



## **HEALTH AND MENTAL HEALTH CLUSTER AGENDA REVIEW MEETING**

**DATE:** Wednesday, September 27, 2023

**TIME:** 11:30 A.M.

**THIS MEETING WILL CONTINUE TO BE CONDUCTED VIRTUALLY AS PERMITTED UNDER THE BOARD OF SUPERVISORS AUGUST 8, 2023, ORDER SUSPENDING THE APPLICATION OF BOARD POLICY 3.055 UNTIL MARCH 31, 2024**

**TO PARTICIPATE IN THE MEETING, PLEASE CALL AS FOLLOWS:**

**DIAL-IN NUMBER: 1 (323) 776-6996**

**CONFERENCE ID: 322130288#**

**[MS Teams link](#) (Ctrl+Click to Follow Link)**

### **AGENDA**

Members of the Public may address the Health and Mental Health Services Meeting on any agenda item. Two (2) minutes are allowed for each item.

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

- I. Call to order
- II. **Presentation Item(s):**
  - a. **DHS:** Approval to Utilize Measure B Funds to Extend the Emergency Medical Services Agency's Mobile Stroke Unit Pilot Project and Budget Adjustment
  - b. **DHS:** Fiscal Year 2022-23 Year End Appropriation Adjustments
  - c. **DPW/DHS:** Martin Luther King, Jr. Medical Campus, Clinical Laboratory and Red-Bag Storage Project – Approve Revised Project Budget, Appropriation Adjustment, and Construction Change Order
- III. Items Continued from a Previous Meeting of the Board of Supervisors or from the Previous Agenda Review Meeting

- IV. 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
- V. Public Comment
- VI. Adjournment

October 2, 2023

**Los Angeles County  
Board of Supervisors**

**Hilda L. Solis**  
First District


**Holly J. Mitchell**  
Second District

**Lindsey P. Horvath**  
Third District

**Janice K. Hahn**  
Fourth District

**Kathryn Barger**  
Fifth District

TO: Supervisor Janice Hahn, Chair  
Supervisor Hilda L. Solis  
Supervisor Holly J. Mitchell  
Supervisor Lindsey P. Horvath  
Supervisor Kathryn Barger

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

SUBJECT: **FISCAL YEAR 2022-23 YEAR-END APPROPRIATION  
ADJUSTMENTS (ALL DISTRICTS) (4 VOTES)**

**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

**Elizabeth M. Jacobi, J.D.**  
Administrative Deputy

Request approval of Fiscal Year (FY) 2022-23 year-end appropriation adjustments for the Department of Health Services (DHS).

**IT IS RECOMMENDED THAT THE BOARD:**

1. Approve the FY 2022-23 year-end appropriation adjustments (Attachment I) for DHS to adjust its Enterprise Fund obligated fund balance to \$1,791.6 million as of June 30, 2023, including \$325.3 million in funding restricted for Provider Relief Fund (PRF) uses.
2. Approve the FY 2022-23 appropriation adjustments (Attachment II) to realign funding for the Measure B Special Revenue Fund.
3. Approve the FY 2022-23 appropriation adjustments (Attachment III) to adjust Long-Term Receivables (LTRs) for Cost Based Reimbursement Clinics (CBRC), Enhanced Payment Program (EPP), Quality Incentive Program (QIP), and Managed Care Rate Supplement (MCRS) revenues at various DHS facilities.

**PURPOSE/JUSTIFICATION OF RECOMMENDED ACTIONS**

DHS is seeking the Board's approval of the recommended actions described in this letter, which will allow DHS to execute its FY 2022-23 year-end appropriation adjustments. The appropriation adjustments (Attachments I, II and III) will:

1. Establish an obligated fund balance of \$1,791.6 million in the DHS Enterprise Fund as of June 30, 2023, resulting from a FY 2022-23 operating surplus of \$277.2 million, a prior-year balance of \$1,504.7 million, and a net increase of \$9.7 million from the reduction in DHS' reserve funds set aside for the

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*"To advance the health of our  
patients and our communities by  
providing extraordinary care"*



CBRC, EPP, QIP and MCRS LTRs, and align certain appropriations and revenues within DHS in accordance with its FY 2022-23 financial experience. The DHS Enterprise Fund obligated fund balance includes \$325.3 million of restricted PRF funding;

2. Align appropriations within the Measure B Special Revenue Fund in accordance with DHS' FY 2022-23 financial experience; and
3. Adjust the LTRs for the CBRC, EPP, QIP and MCRS revenues that were accrued in FY 2022-23 for FYs 2020-21 through 2022-23, all of which are expected to be collected after June 30, 2024.

### **IMPLEMENTATION OF STRATEGIC PLAN GOALS**

The recommended actions support Strategic Plan Goal III, Realize Tomorrow's Government Today; Strategy 3 – Pursue Operational Effectiveness, Fiscal Responsibility, and Accountability.

### **FISCAL IMPACT/FINANCING**

The recommended actions will adjust various departmental budget units to reflect DHS' FY 2022-23 financial experience and adjust the DHS' Enterprise Fund obligated fund balance to \$1,791.6 million from the prior year-end balance of \$1,504.7 million. The adjusted obligated fund balance includes \$325.3 million restricted for PRF uses as of June 30, 2023. Without the funds restricted for PRF uses, the remaining available fund balance for DHS to utilize in future fiscal years is \$1,466.3 million, an increase of \$279.0 million from the prior year-end available balance of \$1,187.3 million.

Per the DHS Fiscal Outlook dated June 27, 2023, DHS continues to forecast a structural deficit for the next several years and estimates the use of sizeable amounts of DHS fund balance will be necessary to balance the Department's budget. As inflation continues, DHS expects the deficit to worsen because our costs continue to increase at a much higher rate than our incoming revenues. The current financial system for public hospital financing is not capable of solving DHS' structural deficit. DHS has been working with other public hospitals to request that the State Department of Health Care Services (DHCS) address county public hospitals' funding shortfalls. The discussions with DHCS are expected to be prolonged as the current financing system for the public hospitals is complicated. Any potential changes that may be forthcoming do not guarantee a resolution to DHS' structural deficit. As a result, DHS is expecting the year-over-year available fund balance to gradually decrease each year until FY 2025-26 when the decrease is substantial. This trend results from certain one-time positive adjustments made to the fund balance in the earlier years which offset the actual annual structural deficit. By FY 2025-26, there are no further positive adjustments available resulting in the significant reduction in available fund balance.

Finally, DHS has reduced the amount of reserve funds set aside for the CBRC, EPP, QIP and MCRS LTRs from \$858.7 million to \$849.0 million. The reserve funds are considered "non-spendable" and DHS will continue to work with the State and to

monitor the timing of collections for these revenue streams to determine if and when these funds will be freed up and could move into the available fund balance. DHS updates these amounts during each fiscal year closing process and will provide updates to your Board on these LTRs in future DHS fiscal outlook updates, as needed.

### **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

During FY 2009-10, Los Angeles County set aside reserve funds to establish a CBRC LTR to offset accounts receivable owed by the State to DHS facilities. The LTR is adjusted each year during the year-end closing process and are made up of outstanding accounts receivable from the State for multiple fiscal years. In the FY 2022-23 year-end closing process, as part of recommendation number three above, there is a net decrease of \$32.5 million for the CBRC LTR, reducing the balance from \$68.7 million to \$36.2 million.

Also, as noted in the DHS Fiscal Outlook, DHCS has changed the time period for setting the annual Medi-Cal Managed Care rates from a fiscal-year basis to a calendar-year basis. This transition impacts when the net annual supplemental payments for the EPP, QIP, and MCRS revenues will actually be received by DHS. Payments previously made at the end of each fiscal year will now be made at the end of each calendar year instead, thus delaying payments to DHS by approximately six months. As a consequence, there is a need to establish LTRs for the EPP, QIP and MCRS. In the FY 2022-23 year-end closing process, as part of recommendation number three above, there is a net increase of \$22.8 million, increasing the balance from \$790.0 million to \$812.8 million.

Overall, the total LTR balance has been adjusted from \$858.7 million to \$849.0 million, fully funded by the reserve funds within the DHS' obligated fund balance for FY 2022-23 (see Attachment IV).

