



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

July 07, 2026

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
OLIVE VIEW-UCLA MEDICAL CENTER
CONTINUUM OF CARE FACILITY
AWARD PROGRESSIVE DESIGN-BUILD AGREEMENT
SPECS. 8009; CAPITAL PROJECT NO. 6A029
FISCAL YEAR 2026-27
(SUPERVISORIAL DISTRICT 3)
(3-VOTES)**

SUBJECT

Public Works is seeking Board approval to award and execute the Progressive Design Build Agreement for the Olive View-UCLA Medical Center Continuum of Care project.

IT IS RECOMMENDED THAT THE BOARD:

1. Find that the approved Olive View-UCLA Medical Center Continuum of Care Facility project and related recommended actions herein are within the scope of the environmental impacts analyzed in the previously certified Final Environmental Impact Report and subsequently approved Addendum No. 1 for the Olive View-UCLA Medical Center Campus Master Plan, which were previously certified by your Board.
2. Find that McCarthy Building Companies, Inc., is the responsive and most qualified proposer that submitted the best value proposal for design and construction of the project.
3. Award and authorize the Director of Public Works or his designee to execute a Progressive Design-Build Agreement with McCarthy Building Companies, Inc., for the Olive View UCLA Medical

Center Continuum of Care Facility project for a Phase 1 Contract Sum in an amount not-to-exceed \$11,000,000 for the Design and Preconstruction Services; and authorize the issuance of Notices to Proceed for Phase 1 Design and Preconstruction Services until final determination and acceptance of the recommended Guaranteed Maximum Price, should it occur, or use of the off ramp provision in the alternative, as set forth in the Progressive Design-Build Agreement.

4. Authorize the Director of Public Works or his designee, with concurrence from the Chief Executive Office, to exercise control of the Phase 1 procurement allowance in the amount of \$3,000,000 for procurement of long-lead equipment and materials, in accordance with the contract requirements.

5. Authorize the Director of Public Works or his designee, with concurrence from the Chief Executive Office, to exercise control of the Phase 1 site allowance in the amount of \$200,000 for site investigation, in accordance with the contract requirements.

6. Delegate authority to the Director of Public Works or his designee to supplement McCarthy Building Companies, Inc., Phase 1 Contract Sum of \$11,000,000 for Preconstruction Services by up to 25 percent, for a maximum Phase 1 contract sum of \$13,750,000.

7. Authorize the Director of Public Works or his designee, whenever the interests of the County so require, in whole or in part and upon settlement of Termination Costs, to terminate this Progressive Design-Build Agreement in accordance with the provisions of the Agreement, and as approved by County Counsel, for convenience, or for other reasons such as cause or failure to agree upon the Guaranteed Maximum Price, according to the Progressive Design-Build Agreement in accordance with the provisions of the Agreement, and as approved by County Counsel.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The purpose of the recommended actions is to authorize Public Works to execute a Progressive Design-Build (PDB) contract for the Design and Preconstruction Services for the Olive View-UCLA (OV-UCLA) Medical Center Continuum of Care Facility (CCF) project and find that the recommended actions are within the scope of the impacts analyzed in the previously certified Final Environmental Impact Report (FEIR) for the OV UCLA Medical Center Campus Master Plan.

Background

The OV-UCLA Medical Center CCF would provide a secure environment for those vulnerable individuals with serious mental illnesses that require the highest level of care. These beds would 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 CCF and the advent of the associated services would contribute to the full continuum of care at the OV-UCLA Medical Center campus.

The OV-UCLA Medical Center CCF project would be constructed within an existing 4-acre lot located on the west side of the OV-UCLA Medical Center campus. The project would consist of construction of new buildings to house 3 Mental Health Rehabilitation Center programs. Each of the 3 programs, Mental Health Rehabilitation Center, Psychiatric Health Facility, and Social Rehabilitation Facility, will include 16 beds for a total of 48 beds.

In the PDB delivery method, authorized under California Public Contract Code Section 22185 et seq., the PDB contractor acts as a consultant to the County in the preconstruction phase (Phase 1 or Design and Preconstruction Services) of the project but assumes the risk as a general contractor during the construction phase (Phase 2 or Construction Services) overseeing all trade subcontracts and in carrying out the full scope of construction for the project. The PDB contractor provides Design and Preconstruction Services at a fixed fee.

During Phase 1, the PDB contractor provides Design and Preconstruction Services, including programming, design, cost estimating, scheduling, and planning activities for the project, procurement of long-lead items, as well as support field investigations including, but not limited to, performing existing conditions investigations, geotechnical testing and investigations, and utilities investigations.

