



FESIA A. DAVENPORT
Acting Chief Executive Officer

County of Los Angeles Health and Mental Health Services

DATE: Wednesday, October 28, 2020
TIME: 10:00 a.m.

**DUE TO CLOSURE OF ALL COUNTY BUILDINGS,
MEETING WILL BE HELD BY PHONE.
TO PARTICIPATE IN THE MEETING, PLEASE CALL AS FOLLOWS:
DIAL-IN NUMBER: 1 (323) 776-6996
CONFERENCE ID: 479494149#**

**THIS TELECONFERENCE WILL BE MUTED FOR ALL CALLERS. PLEASE DIAL *6 TO
UNMUTE YOUR PHONE WHEN IT IS YOUR TIME TO SPEAK.**

AGENDA

Members of the Public may address the Health and Mental Health Services Meeting on any agenda item. Three (3) minutes are allowed for each item.

- I. Call to order
- II. **Information Item(s)** (Any Information Item is subject to discussion and/or presentation at the request of two or more Board offices):
 - a. **ISD/DHS:** DHS Administration Emergency Generator Replacement – Establish and Approve Capital Project and Approve Appropriation Adjustment
- III. **Discussion Item(s):**
 - a. **DHS:** Overview of Forthcoming DHS Online Realtime Centralized Health Information Database (ORCHID) Changes and Enhancements
- IV. **Presentation Item(s):**
 - a. **CEO/DHS:** Harbor-UCLA Medical Center Campus Option Agreement and Ground Leases with the Lundquist Institute for a Bioscience Technology Park

- b. **CEO/DHS:** Harbor-UCLA MC Replacement Program – approve the Harbor-UCLA Medical Center Replacement Program and its related projects and projects’ budgets; certify the addendum to the previously certified Final Environment Impact Report (**Documentation for this item will be posted to the CEO website on Monday**)
- c. **DHS:** DHS Fiscal Outlook
- d. **DHS:** Approval to Extend Contract with L.A. Care Health Plan Joint Powers Authority for the PASC-SEIU Homecare Workers Health Care Plan
- e. **DHS:** Approval of Delegated Authority to Amend Unarmed Security Guard Services Agreements for Provision of Additional Services Related to the COVID-19 Pandemic

- V. Items Continued from a Previous Meeting of the Board of Supervisors or from the Previous Agenda Review Meeting
- VI. Items not on the posted agenda for matters requiring immediate action because of an emergency situation, or where the need to take immediate action came to the attention of the Department subsequent to the posting of the agenda
- VII. Public Comment
- VIII. Adjournment

BOARD LETTER FACT SHEET

Agenda Review Date: October 28, 2020

Board Meeting Date: November 10, 2020

Sup. Dist. / SPA No.: 1

DEPARTMENT:	INTERNAL SERVICES DEPARTMENT
SUBJECT:	HEALTH SERVICES ADMINISTRATION EMERGENCY GENERATOR REPLACEMENT PROJECT

I. PUBLIC BENEFIT (precise description, mandated or non-mandated)

- a. Non-mandated. The project will replace an existing emergency generator which has reached its useful lifespan and does not meet current code regulations.

II. RECOMMENDED ACTIONS (summarized)

- a. The Internal Services Department is seeking Board approval to establish the Health Services Administration Emergency Generator Replacement Project; approve the total project budget and related appropriation adjustments; and authorize the Internal Services Department to deliver the proposed project using the Board-approved Energy Efficiency Project Services Master Agreement (EEPMA).

III. COST AND FUNDING SOURCES

Cost: \$1,341,000

Funding: The total project budget is estimated at \$1,341,000 which includes design, installation, change order allowance, inspection, testing, miscellaneous expenditures, and ISD services.
Based on the current space allocation between DHS and the Department of Public Health (DPH), the percentage of costs for DHS and DPH is 67.33% and 32.67%, respectively.
Board approval of the appropriation adjustment will transfer a total of \$438,000 to fund DPH's share of the project and \$632,000 from DHS to fund the projected FY 2020-21 expenditures. DHS will provide funding totaling \$216,000 in the future budget phases to fully fund the remaining project budget.

IV. BACKGROUND (critical and/or insightful)

- a. The proposed Project will refurbish the emergency power system that services the Department of Health Services' (DHS) headquarters located at 313 North Figueroa Street. The existing emergency generator has reached its useful lifespan and is set to be decommissioned along with the underground fuel tank which does not meet current code compliance. The proposed scope of work includes the installation of a 450 KW diesel generator, fuel tank, emergency distribution panel, Automatic Transfer Switch, and concrete pad. The generator and fuel tank will be placed on the concrete pad which will be installed between the administration building and the parking structure. To ensure adequate sound levels and proper ventilation for Air Quality Management District (AQMD) compliance, an enclosure provided by the generator manufacturer will be installed and fenced in for protection.
- b. The proposed Project will be competitively solicited for and delivered via EEPMA.

V. POTENTIAL ISSUE(S)

- a. None

VI. DEPARTMENT & COUNTY COUNSEL CONTACTS

- * ISD: Sam Hernandez; shernandez2@isd.lacounty.gov; 323-819-4146 and DHS: Ai-De Vuong; Avuong@dhs.lacounty.gov; 323-409-7231
* CC: Jason Carnevale; Jcarnevale@counsel.lacounty.gov; 213-972-5731 and Lauren Dods; Ldods@counsel.lacounty.gov; 213-974-1856



SELWYN HOLLINS
Director

County of Los Angeles
INTERNAL SERVICES DEPARTMENT

1100 North Eastern Avenue
Los Angeles, California 90063

Telephone: (323) 267-2101
FAX: (323) 264-7135

"Trusted Partner and Provider of Choice"

November 10, 2020

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:

**DEPARTMENT OF HEALTH SERVICES ADMINISTRATION
EMERGENCY GENERATOR REPLACEMENT PROJECT
CATEGORICAL EXEMPTION
ESTABLISH AND APPROVE CAPITAL PROJECT
APPROVE APPROPRIATION ADJUSTMENT
(SUPERVISORIAL DISTRICT 1)
FY 2020-21
(4 VOTES)**

SUBJECT

Approval of the recommendations will exempt the Health Services Administration Emergency Generator Replacement Project from the California Environmental Quality Act, establish and approve capital project, and approve related appropriation adjustment.

IT IS RECOMMENDED THAT THE BOARD:

1. Find the proposed Health Services Administration Emergency Generator Replacement Project to be exempt from the California Environmental Quality Act for the reasons stated in this letter and in the record of the Project.
2. Establish and approve the proposed Health Services Administration Emergency Generator Replacement Project, Capital Project Nos. 87592/87724, with a total budget of \$1,341,000.
3. Approve the Fiscal Year 2020-21 appropriation adjustment to reallocate a total of \$632,000 from the Department of Health Services' Enterprise Fund-Committed for the Department of Health Services and \$438,000 from the Department of Public Health, for a total amount of \$1,070,000

for the Health Services Administration Emergency Generator Replacement Project, Capital Project Nos. 87592/87724.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Approval of the recommendations will find the proposed Health Services Administration Emergency Generator Replacement Project (Project) to be exempt from the California Environmental Quality Act (CEQA), establish and approve Capital Project Nos. 87592 and 87724, approve the related appropriation adjustment and authorize the Internal Services Department (ISD) to deliver the proposed project using a Board-approved Energy Efficiency Project Services Master Agreement (EEPMA).

The proposed Project will refurbish the emergency power system that services the Department of Health Services' (DHS) headquarters located at 313 North Figueroa Street in the County of Los Angeles. The existing emergency generator has reached its useful lifespan and is set to be decommissioned along with the underground fuel tank which does not meet current code compliance. The proposed scope of work includes the installation of a 450 KW diesel generator, fuel tank, emergency distribution panel, Automatic Transfer Switch, and concrete pad. The generator and fuel tank will be placed on the concrete pad which will be installed between the administration building and the parking structure. To ensure adequate sound levels and proper ventilation for Air Quality Management District (AQMD) compliance, an enclosure provided by the generator manufacturer will be installed and fenced in for protection. The proposed Project will be competitively solicited for and delivered via EEPMA.

Approval of the recommended actions will replace the generator at the DHS headquarters office which houses the department's command center, and will ensure that the command center will remain operational, respond to outages, and that all building and fire codes are met.

Implementation of Strategic Plan Goals

The County Strategic Plan directs the provisions of Goal II. Foster Vibrant and Resilient Communities, Strategy II.2 – Support the Wellness of our Communities, and Goal III. Realize Tomorrow's Government Today, Strategy III.3 - Pursue Operational Effectiveness, Fiscal Responsibility, and Accountability, Objective III.3.2 Manage and Maximize County Assets. The recommendations support the Strategic Plan by supporting the wellness of our communities, enhancing the delivery of comprehensive and seamless healthcare services to the residents of the County seeking healthcare assistance, and improving the operational effectiveness of an existing County asset.

FISCAL IMPACT/FINANCING

The total project budget is estimated at \$1,341,000 which includes design, installation, change order allowance, inspection, testing, miscellaneous expenditures, and ISD services.

Of this amount, the Department of Health Services (DHS) has already paid \$55,000 for preliminary assessment fees. Based on the current space allocation between DHS and the Department of Public Health (DPH), the percentage of costs for DHS and DPH at 313 N. Figueroa is 67.33% and 32.67%,

respectively. Separate capital project numbers (C.P. Nos. 87592 and 87724) have been established to accurately track project expenditures by department.

Board approval of the attached Fiscal Year (FY) 2020-21 appropriation adjustment (Enclosure A) will transfer a total of \$438,000 to fund DPH's share of the project and reallocate \$632,000 from the DHS' Enterprise Fund-Committed for DHS to fund the projected FY 2020-21 expenditures. DHS will provide funding totaling \$216,000 in the future budget phases to fully fund the remaining project budget.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

In accordance with the Board's Local and Targeted Worker Hire Policy, adopted on September 6, 2016, the HSA Emergency Generator Replacement Project will include a best efforts Local Worker hiring goal of at least thirty percent (30%). The "Targeted Worker" component will not be included as part of the proposed Project.

In accordance with the Board's Civic Art Policy, adopted on December 7, 2004, and last amended on August 11, 2015, the proposed project is exempt from the Civic Art Allocation as it involves the repair, maintenance, or replacement of building systems of the project.

ENVIRONMENTAL DOCUMENTATION

The proposed HSA Emergency Generator Replacement project is categorically exempt from CEQA. The scope of work consists of the installation of a diesel generator, emergency distribution panel and an automatic transfer switch. Therefore, the work is within certain classes of projects that have been determined not to have a significant effect on the environment in that they meet the criteria set forth in Sections 15301(d) and (f), 15302 and 15303(e) of the State CEQA Guidelines and Classes 1(d) and (i), 2 and 3 (b) of the County's Environmental Document Reporting Procedures and Guidelines, Appendix G. The project includes minor alterations to an existing facility with no expansion of use, rather, replacement of existing feature where the replacement feature will have the same purpose and capacity, and accessory structures.

In addition, based on the records of the proposed projects, the replacement will comply with all applicable regulations. The generator is not located in a sensitive environment and there are no cumulative impacts, unusual circumstances, damage to scenic highways, listing on hazardous waste site lists compiled pursuant to Government Code section 65962.5, or indications that a refurbishment may cause a substantial adverse change in the significance of a historic resource that would make the exemptions inapplicable.

Upon the Board's approval of the proposed Project, ISD will file a Notice of Exemption with the Registrar-Recorder/County Clerk in accordance with section 21152 of the California Public Resources Code.

CONTRACTING PROCESS

The proposed Project will be competitively solicited for and delivered via EEPMA. The standard Board-directed clauses, including those that provide for contract termination, and hiring qualified displaced County employees are included in the EEPMA agreement

The EEPMA contractor who will perform the work is required to fully comply with applicable legal requirements, which among other things, include Chapters 2.200 (Child Support Compliance Program) and 2.203 (Contractor Employee Jury Service Program) of the Los Angeles County Code, and Section 1774 of the California Labor Code pertaining to payment of prevailing wages.

ISD has made the determination that EEPMA is the most appropriate contracting vehicle to deliver this project because this replacement is intended to optimize energy efficiency of the facility, and to address deficiencies such as potential non code-compliant issues. Additionally, to the extent the project entails repair, remodeling, refurbishment, or alteration, and the cost of such project exceeds \$50,000, such project would have to be performed via a competitively-procured contracting vehicle, such as EEMPMA, not by County employees, due to the "Force Account" limitations set forth in the Public Contract Code.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

Approval of the recommendations will have minimal impact on current County services.

CONCLUSION

Please return one adopted copy of the board letter to the following: ISD Operations Service, the Chief Executive Office – Capital Programs Division, and DHS.

Respectfully Submitted,

Selwyn Hollins
Director

SH:ME:TR:sy

Enclosure

C: Executive Office, Board of Supervisors
Chief Executive Officer
County Counsel
Arts Commission
Department of Health Services
Department of Public Health

PINK

BA FORM 03/13

ENCLOSURE A

BOARD OF
SUPERVISORS
OFFICIAL COPY

COUNTY OF LOS ANGELES

REQUEST FOR APPROPRIATION ADJUSTMENT

DEPARTMENT OF HEALTH SERVICES

DEPT'S. NO. 110

September 29, 2020

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 HIS RECOMMENDATION OR ACTION.

ADJUSTMENT REQUESTED AND REASONS THEREFOR

FY 2020-21

4 - VOTES

SOURCES

USES

BA Detail - See Attachment Page 1.

BA Detail - See Attachment Page 1.

SOURCES TOTAL: \$ 1,896,000

USES TOTAL: \$ 1,896,000

JUSTIFICATION

This budget adjustment of \$632,000 is necessary to fund Capital Project No. 87592, Health Services Admin Emergency Generator Replacement Project, from DHS Enterprise Fund-Committed for DHS for anticipated expenditures in FY 2020-21.


AUTHORIZED SIGNATURE Mela Guerrero, Controller, DHS

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

REFERRED TO THE CHIEF
EXECUTIVE OFFICER FOR ---

☐ ACTION

☒ RECOMMENDATION

AUDITOR-CONTROLLER

BY

B.A. NO. 051


Sept-29 20 20

☒ APPROVED AS REQUESTED

☐ APPROVED AS REVISED

CHIEF EXECUTIVE OFFICER

BY


Sept 30 20 20

**DEPARTMENT OF HEALTH SERVICES
REQUEST FOR APPROPRIATION ADJUSTMENT
CAPITAL PROJECTS
FISCAL YEAR 2020-21**

4 VOTES

SOURCES:

DHS Enterprise Fund	
MN2-3078	
Committed for DHS	632,000
Decrease Obligated Fund Balance	
LAC+USC Medical Center Enterprise Fund	
MN4-HG-96-9911-60010	
Operating Transfers In	632,000
Increase Revenue	
Total Enterprise Fund	\$ 1,264,000
 Ent Sub - LAC+USC Medical Center	
A01-AC-6100-21200-21224	
Other Financing Uses	632,000
Decrease Appropriation	
Total General Fund	\$ 632,000
Total	\$ 1,896,000

USES:

DHS Enterprise Fund	
MN2-HS-6100-60070	
Other Financing Uses	632,000
Increase Appropriation	
LAC+USC Medical Center Enterprise Fund	
MN4-HG-96-9912-60010	
Operating Subsidy - General Fund	632,000
Decrease Revenue	
Total Enterprise Fund	\$ 1,264,000
 Health Services Administration Capital Improvements	
Health Services Admin Emergency Generator Replacement	
A01-CP-6014-64045-87592	
Capital Assets - Buildings & Improvements	632,000
Increase Appropriation	
Total General Fund	\$ 632,000
Total	\$ 1,896,000

Noted & Approved:


 Mela Guerrero, Controller
 Department of Health Services

BA#051 Lanfear 9/29/20

PINK

BA FORM 03/13

ENCLOSURE B

BOARD OF
SUPERVISORS
OFFICIAL COPY

COUNTY OF LOS ANGELES

REQUEST FOR APPROPRIATION ADJUSTMENT

DEPT'S.
NO. 295

DEPARTMENT OF PUBLIC HEALTH

9/23/2020

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 HIS RECOMMENDATION OR ACTION.

ADJUSTMENT REQUESTED AND REASONS THEREFOR

FY 2020-21

3 - VOTES

SOURCESUSES

Public Health
A01-PH-2000-24500
Services & Supplies
Decrease Appropriation

\$438,000

CP-Public Health Department
Health Services Admin Emergency Generator Replacement-DPH
A01-CP-6014-65058-87724
Capital Assets - Buildings & Improvements
Increase Appropriation

\$438,000

SOURCES TOTAL: \$

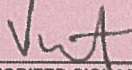
438,000

USES TOTAL: \$

438,000

JUSTIFICATION

Reflects the transfer of appropriation from Department of Public Health's operating budget to Capital Project No. 87724, Health Services Admin Emergency Generator Replacement-DPH, for the replacement of a generator at 313 N. Figueroa Street, Los Angeles.


AUTHORIZED SIGNATURE Victor G. Cortez, Chief Financial Officer

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


REFERRED TO THE CHIEF
EXECUTIVE OFFICER FOR ---☐ ACTION☒ RECOMMENDATION

AUDITOR-CONTROLLER

BY

B.A. NO.