In addition, beginning April 2020, DHS received multiple PRF allocations from the U.S. Department of Health and Human Services (HHS) and those payments were deposited into an interest-bearing trust fund. During FY 2020-21 and FY 2021-22, \$317.4 million was recognized by DHS based on preliminary estimates of allowable expenditure claims, and \$317.4 million was set aside pending final claiming instructions and guidance from HHS. During FY 2022-23, the remaining balance of \$7.8 million in the interest-bearing trust fund was recognized by DHS, increasing the total restricted PRF funding from \$317.4 million to \$325.3 million.

### **CONTRACTING PROCESS**

Not applicable.

### **IMPACT ON CURRENT SERVICES (OR PROJECTS)**

These FY 2022-23 year-end appropriation adjustments have no impact on current services.

Each Supervisor  
October 2, 2023  
Page 4

CRG:fl

#### Attachments

c: Chief Executive Office  
County Counsel  
Executive Office, Board of Supervisors  
Auditor-Controller

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BOARD OF  
SUPERVISORS  
OFFICIAL COPY

COUNTY OF LOS ANGELES

**REQUEST FOR APPROPRIATION ADJUSTMENT**

**DEPARTMENT OF HEALTH SERVICES**

DEPT'S.  
NO. 110

October 2, 2023

**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 2022-23**

**4 - VOTES**

**SOURCES**

BA DETAIL - SEE ATTACHMENT PAGES I-B

**USES**

BA DETAIL - SEE ATTACHMENT PAGES I-B

**SOURCES TOTAL: \$ 1,664,982,000**

**USES TOTAL: \$ 1,664,982,000**

**JUSTIFICATION**

This budget adjustment is necessary to increase the Department of Health Services (DHS) Enterprise Fund Obligated Fund Balance to \$1,791.6 million, and to align certain appropriations and revenues within DHS with the Department's FY 2022-23 financial experience.

**Jean Lo**

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Date: 2023.09.07 18:15:06  
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AUTHORIZED SIGNATURE Jean Lo, Chief, Controller's Division

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

REFERRED TO THE CHIEF  
EXECUTIVE OFFICER FOR ---

☐ ACTION

☒ RECOMMENDATION

AUDITOR-CONTROLLER

BY

B.A. NO.

916

*Lanfan*  
*Sept - 13 2023*

☒ APPROVED AS REQUESTED

☐ APPROVED AS REVISED

CHIEF EXECUTIVE OFFICER

BY

Erika Bonilla

Digitally signed by Erika  
Bonilla  
Date: 2023.09.19 11:10:26  
-07'00'

9/19/23

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DEPARTMENT OF HEALTH SERVICES  
YEAR-END BUDGET ADJUSTMENT

FY 2022-23  
4 - VOTES

SOURCES		USES	
LA General Medical Center MN4-HG-2000-60010 Services and Supplies Decrease Appropriation	17,000,000	LA General Medical Center MN4-HG-96-9910-60010 Operating Transfers In - Measure B Decrease Revenue	12,906,000
LA General Medical Center MN4-HG-5500-60010 Other Charges Decrease Appropriation	55,698,000	LA General Medical Center MN4-HG-96-9911-60010 Operating Transfers In Decrease Revenue	54,080,000
		LA General Medical Center MN4-HG-6100-60010 Other Financing Uses Increase Appropriation	5,712,000
Subtotal LA General Medical Center	\$ 72,698,000	Subtotal LA General Medical Center	\$ 72,698,000
Harbor Care South MN1-HH-1000-60020 Salaries and Employee Benefits Decrease Appropriation	14,414,000	Harbor Care South MN1-HH-5500-60020 Other Charges Increase Appropriation	14,514,000
Harbor Care South MN1-HH-2000-60020 Services & Supplies Decrease Appropriation	3,326,000	Harbor Care South MN1-HH-96-9911-60020 Operating Transfers In Decrease Revenue	114,355,000
Harbor Care South MN1-HH-6030-60020 Capital Assets-Equipment Decrease Appropriation	1,105,000	Harbor Care South MN1-HH-6100-60020 Other Financing Uses Increase Appropriation	184,419,000
Harbor Care South MN1-HH-96-9910-60020 Operating Transfers In - Measure B Increase Revenue	873,000		
Harbor Care South MN1-HH-92-943P-60020 Medi-Cal Managed Care Increase Revenue	271,328,000		
Harbor Care South MN1-HH-92-9433-60020 Medi-Cal Increase Revenue	22,242,000		
Subtotal Harbor Care South	\$ 313,288,000	Subtotal Harbor Care South	\$ 313,288,000
Rancho Los Amigos National Rehabilitation Center MN7-HR-1000-60040 Salaries and Employee Benefits Decrease Appropriation	2,597,000	Rancho Los Amigos National Rehabilitation Center MN7-HR-96-9911-60040 Operating Transfers In Decrease Revenue	39,417,000
Rancho Los Amigos National Rehabilitation Center MN7-HR-2000-60040 Services and Supplies Decrease Appropriation	7,779,000	Rancho Los Amigos National Rehabilitation Center MN7-HR-6100-60040 Other Financing Uses Increase Appropriation	108,128,000

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DEPARTMENT OF HEALTH SERVICES  
YEAR-END BUDGET ADJUSTMENT

FY 2022-23  
4 - VOTES

SOURCES		USES	
Rancho Los Amigos National Rehabilitation Center MN7-HR-5500-60040 Other Charges Decrease Appropriation	36,794,000		
Rancho Los Amigos National Rehabilitation Center MN7-HR-6030-60040 Capital Assets-Equipment Decrease Appropriation	973,000		
Rancho Los Amigos National Rehabilitation Center MN7-3301 Other Fund Balance Available Decrease Fund Balance	99,402,000		
Subtotal Rancho Los Amigos NRC	\$ 147,545,000	Subtotal Rancho Los Amigos NRC	\$ 147,545,000
Olive View-UCLA Medical Center MN3-HO-1000-60050 Salaries and Employee Benefits Decrease Appropriation	5,472,000	Olive View-UCLA Medical Center MN3-HO-5500-60050 Other Charges Increase Appropriation	64,327,000
Olive View-UCLA Medical Center MN3-HO-2000-60050 Services and Supplies Decrease Appropriation	9,397,000	Olive View-UCLA Medical Center MN3-HO-96-9910-60050 Operating Transfers In - Measure B Decrease Revenue	4,088,000
Olive View-UCLA Medical Center MN3-HO-92-943H-60050 LA Care Managed Care Rate Supplement Increase Revenue	78,637,000	Olive View-UCLA Medical Center MN3-HO-96-9911-60050 Operating Transfers In Decrease Revenue	25,091,000
Subtotal Olive View-UCLA Medical Center	\$ 93,506,000	Subtotal Olive View-UCLA Medical Center	\$ 93,506,000
DHS Enterprise Fund MN2-HS-6100-60070 Other Financing Uses Decrease Appropriation	236,262,000	DHS Enterprise Fund MN2-3078 Committed for DHS Increase Obligated Fund Balance	304,937,000
DHS Enterprise Fund MN2-HS-96-9911-60070 Operating Transfers In Increase Revenue	298,259,000	DHS Enterprise Fund MN2-301G Committed for LA General Medical Center Increase Obligated Fund Balance	4,431,000
DHS Enterprise Fund MN2-HS-96-9912-60070 Operating Subsidy - GF Increase Revenue	68,675,000	DHS Enterprise Fund MN2-3048 Committed for Harbor Care South Increase Obligated Fund Balance	179,735,000
DHS Enterprise Fund MN2-3061 Committed for ValleyCare Network Decrease Obligated Fund Balance	1,679,000	DHS Enterprise Fund MN2-3081 Committed for Rancho Increase Obligated Fund Balance	107,946,000
		DHS Enterprise Fund MN2-304D Committed for Provider Relief Fund Increase Obligated Fund Balance	7,826,000
Subtotal DHS Enterprise Fund	\$ 604,875,000	Subtotal DHS Enterprise Fund	\$ 604,875,000

