



Legislation Details (With Board Report)

File #:	18-628	Name:	Radiology Modernization Award - CIC
Type:	General Agenda Item	Status:	Agenda Ready
File created:	6/5/2018	In control:	Capital Improvement Committee
On agenda:	6/18/2018	Final action:	
Title:	<p>a. Support Natividad Medical Center to increase the project cost for the Radiology Modernization by \$2,710,455 for construction, inspection and permit fees and incorporate a 15% or \$1,942,050 as contingency reserve for unforeseen future cost to the project. The total cost of the project will be \$18,373,081; and</p> <p>b. Support to award an agreement in the total amount of \$12,947,000 for the construction component to John F. Otto, Inc. dba Otto Construction the lowest responsible and responsive base bidder, for Natividad Medical Center for the above mentioned projects; and</p> <p>c. Support approve the Performance and Payment Bonds executed and provided by John F. Otto, Inc. dba Otto Construction and</p> <p>d. Support authorizing the Chief Executive Officer of Natividad Medical Center to execute a Certificate of Completion and to execute and record with County Recorder a Notice of Completion, when it is determined that the contract for construction of the Radiology Modernization, Project 9600-54, Bid Package No. NMC-1013, is complete in all respects in accordance with the Plans and Specifications.</p>		

Sponsors:

Indexes:

Code sections:

Attachments: 1. Otto Construction - Agreement, 2. Otto Construction - Performance and Payment Bonds

Date	Ver.	Action By	Action	Result
6/18/2018	1	Capital Improvement Committee		

- a. Support Natividad Medical Center to increase the project cost for the Radiology Modernization by \$2,710,455 for construction, inspection and permit fees and incorporate a 15% or \$1,942,050 as contingency reserve for unforeseen future cost to the project. The total cost of the project will be \$18,373,081; and
- b. Support to award an agreement in the total amount of \$12,947,000 for the construction component to John F. Otto, Inc. dba Otto Construction the lowest responsible and responsive base bidder, for Natividad Medical Center for the above mentioned projects; and
- c. Support approve the Performance and Payment Bonds executed and provided by John F. Otto, Inc. dba Otto Construction and
- d. Support authorizing the Chief Executive Officer of Natividad Medical Center to execute a Certificate of Completion and to execute and record with County Recorder a Notice of Completion, when it is determined that the contract for construction of the Radiology Modernization, Project 9600-54, Bid Package No. NMC-1013, is complete in all respects in accordance with the Plans and Specifications.

RECOMMENDATION:

It is recommended that the Capital Improvement Committee:

- a. Support Natividad Medical Center to increase the project cost for the Radiology Modernization by \$2,710,455 for construction, inspection and permit fees and incorporate a 15% or \$1,942,050 as contingency reserve for unforeseen future cost to the project. The total cost of the project will be \$18,373,081; and
- b. Support to award an agreement in the total amount of \$12,947,000 for the construction component to John F. Otto, Inc. dba Otto Construction the lowest responsible and responsive base bidder, for Natividad Medical Center for the above mentioned projects; and

- c. Support approve the Performance and Payment Bonds executed and provided by John F. Otto, Inc. dba Otto Construction and
- d. Support authorizing the Chief Executive Officer of Natividad Medical Center to execute a Certificate of Completion and to execute and record with County Recorder a Notice of Completion, when it is determined that the contract for construction of the Radiology Modernization, Project 9600-54, Bid Package No. NMC-1013, is complete in all respects in accordance with the Plans and Specifications.

SUMMARY

On November 14, 2017 the Board approved (Board Order No. 17-1043) the Plans and Specifications for the bid of the Radiology Modernization Project #9600-54, Bid Package No. #NMC-1013. The Project was advertised locally and in the San Francisco bay area on November 18 and 25, 2017. The bids were opened and publicly read aloud on February 22, 2018 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. Natividad Medical Center (NMC) received two (2) bids from four (4) eligible bidders. The lowest responsive and responsible bid (construction only) came in at \$12,947,000 by John F. Otto, Inc. dba Otto Construction.

On June 23, 2015 the Board of Supervisors approved a preliminary budget for construction costs of \$10,236,545 and \$3,692,405 for architect and other fees; total project cost of \$13,928,950. The original estimate was developed in conjunction with an outside architect firm. The request is to increase construction costs in the amount of \$2,710,455 based on the bid received and provide a contingency reserve for unforeseen future cost increase of \$1,942,050 (15% of construction costs).