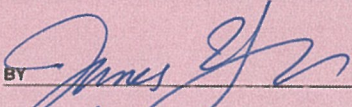
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Sept. 29 20 20

☒ APPROVED AS REQUESTED☐ APPROVED AS REVISED

CHIEF EXECUTIVE OFFICER

BY


Sept 30 20 20

November 10, 2020

**CONSTRUCTION-RELATED CONTRACT
EMERGENCY GENERATOR REPLACEMENT PROJECT
CAPITAL PROJECT NO. 87592
(SUPERVISORIAL DISTRICT 1)
(4 VOTES)**

I. PROJECT SCHEDULE SUMMARY

Project Activity	Scheduled Completion Date
Construction Documents	October 2020
Jurisdictional Approval	November 2020
Award Construction Contract	December 2020
Substantial Completion	December 2021
Project Acceptance	January 2022

II. PROJECT BUDGET SUMMARY

Project Activity	Proposed Project Budget
Construction	
Construction	\$ 840,000
Change Orders	\$ 82,000
Subtotal	\$ 922,000
Civic Art	\$ 0
Plans and Specifications	\$ 73,000
Jurisdictional Review/Plan Check/Permits	\$ 40,000
County Services	\$ 306,000
TOTAL	\$ 1,341,000

BOARD LETTER FACT SHEET

Agenda Review Date:

Board Meeting Date:

Sup. Dist. / SPA No.:

DEPARTMENT:

SUBJECT:

I. PUBLIC BENEFIT (precise description, mandated or non-mandated)

II. RECOMMENDED ACTIONS (summarized)

III. COST AND FUNDING SOURCES

Cost:

Funding:

IV. BACKGROUND (critical and/or insightful)

V. POTENTIAL ISSUE(S)

VI. DEPARTMENT & COUNTY COUNSEL CONTACTS



FESIA A. DAVENPORT
Acting Chief Executive Officer

County of Los Angeles CHIEF EXECUTIVE OFFICE

Kenneth Hahn Hall of Administration
500 West Temple Street, Room 713, Los Angeles, California 90012
(213) 974-1101
<http://ceo.lacounty.gov>

Board of Supervisors
HILDA L. SOLIS
First District

MARK RIDLEY-THOMAS
Second District

SHEILA KUEHL
Third District

JANICE HAHN
Fourth District

KATHRYN BARGER
Fifth District

November 10, 2020

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

Dear Supervisors:

**HARBOR-UCLA MEDICAL CENTER CAMPUS
OPTION AGREEMENT AND GROUND LEASES WITH THE LUNDQUIST INSTITUTE
FOR BIOMEDICAL INNOVATION AT HARBOR-UCLA MEDICAL CENTER FOR A
BIOSCIENCE TECHNOLOGY PARK
(SECOND DISTRICT)
(3 VOTES)**

SUBJECT:

Request for approval of, and delegation of authority to execute, an Option to Lease Agreement, and one or more Ground Leases with The Lundquist Institute for Biomedical Innovation at Harbor-UCLA Medical Center, to construct a Bioscience Technology Park on the Harbor-UCLA Medical Center Campus.

IT IS RECOMMENDED THAT THE BOARD:

1. Find that the recommended actions are within the scope of the Harbor-UCLA Medical Center Campus Master Plan (Master Plan) project impacts analyzed in the Environmental Impact Report (EIR) previously certified by your Board.
2. Pursuant to Government Code section 26227, find that the Bioscience Technology Park (Biotech Park) is necessary to meet the social needs of the population of the County, and that during the time of possession of the specific site by The Lundquist Institute for Biomedical Innovation at Harbor-UCLA Medical Center (TLI) the property will not be needed for County purposes.

"To Enrich Lives Through Effective And Caring Service"

3. Approve and authorize the Chief Executive Officer, or her designee, to execute an Option to Lease Agreement (Option) with TLI, for a proposed Biotech Park at the Harbor-UCLA Medical Center Campus (Harbor Campus), in a form approved by County Counsel and consistent with the terms set forth herein, subject to review by the Real Estate Management Commission (REMC).
4. Approve and authorize the Chief Executive Officer, or her designee, to execute one or more ground leases in a form approved by County Counsel, and consistent with the terms set forth herein, when all the Tier 1 and Tier 2 option conditions for a specific site have been fulfilled, and TLI has exercised the option for a specific site.
5. Approve and authorize the Chief Executive Officer, or her designee, to execute any ancillary documentation, approved as to form by County Counsel, that is necessary to effectuate the Option or ground leases, and to implement and effectuate the terms of the Option or ground leases and the development of the Biotech Park as set forth herein.

PURPOSE OF RECOMMENDED ACTION/JUSTIFICATION

The purpose of the recommended actions is to approve and authorize the Chief Executive Officer, to execute the Option and the ground leases to develop a Biotech Park on the Harbor Campus located in the unincorporated County of Los Angeles community of West Carson. On April 18, 2017, the Board approved a motion authorizing an Exclusive Negotiating Agreement with TLI for Biomedical Innovation at Harbor-UCLA Medical Center to develop a Biotech Park on an approximately 15-acre parcel located on the western portion of the Harbor Campus. The goal was and is to support a thriving bioscience community on the Harbor Campus and produce County-wide economic, academic, and social benefits. On July 21, 2020, the Board approved a motion to expedite development of the Biotech Park and set forth parameters for an initial phase of the Biotech Park. The proposed terms and conditions are consistent with the Board's direction.

The proposed Biotech Park will be a 15-acre site located within the boundaries of the area shown on Exhibit A to Attachment 1. The specific 15-acre portion of the property will be determined prior to the execution of the Option and will reserve the southwest corner for an electrical substation to serve the Harbor Campus. The initial phase of the proposed Biotech Park shall consist of three sites with three respective ground leases for the construction of three buildings totaling a maximum of 250,000 gross square feet, as well as parking and other improvements. The initial phase will be approximately seven to nine acres, to be determined upon completion and approval of the conceptual site plan. Any area not assigned to Phase I will be available for future development for an aggregate area of approximately 15 acres. The first building will be located in the upper northwest corner of the Harbor Campus.

In order to carry out these goals the County will enter into an Option Agreement, which will include, the terms outlined in Attachment 1. The Option term for Phase I will be 15 years and TLI will have five years to complete each site. For TLI to exercise the Option for all three sites in Phase I, TLI must satisfy the following Tier 1 conditions within two years of the effective date of the Option each of which need approval by the County:

- Conceptual Site Plan for the development;
- Preliminary Phasing Plan;
- Parking Plan addressing parking for each new building, including construction parking, and the location of any replacement parking;
- Relocation Plan explaining how and where TLI or its sublessee will relocate all County personnel, and operations in the affected buildings to acceptable, non-temporary replacement space, approved by the County and located on the Harbor Campus;
- Utility Plan;
- Qualifications and experience of potential developers;
- Form of Reciprocal Easement;
- TLI to have signed off on the title and environmental condition of the real property and investigated the condition of the existing structures; and
- REMC approval of the Option and ground lease form.

Once an option is exercised for a specific building, the following Tier 2 conditions must be met prior to the execution of a ground lease for a specific building site and approved by the County:

- Written notice of Option exercise for a particular site;
- Legal description, design plans, and construction documents and the form of sublease agreement for the particular site;

- Building and improvements for the particular site has all permits and is ready to start construction;
- Financing is in place and there are sufficient funds to construct the proposed project;
- Updated phasing, both interim and final parking, utility, and relocation plans;
- Compliance with the applicable relocation and parking plans for the particular site;
- Leasing and operation plan to assure a minimum amount of space in the proposed building will be made available to lease to second stage bioscience companies;
- Evidence that TLI remains in good standing as a 501(c)(3) non-profit organization and there are no defaults under any prior ground lease between TLI and the County;
- Any prior building being developed must be completed or be on schedule for completion; and
- The ground rent to be paid for the particular site.

Future development of the remaining six to eight acres will be contingent upon environmental review under the California Environmental Quality Act (CEQA) and the Board's approval after compliance with CEQA. Following CEQA compliance and Board approval for the future development, the County and TLI will amend the Option for an additional 10-year term. Each future development component will also need to meet the Tier 1 and Tier 2 conditions.

The form of each ground lease for a particular site shall be based on the existing ground leases currently existing between TLI and the County for space on the Harbor Campus except for the differences described on Attachment 2 and shall have the following major terms and conditions, all subject to approval as to form by County Counsel:

Ground Lease(s) terms:

- A 55-year term, with two, 20-year options to extend.
- Ground rent paid to the County shall be an amount equal to 50 percent of the rent (including any participation rent) that is paid to TLI by a third-party sublessee under any sublease. The rent will only exclude pass-through amounts for property taxes, utilities or other pass-through costs that are paid to third parties. The County shall have the right to approve the ground rent, and as part of its approval process for each ground lease, the County has the right to obtain an appraisal of the site to confirm that the rent is not less than 50 percent of the fair market rental value of the particular site.
- TLI will be required to use the remaining 50 percent of the rent that is paid to TLI by a third-party sublessee, to fund Board-approved community benefits programs. These community benefit programs may include (i) health and science programs in the local community, education programs, youth and economic development programs and other related activities that are either new programs or demonstrable

expansions of existing programs, (ii) programs that support bioscience start-up companies and programs that provide for workforce training programs in disadvantaged and underserved communities, and/or (iii) TLI's new or expanded health- and science-related activities, including new research and development activities, as adopted from time to time by TLI's Board of Directors. The list of community benefits programs shall be submitted by TLI to the County every three years for review and approval.

- Primary use of the leased premises shall be for biotech start-ups and early stage biotech companies with other permitted uses including biomedical development, medical research and development, wet and dry labs, life science education and training, and governmental uses.
- TLI to provide completion guaranty and payment and performance bonds from contractor as required by the County.
- County approval rights for subleases, including a sublease to a developer.
- Compliance with prevailing wage and local hiring requirements.
- LEED Gold (or the then current County required standard) certification for improvements.
- The sublessee developer will comply with the West Carson TOD Specific Plan along Carson Street and Normandie Avenue.

Implementation of Strategic Plan Goals

These recommendations support the County Strategic Plan: Strategy II.1 -Drive Economic and Workforce Development in the County and Strategy III.3.1 - Maximize Revenue; and Objective III.3.2 - Manage and Maximize County Assets. In this case, the creation of the Biotech Park will generate construction jobs and biotech jobs by providing space in Los Angeles County for newly emerging biotech companies and by providing a funding mechanism for community benefits.

FISCAL IMPACT/FINANCING

Any ground rent received by the County from the ground leases will be deposited into the County's Non-departmental Revenue budget unit.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The nonprofit TLI, formerly known as LA BioMed, has been located at the Los Angeles County Harbor Campus for nearly 70 years, and has worked in partnership with the County generating new medical paradigms, diagnostics, therapies, and devices for use all over the world. TLI currently leases an approximately 11-acre portion of the Harbor Campus pursuant to multiple ground leases with the County.

Pursuant to Government Code Section 26227, the Board may make available real property not needed for County purposes to non-profit entities for the operation of programs which serve public purposes and are necessary to meet the social needs of the populace of the County. The County is currently using the property depicted on the site plan. Prior to the commencement of a ground lease for a specific site on the site plan, TLI must provide acceptable non-temporary space on the Harbor Campus to relocate any and all displaced County personnel, parking, furniture, fixtures, equipment and operations pursuant to the County-approved Relocation Plan (see Attachment 1). The County will not bear any costs in implementing the County-approved Relocation Plan unless the County elects, in its sole discretion, to sub-sublease space in any of the buildings developed as part of the Project, in which case the space in such building will be provided to the County at no rent and the County will negotiate any other terms of such sub-sublease with the sublessee developer. Accordingly, during the time of possession of the specific site by TLI, the property will not be needed for County purposes.

On December 17, 2019, the Board authorized the termination of a lease with Children's Institute on a portion of the Harbor Campus and the acquisition of the building constructed by Children's Institute for a purchase price, including closing costs, not to exceed \$2,264,643. As part of the Board action, the Board recognized that the intent was for the Department of Public Works to utilize the Children's Institute building in connection with the proposed redevelopment of the Harbor Campus. Should the County not need the building for such purpose in the future, the property and building may be made available for development of the Biotech Park subject to the condition that the Department of Health Services (DHS) is first reimbursed the total cost incurred to acquire the Children's Institute building. Relocation of County staff and operations to accommodate the use of the former Children's Institute building and property for the Biotech Park will be addressed in the Tier 1 Relocation Plan, and TLI's obligation to relocate County staff and operations at its expense will serve to satisfy the acquisition cost reimbursement requirement.

The Biotech Park will produce County-wide economic, academic, and social benefits on a portion of the Harbor Campus which has not been identified for any County improvements as part of the Campus Master Plan adopted by the Board on December 20, 2016. TLI will be required to use 50 percent of the rent paid to TLI by a third-party sublessee under any sublease, excluding any pass-through costs, to fund Board approved community benefits programs, as described above in the description of the ground lease(s) terms. The ground lease(s) will also include provisions requiring: (i) TLI and its sublessees to meet local hire requirements in the construction of the Biotech Park, and (ii) use good faith efforts to hire individuals and businesses from the local community in connection with operations within the site. TLI and its sublessees will also be requested to work with the County to identify opportunities within the site such as seminars, classes and programs which include community involvement and access.

Prior to the execution of the Option, the Chief Executive Office will present the Option and the ground lease form to the REMC.

ENVIRONMENTAL DOCUMENTATION

On December 20, 2016, the Board approved the Campus Master Plan and certified the final EIR for the Master Plan project, in compliance with CEQA. A Notice of Determination was filed on December 21, 2016. The EIR for the Master Plan project analyzed the development of new Biotech Park building(s) up to 250,000 square feet on the western portion of the Property.

The recommended actions, which grant TLI an Option to develop a Biotech Park consisting of three buildings and other improvements totaling 250,000 square feet on approximately seven to nine acres at the northwest portion of the Harbor Campus, are within the scope of the impacts analyzed in the previously certified EIR. There are no changes to the project, or to the circumstances under which the project is undertaken, that require further review under CEQA. Once design is complete, and prior to implementing the proposed project, the County will review the project to determine whether further findings under CEQA are necessary.

Upon the Board's approval, the Chief Executive Office will file a Notice of Determination with the Registrar-Recorder/County Clerk in accordance with Section 21152 of the California Public Resources Code.

The location of the documents and other materials, constituting the record of the proceedings upon which the Board's decision is based in this matter, is the County of Los Angeles Chief Executive Office located at the Kenneth Hahn Hall of Administration, Room 754, 7th Floor, Capital Programs Division.

Also on the agenda for November 10, 2020, Department of Public Works is recommending certification of two separate EIR Addenda for the Medicine Substation Revision and Harbor Campus Master Plan Revisions for the Harbor Campus Master Plan final EIR. There are no changes proposed for the Biotech Park in the EIR Addenda and the recommended actions herein do not rely on the EIR Addenda.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

Neither the Option nor the ground leases will impact any current services in the area. To the extent TLI desires to exercise its option on areas then in use by the County, TLI will be required to relocate any affected staff, furniture, fixtures, and equipment and County operations, including securing replacement space, at no cost to the County. TLI is required to construct and operate the Biotech Park without impacting the operation of the hospital.

CONCLUSION

It is requested that the Executive Office of the Board of Supervisors return the adopted, stamped Board letter to the CEO, Real Estate Division, at 320 West Temple Street, 7th Floor, Los Angeles, CA 90012, for further processing.

Respectfully submitted,

FESIA A. DAVENPORT
Acting Chief Executive Officer

FAD:JMN:DPH
DL:JLC:MR:gw

Attachments

c: Executive Office, Board of Supervisors
County Counsel
Auditor-Controller
Health Services
Public Works

ATTACHMENT 1

Term Sheet

Option to Lease Agreement

This Term Sheet sets forth the material terms and conditions to be incorporated into a definitive Option Agreement (“Option Agreement”) to be entered into between The County of Los Angeles (“**County**”) and the Lundquist Institute for Biomedical Innovation at Harbor-UCLA Medical Center (“**TLI**”). The Option Agreement shall grant an option to TLI to ground lease an approximately 15-acre portion (the “**Premises**”) of the property known as Harbor-UCLA Medical Center (“**Medical Center**”), which is within the boundaries of the area shown on Exhibit “A” hereto (the specific 15 acre portion of the property will be determined by a survey of the property prior to the completion of the Option Agreement), for the development of a bioscience technology park (the “**Project**”). The Option Agreement will include the following terms and conditions:

Premises:

- County shall grant TLI an exclusive, personal option (“**Option**”) to ground lease the Premises in phases (each such portion of the ground leased Premises, a “**Site**”) under multiple ground leases (each, a “**Ground Lease**”) subject to certain conditions (collectively, “**Tier 1 and Tier 2 Option Conditions**”) described below. Each Site will be limited to the area required for the respective building and related improvements to be constructed in that Phase, including related parking areas and roadways. Each Ground Lease will be a separate obligation and will not be cross-defaulted. Any assignment by TLI of its rights under the Option Agreement will be subject to the County’s prior approval in its discretion.
- The development of the Project will be undertaken through subleases to one or more third party developers (referred to herein as a “**Sublessee**” or “**Developer**”). Consistent with the assumptions made in the Final Environmental Impact Report certified by the County Board of Supervisors (“**Board**”) on December 20, 2016 (“**EIR**”) for the Medical Center, for the period commencing upon the first Ground Lease’s effective date through 2023, development of the Sites will be limited to 125,000 gross new square feet, and the completion of any additional development beyond the first 125,000 gross square feet (up to a total of gross new 250,000 square feet) must occur subsequent to 2023. The parties understand that pursuant to the EIR, a maximum of 250,000 gross new square feet is permitted for the development of a bioscience technology park on the Premises, irrespective of any currently existing County buildings which are demolished. Any square footage resulting from the demolition of existing buildings as of the effective date of the Option shall be available for the County to use for development on County premises within the Medical Center (not including the Premises).
- A legal description and surveyor’s depiction of the Premises shall be attached to the Option Agreement.
- Until TLI has exercised its Option, executed a Ground Lease with respect to a given Site and satisfied all of the Tier 1 Conditions and Tier 2 Conditions with respect to such Site, the County will have the right to use such Site without any restrictions, so long as such use does not make the exercise of the Option as to such Site impracticable or materially more expensive for TLI.

