



## Legislation Text

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**File #:** 17-0184, **Version:** 1

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**TO:**

Honorable Mayor and Members of the City Council

**THROUGH:**

Mark Danaj, City Manager

**FROM:**

Stephanie Katsouleas, Public Works Director  
George Gabriel, Management Analyst

**SUBJECT:**

Consider Request to Support Assembly Bill No. 994 (Muratsuchi) - Authorization for Beach Cities Health District to Use the Design-Build Process (Public Works Director Katsouleas).

**CONSIDER REQUEST**

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**RECOMMENDATION:**

Authorize the Mayor to submit a Letter of Support for Assembly Bill 994, which would allow the Beach Cities Health District to utilize the design-build process for capital improvements to its facilities. If approved by City Council, a letter supporting AB 994 will be sent to the Honorable Cecilia M. Aguiar-Curry, Chair of the Assembly Committee on Local Government at the California State Capitol.

**FISCAL IMPLICATIONS:**

No fiscal implications associated with the recommended action.

**BACKGROUND:**

The Beach Cities Health District (BCHD) is a preventive health agency serving the communities of Hermosa Beach, Manhattan Beach and Redondo Beach since 1955. It offers an extensive range of dynamic health and wellness programs, with innovative services and facilities to promote health and prevent diseases in every lifespan-from pre-natal and children to families and older adults.

On February 16, 2017 Assembly Member Al Muratsuchi introduced Assembly Bill 994 (co-authored by State Senator Ben Allen), an act to add and repeal Section 32132.9 of the Health and Safety Code, relating to health care districts. This change would provide flexibilities to the BCHD as it contemplates and prepares for future facility renovations and other capital projects by specifically allowing the organization to use the design-build process for the construction of facilities or other buildings through January 1, 2023 (Proposed Assembly Bill No. 994 is attached).

**DISCUSSION:**

Design-Build is a method to deliver a capital project in which the design and construction services are awarded to and contracted by a single entity and is already allowed in state and federal statutes. Using the design-build process is estimated to save an organization up to 20% in costs related to construction or renovation, primarily because a single entity is responsible for any changes resulting

from the design/construction coordination. There is no specific downside to design build projects, and they can even result in significant coordination improvements for large scale projects. The threshold for considering the design-build approach is typically \$1 million.

The BCHD has identified the need for campus improvements and facility renovations which have not been addressed in 60 years. However, because the Beach Cities Health District does not operate a hospital, it is not considered a health care district that can use the design-build process under state law. AB 994 would fix that by allowing the Beach Cities Health District to use the design-build process for the construction of its facilities or other buildings while also ensuring the procurement process is aligned with statutory requirements through January 1, 2023.

If the bill does not pass, the BCHD would continue to separate design and construction awards, likely resulting in higher project costs. Therefore, staff recommends that City Council authorize the Mayor to submit a letter supporting AB 994 to the Honorable Cecilia M. Aguiar-Curry, Chair of the Assembly Committee on Local Government at the California State Capitol.

#### **POLICY ALTERNATIVES:**

##### ***ALTERNATIVE #:***

Do not submit letter of support for AB 994.

#### **PUBLIC OUTREACH/INTEREST:**

After analysis, staff determined that public outreach was not required for this issue.

#### **ENVIRONMENTAL REVIEW**

No environmental review is necessary for the recommended action.

#### **LEGAL REVIEW**

The City Attorney has reviewed this report and determined that no legal analysis is necessary.

#### **Attachment/Attachments:**

1. Assembly Bill No.994