



County of Monterey

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

Board Report

File #: A 16-325, **Version:** 1

- a. Approve Natividad Medical Center to increase the total project cost approved by the Board of Supervisors for \$1,156,036 for the Medical Office Buildout -Floor One by \$1,059,716 to a revised total project cost of \$2,215,752.; and
- b. Approve Natividad Medical Center to increase the total project cost approved by the Board of Supervisors for \$800,000 for The Building 400 - Mechanical Upgrade by \$44,381 to a revised total project cost of \$844,381; and
- c. Award an agreement in the total amount of \$2,604,675 for the construction component to Tombleson Inc. the lowest responsible and responsive base bidder, for Natividad Medical Center for the above mentioned projects; and
- d. Approve the Performance and Payment Bonds executed and provided by Tombleson Inc.; and
- e. Authorize a contingency (not to exceed 10% of the contract amount) to provide funding for approved contract change order;
- f. Authorize the Purchasing Manager at NMC to execute the contract and subject to the terms of the Public Contract Code, approve change order to the contract that do not exceed 10% of the original contract amount, and do not significantly change the scope of work. (f. ADDED VIA ADDITIONS/CORRECTIONS)

RECOMMENDATION:

It is recommended that the Board of Supervisors:

- a. Approve Natividad Medical Center to increase the total project cost approved by the Board of Supervisors for \$1,156,036 for The Medical Office Buildout -Floor One by \$1,059,716 to a revised total project cost of \$2,215,752.; and
- b. Approve Natividad Medical Center to increase the total project cost approved by the Board of Supervisors for \$800,000 for The Building 400 - Mechanical Upgrade by \$44,381 to a revised total project cost of \$844,381; and
- c. Award an agreement in the total amount of \$2,604,675 for the construction component to Tombleson Inc. the lowest responsible and responsive base bidder, for Natividad Medical Center for the above mentioned projects; and
- d. Approve the Performance and Payment Bonds executed and provided by Tombleson Inc.; and
- e. Authorize a contingency (not to exceed 10% of the contract amount) to provide funding for approved contract change order.

SUMMARY/DISCUSSION:

Natividad Medical Center (NMC) desires to perform a tenant improvement to the shell space in Building 400 first floor (approximately 5,200 square feet) and replace the roof top mechanical equipment Heating Ventilation and Air Conditioning (HVAC) and boilers that support this space. The tenant improvements will allow for outpatient Cardiopulmonary/ Cardiology clinic and Women's Diagnostic Imaging services to relocate from the main Radiology Department in Building 500 on first floor of the hospital. This move is essential in order to provide adequate inpatient imaging space for the Radiology Modernization project. The Medical Office Buildout - Floor One and the Building 400 - Mechanical Upgrade projects were approved by the Board of Supervisors on March 1, 2016.

NMC contracted with Hammel, Green and Abrahamson (HGA) Architects to prepare schematic design, project budget, construction documents, and construction administration. HGA Architects submitted the construction plans and specification to the County of Monterey - Building Department on August 14, 2015 and received approval on December 17, 2015.

The Board of Supervisors approved the MOB Buildout - Floor One project on June 6, 2012 in the amount of \$2,950,000 when NMC was contracting with a tenant for the Building 400 First Floor shelled space. In 2014 when NMC planned to occupy the Building 400 First Floor, the project budget was estimated and revised to \$1,200,000. NMC had developed the budget for these projects using historical data of past projects (Specialty Clinic: \$149/square foot and Building 400 Third Floor: \$204/ square foot). NMC also received an estimated cost from HGA Architects after schematic design drawings were completed. At the time, the budget looked in-line with historical data and the construction estimate. NMC budgeted the following for construction: \$1,105,000 for the Cardiology Clinic tenant improvement and \$705,000 for the HVAC upgrade for a total of \$1,810,000 for construction.