Conceptual Site Plan: As part of the Tier 1 Conditions described below, TLI will submit to the County, for its approval, a Conceptual Site Plan for the 250,000 gross new square feet of development of the Project. TLI may revise the Conceptual Site Plan from time to time, subject to County CEO review and

approval, and such approved revisions shall be incorporated into a “**Revised Conceptual Site Plan**” after County CEO approval.

Project Description: The Option Agreement will also include as an exhibit a narrative describing the Project (“**Project Description**”). The Project will be developed in two phases. The first Phase of the Project (“**Phase I**”) will consist of 3 new buildings and associated parking areas (each referred to as a “**Building**”) that will be constructed on approximately 7 to 9 acres, to be determined upon completion and approval of the Conceptual Site Plan, with any area not assigned to Phase I to be available for future development, for an aggregate area of approximately 15 acres. The first building will be located in the upper northwest corner; any change to the location of the Buildings in Phase I will require County’s approval. TLI or the Developer may elect to develop the three Buildings in Phase I in such order and containing such square footage as they determine to be appropriate based on market conditions; provided that (i) no Building will contain less than 70,000 gross square feet and (ii) the total size of all of the Buildings in Phase I will not exceed 250,000 gross square feet. Each Building will have parking areas providing striped parking spaces at or exceeding the applicable code requirements for the uses in such Building.

Future Development: During the development of Phase I, provided that TLI is not then in default under the Option Agreement or any Ground Leases for the Sites, TLI may apply for additional development entitlements to add additional improvements to the Project on the Premises, which improvements would be constructed after development of the 250,000 gross new square feet in Phase I is completed (any such future entitled development on the balance of the Premises is referred to as the “**Future Development**”).

The Future Development shall be subject to and contingent upon environmental review under the California Environmental Quality Act (“**CEQA**”) and is contingent upon the Board’s approval after compliance with CEQA. TLI shall be responsible for payment of all costs related to such CEQA review and other entitlement costs. The Option Agreement will not constitute or evidence an approval by County of, or commitment of County to, any action for which prior environmental review is required under CEQA. County retains the absolute sole discretion to make decisions under CEQA with respect to any additional development on the Premises beyond 250,000 gross new square feet. There shall be no approval or commitment by County regarding the Future Development, unless and until County undertakes required environmental review as required in compliance with CEQA. Should the Board approve any Future Development, TLI shall have the right to exercise the Option to ground lease Sites on the balance of the Premises where the Future Development will occur, subject to compliance with Tier 1 and Tier 2 Conditions.

Option Term. Within two (2) years after the date of execution of the Option Agreement, which must occur, if at all, by December 31, 2020 (the “**Effective Date**”), TLI shall satisfy all the Tier 1 Conditions for Phase I. Further, the development of each Site within Phase I shall be developed in accordance with the following schedule:

- A. **Site 1.** TLI shall (i) satisfy all Tier 2 Conditions for the first building in Phase I of the Project (“**Building 1**”), and exercise the Option for Site 1 and enter into a Ground Lease for such Site with County within two (2) years of satisfying Tier 1 Conditions; and (ii) complete construction and obtain a temporary or permanent certificate of occupancy for the base shell and core together with a permanent certificate of occupancy for at least one occupied tenant space (collectively, “**C of O**”) for Building 1 in accordance with the Phasing Plan, as that term is described under “Tier 1 Conditions” below, within five (5) years of the Effective Date. Building 1 must be located on the Site generally at the corner of Carson Street and Normandie Avenue as indicated on the Initial Conceptual Site Plan.

- B. **Site 2.** Provided that TLI is not then in default under the Option Agreement or the Ground Lease for Site 1, TLI may commence satisfaction of the Tier 2 Conditions for second building in Phase I of the Project (“**Building 2**”) at any time. TLI shall (i) satisfy all Tier 2 Conditions for Building 2, and exercise the Option for Site 2 and enter into a Ground Lease for Site 2 with County no later than three (3) years from the issuance of the C of O for Building 1; and (ii) complete construction and obtain a C of O for Building 2 within five (5) years from the issuance of the C of O for Building 1; provided, however, that TLI shall not commence construction of Building 2 until the County issues a building permit for Building 1.
- C. **Site 3.** Provided that TLI is not then in default under the Option Agreement or the Ground Leases for Sites 1 and 2, TLI may commence satisfaction of the Tier 2 Conditions for the third Building in Phase I of the Project (“**Building 3**”) at any time. TLI shall (i) satisfy all Tier 2 Conditions for Building 3 and exercise the Option for Site 3 and enter into a Ground Lease for Site 3 with County no later than three (3) years from the issuance of the C of O for Building 2; and (ii) complete construction and obtain a C of O for Building 3 within five (5) years from the issuance of the C of O for Building 2; provided, however, that TLI shall not commence construction of Building 3 until the County issues a building permit for Building 2.
- D. **Timing of Future Development.** TLI shall begin the CEQA process for the entitlement of the Future Development, with the County as the Lead Agency, no later than the completion of the construction of Building 1. If TLI obtains entitlements for any Future Development, TLI and County shall enter into a mutually acceptable amendment to the Option Agreement providing a schedule of performance for TLI to satisfy the Tier 1 and Tier 2 Conditions for the Future Development and for TLI to complete construction of any buildings, parking areas, and other infrastructure in the Future Development. The outside date for TLI to exercise the Option to Ground Lease the first portion of the Premises for the Future Development shall be the fifteenth (15th) anniversary of the Effective Date of the Option Agreement. In no such case shall the period for TLI to (i) exercise the Option to Ground Lease all of the Premises from the County and (ii) complete construction of all of the Future Development improvements exceed ten (10) years after issuance of a C of O for Building 3 in Phase I.

In sum, TLI shall have a maximum term of fifteen (15) years to develop Phase I of the Project; and, subject to the Board’s approval and CEQA clearance for any Future Development, an additional ten (10) years after the 15 year period for Phase I to complete the Future Development. TLI shall be entitled to accelerate the construction of any Phase I of the Project, at its election, subject to the limitations on timing of any development in excess of the first 125,000 square feet as described under “Premises” above.

Failure by TLI to exercise the Option as to any Site by the foregoing deadlines will result in a loss of the Option as to that Site and any subsequent Site in the Premises.

Option Consideration: An option fee of \$250,000 shall be due and payable by TLI to County in consideration for County’s execution of the Option Agreement. The option fee shall be paid as follows: (i) \$150,000 payable upon full execution of the Option Agreement and \$100,000 payable upon full execution of the first Ground Lease. The option fee shall be non-refundable and shall be fully earned by the County by its execution of the Option Agreement.

Option Conditions: The Option shall be exercisable by TLI with respect to the Ground Lease of a specific Site upon satisfaction of the following Option Conditions:

- **Tier 1 Conditions:**

- Within two (2) years after the Effective Date, TLI shall obtain County's approval of the following items addressing the development of the Project on the entire Premises:
 - a) A Conceptual Site Plan for Phase I of the Project showing the location and size of each of the three proposed Buildings, parking areas, landscaping, signage, circulation and access.
 - b) A preliminary Phasing Plan for Phase I of the Project outlining the sequence of development on the Premises, which details each of the three Sites proposed to be ground leased by TLI in Phase I (the Phasing Plan may be updated from time to time).
 - c) A Parking Plan for Phase I of the Project addressing parking for each Building in the Project on each Site, including construction parking, and the location of any replacement parking to be provided. The Parking Plan for each Building shall demonstrate that the Building being developed has sufficient parking to support the uses of that Building and any prior Buildings that have been completed in Phase I without relying on or using any parking areas on the remainder of the Medical Center. In no event will the total parking count on the Medical Center Campus be reduced as a result of the Project improvements or the relocation of the existing County facilities. In order to avoid use of County parking facilities by employees and visitors to the Project buildings, so long as the County provides free parking on the Medical Center Campus, TLI and the Sublessee will be required to obtain County's approval to charge tenants and visitors for parking for any Building in the Project.
 - d) A Relocation Plan for County's then existing uses of any buildings or parking areas on the Premises at the time of the Relocation. The Relocation Plan will include, without limitation, the following concepts: (1) TLI or Developer will relocate all County personnel, FF&E and operations in the buildings affected by the Project to acceptable non-temporary replacement space approved by the County that will be located on the Medical Center Campus; (2) the County shall not bear any costs in implementing the Relocation Plan unless the County elects, in its sole discretion, to sub-sublease space in any of the Buildings developed as part of the Project, in which case the space in such building will be provided to County at no rent and the County will negotiate any other terms of such sub-sublease with the Developer; (3) the relocation of the County's existing facilities and/or parking on each Site that is being developed in Phase I must be completed prior to the commencement of any work on the impacted Site or any other work by TLI that interferes with the existing facilities and/or parking with respect to such impacted Site; (4) the Ground Lease from the County to TLI for the Site will not take effect until such relocation has been completed so that the County is never required to be on a lease-back relationship with TLI with respect to the existing facilities on such impacted Site; and (5) the Relocation Plan will address how the impacted parking areas on each Site will be replaced by TLI along with the relocation of the buildings and other facilities for each building in Phase I. TLI shall not be required to relocate personnel, FF&E and operations in buildings that the County has permanently vacated, provided that TLI will remain responsible, at its cost, for demolition of any such vacated buildings that are on a Site that is subject to a Ground Lease, at the time such Ground Lease becomes effective.

- e) A Utility Plan showing how wet and dry utilities will connect to the Project and confirm that utilities for the Project, other than electricity, are separate from utilities needed for the County's use, and TLI is responsible for the cost of all utilities to the Premises.
- f) The qualifications and experience of one or more potential developers to develop the Project on the Site(s), which developer(s) will sublease the Site(s) from TLI and be the Sublessee(s).
- g) A form of reciprocal easement agreement to be recorded against the Premises prior to TLI's execution of the Option for the Building 1 Site that will address access, circulation, parking, and other issues across the Sites that will be developed and the Medical Center; provided, however, such reciprocal easement agreement shall not have any effect as to the balance of the Premises unless and until TLI exercises an Option and executes a Ground Lease as to a portion of the Future Development site.
- h) TLI shall have reviewed and signed off on title to the Premises and the environmental condition of the Premises.
- i) TLI shall have investigated the condition of all existing structures on the Premises and agrees to be responsible for the cost of demolition thereof during implementation of the Project (including reimbursement of County, at the time of execution of the Ground Lease, for any costs of demolition of such structures that may be undertaken by County prior to the commencement of the Ground Lease for such Site in preparation for making the Premises available for the Project).
- j) The County CEO shall have secured approval of the Project from the County's Real Estate Management Commission.
- o The County shall use commercially reasonable discretion, in its capacity as the owner of the Premises, in its review and approval of the Tier 1 Conditions. Upon TLI's satisfaction of the Tier 1 Conditions, TLI shall have the right to exercise the Option to Ground Lease a Site subject to its completion of the Tier 2 Conditions with respect to such Site. All approvals should be based on the concept of logical progressions from prior approved plans. County will have 60 days after submission of a complete package of information which provides the information set forth above in which to approve or disapprove of the same.

- **Tier 2 Conditions:**

- o Prior to the execution of a Ground Lease for a Site, TLI shall have satisfied all of the Tier 1 Conditions and, additionally with respect to the Site at issue, the following Tier 2 Conditions shall be satisfied:
 - a) TLI shall provide written notice to County of TLI's exercise of the Option with respect to the Site which TLI desires to ground lease; provided that the execution of the Ground Lease will occur within 30 days after TLI demonstrates to County's reasonable satisfaction that all of the Tier 2 Conditions for such Site have been satisfied;
 - b) TLI shall obtain County's approval of the following plans and documents which shall address development specific to such Site: (i) legal description and surveyor's depiction; (ii) architectural plans for the building(s), including schematic design plans, design development documents, and construction documents (including signage plans and landscape plans); and

- (iii) form of sublease (“**Sublease**”) for such Site including approval of the proposed Developer/Sublessee, if not previously approved. These plans and documents may be submitted in sequential order with each approval based on the logical progression from prior approved plans and documents. The Ground Lease will become effective upon the execution of the approved Sublease by TLI and Sublessee (and a copy of the executed Sublease delivered to County) which must be delivered within 15 days after execution of the Ground Lease; if required by TLI or the Sublessee, County will deliver the executed Ground Lease into escrow to be released upon delivery of the fully signed Sublease into the escrow.
- c) TLI shall demonstrate that the Building and any other improvements to be constructed on the Site at issue are ready to start construction with excavation, grading, and/or foundation permits issued by the County; provided, however, the County, in its capacity as the owner of the Premises, shall reasonably cooperate with TLI’s efforts to obtain same;
 - d) TLI shall demonstrate that the debt and equity capitalization of the Building and other improvements to be constructed on the Site at issue has been assembled and has been submitted to the County, along with a final budget for construction of all of the improvements to be constructed on the Site at issue, to demonstrate that there are sufficient funds to complete such construction;
 - e) Any updated Phasing Plan, Parking Plan, Utility Plan or Relocation Plan must be approved by County. If such updated plan(s) are reasonably consistent with the plans approved by County as part of the Tier 1 Conditions, such approval shall not be unreasonably withheld, conditioned or delayed. If such updated plan(s) are materially different than the plans approved by County as part of the Tier 1 Conditions, the County shall use commercially reasonable discretion, in its capacity as the owner of the Premises, in its review and approval of such updated plan(s); County will have 60 days after submission of a complete revised Phasing Plan, Parking Plan, Utility Plan or Relocation Plan, as applicable, in which to approve or disapprove of the same.
 - f) The Relocation Plan and the Parking Plan for the Site in question must be complied with; provided, however, that nothing in the Option Agreement shall require TLI physically to relocate the then current County uses on a Site until the Ground Lease for that Site has been executed and TLI is ready to commence demolition of any existing County improvements on the Site which are the subject to the Relocation Plan and/or Parking Plan for such Ground Lease, without limiting TLI’s obligation to make arrangements for the replacement space for such County uses in advance of such date so the relocation can occur.
 - g) TLI shall have submitted to County a leasing and operation plan, which has been approved by Developer, to assure that a minimum amount of space in the Building to be developed on the Site will, at all times, be made available to lease to second stage bioscience companies (the “**Lease Turnover Plan**”). County will have 90 days after submission of the Lease Turnover Plan in which to review and approve or disapprove the same using its commercially reasonable discretion. Once approved, such Lease Turnover Plan will be incorporated into the Ground Lease for such Site and the Sublessee will be obligated to comply with the same.
 - h) TLI shall be in good standing as an IRC Section 501(c)(3) non-profit organization at the time of execution of the Ground Lease and there must be no existing event of default by TLI under any prior ground lease between TLI and the County.

- i) Any prior Building(s) being developed by a Sublessee must be completed or be on schedule for completion.
- j) The Ground Rent for the Site in question must be approved by the County and the determination of the fair market value of the Site may be determined by the County's appraiser (should the County elect to cause such an appraisal to be conducted), as provided under the "Rent" section below.
- o County's approval of the proposed plans and documents submitted by TLI for the satisfaction of the Tier 2 Conditions shall not be unreasonably withheld, conditioned or delayed, except as otherwise noted above, provided that the same are reasonably consistent with the plans and documents approved by County in connection with TLI's satisfaction of the Tier 1 Conditions and the form Ground Lease attached to the Option Agreement. Except as noted in subsections (e), (f), (g) and (j) above, County's discretion shall be limited to consistency with prior Tier 1 approvals by the County.

Form of Ground Lease: A form of Ground Lease shall be attached to the Option Agreement. The Ground Lease will include a Schedule of Performance with milestones for the construction of the Project but those milestones will not be conditions to the effectiveness of the Ground Lease. The form Ground Lease also will set forth those obligations that must be performed by the Developer(s) under the Sublease(s) for Sites to be developed, including, without limitation, (1) a completion guaranty in favor of County with respect to the construction of the Building from a credit-worthy entity affiliated with Developer acceptable to County, in its reasonable discretion, on a form mutually acceptable to the parties, which guaranty will be subordinated to the rights of the construction lender to enforce its completion guaranty against such guarantor, and (2) as may be required by County based on the identity of the Developer and the General Contractor performing the construction of a Building, payment and performance bonds from the Developer's General Contractor covering 100% of the hard costs of the Building to be built on the Site in question naming the County as an obligee (together with TLI, the Sublessee and the lender).

