



MARK PESTRELLA, Director

**COUNTY OF LOS ANGELES
DEPARTMENT OF PUBLIC WORKS**

"To Enrich Lives Through Effective and Caring Service"

900 SOUTH FREMONT AVENUE
ALHAMBRA, CALIFORNIA 91803-1331
Telephone (626) 458-5100
<http://dpw.lacounty.gov>

ADDRESS ALL CORRESPONDENCE TO:
P.O. BOX 1460
ALHAMBRA, CALIFORNIA 91802-1460

ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

IN REPLY PLEASE
REFER TO FILE

February 10, 2026

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

44 February 10, 2026

Edward Yen
EDWARD YEN
EXECUTIVE OFFICER

Dear Supervisors:

**CONSTRUCTION CONTRACT
CONSTRUCTION MANAGEMENT CORE SERVICE AREA
OLIVE VIEW-UCLA MEDICAL CENTER
CONTINUUM OF CARE FACILITY
TERMINATE FOR CONVENIENCE THE DESIGN-BUILD AGREEMENT
SPECS. 7968; CAPITAL PROJECT NO. 6A029
FISCAL YEAR 2025-26
(SUPERVISORIAL DISTRICT 3)
(3-VOTES)**

SUBJECT

Public Works is seeking Board approval to terminate for convenience the Design-Build Agreement for the Olive View-UCLA Medical Center Campus Center Continuum of Care Facility project.

IT IS RECOMMENDED THAT THE BOARD:

1. Find that the recommended actions are not a project pursuant to the California Environmental Quality Act for the reasons stated in this Board letter and in the record of the proposed activity.
2. Determine that it is in the best interest of the County to terminate for convenience Design-Build Agreement PW-16052 with The PENTA Building Group, LLC for the design and construction of the Olive View-UCLA Medical Center Continuum of Care Facility project.
3. Authorize the Director of Public Works or his designee, on behalf of the County, to take all necessary and appropriate actions for the County to terminate for convenience Design-Build Agreement PW-16052 with The PENTA Building Group, LLC, including but not limited to, providing written notice of the termination to The PENTA Building Group, LLC in accordance with the

Agreement, including Article 18.2 of the Contract General Conditions.

4. Authorize the Director of Public Works or his designee, on behalf of the County, to negotiate and enter into a Termination Agreement with The PENTA Building Group, LLC, in which the County terminates for convenience Design-Build Agreement PW-16052, in an amount not-to-exceed \$100,000, so as to reimburse The PENTA Building Group, LLC for reasonable costs it has incurred pursuant to Design-Build Agreement PW-16052 and/or will incur as provided for under the Termination Agreement.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The purpose of the recommended actions is for your Board to determine that it is in the best interest of the County to terminate for convenience the Design-Build (D-B) Agreement PW-16052 (Agreement) with The PENTA Building Group, LLC (PENTA) for the Olive View-UCLA (OV-UCLA) Medical Center Continuum of Care Facility (CCF) project. Toward that end, the recommended actions authorize to the Director of Public Works or his designee to: (1) take all necessary and appropriate actions for the County to terminate for convenience the Agreement; and (2) negotiate and enter into a Termination Agreement with PENTA, in which the County terminates for convenience the Agreement, in an amount not-to-exceed \$100,000, so as to reimburse PENTA for reasonable costs it has incurred pursuant to the Agreement and/or will incur as provided for under the Termination Agreement.

Background

The OV-UCLA Medical Center CCF project will provide a secure environment for those vulnerable individuals with serious mental illnesses that require the highest level of care. These beds will address a critical need in the County's continuum of care and will allow the Department of Mental Health to facilitate placements of conserved individuals from acute psychiatric hospitals, state hospitals, and jails, as well as individuals served by the Office of Diversion and Reentry. The completion of the OV-UCLA Medical Center CCF project and the advent of the associated services will contribute to the full continuum of care at the OV-UCLA Medical Center Campus.

The OV-UCLA Medical Center CCF project will be constructed within an existing 4-acre lot located on the west side of the OV-UCLA Medical Center Campus. The project will consist of construction of a 3 story, approximately 61,000-square-foot building to provide three Mental Health Rehabilitation Center programs. Each of the three programs, the Mental Health Rehabilitation Center, the Psychiatric Health Facility, and the Social Rehabilitation Facility, will include 16 beds for a total of 48 beds.