In February 2016, NMC solicited one of its Job Order Contracting (JOC) Contractors to receive a price proposal for the project. The price proposal came in at \$1,883,262 for the Cardiology Clinic tenant improvement and \$984,858 for the HVAC upgrade for a combined total of \$2,868,120 for the project. The proposal was significantly over the budget. After careful review of the JOC proposal, NMC felt it was prudent to put the project out to public bid to ensure the pricing was competitive. On May 10, 2016 the plans and specifications were adopted by the Board of Supervisors, and NMC went out to public bid on May 16, 2016 and May 23, 2016.

The bids were opened and publicly read aloud on June 23, 2016 by the Contracts/Purchasing Agent in the Clerk of the Board's Conference Room 1032, Monterey County Administration Building, 168 West Alisal St., FL1, Salinas, CA. NMC received bids from three local contractors. The bids were received per the posted announcements on the bid board. The lowest responsive and responsible bid came in at \$2,604,675 by Tombleson Inc. The public bid came in at \$263,445 less than the JOC proposal.

NMC requests authorization from the Board of Supervisors to award the Building 400 Cardiology Clinic (MOB Buildout - Floor One) and HVAC Mechanical Upgrade (The Building 400 - Mechanical Upgrade) Project No.9600-66 to Tombleson Inc. NMC desires to accept the Cardiology Clinic base bid of \$1,923,420 and the HVAC Mechanical Upgrade scope bid in the amount of \$681,255 with total construction cost bid of \$2,604,675. NMC additionally requests a 10% contingency in the amount of \$260,468. The total cost of the two projects (architectural fees, construction, and a 10% contingency fee) is \$3,060,133. The anticipated schedule of construction is 180 working days.

Currently NMC is \$843,629 short from what was budgeted (not including 10% contingency). NMC reached out to several General Contractors in the area to better understand the spike in construction costs. The General Contractors shared with us that the costs of materials (steel, lumber, and textiles) and labor have increased significantly. The supply of raw materials cannot keep up with the construction industry demand, which is driving up prices of materials required for construction. The construction industry has also seen a spike in work in the last few years, causing labor shortages and increased labor costs of various trades i.e. Plumbing, Mechanical, and Electrical.

NMC is pursuing a grant from Central California Alliance for Health (CCAH) to help cover the capital funding shortfall. In the meantime capital funding will be sourced from NMC's cash balance. At this time NMC requests that \$1,059,716 be added to the Cardiology Clinic budget and \$44,381 be added to the HVAC

Mechanical upgrade budget. Both increases include the contingency.

OTHER AGENCY INVOLVEMENT:

County Counsel has reviewed and approved this Agreement as to legal form and risk provisions. Auditor-Controller has reviewed and approved this Agreement as to fiscal provisions. This item was discussed as an open item at the NMC Finance Committee on August 30, 2016, supported by the NMC's Board of Trustees on September 2, 2016, Capital Improvement Committee on September 12, 2016 and the Budget Committee on September 28, 2016.

FINANCING:

NMC's capital budget for MOB Buildout - Floor One is \$1,156,036 (Budget ID # B16-2016-093). The actual project costs are as follows: \$1,923,420 for construction, \$99,990 for design, and \$192,342 for contingency. NMC will need to increase funding for the MOB Buildout -Floor One project in the amount of \$1,059,716 for a new total project cost in the amount of \$2,215,752. NMC has current design fee expenditures in the amount of \$87,797.

NMC's capital budget for Building 400 - Mechanical Upgrade is \$800,000 (Budget ID # B16-2016-196). The actual project costs are as follows: \$681,255 for construction, \$95,000 for design, and \$44,381 for contingency. NMC will need to increase funding for the Building 400 - Mechanical Upgrade in the amount of \$44,381 for a new total project cost in the amount of \$844,381. NMC has current design fee expenditures in the amount of \$69,014.

The combined project totals are \$2,604,675 for construction and \$194,990 for design and \$260,468 for contingency which results in a total combined project cost of \$3,060,133. Unspent prior year funding was allocated to past fiscal years have been placed in NMC's strategic cash fund (404) for use until project has been completed. Funds will be sourced from NMC's cash balance. There is no impact to the general fund.

Prepared by: Brian Griffin, Project Manager, 783.2605

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

Attachments: Exhibit 1-Project Budget, Exhibit 2 - Project Schedule, Agreement, Performance and Payment Bonds