

Exec



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September 21, 2012

To: Supervisor Zev Yaroslavsky Chairman
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From: William T Fujioka
Chief Executive Officer

ADDITIONAL CAPITAL EXPENDITURES FOR THE PSYCHIATRIC EMERGENCY SERVICES DECOMPRESSION PLAN (SUPPLEMENTAL BUDGET, AGENDA OF OCTOBER 2, 2012)

On June 25, 2012, the Board instructed the Chief Executive Officer (CEO), with the Departments of Health Services (DHS) and Mental Health (DMH), to work with the Department of Public Works (DPW) to identify costs and funding for any capital expenditures necessary to implement Phase II of the Psychiatric Emergency Services Decompression Plan (PES Plan) and report back to the Board as part of the Supplemental Budget with a plan to fund those remaining costs.

BACKGROUND

On April 17, 2012, the Board instructed the CEO to: provide a report back with a financing plan for a PES Plan to be considered as part of the Board's adoption of the Fiscal Year (FY) 2012-13 Budget; include Harbor-UCLA Medical Center (Harbor) in the report to know what this medical center is doing to ease adolescent overcrowding at that facility; and include the anticipated capital and operating costs of any replacement plan for the psychiatric urgent care facility.

In a June 8, 2012 memorandum, our office provided the Board with the PES Plan to be considered as part of the Board's adoption of the FY 2012-13 Budget. The PES Plan includes 28 recommendations to address process, facility and programmatic improvements at Harbor, LAC+USC Medical Center (LAC+USC), Augustus F. Hawkins Mental Health Center (Hawkins) and Olive View Medical Center (OVMC), as well as the purchase of additional crisis, intermediate and long term contract beds. DHS and DMH

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have moved forward with implementation of Phase I which involved 16 process improvements that require no cost or minimal expense to implement. Phase II of the PES Plan focuses on the most urgent system capacity needs and enhances the capacity building at various County psychiatric facilities and involves 12 recommendations which have a fiscal impact.

On June 25, 2012, the Board instructed the CEO, working with DMH and DHS, to adopt and implement the 28 recommendations of the PES Plan in the CEO's June 8, 2012 memo. Further, among other things, the Board approved \$9.4 million to implement the Phase II recommendations in the PES Plan, which may not be funded with Mental Health Services Act (MHSA) dollars.

Please note that, in separate correspondence to the Board, DMH is reporting on the proposed uses of the MHSA Prudent Reserve funds, which have been included in the Supplemental Budget package scheduled to be considered by the Board on October 2, 2012. Included in the proposed uses are those components of the PES Plan, already approved by the Board, which can be covered by MHSA funds.

ADDITIONAL CAPITAL COSTS FOR PHASE II PROJECTS

Among the proposals included in Phase II of the PES Plan, DMH is planning to establish a mental health Urgent Care Center (UCC) to be located on the campus that is home to the MLK Multi-Service Ambulatory Care Center (MACC) and future home to the new MLK Community Hospital. The MLK UCC is tentatively scheduled to open in the Spring of 2014. Based upon experience working with DHS to relieve overcrowding in the PES of the three existing County hospitals, DMH anticipates that the MLK UCC will constitute an essential component of the constellation of services delivered on this campus when the new MLK Community Hospital is open to patients.

As previously reported to the Board and reflected in the separate DMH memo on MHSA funds in the Supplemental Budget changes, DMH will utilize MHSA Prudent Reserve funds for the operational costs for the MLK UCC.

Currently, DMH has identified the potential site for the MLK UCC at the Ted Watkins Building and is working with CEO Capital Projects and DPW staff to confirm the planned renovations. While the cost estimate is still being finalized, the preliminary estimate for the build-out is \$4.2 million. This cost includes air conditioner repair, elevator repairs and roof repairs as well as the project management cost and the work is expected to begin around December 2013. Once the final cost estimate is determined, the Board will be requested to approve the UCC capital project.

PROPOSED FUNDING

Based on the preliminary cost estimate, the FY 2012-13 Supplemental Budget Request includes a recommendation to set aside \$4.2 million in the Provisional Financing Uses (PFU) budget to fund the projected costs of the MLK UCC capital project. Funding which is not utilized in FY 2012-13 will be carried over to the FY 2013-14 Recommended Budget with revisions, if needed, once the final project cost has been determined.

In addition, DMH is exploring whether MHSA Capital Facilities funds may be available to offset some of the cost for the MLK UCC capital project, although those funds are currently fully committed to the established MHSA Capital Facilities Plan, which has been vetted by the stakeholders. DMH will review the status of the existing proposed projects and priorities to determine if any MHSA Capital Facilities funds can be freed up for the MLK UCC. If any MHSA Capital Facilities funds are ultimately available, this will reduce the amount of carryover funding from the PFU in the FY 2013-14 Recommended Budget.

Should you have any questions, please contact me or your staff may contact Sheila Shima at (213) 974-1160.

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MLM:VLA:bjs

c: Executive Office, Board of Supervisors
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Public Works