Upon TLI's satisfaction of the Option Conditions, TLI shall submit to County a draft Ground Lease for the applicable Site to be demised, which draft shall incorporate any Site-specific considerations necessary to implement the plans approved by County in connection with TLI's satisfaction of the Option Conditions, but which shall otherwise substantially conform to the approved form of Ground Lease.

Each Ground Lease will include, among other provisions, the following requirements:

- a. The Sublessee will be required to construct sidewalks, street trees, curbs, and gutters in the public right-of-way adjacent to the leased Site as part of its construction of the improvements for each Building; and
- b. The Sublessee will comply with the West Carson TOD Specific Plan along Carson Street and Normandie Avenue.

Each Ground Lease will also include provisions requiring: (i) TLI and its Sublessee(s) to meet local hire requirements in the construction of the bioscience technology park, (ii) use good faith efforts to hire individuals and businesses from the local community in connection with operations within the Site, and (iii) requesting TLI and its Sublessee(s) to work with the County to identify opportunities within the Site such as seminars, classes and programs which include community involvement and access.

Rent. The rent to be paid under the Ground Lease will be consistent with the following formula for ground lease rent:

1. County will receive from TLI as ground rent (“**Ground Rent**”) for each Ground Lease an amount equal to 50% of the net rent (including any participation rent) that is paid to TLI by the third party Sublessee under the Sublease, subject to the following clarifications and exceptions: the Ground Rent shall include 50% of any payments from the Sublessee to TLI during the Ground Lease term, including any payments during construction and lease up periods, excluding any and all pass-through amounts for real property taxes, utilities or other pass through costs that are paid to third parties. TLI will pay the County the Ground Rent within 30 days after receipt of the rent payment(s) from Sublessee. The remaining 50% of the Ground Rent will be used by TLI solely to fund the approved Community Benefit Programs.

In determining whether to approve the Ground Rent the County will have the right to obtain a fair market value appraisal of the Site in question in order to confirm that the Ground Rent payable to the County is not less than 50% of the fair market rental value of the Site in question, as determined by such appraisal.

2. If the Sublessee is a related party to TLI (e.g., (i) a company that is affiliated with a member of the Board of Directors of TLI; (ii) an entity in which TLI or a member of its Board of Directors owns an interest, direct or indirect; or (iii) an entity in which TLI or its Board of Directors controls or is under common control (any of the foregoing, a “**Related Party**”)), then the sublease rent payable by such Related Party Sublessee to TLI shall be subject to review by County to verify that the sublease rent to be paid to TLI is substantially equivalent to the sublease rent that an unrelated third-party sublessee/developer would pay to TLI for such sublease. In such event, the cost of any appraisal to determine the fair market sublease rent for such sublease shall be shared 50/50 by County and TLI. If the appraisal determines that the Related Party Sublessee is paying a materially below-market rent to TLI, then County shall be entitled to a Ground Rent equal to 50% of the fair market sublease rent for such sublease, as determined by the appraisal.
3. If TLI or a Related Party is a sublessee of space (“**Space Lessee**”) within a Building (“**TLI/Related Party Sublease**”) from a Sublessee, the County shall have the right to verify that the space rent payable pursuant to the TLI/Related Party Sublease is a fair market rent and is consistent with the rent payable by other subleases of space with such Building. The cost of the appraisal required by County to determine the fair market rental value of the TLI/Related Party Sublease shall be shared 50/50 by County and TLI. If the County determines that the TLI/Related Party Sublease rent is less than the fair market value rent and is inconsistent with rent payable by other subleases of space within such Building (such shortfall in rent is the “**Rent Shortfall**”), the Ground Rent payable by TLI to the County shall be increased by an amount equal to 50% of the Rent Shortfall.
4. TLI will certify to the County on an annual basis as to the amount of rent paid to TLI by each Sublessee, including any participation rent, and will confirm that none of the Space Lessees in the Project is a Related Party to TLI (nor TLI or its affiliate), or if any such Space Lessee is a Related Party to TLI (or TLI or its affiliate), will certify as to the amount of the space leased to such Space Lessee, the rent being paid by such tenant, and the amount of the Rent Shortfall, if any, that such Space Lessee has received from the fair market value rent for its space.

Community Benefits. As additional consideration for each Ground Lease and as an ongoing covenant of TLI under each Ground Lease, TLI will use the remaining 50% of the rent (including any participation rent) that is paid to TLI by the third party Sublessee under each Sublease (that is retained by TLI) excluding any and all pass through amounts for real property taxes, utilities and other costs that are paid to third parties (the “**Net Sublease Proceeds**”) to fund Community Benefits that are approved by the County Board of Supervisors. “**Community Benefits**” shall include (i) health and science programs in the local community, education programs, youth and economic development programs and other related activities that are either new programs or demonstrable extensions or expansions of existing programs and (ii) programs that support bioscience start-up companies and programs that provide for workforce training programs in disadvantaged and underserved communities in the County; and (iii) TLI’s new or expanded health- and science-related activities, including new research and development activities, in each case, as adopted from time to time by TLI’s Board of Directors, subject in each case to approval by the Board of Supervisors. The list of Community Benefits shall be submitted by TLI to the County every three (3) years for review and for approval by the County Board of Supervisors.

County Cooperation: County shall cooperate, in its capacity as the owner of the Premises, with TLI, at TLI’s request and cost, in TLI’s efforts to satisfy the Option Conditions. Such cooperation may include granting TLI reasonable access to the Premises during the Option term, providing any reasonably requested documentation necessary for TLI to conduct diligence and/or studies in connection with the satisfaction of the Option Conditions, and submitting applications for entitlements as the owner of the Premises so long as such entitlements do not affect County’s use of the Premises prior to the effective date of any Ground Lease.

Memorandum of Option Agreement: County and TLI shall cause a memorandum of the Option Agreement to be recorded in conjunction with the execution of the Option Agreement. The Memorandum shall be removed from title to the Premises on the expiration or earlier termination of the Option Agreement.

Oversight Budget: County shall, upon execution of the Option Agreement, prepare a budget (the “**Oversight Budget**”) indicating the Actual Costs (defined as the County’s actual internal and external costs) that the County reasonably anticipates it will incur related to the review of the Tier 2 Conditions to be satisfied by TLI and the preparation of the final Ground Leases. The Oversight Budget will not exceed the sum of \$100,000 for each Ground Lease (which amount will be adjusted as to each Ground Lease by the same percentage change as the percentage increase in the Consumer Price Index (All Urban Consumers) for Los Angeles-Long Beach-Anaheim, CA from the date of the Option Agreement through the date of the applicable Ground Lease. Upon receipt of the Oversight Budget from County, TLI shall deposit with County the total amount of the Oversight Budget and the County will use the Oversight Budget funds to cover its Actual Costs. The County may revise its Oversight Budget from time to time, subject to the foregoing maximum amount, in which case TLI shall deposit with County such additional amounts as are reasonably requested by County.

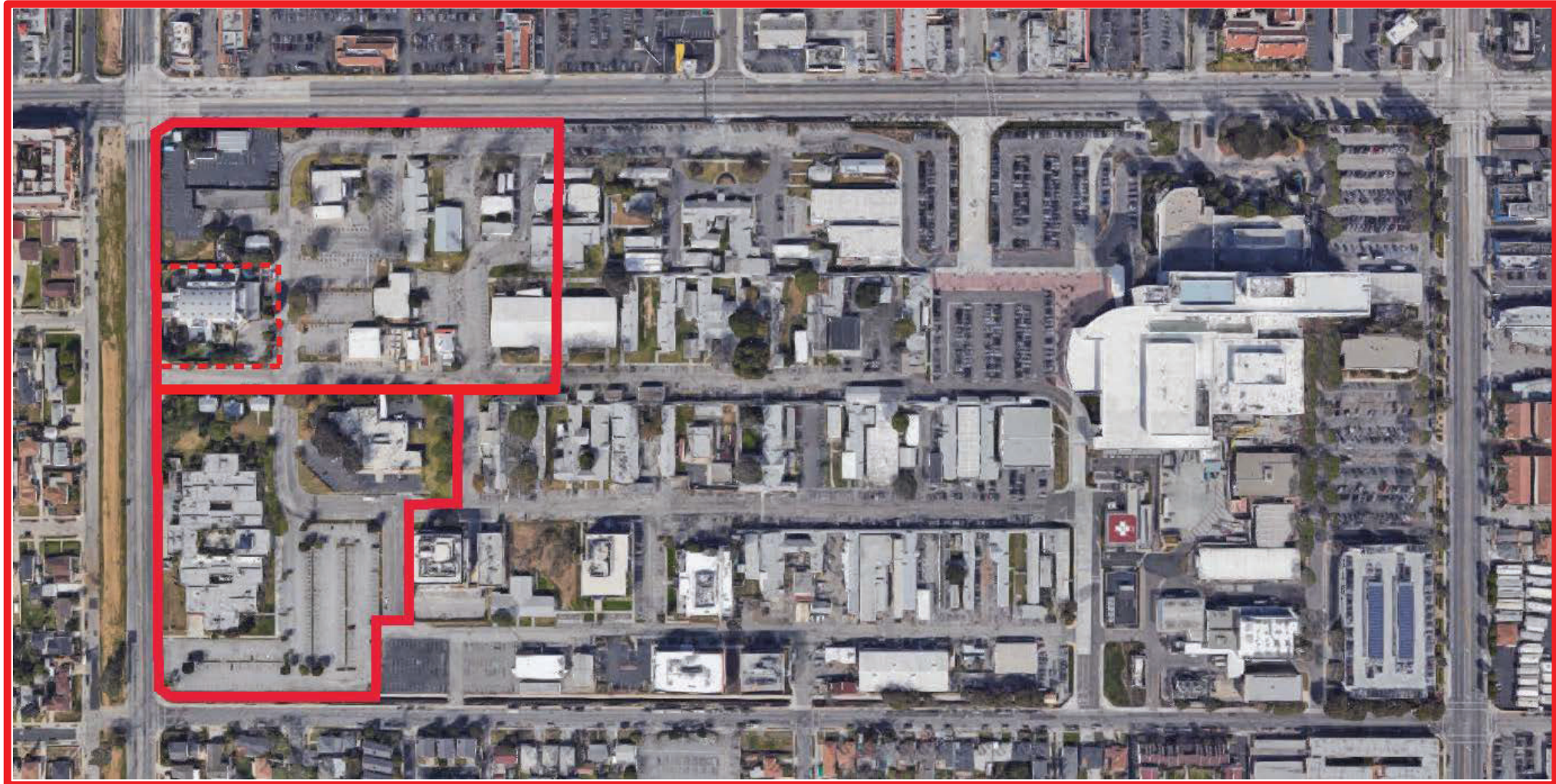
Standard Provisions. The Option Agreement shall include standard waivers and indemnities from TLI in favor of the County for comparable option agreements. County will provide limited representations and warranties regarding its authority to enter into the Option Agreement and Ground Lease, non-contravention, and due execution of the Agreement. County will convey the leasehold interest in each Site to TLI on an “as is” basis without any representations or warranties as to title, physical condition of any improvements, the environmental or soils conditions of the land, the suitability of the site for the proposed Buildings, or the zoning or entitlements for the Buildings; provided however, County shall provide any existing information and/or documentation in its possession that is reasonably requested by TLI with respect to such conditions as a matter of TLI’s due diligence. TLI will be given a Right of Entry

by the County to conduct all studies and investigations of the Premises that TLI may elect to conduct, at TLI's expense, during the satisfaction of the Tier 1 Conditions.

Exhibit “A”

Boundary Plan of Premises

EXHIBIT A - BOUNDARY PLAN



ATTACHMENT 2

Additional Ground Lease Terms (October 5, 2020)

Based on a review of the Amended and Restated Master Ground Lease Agreement for Development, Construction and Operation of Medical Research Facilities (referred to herein as the "Existing Lease") by and between the County of Los Angeles ("County"), as Lessor, and Los Angeles Biomedical Research Institute at Harbor-UCLA Medical Center, as Lessee, the following is a list of the key changes that the County believes should be made to the form of the Existing Lease and be included in the new form of ground lease (the "Lease") between the County and The Lundquist Institute ("Lessee") to be attached to the Option Agreement.

1. Term: The term of the Lease will be 55 years, with two 20-year options to extend. Each option will be conditioned on Lessee being in good standing, there being no default under the Lease, and Lessee demonstrating that it has provided the Community Benefits required by the Lease (the scope of such Community Benefits to be further discussed by the parties).
2. Rent: See Term Sheet Re Option Agreement.
3. Use: The permitted use of the site ("Premises" or "Biotech Park Campus") which will be located on the Harbor-UCLA Medical Center campus ("Medical Center Campus") will be consistent with the County's Motion:
 - a. The primary use of the Biotech Park Campus shall be for biotech start-ups and early stage companies; other permitted uses include biomedical development, manufacturing and related office use; medical research and development; wet and dry labs; life science education and training; government uses; code-required parking for uses (including any County uses) constructed on the Biotech Park Campus; and amenity space permitted for use by tenants on the Biotech Park Campus and Medical Center Campus, as provided in the approved Site Plan.
 - b. See Term Sheet Re Option Agreement regarding Lease Turnover Plan.
4. Property Management: Intentionally Omitted.
5. Public Relations: The Lease will include language to address advertising, media relations, press events, press releases and media outreach as provided herein. TLI shall be permitted to make any press or media release referencing the location of TLI or the Biotech Park Campus at Medical Center Campus or noting that the County owns the Medical Center campus. However, County must approve any press or media release that discusses any of the terms of the Lease or Option Agreement or the County's uses on the Medical Center Campus.
6. Medical Center Proximity Matters: The Lease will include language acknowledging the existence of certain defined "Medical Center Proximity Matters" including (a) the demolition, construction, operation, expansion, use, repair, maintenance, replacement, reconstruction of the Hospital and other existing and future facilities on the Medical Center Campus, and/or

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increased operations, use or provision of services by County and/ or the various other tenants on the Medical Center Campus; (b) the activities of County Parties in and around the Premises and the Hospital and other facilities on the Medical Center Campus; and (c) noise, vibrations, odors and lighting from the Hospital and other facilities on the Medical Center Campus, in each case provided that such matters are within the scope of customary activities typical for such medical center uses and shall not constitute a breach Tenant's right to quiet enjoyment of the Premises or other breach or default by County under the Lease Each Ground Lease will include a mutually acceptable form of waiver by TLI and the Sublessee.

7. Medical Center Impact Work: The Lease will include language providing that no construction of improvements, nor any maintenance or repair work or activities, shall be performed at any time by or on behalf of Lessee or any Sublessee, (a) within or on, from or in proximity to the Medical Center Common Areas (as that term will be defined in the Lease), roadways, or walkways unless suitable replacement access for vehicles and pedestrians is provided by Lessee or sublessee that is reasonably acceptable to County, (b) within 10 feet of any existing County building that is not being demolished as part of the project to be developed by Lessee under the Lease (the "Project"), (c) in such a manner that might reasonably be expected to significantly affect the use, operation, or access, of any Medical Center Campus facilities, or (d) unless at least 60 days advance notice of such work has been given to the Medical Center Campus administrator designated by the County. With respect to clause (c), construction, maintenance or repair work or activities shall only be deemed to significantly affect the use, operation, or access to or of any Medical Center Campus facilities if such work or activities are not in reasonable conformance with any construction plans, haul routes, laydown/staging plans, or similar documents previously reviewed and approved by County. County shall have the right to seek specific performance and/or injunctive relief for Lessee's breach of the foregoing, subject to Lessee's right to receive notice and opportunity to cure within 30 days after the notice (except in the case of an emergency involving a threat of harm to persons or property that must be remedied immediately to avoid or minimize such threat, in which case the 30 day period shall be reduced to 24 hours after such notice). The parties anticipate that the reciprocal easement agreement to be entered into for the Biotech Park Campus will address coordination of work by the County on the Medical Center Campus to minimize any interference with Lessee's use or occupancy of the buildings on the Biotech Park Campus as a result of the construction work to be done on the rest of the Medical Center Campus.
8. Prevailing Wages/Local Hire: Lessee and Sublessee will be required to comply with the County's requirements with respect to having a project labor agreement for construction jobs and payment of prevailing wages for construction jobs on the Project; Lessee and Sublessee will be required to comply with the applicable policies related thereto. In addition, the Lease shall include Local Targeted Worker provisions.
9. Tenant Defaults: The definition of a Lessee default should be revised to include: (i) Lessee's failure to pay Rent or any other monetary amounts when due following the expiration of notice and grace periods, (ii) abandonment (as defined under the CA Civil Code), (iii) failure to perform any other obligations within 30 days of notice from Lessor, (iv) blockage or impairment of access in violation of the Lease terms, (v) appointment of a receiver for Lessee, (vi) bankruptcy/assignment for the benefit of creditors by Lessee, (vii) failure to maintain required insurance, and (viii) failure to comply with the requirements of the Lease with respect to removing any mechanic's liens from title to the Premises.
10. LEED: The Lease should include language providing that, with respect to the initial improvements in each Phase, Tenant shall obtain and provide to County a written

certification from the USGBC pursuant to the requirements for USGBC's Leadership in Engineering and Environmental Design rating system for Existing Buildings: Operations and Maintenance ("LEED O & M Rating"), specifying that the Project is being operated and maintained in accordance with a LEED O & M Rating at or above Gold Level (or the level required by the Board at the time the Lease is executed). Thereafter, the Lessee shall be required to continually maintain its LEED O & M Rating [using the then-current version] and registration with the USGBC and provide the County with evidence thereof.

