



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

September 30, 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 CONTRACT
CONSTRUCTION MANAGEMENT CORE SERVICE AREA
TREASURER AND TAX COLLECTOR WAREHOUSE
DEFERRED MAINTENANCE REPAIRS PROJECT
APPROVE CONSTRUCTION CHANGE ORDERS
SPECS. 7793; CAPITAL PROJECT NOS. 87787 AND 89245
FISCAL YEAR 2025-26
(SUPERVISORIAL DISTRICT 1)
(4-VOTES)**

SUBJECT

Public Works is seeking Board approval to execute two construction change orders with PCN3, Inc., for the Treasurer and Tax Collector Warehouse Deferred Maintenance Repairs Project.

IT IS RECOMMENDED THAT THE BOARD:

1. Find that the scope of work to be carried out under the proposed change orders is within the scope of the previous findings of exemption under the California Environmental Quality Act for the previously approved Treasurer and Tax Collector Warehouse Deferred Maintenance Repairs Project or is also exempt for the reasons stated in this letter and in the record of the project.
2. Approve and authorize the Director of Public Works or his designee to finalize and execute a change order with PCN3, Inc., for a total not-to-exceed amount of \$1,180,000, to revise the proposed new fire sprinkler system to comply with the Fire Code requirements for the intended warehouse operations and functions.
3. Approve and authorize the Director of Public Works or his designee to finalize and execute a

change order with PCN3, Inc., for a total not-to-exceed amount of \$1,180,000, to incorporate full-height, fire-rated interior partition walls in the warehouse to comply with the Fire Code requirements for the intended warehouse operations and functions.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The purpose of the recommended actions is to find the proposed change orders within the scope of the previous exemption findings for the previously approved Treasurer and Tax Collector Warehouse Deferred Maintenance Repairs Project and authorize Public Works to execute two construction change orders with PCN3, Inc., for a combined total not-to-exceed amount of \$2,360,000 to complete the project.

Background

The Treasurer and Tax Collector (TTC) warehouse is located at 16610 Chestnut Street, City of Industry, CA 91748 and is operated and maintained by TTC. The 120,000-square-foot warehouse is a single-story, concrete tilt-up structure that was originally constructed in 1970. The warehouse facility stores personal property on behalf of the estates administered by the Public Administrator and clients of the Office of Public Guardian. The warehouse roof structure is damaged and in poor condition, and the building's mechanical, electrical, and plumbing systems are in need of repair or replacement to meet current code requirements.

On November 30, 2021, the Board approved the project as part of the ongoing Facility Reinvestment Program to address the high-priority deficiencies noted above as identified in the County's Strategic Asset Management database. On February 7, 2023, the Board approved the revised project scope to include the repair and replacement of the fire protection systems and the revised project budget of \$21,250,000.

On June 6, 2023, the Board authorized Public Works to advertise for construction bids using the County's competitive low bid process and to award the construction contract to the lowest responsive and responsible bidder within the Board-approved project budget. On January 4, 2024, Public Works awarded the construction contract for \$11,868,000 to PCN3, Inc.

The project consists of replacing the roof structure and repairing and replacing the building mechanical, electrical, plumbing, and fire protection systems to meet current codes and extend the service life of the warehouse facility. Construction is ongoing and being phased to maintain the warehouse in operation.

The TTC warehouse consists of an open floor plan for the storage areas where storage containers of various sizes are used and stacked vertically on top of each other to maximize storage capacity and secure estate personal property in the warehouse.

During the initial phase of construction, the County Fire Inspector observed the current TTC warehouse operations and functions and determined that the large volume and high height of the stacked storage containers required changes and additional improvements in the warehouse to comply with the current Fire Code requirements and help mitigate potential fire hazards. The additional improvements include subdividing the open storage area in the warehouse by incorporating full-height, fire-rated interior partition walls to comply with the allowable total volume of high pile storage and to help contain and prevent the spread of fire in case of an emergency; revising the proposed fire sprinkler system to increase the pipe sizing and number of sprinkler heads to

provide required coverage in the partitioned storage areas in case of a fire; and revising the proposed fire alarm system to provide full coverage for the partitioned storage areas and integration with the expanded fire sprinkler system.

Change Orders

Approval of the recommended actions would approve two proposed change orders to the contract for a total not-to-exceed amount of \$2,360,000, which change orders consist of \$1,180,000 to revise the proposed new fire sprinkler system, and \$1,180,000 to incorporate the full-height, fire-rated interior partition walls in the warehouse. Public Works is currently negotiating the final costs with the contractor for implementing the changes.

The change order to revise the new fire alarm system and associated controls will be executed under the delegated authority of Public Works.

Approval of the proposed change orders will allow Public Works to achieve construction substantial completion by January 2026.

Implementation of Strategic Plan Goals

These recommendations support the County Strategic Plan: North Star 3, Realize Tomorrow's Government Today, Focus Area Goal F, Flexible and Efficient Infrastructure, Strategy ii, Modernize Infrastructure, by renovating and modernizing public infrastructure assets that will improve the operational effectiveness of existing County assets.

FISCAL IMPACT/FINANCING

The two proposed change orders are for a total not-to-exceed amount of \$2,360,000.

The Board-approved project budget of \$21,250,000, under Capital Project Nos. 87787 and 89245, includes design, plan check, consultant services, construction, change order contingency, and County services. Sufficient funding is available in the approved project budget to cover the costs of the proposed change orders. The project budget and schedule summaries are included in the Enclosure.

