



## Board Report

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**File #: 16-781, Version: 1**

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Support Natividad Medical Center (NMC) to increase the total project cost for the Replace Boilers project, by \$475,357 for a revised total project cost of \$1,562,857.

### RECOMMENDATION:

It is recommended that the Budget Committee:

Support Natividad Medical Center (NMC) to increase the total project cost for the Replace Boilers project, by \$475,357 for a revised total project cost of \$1,562,857.

### SUMMARY/DISCUSSION:

Natividad Medical Center's Central Plant is located on the 3rd Floor of Building 580, and provides all the utility functions to NMC. Four main heating hot-water boilers are located in the Central Plant. Two of the four boilers need replacement. One of the heating hot-water boilers is in need of repairs costing \$70,000. NMC's Replace Boilers Project has been listed in the 5-year Capital Improvement Plan for Fiscal Year FY2015 at \$51,890, FY2016 at \$670,625, and FY2017 at \$277,485, for a total capital funding of \$1,000,000. NMC has also identified Replace Boiler #4 FY2016 capital funding in the amount of \$87,500. A Job Order Contract in the amount of \$800,702 was initiated, approved and funded to replace and install one irreparable boiler which will take place over the next seven (7) months.

Staff is requesting permission to increase capital funding by \$515,450 for construction and \$23,700 for design, to purchase and install an additional boiler at this time. Further analysis of the initial scope revealed a cost savings of approximately \$354,550 if the second boiler is replaced at the same time as the first. The scope to replace a boiler is logistically difficult; to both purchase, as well as to install. Boiler frames and burners are imported, boiler units are domestically manufactured, and all parts are then shipped and assembled in Los Angeles. Lead time after placement of an order is 14 weeks for delivery. Third floor removal and installation of a boiler unit requires a large door assembly be removed and subsequently repaired using a crane. Once a unit is hoisted to the third floor, significant man power is required to maneuver a unit into position. Repeating this process for a second boiler is cost prohibitive and significant savings can be gained by installing both boiler units at once. The general contractor and subcontractors are then only on-site once in which time is reduced by approximately five to six months to install both boilers.

NMC requests approval to increase the construction cost of the project from \$800,702 to \$1,316,152, design fees from \$91,390 to \$115,090 and request an additional 10% contingency for construction in the amount of \$131,615. This results in a revised total project cost in the amount of \$1,562,857.

### 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. This report was supported by the NMC Finance Committee on May, 26, 2016, NMC Board of Trustees on June 3, 2016 and Capital Improvement Committee on June 20, 2016..

### FINANCING:

NMC will increase funding for the Replace Boilers project in the amount of \$475,357 for a total project cost \$1,562,857. Capital Budget #B16-2016-X189 Replace Boiler #4 capital funds in the amount of \$87,500 will be allocated to the

Replace Boilers project. Remaining Funds will be sourced from NMC's cash balance and transfer to Fund 404- Facilities mater Plan Implementation. There is no impact to the general fund.

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Approved by: Dr. Gary Gray, Chief Executive Officer, (831) 783-2563

Attachments: Exhibit 1-Project Budget