

**CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY (“Authority”)**

**Investment in Mental Health Wellness Grant Program (“IMHWGP”)**

**Resolution No. MH 2014-06 (First Funding Round)**

**County of Los Angeles**

**Quarterly Update**

**January 30, 2020**

The Authority approved a reinstatement of, and an amendment to, Resolution Number MH 2014-06 on February 22, 2018 for an Investment in Mental Health Wellness grant for the County of Los Angeles (the “County”) in an amount not to exceed \$40,892,700.49 for 240 beds to serve adults in 15 new Crisis Residential Treatment Programs (“CRTP”); eight new beds in one expanded Crisis Stabilization Unit (“CSU”), aka Urgent Care Center (“UCC”); 14 Mobile Crisis Support Teams (“MCST”) and one clerical staff to provide field-based crisis intervention services to children, adolescents, and adults throughout the County.

As a condition of approval, the Authority required the county to provide quarterly updates detailing milestones achieved, progress, and obstacles or challenges related to the completion of the projects as described in the Authority resolution. The last update was presented to the Authority on September 26, 2019. The County’s seventh quarterly update is summarized on the following pages.

## **JANUARY 2020 QUARTERLY UPDATE**

Below is a summary of the County's seventh quarterly update on the work that has been completed and the upcoming milestones.

### ***For all campuses:***

- The County received Design-Build proposals that exceeded the total project cost estimate provided by the Department of Public Works ("Public Works"). The County has worked with Public Works' Project Managers to negotiate with the selected Design-Build firms to institute value engineering and other cost reduction methods to decrease costs, while maintaining the quality and intended purposes of the CRTP and UCC buildings. While the negotiations have resulted in minor delays to the projects, the County remains committed to the December 31, 2021 Authority resolution expiration date.
- Attached please find a memo to the Board of Supervisors from the Director of Public Works explaining the increase in construction costs seen throughout the County.
- A meeting was held with the local Department of Social Services ("DSS") on November 27, 2019 to present updated renderings of the CRTP projects in anticipation of shortening the Community Care Licensing ("CCL") process. The site and floor plans for all four projects were well received. DSS' CCL Division has offered to participate in the bidder's conference for the CRTP providers that will be scheduled in early spring 2020 to answer any questions about the licensing process.

### ***LAC+USC Campus (4 CRTPs, 64 beds):***

- Design-Build proposals were received by the September 19, 2019 submission deadline. The proposals were above project cost estimates and have been negotiated. This fact delayed the contract award date, which was ultimately approved by the Board of Supervisors on November 12, 2019.
- Demolition is in process, expected to be completed by the end of February, rather than December 2019, and is to be followed by rough grading.
- Due to the contract negotiation delays, construction is expected to begin in April 2020, a delay from the prior January 2020 date.
- Construction is still anticipated to be completed in spring 2021, and the campus is expected to be open and operational by summer 2021.

***MLK Campus (1 CRTP, 16 beds):***

- The Design-Build contract was awarded on September 3, 2019.
- A groundbreaking ceremony was held at the site on October 23, 2019. Attendees included Treasurer Ma, Deputy Treasurer Noda, Director of External Affairs Gloria Pulido, and CHFFA Deputy Executive Director Carolyn Aboubechara.
- The CRTP, which is located on the second floor of the facility, still has a completion date of late spring 2021.

***Olive View Campus (5 CRTPs, 80 beds)(1 UCC, 8 beds):***

- The Environmental Impact Report (“EIR”) was certified by the County of Los Angeles Board of Supervisors on October 15, 2019.
- The Design-Build bid for both the CRTP and UCC came in above project cost estimates, was negotiated and awarded for the UCC on October 29, 2019 and for the CRTP on November 12, 2019.
- Make ready work (i.e., rough grading and excavation) is in the process. This is anticipated to be completed at end of March 2020.
- Construction on the CRTP and the UCC is scheduled to begin in April 2020, instead of February 2020, and is now anticipated to be completed by spring 2021 for both projects, with the sites being open and operational by late summer, rather than spring, 2021.

***Rancho Los Amigos Campus (5 CRTPs, 80 beds):***

- The Design-Build bid for this project came in above project cost estimates and, after negotiations, the Design-Build contract and the EIR Addendum Certification were approved on November 12, 2019.
- Demolition is now expected to be completed by the end of February 2020, a delay from January 2020, and construction is anticipated to be completed by summer 2021.
- Due to these delays, the CRTPs are expected to be open and operational in fall 2021, instead of March 2021, as previously planned.



MARK PESTRELLA, Director

# COUNTY OF LOS ANGELES

## DEPARTMENT OF PUBLIC WORKS

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

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IN REPLY PLEASE

REFER TO FILE:

**A-0**

September 30, 2019

TO: Each Supervisor  
FROM: Mark Pestrella  
Director of Public Works

### **CONSTRUCTION COST INCREASES**

Over the last few years, the construction market in the region has been experiencing increases in the cost of material and labor. Economists have been attributing these increases to a number of factors, such as increases in construction spending, tightening of labor market, shortages in skilled trades, rising material and services costs, and reduction in the number of contractors submitting bids.

While the County and construction industry have been planning for these higher costs, in the last few months, we have received much higher bids than anticipated for larger projects. In some cases, the bids received are as much as 80 percent higher than estimated.

Los Angeles County Development Authority, Metro, City of Los Angeles, other counties in California, and private sector agencies are also experiencing higher bids than anticipated.

In assessing the reasons for the recent high bids, the Los Angeles Economic Development Corporation economist indicates that current construction cost increases are due to numerous factors, such as very robust construction market; construction companies' concern about a potential credit crunch; increased labor costs due to shrinking unemployment rate, which is acute in construction industry; and construction material costs increase.

Public Works will continue to monitor current construction market conditions and trends to help produce realistic current project budgets and cost estimates.

Each Supervisor  
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If you have any questions, please call me or your staff may contact Massood Eftekhari at (626) 458-4016 or [meftekhari@pw.lacounty.gov](mailto:meftekhari@pw.lacounty.gov).

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cc: Chief Executive Office (Chia-Ann Yen)  
County Counsel  
Executive Office