The project is funded with \$10,000 in net County cost from the Extraordinary Maintenance Budget for predevelopment costs; \$3,440,000 in net County cost from the Extraordinary Maintenance Budget, Capital Project No. 87787; and \$17,800,000 from Lease Revenue Obligation Notes financing, Capital Project No. 89245.

Operating Budget Impact

Following completion of the project, TTC will fund any additional associated maintenance and operational costs for the facility with existing budgetary resources from its Operating Budget.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

Section 20137 of the California 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. The two proposed change orders are each below 10 percent of the original contract amount and within the statutory threshold.

Section 20145 of the California Public Contract Code limits the aggregate total amount of change orders that Public Works can approve under delegated authority to 25 percent of the original contract amount, and the amount of each individual change order cannot exceed 10 percent of the original contract amount or \$330,000, whichever is less. The two proposed change orders exceed Public Works delegated authority of \$330,000 for individual change orders. Therefore, Public Works is seeking approval and authorization from the Board to execute the proposed change orders.

Any change orders for the remainder of the project will be executed under the delegated authority of Public Works and consistent with the requirements of California Public Contract Code Section 20145.

In accordance with the Board's Civic Art Policy amended on August 4, 2020, the proposed project involves repair and building system replacements under the Facility Reinvestment Program and is exempt from requirements of the policy.

The project supports the Board's policy for Green Building/Sustainable Design Program by incorporating water and energy-efficient plumbing, mechanical, and electrical equipment and fixtures as part of the improvements.

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.

On February 28, 2023, the Board approved the execution of the Countywide Community Workforce Agreement, which will apply to projects with an estimated construction contract value of \$5,000,000 or greater. Therefore, the contractor and all subcontractors must comply with all terms and conditions of the Countywide Community Workforce Agreement which, among other things, increases work opportunities for those seeking to start a new career in the construction industry and promotes the hiring of underrepresented individuals on the project.

ENVIRONMENTAL DOCUMENTATION

On November 30, 2021, and June 6, 2023, the Board found the project exempt from the California Environmental Quality Act (CEQA). The approved project, which consists of replacement of the existing roof structure and repairs and upgrades to the building's electrical, mechanical, plumbing, and fire protection systems, is within certain classes of projects that have been determined not to have a significant effect on the environment in that it meets the criteria set forth in Sections 15301 (a), (d), and (l); 15302 (b) and (c); and 15303 of the CEQA Guidelines, and Classes 1 (c), (d), (h), (j), (l), and (m); 2 (a), (b), and (e); and 3 of the County's Environmental Document Reporting Procedures and Guidelines, Appendix G. The project provides for repair, refurbishment, and alterations of existing facilities and installation of new equipment involving negligible or no expansion of an existing use and where replacement features will have the same purpose and capacity.

The approved project continues to be within the scope of the Board's previous finding of exemption. The work included in the proposed change orders described above to the approved project is either within the scope of the Board's findings of exemption or is also similarly exempt from CEQA under the provisions included in the previous findings of exemption.

Additionally, the project will continue to comply with all applicable regulations and is not located in a sensitive environment. There are no cumulative impacts, unusual circumstances, damage to scenic highways, listing on hazardous waste sites compiled pursuant to Government Code Section 65962.5, or indications that the project may cause a substantial adverse change in the significance of a historical resource that would make the exemptions inapplicable based on the record of the proposed project.

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

CONTRACTING PROCESS

On June 6, 2023, the Board authorized Public Works to advertise for construction bids using the County's competitive low bid process and to award the construction contract to the lowest responsive and responsible bidder within the Board-approved project budget. On January 4, 2024, Public Works awarded the construction contract for \$11,868,000 to PCN3, Inc., as the lowest responsive and responsible bidder.

Since the award of the contract, Public Works has executed five change orders for a combined amount of \$325,531 under delegated authority pursuant to California Public Contract Code Section 20145. Approval of the two proposed change orders to PCN3, Inc., will increase the contract amount by a \$2,360,000 not-to-exceed amount for a revised total contract amount of \$14,553,531.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

Approval of the recommended actions will have no impact on current County services or projects. The construction work is being phased to maintain the warehouse facility in operation during construction. Public Works is coordinating with the contractor for execution of the work to minimize disruptions to the facility operations.

CONCLUSION

The Honorable Board of Supervisors

9/30/2025

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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:GT:sl

Enclosures

c: Chief Executive Office (Capital Programs
Division)
County Counsel
Executive Office, Board of Supervisors
Treasurer and Tax Collector

**CONSTRUCTION CONTRACT
CONSTRUCTION MANAGEMENT CORE SERVICE AREA
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I. PROJECT SCHEDULE

Project Activity	Scheduled Completion Date
Construction Documents	09/01/2022*
Jurisdictional Approvals	12/07/2022*
Construction Award	01/04/2024*
Construction Start	02/26/2024*
Substantial Completion	01/31/2026
Project Acceptance	03/31/2026

*Actual Completion Date

II. PROJECT BUDGET SUMMARY

Project Activity	Approved Project Budget
Construction	\$11,878,000*
Change Order Contingency	\$ 2,300,000
Project Contingency	\$ 2,622,000
Plans and Specifications	\$ 1,650,000
Consultant Services	\$ 530,000
Miscellaneous Expenditures	\$ 5,000
Jurisdictional Review/Plan Check/Permits	\$ 171,000
County Services	\$ 2,094,000
TOTAL	\$21,250,000

*Includes \$10,000 consultant agreement fee for preparation of baseline construction schedule.