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DEPARTMENT OF HEALTH SERVICES  
YEAR-END BUDGET ADJUSTMENT

FY 2022-23  
4 - VOTES

SOURCES		USES	
<b>Health Services - Realignment</b>		<b>VLFR - Health Services</b>	
A01-HS-88-8914-19999		A01-CB-88-8716-10590-10591	
1991 Realignment-Health Services		State-Vehicle License Fee AB1288	
<b>Increase Revenue</b>	52,210,000	<b>Decrease Revenue</b>	70,930,000
		<b>Ent Sub - DHS Enterprise Fund</b>	
		A01-AC-6100-21200-21236	
		Other Financing Uses	
		<b>Increase Appropriation</b>	68,675,000
<b>Ambulatory Care Network</b>		<b>Ambulatory Care Network</b>	
A01-HN-92-943P-20100		A01-HN-2000-20100	
Medi-Cal Managed Care		Services & Supplies	
<b>Increase Revenue</b>	123,635,000	<b>Increase Appropriation</b>	31,837,000
		<b>Ambulatory Care Network</b>	
		A01-HN-5500-20100	
		Other Charges	
		<b>Increase Appropriation</b>	14,150,000
<b>Health Services - Juvenile Court Health Services</b>		<b>Health Services - Juvenile Court Health Services</b>	
A01-HJ-1000-20600		A01-HJ-2000-20600	
Salaries and Employee Benefits		Services & Supplies	
<b>Decrease Appropriation</b>	594,000	<b>Increase Appropriation</b>	594,000
		<b>Health Services - Health Services Administration</b>	
		A01-HS-88-8750-20000	
		State-Health-Admin	
		<b>Decrease Revenue</b>	29,350,000
<b>LA General Medical Center</b>		<b>LA General Medical Center</b>	
<b>LA General Medical Center Ward 2E Remodel</b>		<b>LA General Medical Center Ward 2E Remodel</b>	
A01-CP-6014-64010-87863		A01-CP-96-9919-64010-87863	
Capital Assets - B&I		Operating Transfers In - Capital Projects	
<b>Decrease Appropriation</b>	3,319,000	<b>Decrease Revenue</b>	3,319,000
<b>LA General Medical Center Capital Improvements</b>			
<b>LA General Medical Center Core Laboratory Equipment Replacement</b>			
A01-CP-6014-64010-87336			
Capital Assets - Building & Improv.			
<b>Decrease Appropriation</b>	359,000		
<b>LA General Medical Center Capital Improvements</b>			
<b>LA General MC Modular Chiller Plant</b>			
A01-CP-6014-64010-87383			
Capital Assets - Building & Improv.			
<b>Decrease Appropriation</b>	261,000		
<b>LA General Medical Center Capital Improvements</b>			
<b>LA General Medical Center Mechanical Upgrade</b>			
A01-CP-6014-64010-87398			
Capital Assets - Building & Improv.			
<b>Decrease Appropriation</b>	150,000		
<b>LA General Medical Center Capital Improvements</b>			
<b>LA General Medical Center USP 800 Pharmacy Upgrade</b>			
A01-CP-6014-64010-87441			
Capital Assets - Building & Improv.			
<b>Decrease Appropriation</b>	1,363,000		

BA # 916  
*Landrum*

DEPARTMENT OF HEALTH SERVICES  
YEAR-END BUDGET ADJUSTMENT

FY 2022-23  
4 - VOTES

SOURCES	USES
LA General Medical Center Capital Improvements LA General MC Parking Structure 12 Refurbishment A01-CP-6014-64010-87494 Capital Assets - Building & Improv. Decrease Appropriation	725,000
LA General Medical Center Capital Improvements LA General MC Outpatient Building Fire Barrier Separation A01-CP-6014-64010-87560 Capital Assets - Building & Improv. Decrease Appropriation	176,000
LA General Medical Center Capital Improvements LA General MC Cath Lab Replacement and Room Remodeling Project A01-CP-6014-64010-87582 Capital Assets - Building & Improv. Decrease Appropriation	788,000
LA General Medical Center Capital Improvements LA General MC Courtyard Refurbishment and Elevator Addition A01-CP-6014-64010-87492 Capital Assets - Building & Improv. Decrease Appropriation	196,000
LA General Medical Center Capital Improvements LA General Women's and Children's Hospital Demolition A01-CP-6014-64010-87476 Capital Assets - Building & Improv. Decrease Appropriation	2,196,000
LA General Medical Center Capital Improvements LA General MC Inpatient Tower Kitchen Drain Improvement A01-CP-6014-64010-87732 Capital Assets - Building & Improv. Decrease Appropriation	164,000
LA General Medical Center Capital Improvements LA General Medical Center Pipe Corrosion Repairs Project A01-CP-6014-64010-87878 Capital Assets - Building & Improv. Decrease Appropriation	329,000
LA General Medical Center Capital Improvements LA General Medical Center ER-CT UPS Installation Project A01-CP-6014-64010-87879 Capital Assets - Building & Improv. Decrease Appropriation	605,000
LA General Medical Center Capital Improvements LA General MC Parking Structure 10 Improvements A01-CP-6014-64010-87957 Capital Assets - Building & Improv. Decrease Appropriation	117,000
LA General Medical Center Capital Improvements LA General MC Mammography Equipment Replacement and Rm Remodel A01-CP-6014-64010-87963 Capital Assets - Building & Improv. Decrease Appropriation	1,270,000

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DEPARTMENT OF HEALTH SERVICES  
YEAR-END BUDGET ADJUSTMENT

FY 2022-23  
4 - VOTES

SOURCES

USES

LA General Medical Center Capital Improvements  
LA General MC IR/AG Suites Equip Replacement and Rm Remodel  
A01-CP-6014-64010-87964  
Capital Assets - Building & Improv.  
Decrease Appropriation 577,000

Harbor-UCLA Medical Center Capital Improvements  
H-UCLA Medical Center Nuclear Medicine Room Modification  
A01-CP-6014-64015-87320  
Capital Assets - Building & Improv.  
Decrease Appropriation 310,000

Harbor-UCLA Medical Center Capital Improvements  
Harbor-UCLA Medical Center USP 800 Pharmacy Upgrade  
A01-CP-6014-64015-87442  
Capital Assets - Building & Improv.  
Decrease Appropriation 659,000

Harbor-UCLA Medical Center Capital Improvements  
Harbor-UCLA MC Adult Psychiatric Emergency Svcs. Upgrade  
A01-CP-6014-64015-87557  
Capital Assets - Building & Improv.  
Decrease Appropriation 860,000

Harbor-UCLA Medical Center Capital Improvements  
Harbor-UCLA MC Inpatient Pharmacy Expansion  
A01-CP-6014-64015-87558  
Capital Assets - Building & Improv.  
Decrease Appropriation 1,139,000

Harbor-UCLA Medical Center Capital Improvements  
Harbor-UCLA Medical Center Radiography Fluoroscopy  
A01-CP-6014-64015-87575  
Capital Assets - Building & Improv.  
Decrease Appropriation 24,000

Harbor-UCLA Medical Center Capital Improvements  
H-UCLA MC Cath Lab Replacement and Room Remodeling Project  
A01-CP-6014-64015-87581  
Capital Assets - Building & Improv.  
Decrease Appropriation 239,000

Harbor-UCLA Medical Center Capital Improvements  
Harbor-UCLA Medical Center Angiography Room Refurbishment  
A01-CP-6014-64015-87709  
Capital Assets - Building & Improv.  
Decrease Appropriation 297,000

Harbor-UCLA Medical Center Capital Improvements  
Harbor-UCLA MC Computed Tomography Scan Room Remodeling  
A01-CP-6014-64015-87704  
Capital Assets - Building & Improv.  
Decrease Appropriation 738,000

Harbor-UCLA Medical Center Capital Improvements  
Harbor-UCLA Medical Center Mammography Room Refurbishment  
A01-CP-6014-64015-87747  
Capital Assets - Building & Improv.  
Decrease Appropriation 60,000

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DEPARTMENT OF HEALTH SERVICES  
YEAR-END BUDGET ADJUSTMENT

FY 2022-23  
4 - VOTES

SOURCES

USES

Martin Luther King Jr. Outpatient Ctr Capital Improvements  
MLK MC Child and Family Wellbeing Center - HS  
A01-CP-6014-64020-69846  
Capital Assets - Building & Improv.  
Decrease Appropriation

7,000

Martin Luther King Jr. Outpatient Ctr Capital Improvements  
MLK Clinical Laboratory and Red-bag Storage  
A01-CP-6014-64020-69857  
Capital Assets - Building & Improv.  
Decrease Appropriation

1,911,000

Rancho Los Amigos National Rehab Center Capital Improvements  
RLANRC Medical Air and Vacuum Remodel  
A01-CP-6014-64025-87595  
Capital Assets - Building & Improv.  
Decrease Appropriation

