



# County of Monterey

## Budget Committee

Legistar File Number: BC 24-037

Item No.

Board of Supervisors  
Chambers  
168 W. Alisal St., 1st Floor  
Salinas, CA 93901

March 28, 2024

**Introduced:** 3/14/2024

**Version:** 1

**Current Status:** Agenda Ready

**Matter Type:** Budget Committee

- a. Support authorizing appropriation of Fiscal Year (FY) 2023-2024 funds to support the expanded scope of work at the 1270 Natividad Road-Health Department-Water Intrusion Repairs Project (Project), including replacement of approximately 50 storefront-style windows;
- b. Support authorizing and directing the Auditor-Controller to amend the FY 2023-2024 Adopted Budget for Capital Project Fund 404, Appropriation Unit PFP057, increasing appropriations in the amount of \$1,880,774 financed by an operating transfer from Building Improvement and Replacement Fund 478, Appropriation Unit CAO047;
- c. Support authorizing and directing the Auditor-Controller to amend the Fiscal Year 2023-2024 Adopted Budget for Building Improvement and Replacement Fund 478, Appropriation Unit CAO047, to increase appropriations \$1,880,774 financed by Unrestricted Net Position (478-3202-BIR); and
- d. Support authorizing and directing the Auditor-Controller to transfer \$1,880,774 for the Fiscal Year 2023-2024 from Building Improvement and Replacement Fund 478, Appropriation Unit CAO047 to Capital Project Fund 404, Appropriation Unit PFP057.

**RECOMMENDATION:**

It is recommended that the Budget Committee:

- a. Support authorizing appropriation of Fiscal Year (FY) 2023-2024 funds to support the expanded scope of work at the 1270 Natividad Road-Health Department-Water Intrusion Repairs Project (Project), including replacement of approximately 50 storefront-style windows;
- b. Support authorizing and directing the Auditor-Controller to amend the FY 2023-2024 Adopted Budget for Capital Project Fund 404, Appropriation Unit PFP057, increasing appropriations in the amount of \$1,880,774 financed by an operating transfer from Building Improvement and Replacement Fund 478, Appropriation Unit CAO047;
- c. Support authorizing and directing the Auditor-Controller to amend the Fiscal Year 2023-2024 Adopted Budget for Building Improvement and Replacement Fund 478, Appropriation Unit CAO047, to increase appropriations \$1,880,774 financed by Unrestricted Net Position (478-3202-BIR); and
- d. Support authorizing and directing the Auditor-Controller to transfer \$1,880,774 for the Fiscal Year 2023-2024 from Building Improvement and Replacement Fund 478, Appropriation Unit CAO047 to Capital Project Fund 404, Appropriation Unit PFP057.

**SUMMARY:**

At the Health Department (Health), 1270 Natividad Road, rain events in recent years have resulted in water intrusion through the exterior stucco walls, joints, windows seams, and light fixtures of this building. Interim repairs and emergency remediations were performed in 2020-2023. Concurrent with

the interim repairs, Public Works, Facilities and Parks (PWFP) has commissioned a design team for the past three (3) years to engineer permanent repairs to address a defective building envelope. PWFP and Health established a budget and an extensive scope of work which included demolition of stucco on all four building elevations, and replacing flashing at wall penetrations, cement plaster accessories and control joints. This project scope and the necessary funds have been approved through the most recent Capital Improvement Program (CIP) process. In June 2023, PWFP solicited a JOC proposal for that scope of work.

August 2023, while the JOC construction proposal was still under development, PWFP commissioned additional building envelope specialists to join the design team to provide biddability/constructability review of the design drawings and to identify any other potential design solutions beyond those scoped that would increase the probability of success. The overall recommendation by the augmented design team was to remove and replace approximately 50 storefront-style windows with new curtainwall-style windows. While a recommendation for a new array of windows expands the scope of work and impacts the budget and schedule significantly from the original scope, it also provides a greater sense of confidence for successfully addressing the defective building envelope. A comprehensive chronology of the project is attached.