11. Retained Rights: The Lease will include language providing that the County reserves and retains all "Retained Rights." "Retained Rights" shall be defined in the Lease to include, without limitation, the right to install, construct, inspect, operate, maintain, repair, use, add, expand, increase and replace any new or existing improvement, structure or parking facility at or on the Medical Center Campus, and the right to place County-related signage within the Medical Center Common Areas, in each case, without interfering in any material way with Lessee's rights under the Lease. This will be an expansion of Section 3(B) of the Existing Lease.
12. Security: Section 9D of the Existing Lease will expressly state that the County is not obligated to provide any security services for the improvements under the Lease, and clarify that Lessee and Sublessee shall have the right, at their expense, to provide such security services for the Premises.
13. Insurance Coverages and Limits: The Lease will reflect the County's proposed insurance requirements.
14. Completion Guaranty/Bonding: As provided in the Option Agreement.
15. Casualty/Condemnation: The existing Condemnation provisions in the Existing Lease are acceptable. On the casualty provision, the following concept will be included in the Lease:
 - a. Either party may terminate the Lease if the Premises are substantially damaged (defined to mean damage to any of the Improvements requiring repair or restoration at a cost in excess of 50% of the per-damage replacement cost value of the damaged Improvements) during the last 5 years of the term, and
 - b. Lessee may terminate if the Improvements are damaged by a casualty that was not required to be insured against by Lessee, or the cost to Restore exceeds all available Insurance Proceeds, if any, by an amount in excess of 15% of the costs to Restore the Improvements.
16. Assignment/Subletting: The Lease will include language requiring any sublease to be in compliance with the Lease. The form of the Sublease and the Sublessee will be approved as provided in the Option Agreement. The language on assignment in the Existing Lease by Lessee must be revised to provide that there shall be no assignment of the Lease by Lessee without the consent of County in its sole discretion. Additionally, the Lease shall provide that any transfer of the Sublease to a sublessee which has not been previously approved by County shall be subject to County approval of the replacement sublessee in its reasonable discretion.
17. Oversight Budget: The Lease will include the Oversight Budget provisions that have been agreed to in the Option Agreement Term Sheet.

18. Condition Upon Surrender: Under the Existing Lease, the County may require that the Tenant remove all or a portion of the Improvements at the Tenant's sole cost and expense. The Lease will include language providing that the County may, in addition, require the Lessee to fill all holes, excavations and indentations resulting from such removal and grade the surface of the Premises such that it is generally level and will allow it to sheet drain pursuant to applicable laws, and cover such area with level, one-half inch thick asphalt or similar material as directed by County. The foregoing work, together with the removal of the improvements and other specified work that the County elects to require Lessee to perform, shall be defined in the Lease as the "Demolition Work." If the County elects to have Lessee demolish the improvements at the expiration of the Lease term, the Lease shall require Lessee to provide the County with a report, at least 3 years prior to the expiration of the Lease, prepared by a construction and demolition expert reasonably approved by County, which report will detail and estimate the projected cost of the work ("Demolition Report"). The Demolition Report shall be accompanied by a written plan (the "Lessee Demolition Plan") that sets forth Lessee's proposed method of financially securing the amount needed to discharge Lessee's obligations with respect to the Demolition Work at the expiration of the Lease (the "Demolition Security"). If the County elects to have Lessee demolish the improvements at the expiration of the Lease term, the Lessee Demolition Plan shall detail (a) the form of Demolition Security proposed by Lessee, which security shall be a deposit of funds, a letter of credit, bond or other form of security, in form and amount, and from an issuer, reasonably satisfactory to County, and (b) a schedule reasonably satisfactory to County for the delivery by Lessee of the Demolition Security, which schedule shall in all events provide for providing the Demolition Security not later than two (2) years prior to the expiration of the term. The amount of the Demolition Security shall be no less than the estimated cost of the Demolition Work as set forth in the Demolition Report, adjusted annually to reflect the rate of increase, if any, in the RS Means cost of construction from the date of the Demolition Report.
19. Holdover: The Lease shall provide that Lessee must pay monthly amount equal to 150% of the then-current Fair Market Rental Value of the Premises in the event of a holding over.
20. Estoppel Certificates: The Lease shall obligate each party to execute estoppel certificates, in forms to be attached to the Lease as exhibits, within 30 days of request.
21. Non-Discrimination: The Lease shall include standard County language prohibiting Lessee from discrimination in certain specified situations.
22. Arbitration: The arbitration provision in the Existing Lease will be modified to limit arbitration to any disputes regarding calculation of the amount of ground rent payable by Lessee and any disputes regarding Lessee's compliance with the insurance requirements of the Lease.
23. Memorandum of Lease: The Lease shall include the form of Memorandum of Lease to be executed by the parties as an exhibit.
24. Severance of Lease: Section 10F of the Existing Lease should be deleted from the Lease.
25. Parking: Section 25 of the Existing Lease shall be deleted from the Lease. The County will require that each Phase of the Project provide its own parking on site without the use of any parking on the rest of the Medical Center Campus.



Health Services

LOS ANGELES COUNTY

November 10, 2020

Los Angeles County Board of Supervisors

Hilda L. Solis
First District

Mark Ridley-Thomas
Second District

Sheila Kuehl
Third District

Janice Hahn
Fourth District

Kathryn Barger
Fifth District

TO: Supervisor Kathryn Barger, Chair
Supervisor Hilda L. Solis
Supervisor Mark Ridley-Thomas
Supervisor Sheila Kuehl
Supervisor Janice Hahn

FROM: Christina R. Ghaly, M.D.
Director

SUBJECT: **DEPARTMENT OF HEALTH SERVICES' (DHS)
FISCAL OUTLOOK**

Christina R. Ghaly, M.D.
Director

Hal F. Yee, Jr., M.D., Ph.D.
Chief Deputy Director, Clinical Affairs

Nina J. Park, M.D.
Chief Deputy Director, Population Health

This is to provide an update to DHS' fiscal forecast for Fiscal Years (FY) 2020-21 through 2023-24 (attached). Since our last report on June 23, 2020, several developments, which are described below, have occurred resulting in a material improvement in our overall fiscal status. To illustrate, we had previously projected a deficit of (\$437.4) million in FY 2020-21. Based on these new developments, DHS has updated its FY 2020-21 forecast to reflect a \$9.8 million surplus.

As previously reported, in response to COVID-19, Congress approved various revenues for health care providers to cover COVID-19-related increased expenditures and lost revenues. DHS has received approximately \$315.0 million from the U.S. Department of Health and Human Services' Provider Relief Fund and deposited the funds into a trust fund. The trust funds will be used to cover eligible costs. Regarding lost revenues, CMS has not finalized the formula for hospitals to determine their lost revenues. Once CMS releases the final formula, the trust funds can be used to cover some of DHS' lost revenues. We will provide an update on the use of these funds in our next fiscal outlook.

Significant Updates Since Last Fiscal Outlook

In October, the Centers for Medicare and Medicaid Services (CMS) approved the Enhanced Payment Program (EPP) for public hospitals for the 18-month period of July 1, 2019 through December 31, 2020. This approval provides an overall increase in public hospitals' EPP program funds. The value to DHS is approximately \$80 million annually, with cost of living adjustments in future years. Also, the approval provides a more timely receipt of funds. Therefore, DHS' cash flow has significantly increased, resulting in a decrease in our level of borrowing from the County general fund.

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CMS has approved the incorporation of Public Hospital Redesign and Incentives in Medi-Cal (PRIME), which is an 1115 Waiver program that expired June 30, 2020, into the Quality Improvement Program (QIP) program under Medi-Cal Managed Care, effective July 1, 2020. For the July 1, 2020 through December 31, 2020 period, CMS has approved the use of the PRIME allocation methodology as applied to the PRIME component of QIP. Our forecast assumes continued use of the PRIME allocation methodology going forward. Additionally, the conversion of PRIME from an 1115 Waiver program to a Medi-Cal Managed Care program increases the Federal Medicaid Assistance Percentage (FMAP), resulting in a net incremental increase in QIP funding of approximately \$33.1 million annually.

Also, an FMAP increase from 50% to 56.2% was implemented under the Corona Virus Aid, Relief, and Economic Security Act (CARES), effective January 1, 2020 through March 31, 2021. The value for this period is estimated at \$82.0 million.

As reported in our June 23, 2020 report, the Department of Health Care Services (DHCS) had been developing a multi-year plan called "California Advancing and Innovating Medi-Cal" (Cal-AIM) in anticipation of the current 1115 Waiver expiring on December 31, 2020. The design of Cal-AIM included the incorporation of Whole Person Care (WPC) into Medi-Cal Managed Care effective after the Waiver's expiration. At this time, because of the COVID-19 pandemic, Cal-AIM has been delayed. However, in discussions between DHCS and CMS, CMS indicated a willingness to extend the 1115 Waiver for another year through December 31, 2021.

The Waiver extension would include WPC and the Global Payment Program (GPP), which is a combination of Disproportionate Share Hospital (DSH) and Safety Net Care Pool (SNCP) funds. The DSH component of GPP is included in the forecast; however, because CMS has changed its method of calculating a Waiver's budget neutrality, the Department believes that excluding SNCP funding, beginning in FY 2020-21, is more fiscally prudent at this time. Future waiver extensions will be requested to ensure the continuation of the GPP. The fiscal forecast anticipates that Cal-AIM, including WPC, would become effective January 2022.

Pursuant to updated managed care rules, DHCS restructured public hospitals' payments for Intergovernmental Transfers (IGT), effective January 2017. This restructuring resulted in an annual net reduction in DHS' IGT payments of approximately \$87.0 million annually.

These developments and other changes in combination have resulted in a material improvement in DHS' overall fiscal condition over the next four years.

Potentially Adverse Issues Not Included in DHS Forecast

Medicaid Fiscal Accountability Regulation (MFAR)

We previously reported that CMS' Proposed Rule, MFAR, was expected to significantly and negatively affect Medicaid fee-for-service payments, supplemental payments, DSH payments, and health care-related taxes and provider-related donations. At present, CMS has paused the implementation of MFAR due to the current COVID-19 pandemic environment. DHS is expecting MFAR in some form to again become an issue, either after the presidential election or after the COVID-19 situation has stabilized. The fiscal forecast does not include the significant adverse impact that would occur if MFAR regulations, as currently written, are implemented sometime in the future.

Affordable Care Act (ACA) Case Before Supreme Court

On November 10, 2020, the U.S. Supreme Court will hear arguments on whether the ACA is constitutional, in whole or in part. The pending decision could materially impact DHS, depending on the specifics of the ruling. The Supreme Court's decision could leave the ACA intact or could strike down one or more of its parts as unconstitutional. If the ruling strikes down the Medicaid Covered Expansion part of the ACA, this would have an immediate and material financial impact on our financial stability. The court is expected to rule on the matter before its term ends in June 2021. DHS' forecast does not include any potential adverse effect.

Other Issues Impacting the DHS Forecast

DSH

Under the ACA, reductions in DSH allotments were slated to begin in 2014. Since then, Congress has approved multiple delays and no reductions in DSH funding have occurred. As part of the CARES act, Congress delayed DSH cuts for FY 2019-20; as of the date of this report, the DSH cuts are delayed through December 11, 2020. DHS expects that the DSH cuts will continue to be delayed and, therefore, we are including full DSH funding in the forecast.

Harbor-UCLA Medical Center Replacement Program (H-UCLA MC Replacement Program)

The H-UCLA MC Replacement Program includes an acute care inpatient tower, an outpatient treatment building, a support building, and other facilities, with a total cost of \$1.7 billion, including construction and soft costs.

DHS' fiscal outlook includes the debt service costs that DHS will incur during the construction of the H-UCLA MC Replacement Program. Repayment of the long-term debt is approximately \$113.0 million annually for 30 years. These costs are shared by DHS, at 86.2%, and the Department of Mental Health at 13.8% for the construction of

psychiatric emergency services and psychiatric inpatient beds. It is expected that the new H-UCLA outpatient treatment building will become operational in FY 2025-26, and the inpatient tower will begin operations in FY 2027-28.

The construction of a new inpatient hospital will create a more efficient layout of inpatient beds, streamlining the provision of care and leading to more efficient delivery of care, as well as improved management of patient supplies and equipment. The better allocation of space will create potential nursing and administrative staffing efficiencies. The consolidation of outpatient clinics from their current multiple locations across the H-UCLA campus into a single outpatient building will also result in staffing efficiencies. For example, registration personnel will be centralized for multi-disciplinary programs located on each floor, rather than at each individual clinic. The new facility design will also help reduce supply chain management and delivery costs due to the improved hospital layout, co-location of outpatient clinics, and fewer storage locations.

The new facility design will also provide for the co-location of specialty services and a more multi-disciplinary approach to patients visits to improve patient flow and access to services. The new outpatient building will include improved and dedicated procedure areas, such as a vascular lab, that will increase capacity.

The more efficient layout of the replacement facility will also facilitate other cost savings and overall improvements, such as:

- Reducing the distance between key campus locations, such as parking, that could potentially reduce the need for a patient/staff campus shuttle.
- Reducing facilities management and maintenance costs of the old buildings. The new buildings are being built to LEED Gold standard, which includes the replacement of the utility infrastructure, and these improvements will result in reduced electricity and water utilization.
- Increased retention of empaneled patients due to the new physical environment and improved patient experience, which will reduce the cost for initial assessments on patients who subsequently disenroll.

Any net savings resulting from these items will help fund the facilities debt service. DHS does not project the need for any additional staff or resources to operate the replacement facilities.

Summary of Fiscal Assumptions

The Fiscal Outlook is based on the following assumptions:

1. 1115 Waiver will be extended through December 31, 2021.
2. SNCP expires June 30, 2020.
3. PRIME allocation methodology will be incorporated into the QIP program effective July 1, 2020 and ongoing.

4. WPC will be included in the Waiver extension and then incorporated into Medi-Cal Managed Care effective January 1, 2022.
5. DSH cuts will continue to be delayed.
6. Payment of commercial paper/debt service for the H-UCLA MC Replacement Program began in FY 2020-21.

Cost Containment Efforts

Even though our current year financial forecast has materially improved, DHS still has an ongoing structural deficit. As reflected in the attached four-year forecast, DHS' fund balance will steadily decrease from \$1.3 billion in FY 2020-21 to \$533.6 million in FY 2023-24. The reality of a persistent structural deficit has guided the development of our FY 2020-21 strategic initiatives. DHS' goals range from optimizing quality and patient experience to providing cost-effective care across the continuum to ensuring financial viability. Key initiatives under the strategic plan that DHS is currently undertaking are the implementation of a cost accounting system and an acuity, scheduling and time system.

DHS is currently finalizing the contract terms on a new cost accounting system that will assist in analysis of our current cost structure, enable detailed cost analyses, and track budget compliance. DHS expects to request Board approval of the contract by December 2020 and has included these costs in the fiscal outlook.

The ability to capture and review labor costs is a vital component of cost control. An effort is underway to improve oversight and management of staffing costs on an enterprise basis. DHS is seeking to optimize the patient care cycle through a workforce acuity, scheduling and time system integrated with ORCHID, DHS' electronic health record system. DHS manages a large workforce in a 24/7 setting with complex scheduling, time management, and patient care parameters. The new system will provide enterprise-wide staff scheduling coupled with automated time capture using modern clock hardware; track non-county workforce time and streamline invoicing; provide tools to monitor patient progress against established hospitalization benchmarks; and propose appropriate patient assignments and determine patient acuity levels from clinical documentation in ORCHID – all in real time.

Implementation of an enterprise-wide solution will help improve the quality and cost of care by providing automation of predictable tasks, greater visibility of labor decisions and costs, and better responsiveness for patient care. The new system will replace numerous manual and inefficient processes, freeing up staff for clinical care and providing near-real-time productivity reporting that will speed the deployment of a comprehensive workforce management capability linked to patient outcomes and experience. DHS has completed sole source negotiations, is assessing internal staffing needs, and anticipates requesting Board approval of a contract by the end of the year. These costs are included in the fiscal outlook.

The implementation of the acuity, scheduling and time system will provide accurate and timely data to the cost accounting system. We will be able to use these two systems to drive decisions on clinical service lines, including decisions related to managing staff and patients with COVID-19 or during a surge in patient admissions, and to maximize revenues from improved managed care contracts, and from billing and cost reports. We will also be able to start the development of a zero based budget that will allow for the comparison of budget against actual on an ongoing basis.