171,000

Olive View-UCLA Medical Center Capital Improvements  
OVMC Radiology Phase 2  
A01-CP-6014-64030-87343  
Capital Assets - Building & Improv.  
Decrease Appropriation

71,000

Olive View-UCLA Medical Center Capital Improvements  
Olive View-UCLA MC SB-1953 Compliance  
A01-CP-6014-64030-87562  
Capital Assets - Building & Improv.  
Decrease Appropriation

6,021,000

Olive View-UCLA Medical Center Capital Improvements  
Olive View-UCLA MC Emergency Power Upgrade  
A01-CP-6014-64030-87564  
Capital Assets - Building & Improv.  
Decrease Appropriation

132,000

Olive View-UCLA Medical Center Capital Improvements  
OVMC Cath Lab Replacement and Room Remodeling Project  
A01-CP-6014-64030-87583  
Capital Assets - Building & Improv.  
Decrease Appropriation

614,000

Olive View-UCLA Medical Center Capital Improvements  
Olive View MC Computerized Tomography Scan Rm Remodeling  
A01-CP-6014-64030-87607  
Capital Assets - Building & Improv.  
Decrease Appropriation

1,198,000

Olive View-UCLA Medical Center Capital Improvements  
OVMC Single-photon Emission CT Scanner Room Refurbishment  
A01-CP-6014-64030-87588  
Capital Assets - Building & Improv.  
Decrease Appropriation

1,237,000

Olive View-UCLA Medical Center Capital Improvements  
Olive View-UCLA MC Wireless Access Points Refurbishment  
A01-CP-6014-64030-87714  
Capital Assets - Building & Improv.  
Decrease Appropriation

30,000

BA #916

*Landrum*

DEPARTMENT OF HEALTH SERVICES  
YEAR-END BUDGET ADJUSTMENT

FY 2022-23  
4 - VOTES

SOURCES	USES
Olive View-UCLA Medical Center Capital Improvements Olive View-UCLA Medical Center Mammography Room Refurbishment A01-CP-6014-64030-87813 Capital Assets - Building & Improv. Decrease Appropriation	263,000
Olive View-UCLA Medical Center Capital Improvements OVMC Central Plant Retrofit A01-CP-6014-64030-87589 Capital Assets - Building & Improv. Decrease Appropriation	1,778,000
Various HS Capital Improvements Various Refurbishments A01-CP-6014-64035-86937 Capital Assets - Building & Improv. Decrease Appropriation	2,568,000
Health Services Administration Capital Improvements Health Services Admin Emergency Generator Replacement A01-CP-6014-64045-87592 Capital Assets - Building & Improv. Decrease Appropriation	593,000
Ambulatory Care Network Capital Improvements Roybal Air Handler Replacement Project A01-CP-6014-64050-87219 Capital Assets - Building & Improv. Decrease Appropriation	94,000
Ambulatory Care Network Capital Improvements El Monte CHC Primary Care Clinic Renovation A01-CP-6014-64050-87472 Capital Assets - Building & Improv. Decrease Appropriation	455,000
Ambulatory Care Network Capital Improvements El Monte CHC Urgent Care Center Renovation A01-CP-6014-64050-87473 Capital Assets - Building & Improv. Decrease Appropriation	308,000
Ambulatory Care Network Capital Improvements Mid-Valley CHC HVAC and Roof Replacement A01-CP-6014-64050-87598 Capital Assets - Building & Improv. Decrease Appropriation	1,458,000
Ambulatory Care Network Capital Improvements Roybal CHC Restroom Refurbishment A01-CP-6014-64050-87703 Capital Assets - Building & Improv. Decrease Appropriation	1,458,000
General Fund A01-3306 Approp for Cont - Canc Comm & A/P Decrease Appropriation	5,128,000

BA #916

*Landan*

DEPARTMENT OF HEALTH SERVICES  
YEAR-END BUDGET ADJUSTMENT

FY 2022-23  
4 - VOTES

SOURCES		USES	
<b>Health Services - Health Services Administration</b>		<b>PFU-Health Services</b>	
A01-HS-2000-20000		A01-CB-2000-13749-13763	
Services & Supplies		Services & Supplies	
Decrease Appropriation	154,431,000	Increase Appropriation	210,474,000
<b>Health Services - Health Services Administration</b>		<b>Affordable Housing</b>	
A01-HS-5500-20000		A01-AM-2000-10160	
Other Charges		Services & Supplies	
Decrease Appropriation	59,784,000	Increase Appropriation	2,908,000
		<b>Various Capital Projects</b>	
		Rancho Los Amigos Interim Housing Facility Refurbishment	
		A01-CP-6014-65099-87720	
		Capital Assets - B & I	
		Increase Appropriation	116,000
		<b>Project and Facility Development</b>	
		A01-CF-2000-10190	
		Services & Supplies	
		Increase Appropriation	117,000
		<b>General Fund</b>	
		A01-3073	
		Committed for Health Services Future Financial Req	
		Increase Obligated FD Bal	600,000
Subtotal General Fund	\$ 433,070,000	Subtotal General Fund	\$ 433,070,000
Total Department	\$ 1,664,982,000	Total Department	\$ 1,664,982,000

Noted & Approved:

Jean Lo

Digitally signed by Jean Lo  
Date: 2023.09.07 18:17:52 -07'00'

Jean Lo, Chief, Controller's Division  
Department of Health Services

BA#916  
*Lanlan*



PINK

BA FORM 03/13

BOARD OF  
SUPERVISORS  
OFFICIAL COPY

COUNTY OF LOS ANGELES

**REQUEST FOR APPROPRIATION ADJUSTMENT**

DEPARTMENT OF HEALTH SERVICES

DEPT'S.  
NO. 110

October 2, 2023

**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 2022-23**

**3 - VOTES**

**SOURCES**

BA DETAIL - SEE ATTACHMENT PAGE II-B

**USES**

BA DETAIL - SEE ATTACHMENT PAGE II-B

**SOURCES TOTAL: \$ 16,994,000**

**USES TOTAL: \$ 16,994,000**

**JUSTIFICATION**

This budget adjustment is necessary to reallocate the funding for the Measure B Special Revenue Fund among three DHS hospitals and Health Services Administration-Martin Luther King, Jr. Community Hospital Intergovernmental Transfer (HSA-MLK IGT) in accordance with the FY 2022-23 financial experience.

**Jean Lo**

Digitally signed by Jean Lo  
Date: 2023.09.07 18:20:16  
-07'00'

AUTHORIZED SIGNATURE Jean Lo, Chief, Controller's Division

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

REFERRED TO THE CHIEF  
EXECUTIVE OFFICER FOR --

☐ ACTION

☒ RECOMMENDATION

AUDITOR-CONTROLLER

BY

B.A. NO.

908

*Langsam*  
*Sept. 13* 20 23

☒ APPROVED AS REQUESTED

☐ APPROVED AS REVISED

CHIEF EXECUTIVE OFFICER

BY

Erika  
Bonilla

Digitally signed by  
Erika Bonilla  
Date: 2023.09.19  
11:11:09 -07'00'

9/19/23

20



**DEPARTMENT OF HEALTH SERVICES  
MEASURE B BUDGET ADJUSTMENT**

**FY 2022-23  
3 - VOTES**

<b>SOURCES</b>		<b>USES</b>	
<b>Measure B - LA General Medical Center</b>		<b>Measure B - Harbor-UCLA Medical Center</b>	
BW9-HS-6100-41010-41014		BW9-HS-6100-41010-41012	
Other Financing Uses		Other Financing Uses	
<b>Decrease Appropriation</b>	12,906,000	<b>Increase Appropriation</b>	873,000
<b>Measure B - Olive View-UCLA Medical Center</b>		<b>Measure B - Administrative/Other</b>	
BW9-HS-6100-41010-41013		BW9-HS-6100-41010-41017	
Other Financing Uses		Other Financing Uses	
<b>Decrease Appropriation</b>	4,088,000	<b>Increase Appropriation</b>	16,121,000
<b>Sources Total</b>		<b>Uses Total</b>	<b>16,994,000</b>

**Noted & Approved:**

**Jean Lo**

Digitally signed by Jean Lo  
Date: 2023.09.07 18:26:12 -07'00'

**Jean Lo, Chief, Controller's Division  
Department of Health Services**

BA# 908

*Landan*

PINK

BA FORM 03/13

BOARD OF  
SUPERVISORS  
OFFICIAL COPY

COUNTY OF LOS ANGELES

REQUEST FOR APPROPRIATION ADJUSTMENT

DEPARTMENT OF HEALTH SERVICES

DEPT'S.  
NO. 110

October 2, 2023

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 2022-23

4 - VOTES

SOURCES

BA DETAIL - SEE ATTACHMENT PAGE III-B

USES

BA DETAIL - SEE ATTACHMENT PAGE III-B

SOURCES TOTAL: \$ 615,400,323

USES TOTAL: \$ 615,400,323

JUSTIFICATION

Reflects the adjustment to the Department's long-term receivables for the Cost Based Reimbursement Clinics (CBRC), Enhanced Payment Program (EPP), Global Payment Program (QIP) and Managed Care Rate Supplement (MCRS) revenues at various DHS facilities. The revenues were accrued in FY 2022-23 for FYs 2020-21 through 2022-23, but expected to be collected after June 30, 2024.

