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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

May 13, 2025

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
HARBOR-UCLA MEDICAL CENTER
REPLACEMENT PROGRAM
APPROVE CONSTRUCTION CHANGE ORDERS
CAPITAL PROJECT NO. 67965
FISCAL YEAR 2024-25
(SUPERVISORIAL DISTRICT 2)
(4-VOTES)**

SUBJECT

Public Works is seeking Board approval to execute two construction change orders with Hensel Phelps Construction Company for the Harbor-UCLA Medical Center Replacement Program.

IT IS RECOMMENDED THAT THE BOARD:

1. Find that the scope of work to be carried out by the proposed change orders is within the scope of the environmental impacts analyzed in the previously certified Final Environmental Impact Report and subsequent Addenda Nos. 1, 2, and 3 for the Harbor-UCLA Medical Center Campus Master Plan.
2. Approve and authorize the Director of Public Works or his designee to finalize negotiations and execute a change order with Hensel Phelps Construction Company, for a not-to-exceed amount of \$1,545,500, to design and construct a low-voltage ductbank between the existing hospital tower, Outpatient/Support Building, Inpatient Tower, and Building N-25.

3. Approve and authorize the Director of Public Works or his designee to finalize negotiations and execute a change order with Hensel Phelps Construction Company, for a not-to-exceed amount of \$10,322,345, to design and construct the utility ductbank between the new Central Utility Plant and the existing Surgery/Emergency Building.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The purpose of the recommended actions is to seek Board approval to find that the scope of work in the proposed change orders is within the scope of the impacts analyzed in the County's previously certified Final Environmental Impact Report (FEIR) and subsequent Addenda Nos. 1, 2, and 3; and authorize Public Works to execute two change orders, for a combined total not-to-exceed amount of \$11,867,845, within the Board-approved project budget of \$1,806,000,000, with Hensel Phelps Construction Company.

Background

Senate Bill 1953 mandates that all California General Acute-Care Hospitals meet structural and nonstructural seismic strengthening requirements by January 1, 2030. The previously approved Harbor-UCLA Medical Center Replacement Program will not only bring the hospital into compliance with the mandate, but also consolidate inpatient and outpatient services into new buildings that optimize operational effectiveness, reduce operation and maintenance costs, provide outpatient facilities that accommodate planned patient visits, implement sustainability, and create a campus designed for the wellbeing of patients and staff.

The program includes construction of an Outpatient/Support Building, which comprises of 233 exam rooms that are distributed across three floors of space. The clinics are arrayed throughout the floors to promote an integrated care model that meets patients' complex care needs. The program also consists of construction of an Inpatient Tower Building with 347 inpatient beds, new psychiatric emergency department, and permanent rooftop helistop. The current hospital is licensed at 453 beds and runs an average daily census of 312 patients, which has increased steadily over the past four years. The industry standard is to estimate census at 85 percent of licensed bed capacity, using this calculation, the proposed licensed capacity of 347 beds is necessary to meet patient demand.

Additionally, the program comprises construction of a 1,500-stall above-grade parking structure; a new Central Utility Plant to serve new buildings under the jurisdiction of the California Department of Health Care Access and Information (HCAI); a new Support Services Building for the campus Information Technology and Facilities staff; a new Regional Laboratory; and related make-ready work, such as several new surface parking lots, a 66-kilovolt electrical substation, a 12-kilovolt electrical building, and tenant improvements.

On February 8, 2022, the Board approved a total project budget of \$1,695,000,000 for the project. The budget included a stipulated sum Design-Build contract with Hensel Phelps for a maximum not-to-exceed contract sum of \$1,238,179,000; inclusive of a \$1,112,179,000 stipulated sum contract plus a \$30,000,000 Design Completion Allowance; and a \$96,000,000 Medical Equipment Allowance. The Board also delegated authority to the Director of Public Works or his designee to approve change orders for a maximum of \$750,000 subject to the limits that the aggregate amount of all such delegated authority change orders does not exceed 25 percent of the original contract amount as set forth in Public Contract Code Section 20145.

On June 25, 2024, the Board approved the revised budget of \$1,755,000,000, an increase of \$60,000,000 from the previous Board-approved amount of \$1,695,000,000, to address required design and jurisdictional changes, unforeseen conditions, and issues related to the Design Builder's Criteria Documents interpretation. On January 21, 2025, the Board approved the revised project budget of \$1,806,000,000, an increase of \$51,000,000 from the previous Board-approved amount of \$1,755,000,000, to address additional make-ready project cost and scope increases, soft costs, and future unforeseen conditions.