In keeping with our mission, DHS' activities continue their focus on addressing COVID-19 issues, community health needs, improving service delivery, strengthening core clinical services, and supporting our role as a safety net provider.

If you have any questions or need additional information, please let me know.

CRG:aw

Fisc Outlk BL November 10 2020

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Attachment

c: Chief Executive Office
County Counsel
Executive Office, Board of Supervisors

COUNTY OF LOS ANGELES - DEPARTMENT OF HEALTH SERVICES

FORECAST *

FISCAL YEARS 2020-21 THROUGH 2023-24

(\$ in Millions)

DRAFT

		Year 1		Year 2		Year 3		Year 4	
		A	B	C	D	E	F	G	
		FY 2020-21 Forecast	Adjustments	FY 2021-22 Forecast	Adjustments	FY 2022-23 Forecast	Adjustments	FY 2023-24 Forecast	
(1)	Expenses								(1)
(2)	Salaries & Employee Benefits	\$ 3,458.451	\$ 135.078	\$ 3,593.529	\$ 71.550	\$ 3,665.079	\$ 93.743	\$ 3,758.822	(2)
(3)	Net Services & Supplies	2,967.710	(391.649)	2,576.061	20.080	2,596.141	34.682	2,630.823	(3)
(4)	Debt Service - Harbor Master Plan	1.504	4.908	6.412	9.607	16.019	38.163	54.182	(4)
(5)	Debt Service - Other	69.254	9.101	78.355	2.922	81.277	(0.023)	81.254	(5)
(6)	Other Charges - Other (Net of IGTs)	141.384	(22.855)	118.529	(12.008)	106.521	-	106.521	(6)
(7)	Capital Assets	55.099	11.638	66.737	(26.185)	40.552	(8.528)	32.024	(7)
(8)	Capital Projects & Deferred Maintenance	80.980	1.893	82.873	(49.183)	33.690	6.310	40.000	(8)
(9)	Operating Transfers Out	0.145	-	0.145	-	0.145	-	0.145	(9)
(10)	Intrafund Transfer	(472.323)	160.232	(312.091)	(0.688)	(312.779)	(2.833)	(315.612)	(10)
(11)	Total Expenses	\$ 6,302.204	\$ (91.655)	\$ 6,210.550	\$ 16.095	\$ 6,226.645	\$ 161.514	\$ 6,388.159	(11)
(12)	Revenues								(12)
(13)	Medi-Cal Inpatient	400.162	12.806	412.968	11.099	424.067	11.398	435.465	(13)
(14)	Global Payment Program (GPP)	453.581	12.327	465.908	12.672	478.580	13.018	491.598	(14)
(15)	Enhanced Payment Program (EPP)	669.822	12.730	682.552	18.565	701.117	19.071	720.188	(15)
(16)	Quality Incentive Program (QIP) **	388.242	0.120	388.362	3.445	391.807	3.539	395.346	(16)
(17)	Managed Care ***	879.428	45.150	924.578	27.000	951.578	-	951.578	(17)
(18)	Mental Health	56.644	-	56.644	-	56.644	-	56.644	(18)
(19)	Whole-Person Care (WPC) ***	136.418	(74.698)	61.720	(61.720)	-	-	-	(19)
(20)	Medi-Cal Outpatient - E/R	70.640	11.380	82.020	1.016	83.036	1.044	84.080	(20)
(21)	Medi-Cal CBRC	201.599	5.443	207.042	5.590	212.632	5.742	218.374	(21)
(22)	Medi-Cal SB 1732	11.131	-	11.131	-	11.131	-	11.131	(22)
(23)	Hospital Provider Fee	26.759	0.364	27.123	0.365	27.488	-	27.488	(23)
(24)	Federal & State - Other	110.533	(15.498)	95.035	(0.530)	94.505	1.323	95.828	(24)
(25)	OCD - Other	403.087	-	403.087	-	403.087	-	403.087	(25)
(26)	Other	87.450	7.294	94.744	(12.817)	81.927	0.149	82.076	(26)
(27)	Measure H	138.718	(10.532)	128.186	0.231	128.417	0.392	128.809	(27)
(28)	Self-Pay	6.707	1.121	7.828	-	7.828	-	7.828	(28)
(29)	Medi-Cal Managed Care GME	66.919	-	66.919	-	66.919	-	66.919	(29)
(30)	Medicare	258.123	2.180	260.303	-	260.303	-	260.303	(30)
(31)	Hospital Insurance Collection	94.818	24.018	118.836	-	118.836	-	118.836	(31)
(32)	In-Home-Supportive-Services (IHSS)	143.901	26.577	170.478	7.500	177.978	7.500	185.478	(32)
(33)	Grant Funded COVID	168.750	(168.750)	-	-	-	-	-	(33)
(34)	Total Revenues	\$ 4,773.432	\$ (107.968)	\$ 4,665.464	\$ 12.416	\$ 4,677.880	\$ 63.176	\$ 4,741.056	(34)
(35)	Net Cost - Before PY	\$ 1,528.772	\$ 16.313	\$ 1,545.086	\$ 3.679	\$ 1,548.765	\$ 98.338	\$ 1,647.103	(35)
(36)	AB 85 Redirection	(39.341)	39.341	-	-	-	-	-	(36)
(37)	Prior-Year Surplus / (Deficit)	232.813	(232.813)	-	-	-	-	-	(37)
(38)	Net Cost - After PY & AB 85 Redirection	\$ 1,335.300	\$ 209.785	\$ 1,545.086	\$ 3.679	\$ 1,548.765	\$ 98.338	\$ 1,647.103	(38)
(39)	Operating Subsidies								(39)
(40)	Sales Tax & VLF	365.973	-	365.973	-	365.973	-	365.973	(40)
(41)	County Contribution	702.234	(30.939)	671.295	9.806	681.101	10.020	691.121	(41)
(42)	Measure B	211.716	-	211.716	-	211.716	-	211.716	(42)
(43)	Tobacco Settlement	65.200	-	65.200	-	65.200	-	65.200	(43)
(44)	Total Operating Subsidies	\$ 1,345.123	\$ (30.939)	\$ 1,314.184	\$ 9.806	\$ 1,323.990	\$ 10.020	\$ 1,334.010	(44)
(45)	Surplus / (Deficit) = (44) - (38)	\$ 9.823	\$ (240.724)	\$ (230.901)	\$ 6.127	\$ (224.775)	\$ (88.318)	\$ (313.093)	(45)
(46)	Beginning Fund Balance	\$ 1,292.536	\$ 9.823	\$ 1,302.359	\$ (230.901)	\$ 1,071.458	\$ (224.775)	\$ 846.683	(46)
(47)	Surplus / (Deficit)	9.823	(240.724)	(230.901)	6.127	(224.775)	(88.318)	(313.093)	(47)
(48)	Ending Fund Balance	\$ 1,302.359	\$ (230.901)	\$ 1,071.458	\$ (224.775)	\$ 846.683	\$ (313.093)	\$ 533.591	(48)

* The forecast is net of IGTs and other double-counts such as internal transfers, and includes Correctional Health and Office of Diversion and Re-Entry.

** For FY 2020-21 forward, PRIME is incorporated into QIP.

*** For FY 2021-22, 6 months of WPC and the annual amount going forward are included in Managed Care.

BOARD LETTER FACT SHEET

Agenda Review Date: October 21, 2020
Board Meeting Date: November 10, 2020
Sup. Dist. / SPA No.: Second District

DEPARTMENT: CHIEF EXECUTIVE OFFICE

SUBJECT: H-UCLA MC Replacement Program: Approve the Program and Certify Environmental Impact Report Addendum

I. PUBLIC BENEFIT (precise description, mandated or non-mandated)

- a. Non-mandated. The Project will provide clinical and patient care services, in a collaborative effort among DHS and DMH.

II. RECOMMENDED ACTIONS (summarized)

- a. CEO is seeking Board approval to certify the Addendum to the previously certified Final Environment Impact Report for the Harbor-UCLA Medical Center Campus Master Plan and approve the Harbor- UCLA Medical Center (H-UCLA MC) Replacement Program and its related projects and projects' budgets

III. COST AND FUNDING SOURCES

- Cost: 1.64 billion for the H-UCLA MC Replacement Program: \$615.2 million for Outpatient/Support Buildings project, Capital Project No. 69760; \$128.3 million for Central Plant project, Capital Project No. 67961; and \$893.6 million for Inpatient Building Replacement project, Capital Project No. 69762
- Funding: Debt-Finance; Repayment of annual debt services for DHS: existing and new departmental operating subsidies, federal dollars from the provision of care to Medi-Cal beneficiaries in the non-psychiatric areas of the inpatient building, and any net cost savings created by the new buildings' greater efficiency; Repayment of annual debt services for DMH: 2011 Realignment funds

IV. BACKGROUND (critical and/or insightful)

a. BACKGROUND/DESCRIPTION

Senate Bill 1953 (SB 1953) is a State mandate that requires all California General Acute-Care Hospitals to meet the graduated structural and nonstructural seismic strengthening requirements by the established deadlines of January 1, 2002, 2008, and 2030. Of the four County-owned hospitals, H- UCLA MC is the only remaining hospital to meet the final structural and nonstructural seismic compliance requirements.

In December 2001, the Board approved the Seismic Retrofit project at the H-UCLA MC to complete structural seismic retrofit work in the hospital's South Wing and nonstructural retrofit work in the South Wing, Central Plant, and Patient Tower buildings that would extend SB 1953 compliance to the year 2030. Construction of the project began in June 2008 and was completed in 2014.

In 2016, the Board approved a budget of \$19,900,000 to complete the H-UCLA Medical Center (MC) Pre-Planning activities to fund various consultant services, approved the master plan, and certified the final EIR for the H-UCLA MC Master Plan. The pre-planning activities included medical planning, space/functional programming, site investigation, cost estimating, and other activities required to implement the Campus Master Plan.

On November 20, 2018, the Board established the H-UCLA MC Replacement Program (formerly known as H-UCLA Master Plan Implementation Project) related Capital Project (C.P.) 67960, Outpatient/Support Building; C.P. 67961, Central Plant; C.P. 67962, Inpatient Building Replacement; and C.P. 89106, Existing Hospital Building; approved supplemental agreements with RBB Architects, Inc. to provide additional architectural/engineering services for the projects, with Harbor-UCLA AECOM JV to provide additional project/construction management services, and with Harbor-UCLA Controls Partners to provide additional project controls services; and authorized various actions, including the delivery of limited make-ready work for the Outpatient/Support Building project using Board-approved Job Order Contracts.

- b. The H-UCLA MC Replacement Program consists of new construction of an acute care inpatient tower, an outpatient treatment building, a support building, a warehouse, new IT and Facility Management offices and shops, a central plant, a new parking structure and surface lots, and utility distribution. Replacement of the existing acute care inpatient tower at the H-UCLA MC will meet the final structural and nonstructural seismic compliance requirements of SB1953.

V. POTENTIAL ISSUE(S)

- a. We anticipate that this item will not be controversial.

VI. DEPARTMENT & COUNTY COUNSEL CONTACTS

* DPW: Andy Moey (626) 300-2300 | Health Services: Phillip Franks (213) 288-8076 | County Counsel: Talin Halabi (213) 974-8948



FESIA A. DAVENPORT
Acting Chief Executive Officer

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Board of Supervisors
HILDA L. SOLIS
First District

MARK RIDLEY-THOMAS
Second District

SHEILA KUEHL
Third District

JANICE HAHN
Fourth District

KATHRYN BARGER
Fifth District

November 10, 2020

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:

HARBOR-UCLA MEDICAL CENTER APPROVE THE REPLACEMENT PROGRAM AND CERTIFY ENVIRONMENTAL IMPACT REPORT ADDENDUM SECOND DISTRICT (3 VOTES)

SUBJECT

The recommendations are to certify the addendum to the previously certified Final Environment Impact Report and approve the Harbor-UCLA Medical Center Replacement Program and its related projects and projects' budgets.

IT IS RECOMMENDED THAT THE BOARD:

1. Certify that the Addendum for the Harbor-UCLA Medical Center Campus Master Plan Revision to the previously certified Final Environmental Impact Report for the Harbor-UCLA Medical Center Campus Master Plan has been completed in accordance with the California Environmental Quality Act and reflects the independent judgment and analysis of the County of Los Angeles; find that the Board has reviewed and considered the information contained in the Addendum with the Final Environmental Impact Report prior to approving the Harbor-UCLA Medical Center Replacement Program (Formerly known as Master Plan Implementation Projects) and its related projects.
2. Approve the Harbor-UCLA Medical Center Replacement Program with a total budget of \$1,637,030,000 allocated as follows:

- Outpatient/Support Buildings (C.P. No. 69760) - \$615,161,000;
- Central Plant (C.P. 67961) - \$128,264,000;
- Inpatient Building Replacement (C.P. 69762) - \$893,605,000;

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTIONS

Approval of the recommended actions will certify the Addendum to the previously certified Final Environment Impact Report (EIR) for the Harbor-UCLA Medical Center Campus Master Plan Revision, herein referred to as Addendum, and approve the Harbor-UCLA Medical Center (H-UCLA MC) Replacement Program and its related projects and projects' budgets.

Background

Senate Bill 1953 (SB 1953) is a State mandate that requires all California General Acute Care Hospitals to meet the graduated structural and nonstructural seismic strengthening requirements by the established deadlines of January 1, 2002, 2008, and 2030. Of the four County-owned hospitals, H-UCLA MC is the only remaining hospital to meet the final structural and nonstructural seismic compliance requirements.

In December 2001, the Board approved the Seismic Retrofit project at the H-UCLA MC to complete structural seismic retrofit work in the hospital's South Wing and nonstructural retrofit work in the South Wing, Central Plant, and Patient Tower buildings that would extend SB 1953 compliance to the year 2030. Subsequent to the initial approval on December 2001, the Board has approved several significant changes in the project scope and project budget. Construction of the project began in June 2008 and was completed in 2014.

In 2016, the Board approved a budget of \$19,900,000 to complete the H-UCLA MC pre-planning activities to fund various consultant services, approved the master plan, and certified the final EIR for the H-UCLA MC Master Plan. The Board authorized the County to begin a pre-planning and design process involving the contracted medical planner, campus architect, H-UCLA MC user groups, Chief Executive Office (CEO), and the Public Works' project team. The pre-planning activities included medical planning, space/functional programming, site investigation, cost estimating, and other activities required to implement the Campus Master Plan.

On November 20, 2018, the Board established the H-UCLA MC Replacement Program (Formerly known as H-UCLA Master Plan Implementation Project) related Capital Project (C.P.) 67960, Outpatient/Support Building; C.P. 67961, Central Plant; C.P. 67962, Inpatient Building Replacement; and C.P. 89106, Existing Hospital Building; approved supplemental agreements with RBB Architects, Inc. to provide additional architectural/engineering services for the projects, with Harbor-UCLA AECOM JV to

provide additional project/construction management services, and with Harbor-UCLA Controls Partners to provide additional project controls services; and authorized various actions, including the delivery of limited make-ready work for the Outpatient/Support Building project using Board-approved Job Order Contracts (JOC).

Proposed Replacement Program Scope

The proposed H-UCLA MC Replacement Program (Program) consists of new construction of an acute care inpatient tower, an outpatient treatment building, a support building, a warehouse, new Information Technology (IT) and Facility Management offices and shops, a central plant, a new parking structure, and utility distribution. The Program consists of three components as follows:

Outpatient/Support Buildings, C.P. No. 67960

The Outpatient/Support Buildings project includes construction of a 198,000 square-foot Outpatient Building, a 197,000 square-foot Support Building, a 5,000 square-foot central plant to support the Outpatient and Support buildings, a 5,000 square-foot connector, a 381,000 square-foot above grade parking structure and two surface parking lots providing a total of 1,485 parking stalls, an 66-kilovolt (KV) electrical substation, a new electrical building, and related make-ready site work. The project's budget is estimated at \$615.2 million.

Central Plant, C.P. No. 67961

The Central Plant project includes construction of a new 20,000 square-foot Central Plant that serves only the new buildings which are under the jurisdiction of the Office of Statewide Health Planning and Development (OSHPD), a 24,000 square-foot Facilities/IT Support Building, expansion of two existing surface parking lots, and related make-ready site work. A new underground storage for fuel, waste, and potable water storage for three-days emergency supply will be provided as mandated by SB1953. The project's budget is estimated at \$128.3 million.

Inpatient Building Replacement, C.P. No. 67962

The Inpatient Building Replacement project includes a new 468,000 square-foot Inpatient Tower Building (IPT) with 346 inpatient beds, including 36 psychiatric beds, a new psychiatric emergency department, a permanent rooftop helistop, a 12,000 square-foot warehouse, and 17,000 square-foot connector between the new Inpatient Building and the existing Surgery/Emergency Building, and related make-ready site work. The project's budget is estimated at \$893.6 million.

The construction of the proposed H-UCLA MC Replacement Program is currently planned to be substantially completed in mid-2027. The projects' estimated budgets and

preliminary schedules for the proposed H-UCLA MC Replacement Program are summarized in Enclosure A.