Jean Lo

Digitally signed by Jean Lo  
Date: 2023.09.07 18:27:27 -07'00'

AUTHORIZED SIGNATURE Jean Lo, Chief, Controller's Division

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

REFERRED TO THE CHIEF  
EXECUTIVE OFFICER FOR ---

☐ ACTION

☒ RECOMMENDATION

AUDITOR-CONTROLLER

BY

B.A. NO.

909

*Lauren*  
*Sept 13 20 23*

☒ APPROVED AS REQUESTED

☐ APPROVED AS REVISED

CHIEF EXECUTIVE OFFICER

BY

Erika Bonilla

Digitally signed by Erika  
Bonilla  
Date: 2023.09.19 11:11:34  
-07'00'

9/19/23

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DEPARTMENT OF HEALTH SERVICES  
NONSPENDABLE FOR LT RECEIVABLES - CBRC, EPP, QIP, MCRS BUDGET ADJUSTMENT

FY 2022-23  
4 - VOTES

SOURCES		USES	
<b>LA GENERAL MEDICAL CENTER ENTERPRISE FUND</b>		<b>LA GENERAL MEDICAL CENTER ENTERPRISE FUND</b>	
MN4-3301		MN4-303K	
OTHER FUND BALANCE AVAILABLE		NONSPENDABLE FOR LT RECEIVABLES EPP	
DECREASE FUND BALANCE	117,088,021	INCREASE OBLIGATED FD BAL	45,324,689
<b>LA GENERAL MEDICAL CENTER ENTERPRISE FUND</b>		<b>LA GENERAL MEDICAL CENTER ENTERPRISE FUND</b>	
MN4-3012		MN4-303L	
NONSPENDABLE FOR LT RECEIVABLES CBRC (HOSP)		NONSPENDABLE FOR LT RECEIVABLES QIP	
DECREASE OBLIGATED FD BAL	21,867,240	INCREASE OBLIGATED FD BAL	13,211,948
		<b>LA GENERAL MEDICAL CENTER ENTERPRISE FUND</b>	
		MN4-303T	
		NONSPENDABLE FOR LT RECEIVABLES MCRS - MCE	
		INCREASE OBLIGATED FD BAL	80,418,624
<b>HARBOR CARE SOUTH ENTERPRISE FUND</b>		<b>HARBOR CARE SOUTH ENTERPRISE FUND</b>	
MN1-3012		MN1-3301	
NONSPENDABLE FOR LT RECEIVABLES CBRC (HOSP)		OTHER FUND BALANCE AVAILABLE	
DECREASE OBLIGATED FD BAL	4,007,497	INCREASE FUND BALANCE	135,339,877
<b>HARBOR CARE SOUTH ENTERPRISE FUND</b>		<b>HARBOR CARE SOUTH ENTERPRISE FUND</b>	
MN1-303S		MN1-303K	
NONSPENDABLE FOR LT RECEIVABLES MCRS -TRAD	38,279,283	NONSPENDABLE FOR LT RECEIVABLES EPP	
DECREASE OBLIGATED FD BAL		INCREASE OBLIGATED FD BAL	46,652,636
<b>HARBOR CARE SOUTH ENTERPRISE FUND</b>		<b>HARBOR CARE SOUTH ENTERPRISE FUND</b>	
MN1-303T		MN1-303L	
NONSPENDABLE FOR LT RECEIVABLES MCRS - MCE		NONSPENDABLE FOR LT RECEIVABLES QIP	
DECREASE OBLIGATED FD BAL	150,515,888	INCREASE OBLIGATED FD BAL	10,810,155
<b>RANCHO LOS AMIGOS NAT REHAB CNTR ENT FD</b>		<b>RANCHO LOS AMIGOS NAT REHAB CNTR ENT FD</b>	
MN7-3012		MN7-3301	
NONSPENDABLE FOR LT RECEIVABLES CBRC (HOSP)		OTHER FUND BALANCE AVAILABLE	
DECREASE OBLIGATED FD BAL	119,564	INCREASE FUND BALANCE	130,651,967
<b>RANCHO LOS AMIGOS NAT REHAB CNTR ENT FD</b>		<b>RANCHO LOS AMIGOS NAT REHAB CNTR ENT FD</b>	
MN7-303S		MN7-303K	
NONSPENDABLE FOR LT RECEIVABLES MCRS -TRAD	82,439,552	NONSPENDABLE FOR LT RECEIVABLES EPP	
DECREASE OBLIGATED FD BAL		INCREASE OBLIGATED FD BAL	5,186,542
<b>RANCHO LOS AMIGOS NAT REHAB CNTR ENT FD</b>		<b>RANCHO LOS AMIGOS NAT REHAB CNTR ENT FD</b>	
MN7-303T		MN7-303L	
NONSPENDABLE FOR LT RECEIVABLES MCRS - MCE		NONSPENDABLE FOR LT RECEIVABLES QIP	
DECREASE OBLIGATED FD BAL	55,354,021	INCREASE OBLIGATED FD BAL	2,074,628
<b>OLIVE VIEW-UCLA MEDICAL CNTR ENTERPRISE FD</b>		<b>OLIVE VIEW-UCLA MEDICAL CNTR ENTERPRISE FD</b>	
MN3-3301		MN3-303K	
OTHER FUND BALANCE AVAILABLE		NONSPENDABLE FOR LT RECEIVABLES EPP	
DECREASE FUND BALANCE	105,876,449	INCREASE OBLIGATED FD BAL	12,029,491
<b>OLIVE VIEW-UCLA MEDICAL CNTR ENTERPRISE FD</b>		<b>OLIVE VIEW-UCLA MEDICAL CNTR ENTERPRISE FD</b>	
MN3-3012		MN3-303L	
NONSPENDABLE FOR LT RECEIVABLES CBRC (HOSP)		NONSPENDABLE FOR LT RECEIVABLES QIP	
DECREASE OBLIGATED FD BAL	4,692,238	INCREASE OBLIGATED FD BAL	5,914,742

BA# 909

*Landon*

DEPARTMENT OF HEALTH SERVICES  
NONSPENDABLE FOR LT RECEIVABLES - CBRC, EPP, QIP, MCRS BUDGET ADJUSTMENT

FY 2022-23  
4 - VOTES

SOURCES		USES	
		<b>OLIVE VIEW-UCLA MEDICAL CNTR ENTERPRISE FD</b>	
		MN3-303S	
		NONSPENDABLE FOR LT RECEIVABLES MCRS -TRAD	
		INCREASE OBLIGATED FD BAL	92,624,454
<b>AMBULATORY CARE NETWORK</b>		<b>GENERAL FUND</b>	
A01-HN-2000-20100		A01-303K	
SERVICES & SUPPLIES		NONSPENDABLE FOR LT RECEIVABLES EPP	
DECREASE APPROPRIATION	33,332,000	INCREASE OBLIGATED FD BAL	30,664,138
<b>GENERAL FUND</b>		<b>GENERAL FUND</b>	
A01-301A		A01-303L	
NONSPENDABLE FOR LT RECEIVABLES CBRC (GF)		NONSPENDABLE FOR LT RECEIVABLES QIP	
DECREASE OBLIGATED FD BAL	1,828,570	INCREASE OBLIGATED FD BAL	4,496,306
		<b>GENERAL FUND</b>	
		A01-3301	
		OTHER FUND BALANCE AVAILABLE	
		INCREASE FUND BALANCE	126
<b>Sources Total</b>	<b>615,400,323</b>	<b>Uses Total</b>	<b>615,400,323</b>