Between March 2022 and December 2024, the Board approved the execution of a total of 19 change orders for a total not-to-exceed amount of \$50,993,500 to Hensel Phelps. These change orders were within the Board-approved budget for various scopes of work, but exceeded Public Works delegated authority of \$750,000.

Construction is 43 percent complete. The Support Services Building and the parking structure are complete. Construction of the Outpatient/Support Building, Inpatient Tower, Regional Laboratory, and Central Utility Plant began in July 2023, June 2024, August 2024, and November 2024, respectively. All buildings are scheduled to be completed by August 2027.

Proposed Change Orders

The recommended actions would approve the following two construction change orders with Hensel Phelps, which exceed Public Works delegated authority of \$750,000 but are within the Board-approved project budget of \$1,806,000,000.

Low-Voltage Ductbank Between the Existing Hospital Tower and Building N-25: The proposed change order is for a \$1,545,500 not-to-exceed amount, to design and construct a low-voltage ductbank for telecommunications between the new buildings in the Replacement Program and existing buildings to remain operational after program completion. Specifically, this ductbank will connect the data center at the existing N-25 Building to the new data centers at the Inpatient Tower and Support Services Building to provide redundancy and diversity, ensuring that connectivity is maintained in case one of the pathways is damaged or severed. This proposed change order would be funded with the construction contingency.

Utility Ductbank Between New Central Utility Plant and Surgery/Emergency Building: The proposed change order is for a \$10,322,345 not-to-exceed amount, to connect the existing Surgery Emergency (S/E) Building utilities to the New Central Utility Plant (CUP). The existing mechanical, hydronic, domestic and fire water, and medical gas lines between the existing CUP and the S/E Building will be intercepted and connected to the new CUP via a new underground ductbank, including vaults, plumbing lines, isolation valves, and ducts. This new infrastructure is needed to support the S/E building from the new HCAI compliant CUP. The existing CUP will remain, but as it will not meet HCAI compliance requirements after 2030, it will only serve the buildings outside of HCAI jurisdiction. This proposed change order will transfer scope, which was previously planned as make-ready work to be carried out through Job Order Contracts, to the Hensel Phelps scope of work. Through the course of design, the new CUP was shifted to a central location within the construction site to improve site circulation and efficiency of the utility services. Transferring this scope to Hensel Phelps will allow it to complete the additional work concurrent with its base contract work in this area and minimize the need to work and coordinate with another contractor within the same construction site.

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 enhances 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.

FISCAL IMPACT/FINANCING

Approval of the recommended actions would allow Public Works to issue change orders to Hensel Phelps for a total not-to-exceed amount of \$11,867,845. Public Works has reviewed the change orders and finds their value to be in line with the cost of the work included in the project budget. There is sufficient funding in the \$1,806,000,000 project budget approved by the Board on January 21, 2025, to cover the cost of the proposed change orders. The Enclosure reflects the reallocation of funding for these proposed change orders within the approved project budget.

There is no net County cost impact associated with the recommended actions.

Operating Budget Impact

Following completion of the project, the Department of Health Services would request and fund annual ongoing maintenance and operational costs, as needed, with departmental resources in future budget phases.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

Section 20137 of the Public Contract Code 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 two proposed change orders are less than 10 percent of the original contract sum and are, therefore, within the statutory threshold.

In accordance with the Board's Civic Art Policy amended on August 4, 2020, the project budget includes a \$2,000,000 Civic Art Allocation, which is greater than the \$1,000,000 maximum required by the Board's policy. The \$2,000,000 Civic Art Allocation will not be impacted by the proposed budget increase.

On December 20, 2016, the Board adopted a new Leadership in Energy and Environmental Development (LEED) policy requiring all new County buildings greater than 10,000 square feet in size to achieve LEED Gold certification. In accordance with this policy, the new buildings are being designed and constructed to achieve LEED Gold Certification with the exception of the parking structure because the United States Green Building Council no longer provides LEED certificates for parking structures. Additionally, the program 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 incorporating native, drought tolerant landscaping.