Previous Baseline Program

The Board letter dated November 20, 2018 estimated the preliminary total program cost to implement the previous baseline program at \$1.9 billion, which in early 2020 had grown to \$2.0 billion based on construction cost escalation. This would have added an additional estimated \$123 million to DHS' annual debt service obligation for a term of 30 years. With this additional debt service, DHS projected its debt service ratio to be approximately four percent, which is above the recommended three percent benchmark. DHS projected that it would not be able to fully fund this level of debt service within its existing resources.

Proposed Replacement Program Scope and Cost Validation

To reduce the overall cost to the previous baseline program, the CEO, Public Works and its consultants, in collaboration with DHS, conducted a scope and cost validation effort to identify potential cost-savings to the previous baseline program. The consultants developed new program scope and phasing options, identified value engineering opportunities, conducted constructability phasing assessments, and developed construction delivery schedules, site logistics, and overall campus parking needs.

The consultants identified options that improved the space program and reduced total program costs for the proposed H-UCLA MC Replacement Program while maintaining the functional needs. These included options such as early construction start of the IPT to reduce cost impact due to escalation, revising the size and layout of campus buildings, constructing the IPT only, leaving outpatient clinics in their current locations, and adjusting building size to reflect the impact of increased telehealth services and teleworking. Each of the options was reviewed to assess their viability and impact on clinical operations. The afore mentioned revisions to the previous baseline program are currently estimated to save \$335.0 million in the proposed H-UCLA MC Replacement Program costs.

The proposed H-UCLA MC Replacement Program does not currently include the repurposing or possible demolition of the existing hospital tower, north and south wings, or the Primary Care and Diagnostic Center (PCDC) building. To date there has been no determination as to the future use of these existing buildings once the new IPT and OPT are licensed and operating. A feasibility study will be conducted to provide options and recommendations to the Board by 2026.

Future Restorative Care Village

As with other health campuses in Los Angeles County, there is ongoing interest in developing holistic healthcare resources to assist with our most vulnerable residents, many of whom are struggling with homelessness and justice involvement as a result of their behavioral health conditions. In a report back dated February 13, 2018, Assessment on Countywide Opportunities to Support Integrated Services Including the Restorative Care Village on LAC+USC Medical Center Campus (Item No. 3, Agenda of October 31, 2017) it was stated that because of the limited space available on the H-UCLA campus, it would be prudent to investigate the feasibility of repurposing the existing hospital when it becomes vacant to house Institutions for Mental Disease beds or other services in order to provide additional health, mental health, and social services to the surrounding community. This will be one of the options evaluated in the feasibility study by 2026.

Implementation of Strategic Plan Goals

These recommendations support the County Strategic Plan: Strategy II.3, Make Environmental Sustainability our Daily Reality, Objective II.3.2, Foster a Cleaner, More Efficient, and More Resilient Energy System; and Strategy III.3, Pursue Operational Effectiveness, Fiscal Responsibility, and Accountability, Objective III.3.2, Manage and Maximize County Assets. The recommended actions support the Strategic Plan by supporting the wellness of our communities and enhancing the delivery of comprehensive and seamless healthcare services to the residents of the County seeking healthcare assistance.

FISCAL IMPACT/FINANCING

The proposed H-UCLA MC Replacement Program is estimated at \$1.64 billion, which includes plans and specifications, construction and related contingency, civic art, plan check fees, consultant services, and County services. This estimate also includes the fixed medical equipment that is physically attached to the buildings, including sterilizers, instrument washers, surgical lights, and imaging equipment.

Four projects were established for the proposed H-UCLA Replacement Program to track budget and expenditures for its different components. The budgets for three of these projects are as follows: \$615.2 million for the Outpatient/Support Buildings project, C.P. No. 69760; \$128.3 million for the Central Plant project, C.P. No. 67961; and \$893.6 million for the Inpatient Building Replacement project, C.P. No. 69762. The fourth project that was established for the Existing Hospital Building project, C.P. 89106 will be canceled since it is not ready to move forward at this time, and the appropriation will be transferred out at a future budget phase.

DHS and DMH plan to debt-finance the related projects of the proposed H-UCLA Replacement Program through short-term, long-term, or a combination of both types of financing mechanisms. County has generally funded the initial stage of essential capital construction and improvement projects with short-term commercial paper notes issued through the Los Angeles County Capital Asset Lease Corporation Lease Revenue Note Program (The “Note Program”, also known as Commercial Paper Program). As a capital project initially financed through the Note Program nears completion, the County will refinance the outstanding commercial paper notes through the issuance of long-term lease revenue bonds. The financing costs of the commercial paper notes, including interest, insurance, and administrative expenses were funded by the benefiting department’s operating budget. Due to the cost and magnitude of the related projects of the proposed H-UCLA Replacement Program, the specific financing plan will be analyzed and evaluated as key elements of the construction plan, such as timeline, milestones and cost associated with each project components are finalized. These key elements of the construction plan are necessary to develop an optimal financing structure for the proposed H-UCLA Replacement Program.

The estimated cost allocation is \$1.48 billion for DHS and \$0.16 billion for DMH. The estimated annual debt service for financing the estimated \$1.64 billion H-UCLA MC Replacement Program’s related project with 30-year long-term bonds is in the range of approximately of \$110 million to \$117 million. The annual allocation of the debt payment is in the range of \$100 million to \$105 million which is 90 percent for DHS, and in the range of \$10 million to \$12 million which is 10 percent for DMH.

The funding for the annual debt repayment for DHS will come from existing and new departmental operating subsidies and federal dollars from the provision of care to Medi-Cal beneficiaries in the non-psychiatric areas of the inpatient building. The annual repayment debt funds for DMH will be funded with 2011 Realignment funds.

On November 20, 2018, the Board authorized \$90 million of short-term commercial paper notes through the Los Angeles County Capital Asset Lease Corporation Lease Revenue Note Program.

CEO will continue to work with both DHS and DMH to monitor the fiscal outlook of both departments and communicate any material changes to the Board that could impact their ability to meet the future debt service obligations for this project.

Non-Fixed Medical Equipment

The proposed projects do not include the non-fixed medical equipment and furniture that is not physically attached to the building. DHS and DMH, for psychiatric services, will be responsible for procuring the non-fixed medical equipment and furniture, such as computers and network system, hospital beds, and exam beds. During the design phase,

the medical planner worked with the H-UCLA MC staff to identify the movable medical equipment and furniture, fixture, and equipment (FF&E) needed, including inventory of existing equipment to be reused, and developed a rough order cost estimate for procurement and installation. We will return to the Board in the future with the estimated cost to procure the moveable medical equipment and furniture. Public Works will work closely with DHS and DMH regarding the planning and procurement of the fixed and movable medical equipment and FF&E.

There is no impact to the General Fund from this Board action. We will provide an overall financing plan when we return to your Board to award design-build construction contract.

Operating Costs

The construction of a new IPT will create a more efficient layout of inpatient beds which will streamline the provision of care, lead to the more efficient delivery of care, as well as storage and management of patient supplies and equipment. Consolidation of the outpatient clinics from multiple locations across the campus into a single outpatient building will result in improve efficiency and reduce operations and maintenance costs. Additionally, the replacement of the current old hospital and utility infrastructure and consolidation into fewer buildings will result in utility costs savings. These net cost savings will accrue to each DHS and DMH for their respective programs but cannot be quantified at this time. Further, given these assumptions, neither DHS nor DMH are planning any increase in staffing or costs related to this Board action and therefore do not plan to incur additional operational costs in the replacement facility.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

In accordance with the Board's Civic Art Policy, adopted on December 7, 2004, and lasted amended on August 4, 2020, the proposed H-UCLA MC Replacement Program budget includes one percent of design and construction costs, or a maximum of \$1,000,000 to be allocated to the Civic Art fund.

Green Building/Sustainable Design Program

Consistent with the Board adopted Leadership in Energy and Environmental Development (LEED) policy, all new buildings greater than 10,000 square-foot will be designed and constructed to achieve LEED Gold certification except for the parking structure because the United States Green Building Council no longer provides LEED certificates for parking structures.

ENVIRONMENTAL DOCUMENTATION

On December 20, 2016, the Board, acting as lead agency under the CEQA, certified the Final EIR for the H-UCLA MC Campus Master Plan as a guiding document and adopted the Mitigation Monitoring and Reporting Program and the Environmental Findings of Fact and Statement of Overriding Considerations. Public Works filed a Notice of Determination with the Los Angeles Registrar-Recorder/County Clerk. Subsequent to the Board certifying the Final EIR, the project name was changed from H-UCLA MC Master Plan Implementation Projects to H-UCLA MC Replacement Program. The recommended actions related to the proposed H-UCLA MC Replacement Program are within the scope of the impacts analyzed in the previously certified EIR and the EIR Addendum proposed for certification herein for the H-UCLA MC Campus Master Plan. The EIR Addendum (Enclosure B) evaluated modifications to the H-UCLA MC Campus Master Plan since the EIR was certified, which include reduction in new development, slightly increased the parking count, and adjustments to the campus circulation and reconfiguration of the layout for the buildings.

An Addendum to a previously certified EIR shall be prepared if some changes or additions to the EIR are necessary but none of the conditions described in Section 15162 calling for Subsequent EIR have occurred. There are no changes to the Project or to the circumstances under which the Project is undertaken that require further review under CEQA. To the extent that further changes to the Project are proposed, Public Works will return to the Board to recommend approval of any necessary findings under CEQA and approval of the proposed changes prior to implementation of any activities that would constitute a project under CEQA.

The Mitigation Monitoring and Reporting Program, Findings of Fact and Statement of Overriding Consideration which were adopted at the time of certification of the Final EIR will continue to apply. The required fee to the California Department of Fish and Wildlife was paid for the previously certified EIR.

The location and custodian of the documents and other materials constituting the record of the proceedings upon which the Board's decision is based in this matter is with the Section Head at Public Works, Project Management Division I, 900 South Fremont Avenue, Alhambra, California, 91803.

Upon the Board's approval, Public Works will file a Notice of Determination for the proposed H-UCLA MC Replacement Program with the Registrar-Recorder/County Clerk in accordance with Section 21152(a) of the California Public Resources Code.

Also, on the agenda for November 10, 2020, Public Works is recommending certification of a separate EIR Addendum for the Medicine Substation Revision for the H-UCLA

Campus Master Plan Final EIR related to the proposed new 66KV substation to be constructed by Southern California Edison along with other actions related to the Harbor-UCLA Campus. That EIR Addendum was to address the changes in location and scope of construction of the new SCE 66KV substation required to provide sufficient electrical power to meet the eventual power demand of the H-UCLA MC Master Plan.

CONTRACTING PROCESS

On February 2019, Public Works posted the Design-Build Request for Proposal, Part A solicitation for the Outpatient/Support Buildings project. On May 2019, three Design-Builders were selected and notified. With the proposed H-UCLA MC Replacement Program, Public Works will notify the short-listed proposers of the cancelation of the prior solicitation and proceed with a new Design-Build solicitation for one Design-Builder to be responsible for the entire proposed H-UCLA MC Replacement Program.

Public Works proposes to deliver the construction of new buildings and infrastructure using a single Design-Build contract. We are recommending this approach in order to assign responsibility of the site to one entity who will be responsible for site logistics to ensure that the impact of construction to the hospital is minimized. The Design-Builder will be responsible to always maintain patient/staff site access to the hospital, minimize operational impacts to the hospital, coordinate utilities connections, enforce dust/noise control, and traffic control to during construction. Joint-ventures and use of small/community enterprise businesses will be encouraged. Upon approval of the recommended actions in this Board Letter, Public Works will proceed with the solicitation of the Design-Builder.

Concurrently, under a separate Board letter, Public Works is seeking approval to construct the make-ready scope of work related to the proposed H-UCLA MC Replacement Program which includes utility duct bank and creation of Surface Parking Lots 1 and 2. Public Works plans to complete various make-ready work related to this program using JOCs.

Public Works plans to return to the Board in Spring of 2021 to seek approval to adopt, advertise, and award the construction of the electrical building.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

H-UCLA MC will remain fully operational to provide emergency, inpatient, and outpatient services throughout the duration of the construction of the program. Detailed logistical plans will be developed when the Design-Builder is selected.

A move management plan was completed for the initial demolition phase when we vacated the various barrack buildings. With the early start of the Inpatient Building Replacement project, plans will be developed to address DHS and DMH occupants in the existing buildings that are in the footprint of the proposed new IPT. The relocation plan has been completed for the occupants of the impacted buildings include hospital administrative programs such as physician offices and Information Technology staff. H-UCLA MC staff and Public Works will provide advance notifications and temporary signage to guide patients, visitors, and staff of changes to building and campus access due to the construction. A detailed parking plan has been developed to accommodate the impact of construction.

CONCLUSION

Please return one adopted copy of this letter to CEO, Capital Programs Division, Public Works, DHS, and DMH.

Respectfully submitted,

FESIA A. DEVENPORT
Acting Chief Executive Officer

FAD:JMN:DPH
VM:AA:CV:ns

Enclosures

c: Executive Office, Board of Supervisors
County Counsel
Auditor-Controller
Health Services
Mental Health
Public Works

Enclosure A

HARBOR-UCLA MEDICAL CENTER APPROVE THE REPLACEMENT PROGRAM, AND CERTIFY ENVIRONMENTAL IMPACT REPORT ADDENDUM SECOND DISTRICT (3 VOTES)

I. PROJECT SCHEDULE SUMMARY

Project Activity	Scheduled Completion Date	Scheduled Completion Date	Scheduled Completion Date
	Outpatient/Support CP 69760	Central Plant CP 69761	Inpatient CP 69762
Scoping Documents	February 2021	February 2021	February 2021
Design-Build Award	June 2022	June 2022	June 2022
Jurisdictional Approvals	June 2023	September 2025	March 2025
Substantial Completion	June 2025	May 2027	August 2027
Project Acceptance	October 2025	September 2027	December 2027

II. PROJECT BUDGET SUMMARY

Project Budget Category	Proposed Project Budget	Proposed Project Budget	Proposed Project Budget	Total Proposed Project Budget
	Outpatient/ Support CP 69760	Central Plant CP 69761	Inpatient CP 69762	
Design-Build Construction	\$ 337,612,000	\$ 64,777,000	\$ 576,837,000	\$ 979,226,000
Make-Ready Construction	\$ 73,742,000	\$ 28,921,000	\$ 20,692,000	\$ 123,355,000
Construction Contingency	\$ 34,941,000	\$ 8,697,000	\$ 49,515,000	\$ 93,153,000
Civic Arts Allowance	\$ 0	\$ 0	\$ 1,000,000	\$ 1,000,000
Medical Equipment Allowance	\$ 60,125,000	\$ 0	\$ 87,989,000	\$ 148,114,000
Plans and Specifications	\$ 35,933,000	\$ 9,085,000	\$ 44,922,000	\$ 89,940,000
Consultant Services	\$ 45,896,000	\$ 11,506,000	\$ 79,805,000	\$ 137,207,000
Miscellaneous Expenditures	\$ 1,674,000	\$ 511,000	\$ 2,089,000	\$ 4,274,000
Jurisdictional Review/Plan Check/Permits	\$ 7,231,000	\$ 1,585,000	\$ 10,119,000	\$ 18,935,000
County Services	\$ 18,007,000	\$ 3,182,000	\$ 20,637,000	\$ 41,826,000
TOTAL	\$ 615,161,000	\$ 128,264,000	\$ 893,605,000	\$1,637,030,000

BOARD LETTER FACT SHEET

Agenda Review Date: October 28, 2020

Board Meeting Date: November 10, 2020

Sup. Dist. / SPA No.: All

DEPARTMENT: **DHS and DPSS**

SUBJECT: Approval to extend contracts associated with Personal Assistance Services Council-Service Employee International Union homecare workers health care plan

I. PUBLIC BENEFIT (precise description, mandated or non-mandated)

The contracts among DHS, DPSS and other entities ensure that certain In-Home Supportive Service providers receive health benefits through the L.A. Care JPA's health care plan. IHSS providers support aged, blind and disabled individuals safely at home. +

II. RECOMMENDED ACTIONS (summarized)

Delegation of authority to the directors of DHS and DPSS, or their designees, as applicable to negotiate, prepare and execute amendments to agreements that govern a complex set of relationships between DHS, DPSS, the Local Initiative Health Authority of Los Angeles County Joint Powers Authority, and the Personal Assistance Services Council. Through the agreements: (1) the PASC provides DPSS with IHSS providers for beneficiaries of the IHSS program, (2) the PASC contracts with L.A. Care JPA for its IHSS provider health care plan, (3) DPSS pays insurance premiums to L.A. Care JPA for that coverage, (4) L.A. Care JPA provides health insurance to the PASC's eligible IHSS provider, and (5) DHS provides health care services to those IHSS providers through a capitation agreement with L.A. Care JPA. The authority will allow extensions of some of them through December 31, 2021.

III. COST AND FUNDING SOURCES

Cost: FYE 21, approx. \$29,651,000.

Funding: DHS, NCC, state and federal medicaid funding.

