



Legislation Details (With Board Report)

File #: BC 17-009 **Name:** NMC Project Adjustments - BC
Type: Budget Committee **Status:** Agenda Ready
File created: 1/18/2017 **In control:** Natividad Medical Center
On agenda: 2/22/2017 **Final action:**
Title: Support to approve funding and implementation of Natividad Medical Center capital projects for Fiscal Year (FY) - 2017 that require budget increases.

Sponsors:

Indexes:

Code sections:

Attachments: 1. Exhibit A - Matrix.pdf

Date	Ver.	Action By	Action	Result
2/22/2017	1	Budget Committee		

Support to approve funding and implementation of Natividad Medical Center capital projects for Fiscal Year (FY) - 2017 that require budget increases.

RECOMMENDATION:

It is recommended that the Budget Committee:
Support to approve funding and implementation of Natividad Medical Center capital projects for Fiscal Year (FY) - 2017 that require budget increases.

SUMMARY/DISCUSSION:

The Facilities and Construction Department staff at Natividad Medical Center (NMC) administers capital projects focused on strategically upgrading the hospital by reconfiguring and remodeling to better accommodate healthcare services for Monterey County residents and visitors. NMC evaluated various capital project budgets and have determined revisions and updates need to be made due to revisions to the scope, unforeseen conditions, and recent escalation costs in the construction industry. NMC is requesting additional funding for projects that haven't been included in FY2017 Approved Budget.

Projects Requiring Budget Increases- The projects below are approved projects that have commenced and require additional funding. The projects have been approved by Finance Committee on May 28, 2015, Board of Trustees on June 5, 2015, Capital Improvement Committee on September 18, 2015, Budget Committee on October 28, 2015 and Board of Supervisors on March 1, 2016.

Security Department Relocation:

NMC's Security Department is currently located on the 1st Floor in Building 500 and occupies a portion of the space that will be needed for the Radiology Modernization project. The construction documents were approved on March 3, 2016 (which was later than expected) and then NMC initiated at Job Order Contract to Ausonio Construction. NMC approved the price proposal and started construction on September 6, 2016. There were several unforeseen unbudgeted conditions that were discovered, such as, a seven inch gap from the corridor to the new Security Department space once the walk in refrigerators were removed, hazardous materials that must be abated, and existing walls that require bracing. The Security project had expenditures in FY2015 in the amount of \$66,500 that were sourced from the Radiology Modernization capital budget; these expenditures were previously overstated on March 1, 2016. The project now has been recognized as a separate capital project and was budgeted in the amount of \$437,550 (\$66,500 for Design, \$371,050 for Construction). With these unforeseen conditions, NMC requests an additional \$100,000 for construction resulting in a revised total

project cost of \$537,550 (\$66,500 for Design and \$471,050 for Construction). Previous year construction expenditures totaled \$41,641. Unspent capital funding from previous fiscal years has been carried forward and placed in fund 404. Capital expenditures in FY2017 will be \$429,409. (FY2017-\$429,409)

Water Softener Installation:

The Central Plant is located on the 3rd floor of Building 580, and provides all the utility functions to NMC. The Central Plant contains heating hot water boilers; which provide hot water to heat ambient air temperature, cooling towers and chillers; that lower the ambient air temperature for the Heating Ventilation and Air Conditioning (HVAC) system. Many of the systems are at the end of their useful life and need to be replaced in order to gain better efficiency and function performance, as well as lower maintenance costs. To extend the useful life of replacements, NMC is installing a Water Softener System to remove particulates that shorten life span of these systems, reduce maintenance costs and condition the water throughout the hospital. Due to an unexpected duration of drought conditions on the central coast NMC is seeing increased hardness of supply water. The water softener was not originally designed for this condition and will need to be upgraded to mitigate the hardness. There has also been discovered that the existing water distribution systems will need to be replaced and rerouted to accommodate the new water softener and repair decaying copper pipe. NMC desires to increase the project budget from \$190,000 to \$390,000. Additionally, in FY2016 NMC budgeted to spend \$118,502 for the water softener installation, but only spent \$20,946. NMC would like to make an adjustment to the FY2017 adopted budget by adding the remaining funding from FY2016 to the FY2017 budget. As a result, the FY2017 budget will be increased by \$297,164. (\$200,000 from the added scope and \$97,164 from unspent funding). Funding of \$21,247 was previously approved for FY2017. With requested funding adjustments total capital expenditure will be increased to \$318,411. (FY2017-\$318,411)

OTHER AGENCY INVOLVEMENT:

Natividad Medical Center has worked with County Counsel on Request for Qualifications, Request for Proposals Contract Award, and Protests, for the various capital projects listed. This report has been supported by the Finance Committee on October 27, 2016, Board of Trustees on November 4, 2016 and Capital Improvement Committee on December 9, 2016.

FINANCING:

Funding for FY2017 capital projects approved by the Board of Supervisors will have their associated funds in the amount of \$300,000 transferred immediately upon Board of Supervisors approval. This approach secures and insures funding availability for approved capital projects. There is no impact to the General Fund.

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Approved by: Gary Gray, D.O., Chief Executive Officer, 783.2553

Attachments: Exhibit A - Capital Projects Matrix