



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

October 17, 2023

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

46 October 17, 2023

CELIA ZAVALA
EXECUTIVE OFFICER

CONSTRUCTION CONTRACT
CONSTRUCTION MANAGEMENT CORE SERVICE AREA
MARTIN LUTHER KING, JR. MEDICAL CAMPUS
CLINICAL LABORATORY AND RED-BAG STORAGE PROJECT
APPROVE REVISED PROJECT BUDGET
APPROVE APPROPRIATION ADJUSTMENT
APPROVE CONSTRUCTION CHANGE ORDERS
CAPITAL PROJECT NO. 69857
(FISCAL YEAR 2023-24)
(SUPERVISORIAL DISTRICT 2)
(4 VOTES)

SUBJECT

Public Works is seeking Board approval to increase the project budget and execute four construction change orders with AWI Builders, Inc., for the Martin Luther King, Jr. Medical Campus Clinical Laboratory and Red-Bag Storage Project.

IT IS RECOMMENDED THAT THE BOARD:

1. Find that the recommended actions are within the scope of the Board's previous finding of exemption from the California Environmental Quality Act for the Martin Luther King, Jr. Medical Campus Clinical Laboratory and Red-Bag Storage Project from the California Environmental Quality Act for the reasons stated in this Board letter and in the record of the approved project.
2. Approve the revised project budget of \$16,975,000, an increase of \$1,075,000 from the previous Board-approved amount of \$15,900,000, for the Martin Luther King, Jr. Medical Campus Clinical Laboratory and Red-Bag Storage Project, Capital Project No. 69857.

3. Approve the Fiscal Year 2023-24 appropriation adjustment to allocate \$1,075,000 from the Department of Health Services' Enterprise Fund Committed for the Department of Health Services to fund the remaining project expenditures of the Martin Luther King, Jr. Medical Campus Clinical Laboratory and Red-Bag Storage Project, Capital Project No. 69857.
4. Approve and authorize the Director of Public Works or his designee to finalize negotiations and execute a change order with AWI Builders, Inc., for a \$510,000 not-to-exceed amount for building modifications due to a change in laboratory equipment.
5. Approve and authorize the Director of Public Works or his designee to finalize negotiations and execute a change order with AWI Builders, Inc., for a \$250,000 not-to-exceed amount for changes required to the Red-Bag Storage area foundation.
6. Approve and authorize the Director of Public Works or his designee to finalize negotiations and execute a change order with AWI Builders, Inc., for a \$315,000 not-to-exceed amount for additional rooftop equipment pads.
7. Approve and authorize the Director of Public Works or his designee to finalize negotiations and execute a change order with AWI Builders, Inc., for a \$200,000 not-to-exceed amount for revisions and additions of low-voltage equipment.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Approval of the recommended actions will find that they are within the within the scope of the Board's previous exemption finding under the California Environmental Quality Act (CEQA); approve the revised project budget and associated appropriation adjustment; and authorize Public Works to execute four change orders with AWI Builders, Inc., for the Martin Luther King, Jr. Medical Campus (MLK) Clinical Laboratory and Red-Bag Storage Project.

Background

This project will benefit patients served at the MLK Outpatient Center by optimizing clinical lab space, utilizing advanced technology and equipment, and incorporating the Department of Health Services (DHS) laboratory integration initiative to streamline laboratory services.

The approved Clinical Laboratory and Red-bag Storage Project consists of demolishing the existing, abandoned cooling towers to construct a 7,000 square foot clinical laboratory, including an adjacent red-bag storage area at the MLK Medical Campus. The existing clinical laboratory located on the Third Floor of the Augustus F. Hawkins building occupies approximately 27,000 square feet and provides laboratory tests for the MLK Outpatient Center, correctional health, and DHS satellite clinics.

DHS launched a laboratory integration initiative to improve efficiency, standardize testing practices and ensure equitable access for all DHS patients. Laboratory tests will be processed at centralized DHS locations but principally at Los Angeles General and Harbor-UCLA Medical Centers. All tests that are available to MLK patients today will continue to be available in the new MLK laboratory. Additionally, the laboratory integration will result in no anticipated additional capital costs at the new centralized locations.

On June 11, 2019, the Board established and approved the MLK Clinical Laboratory and Red-Bag Storage Project, which included the make-ready work using a Board approved Job Order Contract as part of the MLK Behavioral Health Center Renovation Project.