ENVIRONMENTAL DOCUMENTATION

The recommended actions are within the scope of the impacts analyzed in the FEIR, certified by the Board of Supervisors on December 16, 2016, and subsequent Addenda Nos. 1, 2, and 3 approved by the Board on November 10, 2020; November 10, 2020; and February 8, 2022, respectively, and there have been no changes to the project or to the circumstances under which it will be undertaken that require further review or findings under California Environmental Quality Act. The proposed activities included in the change orders, which include the design and construction of a new low-voltage ductbank and new utility ductbank between the CUP and existing S/E Building are within the scope of impacts analyzed in the FEIR and certified Addendum No. 3. The Mitigation Monitoring and Reporting Program, Environmental Findings of Fact, and Statement of Overriding Considerations adopted at the time of FEIR certification will continue to apply.

The location of the documents, including the certified FEIR and related environmental documents, and other materials constituting the record of the proceedings upon which the Board's decision is based in this matter is with Public Works, Project Management Division I, 900 South Fremont Avenue, Fifth Floor, Alhambra, CA 91803. The previously certified FEIR and Addenda are available at the location above and can also be viewed online at <https://pw.lacounty.gov/harbor-ucla-rp/>.

Upon the Board's approval of the recommended actions, Public Works will file a Notice of Determination with the Registrar-Recorder/County Clerk and the State Clearinghouse in the Office of Land Use and Climate Innovation in accordance with Section 21152 (a) of the California Public Resources Code and will post the notice to its website pursuant to Section 21092.2.

CONTRACTING PROCESS

To date, Public Works has executed 27 allowance reallocation contract amendments for a total not-to-exceed amount of \$65,479,851. Additionally, Public Works has executed 148 change orders under delegated change order authority for a total not-to-exceed amount of \$24,167,096. Of the \$41,971,437 in change orders approved in the five previous Board letters, \$13,391,290 is still pending execution and \$5,326,129 was unused due to change order negotiations. The Enclosure contingency has been updated to reflect these successful negotiations.

The proposed two change orders for \$1,545,500 and \$10,322,345 not-to-exceed amounts represent 0.12 and 0.83 percent, respectively, of the original maximum contract sum of \$1,238,179,000. When executed, the change orders will increase the contract sum to \$1,219,630,288, and the maximum contract sum to \$1,280,150,437.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

The recommended change orders are within the Design Builders limits of work and will not result in any additional impacts to the current services on the Harbor-UCLA Medical Center Campus.

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

MP:HA:jc

Enclosures

c: Arts and Culture (Civic Art Division)
Chief Executive Office (Capital Programs
Division)
County Counsel
Executive Office, Board of Supervisors
Health Services (Capital Projects Division)
Mental Health

**CONSTRUCTION-RELATED CONTRACT
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I. PROJECT SCHEDULE SUMMARY

Project Activity	Scheduled Completion Date
Scoping Documents	June 2021*
Design-Build Award	February 2022*
Jurisdictional Approvals	Various
Substantial Completion-Parking Structure A	June 2024*
Substantial Completion-Outpatient/Support Building	June 2026
Substantial Completion-Central Plant	May 2027
Substantial Completion-Inpatient Tower	August 2027
Project Acceptance	December 2027

*Completed Activity

II. PROJECT BUDGET SUMMARY

Project Budget Category	Board Approved Budget	Current Changes Under Delegated Authority	Impact of this Action	Revised Project Budget
Design-Build Construction	\$1,233,254,296	\$ (232,718)	\$ 11,867,845	\$1,244,889,423
Make-Ready Construction	\$ 137,907,872	\$	\$(10,322,345)	\$ 127,585,527
Change Order Contingency	\$ 121,490,082	\$ 1,173,251	\$(1,545,500)	\$ 121,117,833
Civic Arts	\$ 2,000,000			\$ 2,000,000
Stipend	\$ 1,000,000			\$ 1,000,000
Medical Equipment Allowance	\$ 49,479,975	\$ 276,086		\$ 49,756,061
Design Completion Allowance	\$ 11,980,707	\$(1,216,619)		\$ 10,764,088
Plans and Specifications	\$ 54,000,000			\$ 54,000,000
Consultant Services	\$ 138,266,068			\$ 138,266,068
Miscellaneous Expenditures	\$ 1,650,000			\$ 1,650,000
Jurisdictional Review/ Plan Check/Permits	\$ 24,181,000			\$ 24,181,000
County Services	\$ 30,790,000			\$ 30,790,000
TOTAL	\$1,806,000,000	\$ 0	\$ 0	\$1,806,000,000