The OV-UCLA Medical Center CCF project will provide a limited amount of on-site surface parking designated for the CCF building. Subsequent additional parking facilities would be included in future negotiations with the developer for potential future campus development.

On December 2, 2025, the Board approved the OV-UCLA Medical Center CCF project and authorized Public Works to execute a D-B Agreement with PENTA for the design and construction of the project for a not-to-exceed contract amount of \$79,000,000, plus a \$7,370,000 design completion allowance for a not-to-exceed maximum contract sum of \$86,370,000. Following execution of the Agreement with PENTA, Public Works determined that termination for convenience of the Agreement with PENTA and re-solicitation of the OV-UCLA Medical Center CCF project under an alternative Progressive D-B delivery method would be in the County's best interest.

Re-soliciting the OV-UCLA Medical Center CCF project will allow the County to more efficiently and cost-effectively utilize the State's Behavioral Health Continuum Infrastructure Program grant funds, which became available to the County after the original D-B solicitation and would allow the County to best utilize those funds to add significant healthcare and security enhancements to the project. Moreover, Public Works now intends to procure the project using a Progressive D-B construction delivery model as was recently authorized under California Public Contract Code Section 22185 et seq., which allows for a target value design approach, and which Public Works has determined will maximize the total benefit to the County within an approved budget. A Progressive D-B construction delivery model will also provide for an iterative design process, increasing flexibility in the final scope and schedule elements to be included in the project.

Implementation of Strategic Plan Goals

The project supports 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; North Star 2, Foster Vibrant and Resilient Communities, Focus Area Goal A, Strategy iii, Behavioral, Mental Health, and Substance Use Disorder by providing services and facilities to specifically support the well-being of individuals, families, and vulnerable populations experiencing crisis; 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

On December 2, 2025, the Board approved the project budget for the OV-UCLA Medical Center CCF in the amount of \$130,345,000, including construction, change order contingency, plans and specifications, permit fees, consultant services, inspection services, Civic Arts Allowance, and County services.

Funding for the project budget of \$130,345,000 consists of \$118,495,000 from the Behavioral Health Continuum Infrastructure Program, Round 1 Grant and County matched funds of \$11,850,000 funded by 2011 Realignment Mental Health funds. This funding will be utilized once the project is re-solicited and awarded by the Board under a Progressive D-B agreement.

Operating Budget Impact

Following completion of the project, Mental Health will fund fixed furniture and equipment, low-voltage and one-time start up and operating, and associated maintenance costs through its operating budget. Appropriation will be requested through the annual budget process.

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

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

In accordance with Article 18.2 of the Contract General Conditions, the Director or his designee may terminate the contract at the convenience of the County upon approval by the Board.

ENVIRONMENTAL DOCUMENTATION

The recommended actions are not a project under the California Environmental Quality Act because they are excluded from the definition of a project by the California Public Resources Code Section 21065 and Section 15378 (b) of the California Environmental Quality Act Guidelines. The proposed activities involve an administrative activity of government that will not result in direct or indirect physical changes to the environment and are excluded from the definition of a project. On December 2, 2025, the Board found that construction of the OV-UCLA Medical Center CCF included in the 2025 Master Plan Revision was within the impacts analyzed in the previously certified Final Environmental Impact Report and subsequent Addendum No. 1 for the OV-UCLA Medical Center Campus Master Plan.

CONTRACTING PROCESS

The D-B procurement was conducted in accordance with the D-B policy adopted by the Board on June 4, 2016, and pursuant to the requirements of California Public Contract Code Section 22164.

On December 4, 2025, Public Works executed the Agreement with PENTA for the OV-UCLA Medical Center CCF project for a contract sum of \$78,667,256 and maximum contract sum of \$86,037,256.

Upon termination for convenience of the current Agreement with PENTA, Public Works intends to solicit and return to the Board in mid-2026 to award the first phase of a Progressive D-B Agreement for Preconstruction Services to deliver the OV-UCLA Medical Center CCF project.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

Approval of the recommended actions will not have an impact on the OV-UCLA Medical Center Campus. All patient care services on the campus will remain fully operational during future construction of the project.

CONCLUSION

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

Respectfully submitted,



MARK PESTRELLA, PE
Director

MP:GT:cg

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