On February 23, 2021, the Board approved the total project budget of \$14,550,000 for the MLK Clinical Laboratory and Red-Bag Storage Project and authorized Public Works to award and execute a construction contract to the lowest responsible bidder, AWI, for a not-to-exceed amount of \$8,486,500.

On December 6, 2022, the Board approved the revised project budget of \$15,900,000, an increase of \$1,350,000 due to unforeseen soil conditions and laboratory equipment changes.

Construction of the approved MLK Clinical Laboratory and Red-Bag Storage Project is approximately 85 percent complete and is expected to be substantially completed in April 2024.

Laboratory Equipment Changes

On December 6, 2022, the Board approved \$150,000 for construction cost impacts due to changes to both owner-furnished and contractor-furnished laboratory equipment identified by DHS. The changes are required to meet the operational and programmatic needs of clinical staff and for laboratory operations. After completing the redesign required to support the new equipment, it was determined that associated construction costs would exceed the \$150,000 budget due to extensive modifications of the building's structural, mechanical, electrical, and plumbing systems required for the new equipment. Public Works estimates the total cost of the modifications at \$510,000.

The proposed change order with AWI for a \$510,000 not-to-exceed amount will cover the cost of the modifications to and additions of structural supports, electrical and low-voltage cabling and outlets, plumbing lines, mechanical ductwork, and custom casework.

Red-Bag Foundation Anchor Bars and Sump Pits Changes

During installation of the steel reinforcing bar system for the Red-Bag Storage concrete foundation, material unavailability and shortages triggered constructability issues requiring redesign of the foundation. Additionally, five sump pits integral to the foundation system were requested by DHS to meet sanitary drainage needs. The changes resulted in additional design, coordination, and construction of additional rebar, supports, and concrete curbs.

The proposed change order with AWI for a \$250,000 not-to-exceed amount will cover the cost of the additional design, coordination, and construction of additional rebar, supports, and concrete curbs.

Clinical Lab Roofing Changes

During construction of the Clinical Lab wood framing, rooftop equipment conflicts, as well as design omissions of support pads, were encountered.

The proposed change order with AWI for a \$315,000 not-to-exceed amount will cover the cost of the additional design, coordination, and construction of rooftop equipment pads, including supports, blocking, angles, anchorage, and associated hardware.

Low-Voltage Changes

During procurement of the Clinical Lab audio-video system, equipment obsolescence and design omissions triggered reconfiguration and upgrades of devices and systems. Additionally, an intrusion alarm system was requested by DHS to meet security needs.

The proposed change order with AWI for a \$200,000 not-to-exceed amount will cover the cost of the additional design, coordination, programming, and construction of supplementary conduits, supports, low-voltage cabling, and associated hardware.

These proposed scope changes have resulted in an increase to the project's budget and delayed the substantial completion by approximately 12 months, which is currently anticipated in April 2024.

Green Building/Sustainable Design Program

On December 20, 2016, the Board adopted a new Leadership in Energy and Environmental Design (LEED) policy, requiring all new County buildings greater than 10,000 square feet in size, to achieve LEED Gold Certification. The MLK Clinical Laboratory and Red-Bag Storage Project's new laboratory building is less than 10,000 square feet; therefore, it is exempt from achieving LEED certification. However, the project will continue to support the Board's policy for Green Building/Sustainable Design Program by recycling disposable material, incorporating energy efficient products during construction, and by incorporating water and energy conservation features.

Implementation of Strategic Plan Goals

These recommendations support the County Strategic Plan: Strategy II.1, Drive Economic Development in the County; Strategy II.2, Support the Wellness of our Communities; and Strategy III.3, Coordinate Workforce Development. Strategic Plan supports the wellness of our communities and enhances the delivery of comprehensive and seamless healthcare services to the residents of the County seeking healthcare assistance.

FISCAL IMPACT/FINANCING

Approval of the recommended actions will increase the previous Board approved project budget from \$15,900,000 to \$16,975,000, an increase of \$1,075,000. The revised project budget includes construction, change order contingency, plans and specifications, permit fees, consultant services, inspection services, and County services. The revised project budget and schedule are included in Enclosure A.

The proposed budget increase in the amount of \$1,075,000 will provide additional funding to cover the cost of three of the four proposed change orders with AWI for a not-to-exceed amount of \$875,000, an increase in the Civic Art Fund allowance, and associated soft costs. The second change order in the amount of \$250,000 will be funded with available project change order contingency funds.