Noted & Approved:

Jean Lo

Digitally signed by Jean Lo  
Date: 2023.09.07 18:29:05 -07'00'

Jean Lo, Chief, Controller's Division  
Department of Health Services

BA #909 *Landam*

**COUNTY OF LOS ANGELES - DEPARTMENT OF HEALTH SERVICES**  
**LONG-TERM RECEIVABLES / RESERVE AMOUNT**  
**FISCAL YEAR 2022-23**  
*(\$ in millions)*

**LONG-TERM RECEIVABLES (LTR)**

<b>Revenues</b>	<b>Service Fiscal Year(s)</b>	<b>Beginning Balance</b>	<b>Ending Balance</b>	<b>Change</b>
<b>Cost Based Reimbursement Clinics (CBRC)</b>	FY 2019-20	\$ 9.3	\$ -	\$ (9.3)
	FY 2020-21	31.9	3.5	(28.4)
	FY 2021-22	27.5	18.2	(9.3)
	FY 2022-23	-	14.5	14.5
	<b>CBRC Total</b>	<b>\$ 68.7</b>	<b>\$ 36.2</b>	<b>\$ (32.5)</b>
<b>Enhanced Payment Program (EPP)</b>	FY 2021-22	\$ 304.9	\$ -	\$ (304.9)
	FY 2022-23	-	444.8	444.8
	<b>EPP Total</b>	<b>\$ 304.9</b>	<b>\$ 444.8</b>	<b>\$ 139.9</b>
<b>Quality Incentive Program (QIP)</b>	FY 2021-22	\$ 142.7	\$ -	\$ (142.7)
	FY 2022-23	\$ -	\$ 179.2	179.2
	<b>QIP Total</b>	<b>\$ 142.7</b>	<b>\$ 179.2</b>	<b>\$ 36.5</b>
<b>Managed Care Rate Supplement (MCRS)</b>	FY 2020-21	\$ 109.8	\$ -	\$ (109.8)
	FY 2021-22	232.6	-	(232.6)
	FY 2022-23	-	188.8	188.8
	<b>MCRS Total</b>	<b>\$ 342.4</b>	<b>\$ 188.8</b>	<b>\$ (153.6)</b>
<b>Total</b>		<b>\$ 858.7</b>	<b>\$ 849.0</b>	<b>\$ (9.7)</b>

**RESERVE AMOUNT**

<b>Funding Source</b>	<b>Beginning Balance</b>	<b>Ending Balance</b>	<b>Change</b>
<b>DHS' Obligated Fund Balance</b>	<b>\$ 858.7</b>	<b>\$ 849.0</b>	<b>\$ (9.7)</b>

# BOARD LETTER/MEMO CLUSTER FACT SHEET

☒ Board Letter

☐ Board Memo

☐ Other

<b>CLUSTER AGENDA REVIEW DATE</b>	9/27/2023		
<b>BOARD MEETING DATE</b>	10/17/2023		
<b>SUPERVISORIAL DISTRICT AFFECTED</b>	<input type="checkbox"/> All <input type="checkbox"/> 1 <sup>st</sup> <input checked="" type="checkbox"/> 2 <sup>nd</sup> <input type="checkbox"/> 3 <sup>rd</sup> <input type="checkbox"/> 4 <sup>th</sup> <input type="checkbox"/> 5 <sup>th</sup>		
<b>DEPARTMENT(S)</b>	Public Works		
<b>SUBJECT</b>	CP Martin Luther King, Jr. Clinical Laboratory and Red-Bag Storage Project		
<b>PROGRAM</b>	N/A		
<b>AUTHORIZES DELEGATED AUTHORITY TO DEPT</b>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		
<b>SOLE SOURCE CONTRACT</b>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If Yes, please explain why:		
<b>DEADLINES/ TIME CONSTRAINTS</b>	Funding is required to complete the project in early 2024.		
<b>COST &amp; FUNDING</b>	Total cost: \$1,075,000	Funding source: The additional funding of \$1,075,000 will be provided by the Department of Health Services Enterprise Fund-Committed for Department of Health Services.	
	TERMS (if applicable): N/A		
	Explanation: N/A		
<b>PURPOSE OF REQUEST</b>	Public Works is seeking Board approval for the revised project budget of \$16,975,000, which is an increase of \$1,075,000 from the previous Board-approved amount of \$15,900,000, and to execute four construction change orders with AWI Builders, Inc., for the Martin Luther King, Jr. (MLK) Clinical Laboratory and Red-bag Storage Project.		
<b>BACKGROUND (include internal/external issues that may exist including any related motions)</b>	<p>On February 23, 2021, the Board approved the total project budget of \$14,550,00 for the MLK Clinical Laboratory and Red-Bag Storage Project and authorized Public Works to award and execute a construction contract with AWI, for a not-to-exceed amount of \$8,486,500. On December 6, 2022, the Board approved the revised project budget of \$15,900,000.</p> <p>Public Works is seeking Board-approval of four construction change orders totaling \$1,275,000: for building modifications due to Laboratory Equipment Changes for a \$510,000 not-to-exceed amount; changes to the foundation rebar and addition of sump pits for the Red-Bag Storage, for a \$250,000 not-to-exceed amount; Clinical Lab roofing changes for a \$315,000 not-to-exceed amount; and for changes to the low voltage equipment for a \$200,000 not-to-exceed amount. The change order for the Red-Bag Storage Foundation changes will be funded with available project change order contingency funds.</p> <p>Construction of the MLK Clinical Laboratory and Red-Bag Storage Project is approximately 85 percent complete and is expected to be substantially completed in April 2024.</p>		
<b>EQUITY INDEX OR LENS WAS UTILIZED</b>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If Yes, please explain how: The project will ensure that medical health services continue to be provided to a community that has been historically underserved.		
<b>SUPPORTS ONE OF THE NINE BOARD PRIORITIES</b>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If Yes, please state which one(s) and explain how: These recommendations support Board Priority No. 2 - Health Integration/Alliance for Health Integration by Providing Prevention, Treatment, and Healing Services.		
<b>DEPARTMENTAL CONTACTS</b>	Name, Title, Phone # & Email: Vincent Yu, Deputy Director, (626) 458-4010, cell (626) 614-7217, <a href="mailto:vyu@dpw.lacounty.gov">vyu@dpw.lacounty.gov</a> .		



MARK PESTRELLA, Director

# COUNTY OF LOS ANGELES

## DEPARTMENT OF PUBLIC WORKS

*"To Enrich Lives Through Effective and Caring Service"*

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

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

IN REPLY PLEASE  
REFER TO FILE:

October 17, 2023

**CONSTRUCTION CONTRACT  
CONSTRUCTION MANAGEMENT CORE SERVICE AREA  
MARTIN LUTHER KING, JR. MEDICAL CAMPUS  
CLINICAL LABORATORY AND RED-BAG STORAGE PROJECT  
APPROVE REVISED PROJECT BUDGET  
APPROVE APPROPRIATION ADJUSTMENT  
APPROVE CONSTRUCTION CHANGE ORDERS  
CAPITAL PROJECT NO. 69857  
(FISCAL YEAR 2023-24)  
(SUPERVISORIAL DISTRICT 2)  
(4 VOTES)**

### **SUBJECT**

Public Works is seeking Board approval to increase the project budget and execute four construction change orders with AWI Builders, Inc., for the Martin Luther King, Jr. Medical Campus Clinical Laboratory and Red-Bag Storage Project.

### **IT IS RECOMMENDED THAT THE BOARD:**

1. Find that the recommended actions are within the scope of the Board's previous finding of exemption from the California Environmental Quality Act for the Martin Luther King, Jr. Medical Campus Clinical Laboratory and Red-Bag Storage Project from the California Environmental Quality Act for the reasons stated in this Board letter and in the record of the approved project.
2. Approve the revised project budget of \$16,975,000, an increase of \$1,075,000 from the previous Board-approved amount of \$15,900,000, for the Martin Luther King, Jr. Medical Campus Clinical Laboratory and Red-Bag Storage Project, Capital Project No. 69857.
3. Approve the Fiscal Year 2023-24 appropriation adjustment to allocate \$1,075,000 from the Department of Health Services' Enterprise Fund-Committed for the Department of Health Services to fund the remaining project expenditures of the Martin Luther King, Jr. Medical Campus Clinical Laboratory and Red-Bag Storage Project, Capital Project No. 69857.

