



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 22, 2024

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:

**CONSTRUCTION-RELATED 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 2024-25  
(SUPERVISORIAL DISTRICT 2)  
(4 VOTES)**

**SUBJECT**

Public Works is seeking Board approval to increase the project budget and execute three 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 for the reasons stated in this Board letter and in the record of the approved project.
2. Approve the revised project budget of \$17,350,000, an increase of \$375,000 from the previous Board-approved amount of \$16,975,000, for the Martin Luther King, Jr. Medical Campus Clinical Laboratory and Red-Bag Storage Project, Capital Project No. 69857.

3. Approve the Fiscal Year 2024-25 appropriation adjustment to allocate \$375,000 from the Department of Health Services' Enterprise Fund Committed for the Department of Health Services to fund the remaining projected expenditures for 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 \$130,000 not-to-exceed amount for building infrastructure and exterior site work changes.

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 an \$80,000 not-to-exceed amount for west exterior gate foundation changes.

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 \$50,000 not-to-exceed amount for laboratory workstation infrastructure changes.

### **PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

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

#### Background

This project will benefit patients served at the MLK MC 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 MLK MC 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 MC. 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 MC 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 facility. Additionally, the 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 MC Clinical Laboratory and Red-Bag Storage Project, which included the make-ready work using a Board-approved Job Order Contract as part of MLK Behavioral Health Center Renovation Project and various related projects at the MLK Campus.

On February 23, 2021, the Board approved the total project budget of \$14,550,000 for the MLK MC 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.

On October 17, 2023, the Board approved the revised project budget of \$16,975,000, an increase of \$1,075,000, due to changes to laboratory equipment, foundation, and roofing, and authorized Public Works to execute four construction change orders with AWI for a total not to exceed amount of \$1,275,000.

### Exterior Site Work Changes

During the finish sitework, unforeseen underground site conditions and inaccurate site survey elevations triggered redesign of the exterior sitework and landscaping. Additionally, the tenant department requested an extension of the Red-Bag Storage concrete sidewalk to the nearby asphalt driveway to meet operational needs.

The proposed change order with AWI for a \$130,000 not-to-exceed amount will cover the cost of the additional design, coordination, regrading, and construction of additional sidewalk, curbs, and asphalt paving.

### West Exterior Gate Foundation Changes

During the excavation of the two West Gates, unforeseen underground site conditions and inaccurate as-built information of the neighboring South Support Building were discovered.

The proposed change order with AWI for an \$80,000 not-to-exceed amount will cover the cost of the additional design, coordination, and installation of additional rebar and slurry.

### Laboratory Workstation Infrastructure Changes

During the Lab equipment validation and coordination meetings, the tenant department provided a Sakura workstation in lieu of the specified pathology grossing station.

The proposed change order with AWI for a \$50,000 not-to-exceed amount will cover the cost of the additional design, coordination, demolition, and rerouting of electrical, plumbing, and mechanical utilities.

Construction of the MLK MC Clinical Laboratory and Red-Bag Storage Project is approximately 95 percent complete. These proposed scope changes have resulted in an increase to the project's budget and delayed the project's substantial completion by approximately 8 months. Substantial completion is currently anticipated by December 31, 2024.

### **Implementation of Strategic Plan Goals**

These recommendations support the County Strategic Plan: North Star 1, Make Investments that Transform Lives, Focus Area Goal A, Healthy Individuals and Families, Strategy ii, Improve Health Outcomes, by promoting comprehensive and inclusive care through investments in public healthcare

infrastructure that enhance the quality and delivery of healthcare services to Los Angeles County residents; and North Star 3, Realize Tomorrow's Government Today, Focus Area Goal F, Flexible and Efficient Infrastructure, Strategy ii, Modernize Infrastructure, by evaluating our current capital projects and identifying the need to replace or modernize legacy/obsolete infrastructure.

By investing in public healthcare infrastructure improvements, it will enhance the quality and delivery of healthcare services to the residents of Los Angeles County.

### **FISCAL IMPACT/FINANCING**

Approval of the recommended actions will increase the previous Board-approved project budget from \$16,975,000 to \$17,350,000, an increase of \$375,000, which 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 \$375,000 will provide additional funding to cover the cost of the three proposed change order with AWI for a not-to-exceed amount of \$260,000, an increase in the Civic Art Fund allowance, and associated soft costs.

Approval of the Fiscal Year 2024-25 appropriation adjustment (Enclosure B) will allocate \$375,000 from the DHS Enterprise Fund-Committed for DHS to fund the projected Fiscal Year 2024-25 expenditures for the MLK MC 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 proposed project, DHS will request and fund the associated ongoing annual maintenance and operational costs, as needed, with 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 1 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 \$152,525 to \$155,125.

The project is subject to Board Policy 5.270, Countywide Local and Targeted Worker Hiring.

The project will continue to support the Board's Green Building/Sustainable Design Program policy by minimizing the amount of demolition materials disposed of in landfills and by incorporating energy-efficient products in the remodeling scope.