Approval of the Fiscal Year 2023-24 appropriation adjustment (Enclosure B) will allocate \$1,075,000 from DHS Enterprise Fund-Committed for DHS to fund the projected Fiscal Year 2023-24 expenditures for the MLK Clinical Laboratory and Red-Bag Storage Project, Capital Project No. 69857. There is no net County cost impact associated with the recommended actions.

Operating Budget Impact

Following completion of the projects, DHS will fund the associated ongoing maintenance and operational costs, as needed, with the departmental resources in future budget phases.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

In accordance with the Board's Civic Art Policy amended on August 4, 2020, the project budget includes one percent of the eligible design and construction costs allocated to the Civic Art fund. If approved, this budget increase will increase the eligible Civic Art allocation from \$145,000 to \$152,525.

In accordance with Board Policy 5.270, Countywide Local and Targeted Worker Hiring, the project requires that at least 30 percent of the California construction labor hours be performed by qualified Local Residents and at least 10 percent be performed by Targeted Workers facing employment barriers. The project also includes a jobs coordinator who facilitates the implementation of the targeted hiring requirement of the policy.

Public Contract Code Section 20137 allows the Board, with a four-fifths vote, to authorize an individual 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. Each of the proposed change orders is for less than 10 percent of the original contract sum, and each change is for an independent scope of work. Each of these changes are, therefore, within the statutory threshold.

Los Angeles County Code Section 2.18.050 and Public Contract Code Section 20145 authorize the Director to execute change orders to original contracts entered into by the Board where an individual change order does not exceed 10 percent of the amount of the original contract or \$330,000 whichever is less. The aggregate total amount of those changes or alterations to an original contract may not exceed 25 percent of the amount of the original contract. The change orders discussed above are within the monetary limits set forth in the County Code and Public Contract Code.

ENVIRONMENTAL DOCUMENTATION

On June 11, 2019, the Board found the MLK Clinical Laboratory and Red-Bag Storage Project categorically exempt from CEQA. A Notice of Exemption was filed on June 18, 2019. The project remains within certain classes of projects that have been determined not to have a significant effect on the environment in that it meets criteria set forth in Sections 15301 (l) (3) and (4); 15303 (c); and 15304 (a) and (b) of the State CEQA Guidelines and Classes 1 (h) (3) and (4); 3 (k); and 4 (a) and (c) of the County's Environmental Document Reporting Procedures and Guidelines, Appendix G. The project continues to provide for demolition of individual small structures and construction of small buildings not exceeding 10,000 square feet with negligible or no expansion of use. The currently recommended actions are within the scope of the previous finding of exemption.

Upon the Board's approval of the recommended actions, Public Works will file a Notice of Exemption with the Registrar-Recorder/County Clerk in accordance with Public Resources Code Section 21152 and will post the Notice of Exemption to its website pursuant to Section 21092.2.

CONTRACTING PROCESS

On July 12, 2021, Public Works entered into low-bid agreement for construction services with AWI for an \$8,486,500. To date, Public Works has executed 31 change orders under delegated authority in the amount of \$1,631,820.67, which is 19 percent of the original contract sum.

Once executed, the proposed change orders for a \$1,275,000 total not-to-exceed amount will bring the total amount of executed change orders to \$2,906,820.67, or 34 percent of the original contract sum.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

Approval of the recommended actions will have no impact on current services at the MLK Medical Campus. There are no anticipated impacts to laboratory testing during equipment relocation. All patient care services on campus will remain fully operational during construction.

CONCLUSION

Please return one adopted copy of this Board letter to Public Works, Project Management Division I.

Respectfully submitted,



MARK PESTRELLA, PE
Director

GS:LR:jc

Enclosures

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

**CONSTRUCTION CONTRACT
CONSTRUCTION MANAGEMENT CORE SERVICE AREA
MARTIN LUTHER KING, JR. MEDICAL CAMPUS
CLINICAL LABORATORY AND RED-BAG STORAGE PROJECT
APPROVE REVISED PROJECT BUDGET
APPROVE APPROPRIATION ADJUSTMENT
APPROVE CONSTRUCTION CHANGE ORDERS
CAPITAL PROJECT NO. 69857
(FISCAL YEAR 2023-24)
(SUPERVISORIAL DISTRICT 2)
(4 VOTES)**