4. Approve and authorize the Director of Public Works or his designee to finalize negotiations and execute a change order with AWI Builders, Inc., for a \$510,000 not-to-exceed amount for building modifications due to a change in laboratory equipment.
5. Approve and authorize the Director of Public Works or his designee to finalize negotiations and execute a change order with AWI Builders, Inc., for a \$250,000 not-to-exceed amount for changes required to the Red-Bag Storage area foundation.
6. Approve and authorize the Director of Public Works or his designee to finalize negotiations and execute a change order with AWI Builders, Inc., for a \$315,000 not-to-exceed amount for additional rooftop equipment pads.
7. Approve and authorize the Director of Public Works or his designee to finalize negotiations and execute a change order with AWI Builders, Inc., for a \$200,000 not-to-exceed amount for revisions and additions of low-voltage equipment.

#### **PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

Approval of the recommended actions will find that they are within the within the scope of the Board's previous exemption finding under the California Environmental Quality Act (CEQA); approve the revised project budget and associated appropriation adjustment; and authorize Public Works to execute four change orders with AWI Builders, Inc., for the Martin Luther King, Jr. Medical Campus (MLK) Clinical Laboratory and Red-Bag Storage Project.

#### **Background**

This project will benefit patients served at the MLK Outpatient Center by optimizing clinical lab space, utilizing advanced technology and equipment, and incorporating the Department of Health Services (DHS) laboratory integration initiative to streamline laboratory services.

The approved Clinical Laboratory and Red-bag Storage Project consists of demolishing the existing, abandoned cooling towers to construct a 7,000 square foot clinical laboratory, including an adjacent red-bag storage area at the MLK Medical Campus. The existing clinical laboratory located on the Third Floor of the Augustus F. Hawkins building occupies approximately 27,000 square feet and provides laboratory tests for the MLK Outpatient Center, correctional health, and DHS satellite clinics.



DHS launched a laboratory integration initiative to improve efficiency, standardize testing practices and ensure equitable access for all DHS patients. Laboratory tests will be processed at centralized DHS locations but principally at Los Angeles General and Harbor-UCLA Medical Centers. All tests that are available to MLK patients today will continue to be available in the new MLK laboratory. Additionally, the laboratory integration will result in no anticipated additional capital costs at the new centralized locations.

On June 11, 2019, the Board established and approved the MLK Clinical Laboratory and Red-Bag Storage Project, which included the make-ready work using a Board approved Job Order Contract as part of the MLK Behavioral Health Center Renovation Project.

On February 23, 2021, the Board approved the total project budget of \$14,550,000 for the MLK Clinical Laboratory and Red-Bag Storage Project and authorized Public Works to award and execute a construction contract to the lowest responsible bidder, AWI, for a not-to-exceed amount of \$8,486,500.

On December 6, 2022, the Board approved the revised project budget of \$15,900,000, an increase of \$1,350,000 due to unforeseen soil conditions and laboratory equipment changes.

Construction of the approved MLK Clinical Laboratory and Red-Bag Storage Project is approximately 85 percent complete and is expected to be substantially completed in April 2024.

#### Laboratory Equipment Changes

On December 6, 2022, the Board approved \$150,000 for construction cost impacts due to changes to both owner-furnished and contractor-furnished laboratory equipment identified by DHS. The changes are required to meet the operational and programmatic needs of clinical staff and for laboratory operations. After completing the redesign required to support the new equipment, it was determined that associated construction costs would exceed the \$150,000 budget due to extensive modifications of the building's structural, mechanical, electrical, and plumbing systems required for the new equipment. Public Works estimates the total cost of the modifications at \$510,000.

The proposed change order with AWI for a \$510,000 not-to-exceed amount will cover the cost of the modifications to and additions of structural supports, electrical and low-voltage cabling and outlets, plumbing lines, mechanical ductwork, and custom casework.

### Red-Bag Foundation Anchor Bars and Sump Pits Changes

During installation of the steel reinforcing bar system for the Red-Bag Storage concrete foundation, material unavailability and shortages triggered constructability issues requiring redesign of the foundation. Additionally, five sump pits integral to the foundation system were requested by DHS to meet sanitary drainage needs. The changes resulted in additional design, coordination, and construction of additional rebar, supports, and concrete curbs.

The proposed change order with AWI for a \$250,000 not-to-exceed amount will cover the cost of the additional design, coordination, and construction of additional rebar, supports, and concrete curbs.

### Clinical Lab Roofing Changes

During construction of the Clinical Lab wood framing, rooftop equipment conflicts, as well as design omissions of support pads, were encountered.

The proposed change order with AWI for a \$315,000 not-to-exceed amount will cover the cost of the additional design, coordination, and construction of rooftop equipment pads, including supports, blocking, angles, anchorage, and associated hardware.

### Low-Voltage Changes

During procurement of the Clinical Lab audio-video system, equipment obsolescence and design omissions triggered reconfiguration and upgrades of devices and systems. Additionally, an intrusion alarm system was requested by DHS to meet security needs.

The proposed change order with AWI for a \$200,000 not-to-exceed amount will cover the cost of the additional design, coordination, programming, and construction of supplementary conduits, supports, low-voltage cabling, and associated hardware.

These proposed scope changes have resulted in an increase to the project's budget and delayed the substantial completion by approximately 12 months, which is currently anticipated in April 2024.

### Green Building/Sustainable Design Program

On December 20, 2016, the Board adopted a new Leadership in Energy and Environmental Design (LEED) policy, requiring all new County buildings greater than 10,000 square feet in size, to achieve LEED Gold Certification. The MLK Clinical Laboratory and Red-Bag Storage Project's new laboratory building is less than 10,000 square feet; therefore, it is exempt from achieving LEED certification. However,

the project will continue to support the Board's policy for Green Building/Sustainable Design Program by recycling disposable material, incorporating energy efficient products during construction, and by incorporating water and energy conservation features.

### **Implementation of Strategic Plan Goals**

These recommendations support the County Strategic Plan: Strategy II.1, Drive Economic Development in the County; Strategy II.2, Support the Wellness of our Communities; and Strategy III.3, Coordinate Workforce Development. Strategic Plan supports the wellness of our communities and enhances the delivery of comprehensive and seamless healthcare services to the residents of the County seeking healthcare assistance.

### **FISCAL IMPACT/FINANCING**

Approval of the recommended actions will increase the previous Board approved project budget from \$15,900,000 to \$16,975,000, an increase of \$1,075,000. The revised project budget includes construction, change order contingency, plans and specifications, permit fees, consultant services, inspection services, and County services. The revised project budget and schedule are included in Enclosure A.

The proposed budget increase in the amount of \$1,075,000 will provide additional funding to cover the cost of three of the four proposed change orders with AWI for a not-to-exceed amount of \$875,000, an increase in the Civic Art Fund allowance, and associated soft costs. The second change order in the amount of \$250,000 will be funded with available project change order contingency funds.

Approval of the Fiscal Year 2023-24 appropriation adjustment (Enclosure B) will allocate \$1,075,000 from DHS Enterprise Fund-Committed for DHS to fund the projected Fiscal Year 2023-24 expenditures for the MLK Clinical Laboratory and Red-Bag Storage Project, Capital Project No. 69857. There is no net County cost impact associated with the recommended actions.

#### **Operating Budget Impact**

Following completion of the projects, DHS will fund the associated ongoing maintenance and operational costs, as needed, with the departmental resources in future budget phases.

### **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

In accordance with the Board's Civic Art Policy amended on August 4, 2020, the project budget includes one percent of the eligible design and construction costs allocated to the

Civic Art fund. If approved, this budget increase will increase the eligible Civic Art allocation from \$145,000 to \$152,525.

In accordance with Board Policy 5.270, Countywide Local and Targeted Worker Hiring, the project requires that at least 30 percent of the California construction labor hours be performed by qualified Local Residents and at least 10 percent be performed by Targeted Workers facing employment barriers. The project also includes a jobs coordinator who facilitates the implementation of the targeted hiring requirement of the policy.

Public Contract Code Section 20137 allows the Board, with a four-fifths vote, to authorize an individual change order to a construction contract that is 10 percent or less of the original contract amount without having to obtain bids for the work. Each of the proposed change orders is for less than 10 percent of the original contract sum, and each change is for an independent scope of work. Each of these changes are, therefore, within the statutory threshold.