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 three change orders are less than 10 percent of the original contract sum and 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 of the change orders under delegated authority may not exceed 25 percent of the amount of the original contract. To date, Public Works has executed 36 change orders totaling \$1,556,010, which represents 18 percent of the original contract sum, was executed under delegated authority, and \$579,067 was approved by the Board.

### **ENVIRONMENTAL DOCUMENTATION**

On June 11, 2019, the Board found the MLK MC Clinical Laboratory and Red-Bag Storage Project categorically exempt from CEQA. Notice of Exemptions were filed on June 24, 2019; March 30, 2021; December 19, 2022; and October 31, 2023. 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, and there are no changes that require additional findings under CEQA.

Upon the Board's approval of the recommended actions, Public Works will file a Notice of Exemption with the Registrar-Recorder/County Clerk and the State Clearinghouse in the Governor's Office of Planning and Research in accordance with Section 21152 of the California Public Resources Code and will post the notice to County's 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.

Once executed, the proposed three construction change orders for a \$260,000 total not-to-exceed amount will bring the total amount of executed change orders to \$3,410,077.

### **IMPACT ON CURRENT SERVICES (OR PROJECTS)**

Approval of the recommended actions will have no impact on current services at the MLK MC. 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,

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, PE

Director

GS:HA:jc

Enclosures

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

**CONSTRUCTION-RELATED 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  
CAPITAL PROJECT NO. 69857  
FISCAL YEAR 2024-25  
(SUPERVISORIAL DISTRICT 2)  
(4 VOTES)**

**I. PROJECT SCHEDULE SUMMARY**

Project Activity	Scheduled Completion Date
Construction Documents	07/19/2019*
Jurisdictional Approvals	09/23/2019*
Construction Award	08/06/2020*
Substantial Completion	11/13/2020*
Construction Documents	06/26/2020*
Jurisdictional Approvals	02/09/2021*
Construction Award	06/30/2021*
Substantial Completion	04/30/2024 12/31/2024
Project Acceptance	05/31/2024 02/28/2025

\*Actual Date

**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	\$ 3,453,000	\$260,000	\$ 3,713,000
Utility Connections	\$ 0	\$ 0	\$ 0
Construction Subtotal	\$12,993,000	\$260,000	\$13,253,000
Civic Art	\$ 152,525	\$ 2,600	\$ 155,125
Plans and Specifications	\$ 2,259,500	\$ 25,000	\$ 2,284,500
Consultant Services	\$ 916,000	\$ 25,000	\$ 941,000
Miscellaneous Expenditures	\$ 20,000	\$ 0	\$ 20,000
Jurisdictional Review/Plan Check/Permits	\$ 325,000	\$ 0	\$ 325,000
County Services	\$ 308,975	\$ 62,400	\$ 371,375
<b>TOTAL</b>	<b>\$16,975,000</b>	<b>\$375,000</b>	<b>\$17,350,000</b>

October 03, 2024

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 2024-25  
4 - VOTES**

SOURCES		USES	
DHS ENTERPRISE FUND MN2-3078 COMMITTED FOR DHS DECREASE OBLIGATED FUND BALANCE	375,000	DHS ENTERPRISE FUND MN2-HS-6100-60070 OTHER FINANCING USES INCREASE APPROPRIATION	375,000
HARBOR CARE SOUTH ENTERPRISE FUND MN1-HH-96-9911-60020 OPERATING TRANSFERS IN INCREASE REVENUE	375,000	HARBOR CARE SOUTH ENTERPRISE FUND MN1-HH-96-9912-60020 OPERATING SUBSIDY - GENERAL FUND DECREASE REVENUE	375,000
ENT SUB - HARBOR CARE SOUTH A01-AC-6100-21200-21226 OTHER FINANCING USES DECREASE APPROPRIATION	375,000	MARTIN LUTHER KING JR. OUTPATIENT CENTER MLK CLINICAL LABORATORY AND RED-BAG STORAGE A01-CP-6014-64020-69857 CAPITAL ASSETS - B & I INCREASE APPROPRIATION	375,000
<b>SOURCES TOTAL</b>	<b>\$ 1,125,000</b>	<b>USES TOTAL</b>	<b>\$ 1,125,000</b>

**JUSTIFICATION**

This budget adjustment of \$375,000 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 2024-25.

Jean Lo

Digitally signed by Jean Lo  
Date: 2024.10.03 15:52:18 -07'00'

JEAN LO, CHIEF, CONTROLLER'S DIVISION

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

REFERRED TO THE CHIEF EXECUTIVE OFFICER FOR---

ACTION

RECOMMENDATION  
Digitally signed by  
Andrea Turner  
Date: 2024.10.07  
13:22:41 -07'00'

AUDITOR-CONTROLLER

BY

DATE 10/7/24

APPROVED AS REQUESTED

APPROVED AS REVISED

CHIEF EXECUTIVE OFFICER

Erika Bonilla

BY

DATE 10/8/24

Digitally signed by Erika Bonilla  
Date: 2024.10.08 09:41:42 -07'00'

B.A. NO. 038

DATE