



County of Monterey

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

Board Report

File #: 13-0013, **Version:** 1

- a. Approve Change Orders No. 3, 4, 5, and 6 to Agreement No. A-12220 with John F. Otto, Inc., dba Otto Construction for the Integrated Health Clinic Services Center Project, 298 12th Street, Marina, CA, Project No 8834, Bid Package No. 10351, in an amount of \$837,436;
- b. Authorize an additional contingency of \$240,000 to provide funding for future contract change orders; and
- c. Authorize the Director of Public Works to execute Change Orders No. 3, 4, 5, and 6 to Agreement No. A-12220 with John F. Otto, Inc., dba Otto Construction, and subsequent contract change orders where the total subsequent change orders do not exceed \$240,000.

RECOMMENDATIONS:

It is recommended that the Board of Supervisors:

- a. Approve Change Orders No. 3, 4, 5, and 6 to Agreement No. A-12220 with John F. Otto, Inc., dba Otto Construction for the Integrated Health Clinic Services Center Project, 298 12th Street, Marina, CA, Project No 8834, Bid Package No. 10351, in an amount of \$837,436;
- b. Authorize an additional contingency of \$240,000 to provide funding for future contract change orders; and
- c. Authorize the Director of Public Works to execute Change Orders No. 3, 4, 5, and 6 to Agreement No. A-12220 with John F. Otto, Inc., dba Otto Construction, and subsequent contract change orders where the total subsequent change orders do not exceed \$240,000.

SUMMARY/DISCUSSION:

Approval of Change Orders No. 3, 4, 5, and 6 authorizes compensation to John F. Otto, Inc., dba Otto Construction for additional work associated with HVAC repairs, the removal and replacement of the exterior wall system, the removal and replacement of the HVAC duct system and the increase in General Conditions for the contractor while under a stop work order.

On May 22, 2012, the Board of Supervisors awarded a contract to John F. Otto, Inc., dba Otto Construction, for the Integrated Health Clinic Services Center Project, 298 12th Street, Marina, CA, Project No 8834, Bid Package No. 10351, in the total amount of \$2,576,050. Construction began in June 2012. Contract Change Orders No. 1 and 2 in the amounts of \$83,016 and \$56,890 provided for addressing the discovery of tube steel brace framing at interior walls necessitating layout changes, shear strapping and I-Beam changes, and additional framing.

Contract Change Orders No. 3, 4, 5, and 6 require Board of Supervisors approval because the Change Orders exceed the allowable contingency amount and/or contract change order authority of the Department of Public Works.

Contract Change Order No. 3 in the amount of \$175,121 addresses the existing HVAC system. The HVAC system was deemed inoperable and in need of new thermostats, valves, wiring, and a new energy efficient control system in order to bring the system into operation.

Contract Change Order No. 4 in the amount of \$318,466 provides funding for mitigating mold found in the exterior walls. In late July, Stachybotrys mold was discovered on the exterior perimeter wallboard and a stop work order was immediately issued while containment and abatement began. Further investigations revealed the exterior wall cavity and the exterior stucco paper sheathing were also infected resulting in the exterior sheathing being removed up to the eave line. All exterior windows and doors were also affected.

Contract Change Order No. 5 in the amount of \$253,704 provides funding for the removal and replacement of the HVAC duct system. On October 8, 2012 mold was discovered inside the existing HVAC duct system. Two-thirds of the ducting system is made from a fiberglass duct board which cannot be scrubbed and consequently must be replaced.

Contract Change Order No. 6 in the amount of \$90,145 provides funding for the schedule delays associated with previous change orders.

The County purchased the 23,900 square foot building plus 6.14 acres of land for \$1.00. As part of the project the County hired an environmental firm to test the air inside the building for hazardous materials. The testing did not include destructive testing inside the building which may have identified mold located inside walls and duct work of the building. In the future, the Department plans to perform a more robust pre-design investigation including destructive testing prior to acquiring new buildings so the cost of mitigating these items can be included in the bid documents. The Department has analyzed the facility cost including change orders versus purchasing an existing building or constructing a new building and determined the project is still a reasonably good value.

On September 11, 2012 and September 26, 2012, the Capital Improvement Committee and the Budget Committee respectively supported a construction contingency increase of \$660,000 for the additional scope of work. The Health Department committed to providing these additional funds. On December 18, 2012, the Budget Committee supported an additional construction contingency increase of \$296,620. The Health Department committed to providing these additional funds on November 29, 2012.

OTHER AGENCY INVOLVEMENT:

The Resource Management Agency worked closely with the Health Department Executives and Health Department Finance in determining the required course of action for this project.

FINANCING:

There is no financial impact to the General Fund. The Health Department will provide additional funds from unexpended Mental Health monies.

Prepared by: Paul H. Greenway, P.E., Assistant Director of Public Works, (831) 755-4807

Approved by:

Robert K. Murdoch, P.E., Director of Public Works

Approved by:

Benny J. Young, RMA Director

Dated: January 18, 2013

Attachments: Project Budget; Location Map