Within the Phase 1 Contract Sum, the Phase 1 allowances will facilitate site investigations to inform the design phase and procurement of long lead equipment and materials identified during Phase 1, such as electrical switchgear, elevator, and steel etc. Any equipment or materials purchased shall be the property of the County.

The Design and Preconstruction Services will conclude by the PDB contractor providing a Guaranteed Maximum Price (GMP) for carrying out the full scope of construction for the project. The GMP is based on actual direct construction costs and allowances (open book accounting), plus a pre-agreed fee percentage submitted during the Request for Proposals. If, after negotiations, Public Works is satisfied that the GMP is reasonable and financially viable, Public Works will return to the Board for approval to proceed with the Construction Services of the Project and other applicable Board approvals. At this time, Public Works anticipates returning to the Board in late 2026 to award a partial or full GMP to allow for the start of Phase 2 construction activities.

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; 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 wellbeing 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 total project budget of \$130,345,000, including construction, change order contingency, plans and specifications, permit fees, consultant services, inspection services, Civic Arts Allowance, and County services. Phase 1 Design and Preconstruction Services for the not-to-exceed amount of \$11,000,000 is within the previously approved total project budget of \$130,345,000.

Funding sources utilized to fully fund the project budget of \$130,345,000 consist of \$118,495,000 from the Behavioral Health Continuum Infrastructure Program, Round 1 and County match funds of

\$11,850,000 funded by 2011 Realignment Mental Health.

Operating Budget Impact

Following completion of the project, Department of Mental Health will fund fixed furniture and equipment, low-voltage and one-time start up and operating, and associated ongoing 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 the Board's Civic Art Policy, amended on August 4, 2020, the project budget includes 1 percent of the eligible design and construction costs be allocated towards Civic Art. The Phase 1 Design and Preconstruction costs allocated to the Civic Art Fund are estimated at \$110,000.

In accordance with the Board Policy 5.270, Countywide Local and Targeted Worker Hiring, the project will require that at least 30 percent of the total California construction labor hours be performed by Local Residents and at least 10 percent be performed by Targeted Workers facing employment barriers. The project would also include a jobs coordinator who would facilitate the implementation of the policy's targeted hiring requirements.

Effective June 7, 2023, the Countywide Community Workforce Agreement (CWA) applies to projects with an estimated construction contract value of \$5,000,000 or greater. Therefore, CWA will apply to this project. The contractor and all subcontractors must comply with all terms and conditions of the CWA, which among other requirements, increases work opportunities for those seeking to start a new career in the construction industry and promotes the hiring of underrepresented individuals for the project.

Enclosures A and B provide the proposers' utilization participation details and Community Business Enterprise information, including identification of their status as minority, women, disadvantaged, disabled-veteran, and LGBTQ+ business enterprises, which were submitted in their proposals.

ENVIRONMENTAL DOCUMENTATION

On December 2, 2025, the Board approved the project, 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 FEIR and subsequent Addendum No. 1 for the OV-UCLA Medical Center Campus Master Plan. There are no changes to the project or the circumstance under which it is being undertaken that require further findings under the California Environmental Quality Act.

Upon the Board's approval of the recommended actions, Public Works will file a Notice of Determination with the Registrar-Recorder/County Clerk and with the State Clearinghouse in 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.

The previously certified FEIR is available and can be viewed online at the Public Works website. The location of the documents and other materials upon which the Board's decision is based on this matter is with Public Works, Project Management Division I, 900 South Fremont Avenue, 5th Floor,

Alhambra, CA 91803. The custodian of records is the Project Manager of Project Management Division I.

CONTRACTING PROCESS

The PDB procurement was conducted pursuant to the requirements of California Public Contract Code Section 22185.

A PDB Agreement, of a form previously approved by County Counsel, would be used. The PDB Agreement contains terms and conditions in compliance with the Chief Executive Officer's and the Board's requirements. The Agreement also includes a provision requiring the consultant firms to track subcontractors' utilization of Local Small Business Enterprise (LSBE).

Upon approval by the Board, the term of the PDB Agreement shall commence on the date of the full execution of the Agreement and will continue for the duration of the project. The initial Notices to Proceed will be for Phase 1 Preconstruction Services only from the date of full execution of the contract until final determination of the recommended GMP.