The increase in project costs of \$2,710,455 resulted from:

- a. Changes to the project plan required by the State's Office of Statewide Health Planning Development (OSHPD) based on their review of the project plan.
- b. Substantial increase in construction costs. Since the preliminary costs estimate for the project in 2015, construction costs have increase by an annual average of 6% to 10% per Cummings Construction Consultants and similar annual increase estimates by TBD Consulting Group. In addition the availability of construction companies are very limited as reflected in the recent bid to the public as only two bidders submitted interest on the project.

Summary of project costs:

	Approved	Revised	Request Increase
A. Construction \$2,710,455	\$10,236,545		\$12,947,000
B. Architect and Fees	\$3,692,000		\$3,484,030 no change
C. Total Project	\$13,928,950		\$16,431,030
D. Contingency		\$1,942,050	\$1,942,050
E. Total Project Incl. Contingency		\$18,373,080	\$4,444,130

DISCUSSION:

The Radiology Department is located in Building 500, 1st Floor and requires a complete remodel and modernization. Much of the equipment has not been replaced since the opening of the hospital in 1998 and due to advancements in technology it is now critical for Natividad to replace all its imaging equipment. This project includes the replacement of obsolescent medical equipment, such as Computer Tomography (CT) and Magnetic Resonance Imaging (MRI). The project will consist of reconfiguring eight rooms, adding space for a new MRI machine, increasing room for an additional CT Scan to a total of two machines, upgrading the Ultrasound department, and also adding a new Nuclear Medicine room. The remodeling of several existing rooms will heavily increase cooling requirements, which will require major work to the heating ventilation and air conditioning (HVAC) units, structural support, plumbing and upgrades to the electrical wiring must occur in order to accommodate the electrical needs for the new equipment. This project will provide important updated equipment to support the trauma service and overall general services provided by Natividad.

The California Office of Statewide Health Planning and Development (OSHPD) reviews the plans and specifications of all hospital construction for compliance with the California Building Code prior to approval for permitting. OSHPD also

issues the building permits, oversees the construction inspection, and issues approval for occupancy. During the process of plan review, OSHPD makes comments that must be addressed by the architect.

On September 24, 2015 the architect firm submitted the plans and specifications to OSHPD for Plan Review. The 2015 construction cost estimate was based on plans and specifications prior to submitting them to OSHPD. The architect made revisions to the plans and specifications in response to OSHPD comments, equipment vendor changes, and upgrades to building systems that were deemed necessary during the OSHPD review period. Examples of changes that needed to be made were as follows: addition of a large remotely located Uninterrupted Power Supply (UPS) for Interventional Radiology, addition of protective control systems, a change of cabling path from conduit to accessible cable systems, and an addition of a pre-demolition air handling system in order to be code compliant with air exchanges throughout the duration of the project. These changes resulted in a cost increase of \$410,000.

The first response from OSHPD with comments were received on April 2016, (Seven months after original submission). Overall, there were three back check comment periods and an over the counter final review that extended the OSHPD review from seven months to twenty months. The extended amount of time incurred by OSHPD for their approval of the project significantly delayed the start of the project while construction costs for labor and materials continue to increase. The project received OSHPD plan approval for issuance of a building permit on May 12, 2017. The project is scheduled to be completed 28 months after start of construction.

OTHER AGENCY INVOLVEMENT:

County Counsel has reviewed and approved this project as to legal form and risk provisions.

The Auditor-Controller has reviewed and approved this project as to fiscal provisions. The project was supported by Natividad's Finance Committee on May 24, 2018 and Natividad's Board of Trustees on June 1, 2018.

FINANCING:

The original approved amount for this project of \$13,928,950 (Budget ID # B16-2016-059) is included in Natividad's Capital Reserve. The increase in project costs will be funded by NMC's Enterprise Fund.

BOARD OF SUPERVISORS STRATEGIC INITIATIVES:

The new radiology equipment will modernize the radiology department and provide improved diagnostic services.

- ☐ Economic Development
- ☐ Administration
- ☐ Health and Human Services
- ☒ Infrastructure
- ☐ Public Safety

Prepared by: Brian Griffin, Project Manager, 783.2605

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

Attachments: Agreement, Performance and Payment bonds