IV. BACKGROUND (critical and/or insightful)

The State of California's In-Home Supportive Services program is administered by the Department of Public Social Services in conjunction with the In-Home Supportive Services providers' employer of record—the Personal Assistance Services Council. Several interdependent agreements constitute Los Angeles County's relationship with the Personal Assistance Services Council and the In-Home Supportive Services providers' health insurer—the Local Initiative Health Authority of Los Angeles County Joint Powers Authority. The agreements expire at different times. By this motion, the Los Angeles County Department of Health Services and Department of Public Social Services seek authority to extend some of those agreements to synchronize their expiration dates. The change may allow eligible In-Home Supportive Services providers to continue receiving health care through their +

V. POTENTIAL ISSUE(S)

The state may resist an extension of the DPSS-PASC agreement beyond June 30 of next year. Similarly other contracts among third parties (i.e., the County is not a party) that relate to IHSS are up for renewal within the next twelve (12) months.

VI. DEPARTMENT & COUNTY COUNSEL CONTACTS

Department of Health Services: Ferris Ling; fling@dhs.lacounty.gov, (213) 288-8109

DPSS: Raymond Hunter, RaymondHunter@dpss.lacounty.gov, (562) 908-3585

County Counsel: Matthew Marlowe, MMarlowe@counsel.lacounty.gov. (213) 974-1891 +

November 10, 2020

DRAFT
DHS Letterhead

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:

**APPROVAL TO EXTEND CONTRACTS ASSOCIATED WITH THE PERSONAL
ASSISTANCE SERVICES COUNCIL-SERVICE EMPLOYEE INTERNATIONAL
UNION HOMECARE WORKERS HEALTH CARE PLAN
(ALL SUPERVISORIAL DISTRICTS)
(3 VOTES)**

SUBJECT

The State of California's In-Home Supportive Services program is administered by the Department of Public Social Services in conjunction with the In-Home Supportive Services providers' employer of record—the Personal Assistance Services Council. Several interdependent agreements constitute Los Angeles County's relationship with the Personal Assistance Services Council and the In-Home Supportive Services providers' health insurer—the Local Initiative Health Authority of Los Angeles County Joint Powers Authority. The agreements expire at different times.

The Los Angeles County Department of Health Services and Department of Public Social Services seek authority to extend some of these agreements to synchronize their expiration dates. The change may allow eligible In-Home Supportive Services providers to continue receiving health care through their current plan and provider network until the end of 2021.

IT IS RECOMMENDED THAT THE BOARD:

1. Delegate authority to the Director of the Department of Public Social Services (DPSS), or her designee, to negotiate, prepare and execute amendments to DPSS' and Local Initiative Health Authority of Los Angeles County Joint Powers Authority's (L.A. Care JPA's) "Homecare Workers Healthcare Services Financial Agreement" (Contract No. LAC 12-001). Such amendments may modify and extend the contract through December 31, 2021. Such authority shall also include the ability to: (1) update or incorporate new state/federal law and regulations,

County provisions and other regulatory/ contractual requirements; and (2) make appropriate changes to contract language for clarity and efficiency (administrative, programmatic and operational). This grant of authority is subject to review and approval by County Counsel.

2. Delegate authority to the Director of DPSS, or her designee, to include in such amendments a monthly capitation rate within the range already approved by the Board in previous Board Letters, subject to review and approval by the Los Angeles County Department of Health Services (DHS), County Counsel and Chief Executive Officer.
3. Delegate authority to the Director of the Department of Health Services, or her designee, the authority to negotiate, prepare and execute amendments to any Personal Assistance Services Counsel (PASC)-related agreements through which DHS serves as a provider of health services to In-Home Supportive Services (IHSS) providers. Such amendments may extend these agreements through December 31, 2021. Such authority shall also include the ability to: (1) update or incorporate new state/federal law and regulations, County provisions and other regulatory/contractual requirements; (2) make appropriate changes to contract language for clarity and efficiency (administrative, programmatic and operational); and (3) reflect new, or adjust current, rates. Such amendments shall be subject to review and approval by County Counsel.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The foregoing recommendations will enable the County to continue paying health care premiums for the PASC- Service Employees International Union (SEIU) IHSS health plan (IHSS Health Plan). The IHSS Health Plan covers approximately 52,000 IHSS providers who are eligible to receive health insurance through L.A. Care JPA. They will also ensure that DHS will continue to serve as the primary provider of health care services during that time.

By an earlier Board order and an agreement pursuant to that order (see below), L.A. Care JPA is already required to provide health care coverage for DPSS-related IHSS providers until the end of 2021. Current limits on individual contracts aside, in 2011, the Board intended the County be responsible for premium payments for that coverage and for providing health care services for many IHSS providers for the same duration.

Because the PASC, L.A. Care JPA, DHS and DPSS are so tightly interwoven in this circumstance—with (1) the PASC providing DPSS with IHSS providers for beneficiaries of the IHSS program, (2) the PASC contracting with L.A. Care JPA for its IHSS provider health care plan, (3) DPSS paying insurance premiums to L.A. Care JPA for that coverage, (4) DHS funding DPSS' payments by transferring money to DPSS, (5) L.A.

Care JPA providing health insurance to the PASC's eligible IHSS providers, and (6) DHS providing health care services to those IHSS providers through a capitation agreement with L.A. Care JPA—the staggered expiration dates create potential disruptions.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

The recommended actions are consistent with the principles of the Countywide Strategic Plan, Strategy I.2.2—Enhance Our Delivery of Comprehensive Interventions: Streamline Access to Integrated Health Services.

FISCAL IMPACT/FINANCING

The cost of the IHSS Health Plan is included in the IHSS Maintenance of Effort and is funded by County resources, as well as federal and State revenues. The DPSS fiscal year (FY) 2020-21 Final Adopted Budget reflects a total cost of \$198,504,000 for the IHSS Health Plan. The plan is funded by a County share of approximately \$29,651,000, and the remaining portion is funded by federal and State revenues.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The PASC was created by the Board pursuant to California Welfare and Institutions Code 12301.6. It serves to provide IHSS to aged, blind or disabled individuals so that they can remain safely at home. IHSS providers perform the services and the PASC is their employer-of-record. The County ensures that IHSS providers laboring at least 74 hours per month for at least two consecutive months are eligible for health care coverage.

Prior to 2012, the County covered IHSS providers health care needs through the County's Community Health Plan (CHP). Under CHP, DHS' network served as the principal provider of health care services. But after a thorough review by outside consultants in 2011, the County moved to a new model.

In November 2011, the Board approved the transition of the IHSS Health Plan from the CHP to L.A. Care JPA. (The duration of the authority thereunder was for ten (10) years—until December 31, 2021.) With delegated authority in hand, DHS executed an agreement with L.A. Care JPA to transfer the IHSS provider health plan from CHP to L.A. Care JPA. Like the 2011 Board delegation, that agreement (known as the Transition and Safety Net Support Agreement) expires on December 31, 2021. The Board also made DPSS responsible for paying insurance premiums to L.A. Care JPA on behalf of PASC-SEIU. In turn, DHS transfers money to DPSS to pay those premiums.

From there, DPSS, L.A. Care JPA, the PASC and DHS entered into several other agreements. The most significant are:

1. DPSS' Homecare Workers Healthcare Services Financial Agreement with L.A. Care JPA, set to expire December 31, 2020;
2. DHS' two agreements with L.A. Care JPA for the provision of health care services to eligible IHSS providers, set to expire March 31, 2021; and
3. DPSS' Services to In-home Supportive Services Providers and Recipients with the PASC, set to expire June 30, 2021.

Extending the latter agreement (between DPSS and the PASC) is, in part, contingent upon negotiations between non-county parties. Depending on the outcome, DPSS will have to evaluate the merits of an extension and bring the issue to the Board. Relatedly, with the Transition and Safety Net Support Agreement set to end on December 31, 2021, the L.A. Care JPA—PASC IHSS health care plan agreement potentially continuing beyond that date, the County likely needs to revisit the full set of agreements in the coming year.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

The recommended actions will allow continued access to DHS' network of providers. Additionally, extending the term of these contracts will allow L.A. Care JPA to continue providing IHSS providers with insurance without creating a conflict around premium payments.

Respectfully submitted,

Christina R. Ghaly, M.D.
Director

Antonia Jiménez
Director

CRG:aw

c: Chief Executive Office
County Counsel
Executive Office, Board of Supervisors

BOARD LETTER FACT SHEET

Agenda Review Date: October 28, 2020

Board Meeting Date: November 10, 2020

Sup. Dist. / SPA No.: All Supervisorial District

DEPARTMENT:

SUBJECT: APPROVAL OF DELEGATED AUTHORITY TO AMEND UNARMED SECURITY GUARD SERVICES AGREEMENTS TO PURCHASE ADDITIONAL SERVICES RELATED TO THE COVID-19 PANDEMIC

I. PUBLIC BENEFIT (precise description, mandated or non-mandated)

For COVID-19 related activities DHS requesting to increase the contingency funds from 2.5% up to 17% for additional unarmed security guard services at the Quarantine and Isolation and Testing services at several County and non-County sites.

II. RECOMMENDED ACTIONS (summarized)

Delegate authority to the Director of Health Services to increase the contingency fund from 2.5% up to 17%, for a potential increase of \$14.45M to the County's maximum obligation for the Unarmed Security Guard Agreements, with both Securitas Security Services, USA Incorporated (Securitas) and Universal Protection Services LP dba Allied Universal Security Services (Allied) effective upon Board approval or thereafter through January 31, 2022, for the continued provision of COVID-19 pandemic activities at various County and non-County sites and execute future amendments to the Agreements to shift unspent funds between the categories of contingency funds and/or between the Agreements, and adjust the scope of work for security services at County and non-County sites, to improve operational work flow and cost efficiency with no increase to the County's aggregate maximum obligation for both Agreements.

III. COST AND FUNDING SOURCES

Cost: Increase the combined Maximum Contract Sum of \$102,641,702 from 2.5% up to 17% contingency for a potential increase of \$14.45M.

Funding: Will seek reimbursement of cost COVID-19 security activities through FEMA and the COVID Relief Fund. Funding is included in the DHS Fiscal Year (FY) 2020-21 Final Budget and will be requested in future years' budgets."

IV. BACKGROUND (critical and/or insightful)

During the early response to the COVID-19 pandemic, the County, at the request of Emergency Management in the Chief Executive Office and the County's Internal Services Department (ISD) executed an emergency agreement with Allied on March 27, 2020, with two subsequent security contracts as additional QI and Testing Sites were established for both armed and unarmed security guards at the non-County sites to support and protect these temporary infrastructures. Under the contracts negotiated by ISD, a much higher hourly rate, which includes administrative overhead, is being charged compared with the rates contained in the current DHS Agreements. DHS intends to roll those services into one of the current DHS security agreements, and estimates an annual cost saving to the County of \$3.00M. DHS will continue to manage these additional security services under the terms and conditions of its current Agreements.

V. POTENTIAL ISSUE(S)

None

VI. DEPARTMENT & COUNTY COUNSEL CONTACTS

Henry Shin, Director Facilities Operations and Management, HShin@dhs.lacounty.gov, (213) 288-8201

Victoria Mansourian, Principal Deputy County Counsel, vmansourian@counsel.lacounty.gov, (213) 974-6681

November 10, 2020

DRAFT
DHS Letterhead

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

Dear Supervisors:

**APPROVAL OF DELEGATED AUTHORITY TO AMEND UNARMED SECURITY
GUARD SERVICES AGREEMENTS FOR PROVISION OF ADDITIONAL SERVICES
RELATED TO THE COVID-19 PANDEMIC
(ALL SUPERVISORIAL DISTRICTS)
(3 VOTES)**

SUBJECT

Request for approval of delegated authority to the Director of Health Services, or designee, to amend Unarmed Security Guard Services Agreements with two contractors to add funding and additional security services at various COVID-19 testing and quarantine sites, where the Department of Health Services is responsible for providing security services, and to shift funding among the various contingency funds identified in each Agreement to support the Department of Health Services' ability to timely respond to the changing security needs at various County and non-County sites.

The Department of Health Services recommends:

1. Delegate authority to the Director of Health Services (Director), or designee, to execute amendments to two Agreements for Unarmed Security Guard Services (Agreement No. 78925 with Securitas Security Services, USA Incorporated (Securitas) and Agreement No. 78926 with Universal Protection Services LP dba Allied Universal Security Services (Allied)), to increase the contingency fund from 2.5% up to 17%, for a potential increase of \$14.45M in the County's maximum obligation under both Agreements, effective upon Board approval or thereafter through January 31, 2022, for the continued provision of COVID-19 related activities at various County and non-County sites, upon review and approval of County Counsel.
2. Delegate authority to the Director, or designee, to execute future amendments to the Agreements to shift unspent funds between the categories of contingency funds within each Agreement and/or between the Agreements and to adjust the scope of work

under each Agreement to improve operational work flow and cost efficiency, with no increase to the County's aggregate maximum obligation under both Agreements.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTIONS

During the early response to the COVID-19 pandemic, the County implemented Quarantine and Isolation (QI) and Testing services at several County and non-County sites throughout Los Angeles County. At the request of the Office of Emergency Management (OEM) of the Chief Executive Office, the County's Internal Services Department (ISD) executed an emergency agreement with Allied on March 27, 2020, along with two subsequent security contracts, as additional QI and Testing Sites were established, to provide both armed and unarmed security guards at the non-County sites to support and protect these temporary infrastructures, the County's workforce and residents being served. The guards were and will continue to be responsible for assisting with security screenings, crowd management, asset protection and suspicious activity reporting, among other duties, at these COVID-19 testing and QI sites.

As the pandemic continued and operations of the QI and Testing sites were found to be a longer-term need, responsibility for day to day administration/operation of both services migrated to the Department of Health Services (DHS), with DHS assuming financial responsibility for these services effective on July 1, 2020. Consequently, DHS has determined that it is administratively more efficient and in the best financial interest of the County for DHS to assume responsibility for security services at the aforementioned sites, which are currently managed and contracted for by ISD. In order for DHS to bring the services under its purview and the Agreements, DHS will need authority to increase the contingency funds under the two security Agreements it administers to account for sites and corresponding guards that will need to be added to these Agreements effective on December 1, 2020, following the termination of ISD's current contract on November 30, 2020.

Under the current contracts negotiated by ISD, a much higher hourly rate, which includes administrative overhead, is being charged by the contractor, as compared to the rates contained in the DHS Agreements. DHS intends to roll services provided pursuant to the ISD contracts into one or both of the current DHS security Agreements and estimates annual cost savings to the County of \$3.00M as a result. DHS will continue to manage these additional security services under the terms and conditions of the DHS security Agreements, previously approved by your Board.

Approval of the first recommendation will allow the Director, or designee, to execute amendments to the Agreements with Allied and Securitas to increase the COVID-19

contingency fund under each Agreement up to 17% for additional security services at various County and non-County sites.

Approval of the second recommendation will allow the Director, or designee, to execute future amendments to the Agreements to shift unspent funds between the categories of contingency funds within each Agreement and/or between the Agreements, to enable DHS to effectively manage unanticipated security needs by improving operational work flow and cost efficiency.

Implementation of Strategic Plan Goals

The recommended actions support Strategy II.2, "Support the Wellness of Our Communities" and III.3, "Pursue Operational Effectiveness, Fiscal Responsibility and Accountability" of the County's Strategic Plan.

FISCAL IMPACT/FINANCING

DHS will ensure that the additional cost for COVID-19 related security activities will maximize available use of CARES Act coronavirus relief funds and/or reimbursement from the Federal Emergency Management Agency (FEMA) to offset all costs incurred.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

On March 12, 2019, the Board approved Agreements with Securitas and Allied for the provision of Unarmed Security Guard Services at all DHS facilities and other County facilities occupied by DHS, which included a 10% contingency for emergency, urgent, unscheduled and additional guard services for the period of May 1, 2019 through January 31, 2022.

On December 3, 2019, the Board approved and delegated authority to DHS to, among others, adjust work requirements and funding in the Agreements, with an overall net zero dollar increase to DHS' existing security services budget. The Board simultaneously delegated authority to DHS to establish up to 10% contingency for collaboration with other County of Los Angeles departments and offices, above DHS' initial 10% contingency for both Agreements to meet future facility expansions, emergencies, and unforeseen security needs.

On May 12, 2020, DHS received approval from the Chief Executive Office, by delegated authority, to expand the scope of contracted services with Securitas and Allied via a separate COVID-19 contingency fund in an amount not to exceed 2.5% (\$2) of the County's aggregate maximum obligation under both Agreements. Such funds are to be

The Honorable Board of Supervisors
November 10, 2020
Page 4

used solely to address increased workload associated with the COVID-19 related activities.

Any adjustments between the designated contingency categories within each Agreement, or between the Agreements, shall not exceed the total of contingency authority approved by the Board.

The Agreements include all Board required provisions, including County's right to terminate for convenience when deemed necessary by the County, with 10 day written notice.

All amendments are subject to prior review and approval as to form by County Counsel.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

Approval of the recommendations will give DHS the necessary flexibility to timely meet the security needs in its response to the COVID-19 pandemic.

Respectfully submitted,

Christina R. Ghaly, M.D.
Director

CRG:JA

c: Chief Executive Office
County Counsel
Executive Office, Board of Supervisors