On 23 June, 2020, the Board approved the Project to be added to the CIP for water intrusion remediation, and on 16 December, 2020 (FY 2020-21), this project was approved for funding in the amount of \$221,000 (RES 21-001). In July 2021, in the course of the FY 2021-2022 CIP process, funding in the amount of \$1,800,000 was appropriated from Contingencies directly to Health (RES 21-109). Funds were not spent and Health transferred the funds to Capital Project Fund 404 at the end of FY 2021-2022. In FY 2022-2023, Health submitted an augmentation for \$1,200,000 for what was then the full scope for permanent water intrusion repairs. It was approved in June 2022 as part of the FY 2022-2023 CIP process (RES 22-227). The funding source was Building Improvement and Replacement Fund 478 and funds were placed into the Fund 404 budget with the balance of the previously appropriated funds versus into the Health Budget. The current budget and funding for the project is \$3.221 million. The expanded scope of work creates a project budget shortfall of \$1,880,774, for a total project budget of \$5.1 million. PWFP and Health request Budget Committee (BC) support staff's recommendation to fund the budget shortfall resulting from the expanded scope of work at 1270 Natividad Road to include the replacement of approximately 50 storefront-style windows. With the BC's support, staff will recommend that the Board of Supervisors authorize appropriation of FY 2023-2024 funds to fund the resulting budget shortfall. Midyear funding now instead of through the FY 2024-2025 CIP process allows for the placement of a large window order this spring instead of July 2024.

#### DISCUSSION:

This project includes the temporary mitigation of water intrusion at 1270 Natividad Health Department Headquarters facility pending the assessment of root cause and the design, bidding and implementation of a permanent solution. Both the design process and the RFP process have experienced multiple starts and stops, reflective of project with many inherent complexities as which is summarized in attached project chronology. At this time, the Project is ready to move forward with a final comprehensive solution including demolition of stucco on all four building elevations, replacing flashing at wall penetrations, cement plaster accessories and control joints and the replacement of

approximately 50 lower-and upper-level storefront windows.

The construction cost of replacing the windows is approximately \$1.3 million. Additionally, window replacement increases the level of participation from design, construction management, and building envelope specialists as well as staff. The replacement of windows and exterior finishes will create challenging working conditions for staff due to construction noise and dust, requiring many employees to relocate temporarily during installation, also at a cost. Construction and project contingencies also increase, proportional to the greater construction cost. In the aggregate, expanding the scope of work to include window installation creates an unfunded amount of \$1,880,774.

OTHER AGENCY INVOLVEMENT:

Staff from PWFP and Health have contributed significant staff hours and collaborated on both interim and permanent remedies to the water intrusion issue at 1270 Natividad Road. The CIC, on 11 March, 2024, accepted the expanded scope of work and directed staff to proceed to the Budget Committee. With concurrence by the BC, staff will bring a funding recommendation before the Board of Supervisors for its review and approval.

FINANCING:

With the BC’s support and direction to proceed with the funding request, staff will recommend approval by the Board of Supervisors of additional funds for this fiscal year. An additional \$1,880,774 is required for the expanded scope of work. If approved, the Capital Project Fund’s FY 2023-2024 Adopted Budget would be amended to increase appropriations, financed with an operating transfer in from the Building Improvement and Replacement Fund (BIR). The BIR has an Unrestricted Net Position balance of \$6,057,510. Other potential funding sources for the Board’s consideration include General Fund Contingencies and Cannabis Tax Assignment, which have balances of \$1,650,458 and \$903,758, respectively.

BOARD OF SUPERVISORS STRATEGIC INITIATIVES:

This action supports the Board of Supervisors’ Strategic Initiative of Infrastructure with improved satisfaction and access to county services.

- Economic Development
- Administration
- Health & Human Services
- Infrastructure
- Public Safety

Prepared by: Dave Pratt, Project Manager III, (831) 796-6091  
 Reviewed by: Florence Kabwasa-Green, Chief of Facilities (Interim)  
 Reviewed by: Lindsay Lerable, Assistant Director of Public Works, Facilities and Parks  
 Approved by: Randell Ishii, MS, PE, TE, PTOE, Director of Public Works, Facilities and Parks

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 Randell Ishii  
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Attachments:

- Attachment A - 1270 Natividad Rd-Health Department-Chronology of Corrective Work
- Attachment B - Project Budget