On February 26, 2026, Public Works issued the Request for Proposals (RFP) for PDB services. This contract opportunity was advertised on the County's "Doing Business with the County" and Public Works "Do Business with Public Works" websites and advertisements were placed in the Los Angeles Daily Journal, Los Angeles Sentinel, La Opinión, San Gabriel Valley Tribune, World Journal (Chinese Daily News), Pasadena Star News, and Santa Monica Daily Press. Also, Public Works informed 1,679 Local Small Business Enterprises; 136 Social Enterprises, 121 Disabled Veteran Business Enterprises, 1,266 Community Business Enterprises, and 1,438 Community Based Organizations about this business opportunity. The Department of Economic Opportunity informed 83 clients with the North American Industry Classification System codes. Public Works advertised the RFP in a weekly e-mail newsletter with over 29,000 subscribers.

On April 9, 2026, six proposals were received for evaluation. The proposals were reviewed by an evaluation committee consisting of representatives from the Chief Executive Office, Mental Health, and Public Works. The proposals were evaluated based on proposer's experience, team organization and personnel qualifications, proposed approach and schedule, Countywide CWA Compliance, Local and Targeted Worker Hiring Program, and price proposal. These evaluations were completed without regard to race, creed, color, or gender. Based on the review and evaluation of the proposals, three firms were shortlisted and invited to participate in interviews/interactive sessions with the County.

On May 18, 2026, McCarthy Building Companies, Inc., was found to be responsive and the most qualified D-B Proposer, and to have submitted the best value D-B proposal in accordance with the evaluation criteria stated in the RFP. McCarthy Building Companies, Inc., Community Business Enterprises participation data and 3-year contracting history with the County are on file with Public Works.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

Approval of the recommended actions is not expected to have an adverse impact on the OV-UCLA Medical Center campus. All patient care services on the 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

MP:GT:sl

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

**PROPOSERS' UTILIZATION PARTICIPATION AND COMMUNITY BUSINESS ENTERPRISE PROGRAM INFORMATION FOR
PROGRESSIVE DESIGN-BUILD SERVICES FOR THE OLIVE VIEW-UCLA MEDICAL CENTER CONTINUUM OF CARE FACILITY
RFP NUMBER: BRC0000651**

SELECTED FIRM

	Proposer Name (Prime with subcontractors* listed below) *only subcontractors with Utilization Participation are listed.	Local Small Business Enterprise (SBE)	Small Business Enterprise (SBE)	Minority	Women-Owned	Disadvantaged Business	Disabled Veteran Business Enterprise	Social Enterprise	Lesbian, Gay, Bisexual, Transgender, Queer, and Questioning-Owned Business Enterprise
1	McCarthy Building Companies, Inc.								
	MLA Green, Inc.			x	x	x			
	TSG Enterprises, Inc. dba The Solis Group	x	x	x	x	x			
	Latitude 33 Planning and Engineering	x	x						
	Streamline Fire Protection	x	x			x			

NON-SELECTED FIRMS

	Proposer Name	Local Small Business Enterprise (SBE)	Small Business Enterprise (SBE)	Minority	Women-Owned	Disadvantaged Business	Disabled Veteran Business Enterprise	Social Enterprise	Lesbian, Gay, Bisexual, Transgender, Queer, and Questioning-Owned Business Enterprise
1	Abbott Construction LLC								
2	Gilbane Building Company								
3	Kemp Bros. Construction, Inc.								
4	Swinerton Builders								
5	The Penta Building Group, LLC.								

*Information provided by proposers in response to the Request for Proposal. On final analysis and consideration of award, vendors were selected without regard to race, creed, gender, or color.

FIRM INFORMATION*		McCarthy Building Companies, Inc.
BUSINESS STRUCTURE		Corporation
CULTURAL/ETHNIC COMPOSITION		NUMBER / % OF OWNERSHIP
OWNERS/PARTNERS	Black/African American	3.23
	Hispanic/Latino	21.04
	Asian or Pacific Islander	3.95
	American Indian	0.54
	Filipino	0.49
	White	64.61
	<i>Female (included above)</i>	23.86
		NUMBER
MANAGERS	Black/African American	NA
	Hispanic/Latino	NA
	Asian or Pacific Islander	NA
	American Indian	NA
	Filipino	NA
	White	NA
	<i>Female (included above)</i>	NA
STAFF	Black/African American	NA
	Hispanic/Latino	NA
	Asian or Pacific Islander	NA
	American Indian	NA
	Filipino	NA
	White	NA
	<i>Female (included above)</i>	NA
Total No. of Employees*		4,048
COUNTY CERTIFICATION		
CBE		N/A
LSBE		N/A
OTHER CERTIFYING AGENCY		N/A

*Managers and Staff numbers are the breakdown of the Owners/Partners/Associate Partners numbers

*Information provided by proposers in response to the Request for Proposal. On final analysis and consideration of award, vendors were selected without regard to race, creed, gender, or color.