993.47 |