Los Angeles County Code Section 2.18.050 and Public Contract Code Section 20145 authorize the Director to execute change orders to original contracts entered into by the Board where an individual change order does not exceed 10 percent of the amount of the original contract or \$330,000 whichever is less. The aggregate total amount of those changes or alterations to an original contract may not exceed 25 percent of the amount of the original contract. The change orders discussed above are within the monetary limits set forth in the County Code and Public Contract Code.

## **ENVIRONMENTAL DOCUMENTATION**

On June 11, 2019, the Board found the MLK Clinical Laboratory and Red-Bag Storage Project categorically exempt from CEQA. A Notice of Exemption was filed on June 18, 2019. The project remains within certain classes of projects that have been determined not to have a significant effect on the environment in that it meets criteria set forth in Sections 15301 (l) (3) and (4); 15303 (c); and 15304 (a) and (b) of the State CEQA Guidelines and Classes 1 (h) (3) and (4); 3 (k); and 4 (a) and (c) of the County's Environmental Document Reporting Procedures and Guidelines, Appendix G. The project continues to provide for demolition of individual small structures and construction of small buildings not exceeding 10,000 square feet with negligible or no expansion of use. The currently recommended actions are within the scope of the previous finding of exemption.

Upon the Board's approval of the recommended actions, Public Works will file a Notice of Exemption with the Registrar-Recorder/County Clerk in accordance with Public Resources Code Section 21152 and will post the Notice of Exemption to its website pursuant to Section 21092.2.

### **CONTRACTING PROCESS**

On July 12, 2021, Public Works entered into low-bid agreement for construction services with AWI for an \$8,486,500. To date, Public Works has executed 31 change orders under delegated authority in the amount of \$1,631,820.67, which is 19 percent of the original contract sum.

Once executed, the proposed change orders for a \$1,275,000 total not-to-exceed amount will bring the total amount of executed change orders to \$2,906,820.67, or 34 percent of the original contract sum.

### **IMPACT ON CURRENT SERVICES (OR PROJECTS)**

Approval of the recommended actions will have no impact on current services at the MLK Medical Campus. There are no anticipated impacts to laboratory testing during equipment relocation. All patient care services on campus will remain fully operational during construction.

### **CONCLUSION**

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

Respectfully submitted,

MARK PESTRELLA, PE  
Director of Public Works

GS:LR:jc

Enclosures

c: Department of Arts and Culture  
Auditor-Controller  
Chief Executive Office (Capital Programs Division)  
Department of Children and Family Services  
County Counsel  
Executive Office  
Department of Health Services (Capital Projects Division)

**CONSTRUCTION CONTRACT  
CONSTRUCTION MANAGEMENT CORE SERVICE AREA  
MARTIN LUTHER KING, JR. MEDICAL CAMPUS  
CLINICAL LABORATORY AND RED-BAG STORAGE PROJECT  
APPROVE REVISED PROJECT BUDGET  
APPROVE APPROPRIATION ADJUSTMENT  
APPROVE CONSTRUCTION CHANGE ORDERS  
CAPITAL PROJECT NO. 69857  
(FISCAL YEAR 2023-24)  
(SUPERVISORIAL DISTRICT 2)  
(4 VOTES)**

**I. PROJECT SCHEDULE SUMMARY**

Project Activity	Scheduled Completion Date	Revised Scheduled Completion Date
<b>Make-Ready</b>		
Construction Documents	07/19/2019 (Actual)	
Jurisdictional Approvals	09/23/2019 (Actual)	
Construction Award	08/06/2020 (Actual)	
Substantial Completion	11/13/2020 (Actual)	
<b>Low-Bid Construction</b>		
Construction Documents	06/26/2020 (Actual)	
Jurisdictional Approvals	02/09/2021 (Actual)	
Construction Award	June 2021 (Actual)	
Substantial Completion	April 2023	April 2024
Project Acceptance	May 2023	May 2024

**II. PROJECT BUDGET SUMMARY**

Project Budget Category	Board Approved Budget	Changes Since Previous Board Approved Budget	Revised Budget
Low-Bid Construction	\$ 8,500,000	\$ 0	\$ 8,500,000
Make-Ready Construction	\$ 1,040,000	\$ 0	\$ 1,040,000
Change Order Contingency	\$ 2,578,000	\$ 875,000	\$ 3,453,000
Utility Connections	\$ 0	\$ 0	\$ 0
Construction Subtotal	\$12,118,000	\$ 875,000	\$12,993,000
Civic Art	\$ 145,000	\$ 7,525	\$ 152,525
Plans and Specifications	\$ 2,239,500	\$ 20,000	\$ 2,259,500
Consultant Services	\$ 886,000	\$ 30,000	\$ 916,000
Miscellaneous Expenditures	\$ 20,000	\$ 0	\$ 20,000
Jurisdictional Review/Plan Check/Permits	\$ 305,000	\$ 20,000	\$ 325,000
County Services	\$ 186,500	\$ 122,475	\$ 308,975
<b>TOTAL PROJECT COST</b>	<b>\$15,900,000</b>	<b>\$1,075,000</b>	<b>\$16,975,000</b>

**ENCLOSURE B**  
October 17, 2023

**CONSTRUCTION CONTRACT  
CONSTRUCTION MANAGEMENT CORE SERVICE AREA  
MARTIN LUTHER KING, JR. MEDICAL CAMPUS  
CLINICAL LABORATORY AND RED-BAG STORAGE PROJECT  
APPROVE REVISED PROJECT BUDGET  
APPROVE APPROPRIATION ADJUSTMENT  
APPROVE CONSTRUCTION CHANGE ORDERS  
CAPITAL PROJECT NO. 69857  
(FISCAL YEAR 2023-24)  
(SUPERVISORIAL DISTRICT 2)  
(4 VOTES)**

**Appropriation Adjustment Pending**

PINK

BA FORM 11162021

BOARD OF SUPERVISORS  
OFFICIAL COPY

September 14, 2023

COUNTY OF LOS ANGELES

DEPARTMENT OF HEALTH SERVICES

REQUEST FOR APPROPRIATION ADJUSTMENT

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 HER RECOMMENDATION OR ACTION.

ADJUSTMENT REQUESTED AND REASONS THEREFORE

FY 2023-24

4 - VOTES

SOURCES	USES
DHS ENTERPRISE FUND MN2-3078 COMMITTED FOR DHS DECREASE OBLIGATED FUND BALANCE1,075,000	DHS ENTERPRISE FUND MN2-HS-6100-60070 OTHER FINANCING USES INCREASE APPROPRIATION1,075,000
HARBOR CARE SOUTH ENTERPRISE FUND MN1-HH-96-9911-60020 OPERATING TRANSFERS IN INCREASE REVENUE1,075,000	HARBOR CARE SOUTH ENTERPRISE FUND MN1-HH-96-9912-60020 OPERATING SUBSIDY - GENERAL FUND DECREASE REVENUE1,075,000
ENT SUB - HARBOR CARE SOUTH A01-AC-6100-21200-21226 OTHER FINANCING USES DECREASE APPROPRIATION1,075,000	MARTIN LUTHER KING JR. OUTPATIENT CENTER MLK CLINICAL LABORATORY AND RED-BAG STORAGE A01-CP-6014-64020-69857 CAPITAL ASSETS - B & I INCREASE APPROPRIATION1,075,000
SOURCES TOTAL\$ 3,225,000	USES TOTAL\$ 3,225,000

JUSTIFICATION

This budget adjustment of \$1,075,000 is necessary to fund Capital Project No. 69857, MLK Clinical Laboratory and Red-Bag Storage Project, from DHS Enterprise Fund-Committed for DHS for anticipated expenditures in FY 2023-24.

AUTHORIZED SIGNATURE

JEAN LO, CHIEF, CONTROLLER'S DIVISION

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

REFERRED TO THE CHIEF EXECUTIVE OFFICER FOR---	<input type="checkbox"/> ACTION	<input type="checkbox"/> APPROVED AS REQUESTED
	<input type="checkbox"/> RECOMMENDATION	<input type="checkbox"/> APPROVED AS REVISED
AUDITOR-CONTROLLER	BY	CHIEF EXECUTIVE OFFICER
B.A. NO.	DATE	DATE