I. PROJECT SCHEDULE SUMMARY

Project Activity	Scheduled Completion Date	Revised Scheduled Completion Date
Make-Ready		
Construction Documents	07/19/2019 (Actual)	
Jurisdictional Approvals	09/23/2019 (Actual)	
Construction Award	08/06/2020 (Actual)	
Substantial Completion	11/13/2020 (Actual)	
Low-Bid Construction		
Construction Documents	06/26/2020 (Actual)	
Jurisdictional Approvals	02/09/2021 (Actual)	
Construction Award	June 2021 (Actual)	
Substantial Completion	April 2023	April 2024
Project Acceptance	May 2023	May 2024

II. PROJECT BUDGET SUMMARY

Project Budget Category	Board Approved Budget	Changes Since Previous Board Approved Budget	Revised Budget
Low-Bid Construction	\$ 8,500,000	\$ 0	\$ 8,500,000
Make-Ready Construction	\$ 1,040,000	\$ 0	\$ 1,040,000
Change Order Contingency	\$ 2,578,000	\$ 875,000	\$ 3,453,000
Utility Connections	\$ 0	\$ 0	\$ 0
Construction Subtotal	\$12,118,000	\$ 875,000	\$12,993,000
Civic Art	\$ 145,000	\$ 7,525	\$ 152,525
Plans and Specifications	\$ 2,239,500	\$ 20,000	\$ 2,259,500
Consultant Services	\$ 886,000	\$ 30,000	\$ 916,000
Miscellaneous Expenditures	\$ 20,000	\$ 0	\$ 20,000
Jurisdictional Review/Plan Check/Permits	\$ 305,000	\$ 20,000	\$ 325,000
County Services	\$ 186,500	\$ 122,475	\$ 308,975
TOTAL PROJECT COST	\$15,900,000	\$1,075,000	\$16,975,000

September 20, 2023

COUNTY OF LOS ANGELES

REQUEST FOR APPROPRIATION ADJUSTMENT

DEPARTMENT OF HEALTH SERVICES

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 HER RECOMMENDATION OR ACTION.

ADJUSTMENT REQUESTED AND REASONS THEREFORE

FY 2023-24

4 - VOTES

SOURCES		USES	
DHS ENTERPRISE FUND MN2-3078 COMMITTED FOR DHS DECREASE OBLIGATED FUND BALANCE	1,075,000	DHS ENTERPRISE FUND MN2-HS-6100-60070 OTHER FINANCING USES INCREASE APPROPRIATION	1,075,000
HARBOR CARE SOUTH ENTERPRISE FUND MN1-HH-96-9911-60020 OPERATING TRANSFERS IN INCREASE REVENUE	1,075,000	HARBOR CARE SOUTH ENTERPRISE FUND MN1-HH-96-9912-60020 OPERATING SUBSIDY - GENERAL FUND DECREASE REVENUE	1,075,000
ENT SUB - HARBOR CARE SOUTH A01-AC-6100-21200-21226 OTHER FINANCING USES DECREASE APPROPRIATION	1,075,000	MARTIN LUTHER KING JR. OUTPATIENT CENTER MLK CLINICAL LABORATORY AND RED-BAG STORAGE A01-CP-6014-64020-69857 CAPITAL ASSETS - B & I INCREASE APPROPRIATION	1,075,000
SOURCES TOTAL	\$ 3,225,000	USES TOTAL	\$ 3,225,000

JUSTIFICATION

This budget adjustment of \$1,075,000 is necessary to fund Capital Project No. 69857, MLK Clinical Laboratory and Red-Bag Storage Project, from DHS Enterprise Fund-Committed for DHS for anticipated expenditures in FY 2023-24.

ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

46 OCT 17 2023

Jean Lo

Digitally signed by Jean Lo
Date: 2023.09.20 15:48:29 -07'00'

AUTHORIZED SIGNATURE

JEAN LO, CHIEF, CONTROLLER'S DIVISION

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

CELIA ZAVALA
EXECUTIVE OFFICER

REFERRED TO THE CHIEF
EXECUTIVE OFFICER FOR---

ACTION

RECOMMENDATION
Digitally signed by Lan Sam
BY **Lan Sam**
Date: 2023.09.25 16:04:30 -07'00'

AUDITOR-CONTROLLER

B.A. NO. 029

DATE 9/25/23

APPROVED AS REQUESTED

APPROVED AS REVISED

CHIEF EXECUTIVE OFFICER

Amir
Alam

Digitally signed
by Amir Alam
Date: 2023.09.27
15:35:55 -07'00'

DATE 9/27/23