



County of Monterey

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

Board Report

File #: 20-168, Version: 1

- a. Receive a status report on the New Juvenile Hall, Project 8811
- b. Adopt a resolution to:
 1. Authorize and direct the Auditor-Controller to amend the FY 2019-20 Resource Management Agency Adopted Budget, Fund 404, Appropriation Unit RMA015, to increase appropriations by \$725,835 and revenue by \$725,835, where the financing source is an operating transfer in of \$725,835 from General Fund 001, Contingencies Appropriation Unit CAO020, for change orders #204-#228 negotiated through February 4, 2020 (4/5ths vote required); and
 2. Effective June 12, 2019, authorize the RMA Director or designee to sign individual contract change orders with a not to exceed amount of \$150,000 and within Board approved Project funding, or sign change orders to prevent an adverse effect to the County's interest in accordance with item 3 of the County Change Order Policy adopted August 28, 2001.

RECOMMENDATION:

It is recommended that the Board of Supervisors:

- a. Receive a status report on the New Juvenile Hall, Project 8811
- b. Adopt a resolution to:
 1. Authorize and direct the Auditor-Controller to amend the FY 2019-20 Resource Management Agency Adopted Budget, Fund 404, Appropriation Unit RMA015, to increase appropriations by \$725,835 and revenue by \$725,835, where the financing source is an operating transfer in of \$725,835 from General Fund 001, Contingencies Appropriation Unit CAO020, for change orders #204-#228 negotiated through February 4, 2020 (4/5ths vote required); and
 2. Effective June 12, 2019, authorize the RMA Director or designee to sign individual contract change orders with a not to exceed amount of \$150,000 and within Board approved Project funding, or sign change orders to prevent an adverse effect to the County's interest in accordance with item 3 of the County Change Order Policy adopted August 28, 2001.

SUMMARY:

The New Juvenile Hall, Project 8811 (Project) consists of replacing the Juvenile Hall campus at 1420 Natividad (38,949 s.f., three [3] buildings) with a new campus consisting of six (6) new buildings plus one (1) remodeled existing building (78,441 s.f) in two (2) construction phases.

Funding Request Included with this Report

The current approved project budget will need to be increased in Fiscal Year (FY) 2019-20 by \$725,835 for construction change orders negotiated for approval through February 4, 2020. Change orders in this request include: Seven (7) items to address Board of State and Community Corrections (BSCC) requirements (\$402,570), five (5) items to address California State Fire Marshall (CSFM) requirements (\$160,265), five (5) items to address safety and security concerns identified by the Project team (\$146,335) and two (2) items to address operations and maintenance needs (\$20,003) identified by the Project team.

Estimated Funding Needs in FY 2020-21

Additional projected soft costs for FY 2020-21 totaling \$2,237,989 will require additional funding through the budget augmentation process. The \$725,835 in FY 2019-20 change orders included with this funding request

and the projected \$2,237,989 in FY 2020-21 soft cost would bring the total Project budget to \$65,124,339.

Project Schedule

The current construction schedule estimates the completion date for Phase I as March 31, 2020, however Project scope changes in response to BSCC and CSFM field inspections continue to impact the Project cost and schedule. Phase I completion is dependent on the issuance of a certificate of occupancy from both state agencies. The projected Project completion date for both phases is June 30, 2021. The original completion date for Phase I was July 12, 2018 with the Project scheduled to be finished on or about July 5, 2019.

Other issues currently affecting the Project schedule include water intrusion into multiple buildings and excessive noise and vibration in the Heating Ventilation and Air Conditioning (HVAC) system, which must be resolved before Phase I can be finished. The Project team is also investigating site work deficiencies related to erosion and hardscape surfaces. The Project team is working to resolve issues that could further impact the completion of Phase I and proactively address potential issues for Phase II.

Authority to Sign Change Orders

On March 28, 2017 the Board of Supervisors authorized the Interim Deputy Director of Public Works and Facilities to approve contract change orders not to exceed \$150,000 individually and \$2,171,250 in aggregate. On June 26, 2018 the Board increased the aggregate amount to \$4,317,500. The Board approved funding for additional change orders on June 25, 2019, July 23, 2019 and November 5, 2019, however the Board actions to approve these funding requests did not increase the signature authority limit. The action included in today's resolution addresses this clerical error and authorizes the Resource Management Agency (RMA) Director or designee to sign change orders for an amount not to exceed the Board approved Project construction change order funding and in accordance with the County's Change Order Policy adopted August 28, 2001 (Attachment E).

DISCUSSION:

The New Juvenile Hall, Project 8811 (Project) consists of replacing the Juvenile Hall campus at 1420 Natividad (38,949 s.f., three [3] buildings) with a new campus consisting of six (6) new buildings plus one (1) remodeled existing building (78,441 s.f). The Project is divided into two (2) construction phases. The projected Project completion date for both phases is June 30, 2021.

Timeline of Project Scope and Budget Changes

A review of the Project history and previous actions related to scope and budget revisions is detailed below:

The original Project budget for the initial SB81 2007 Youthful Offender Rehabilitative Facility Construction Funding Program application was \$91,108,000. The County received the maximum conditional award for the Project of \$35,000,000 with a required cash match of \$11,667,000. This combined amount was insufficient to complete the entire Project, necessitating a reduction in the project scope. The revised project scope deleted new court services, reduced the bed count to 120 from 150 medium security beds, and downsized corresponding support and educational areas for a revised project cost of \$52,791,824. On April 22, 2014, the Board of Supervisors approved the change in Scope, Cost, and Schedule for the Project based on the State of California conditional grant award of \$35,000,000. In addition to the mandated match of \$11,667,000 the County approved the additional \$6,124,824 in funding to make up the \$52,791,824 Project budget.

On October 8, 2015, the County issued and advertised RFQ 10550 Request for Contractor Prequalification for the New Juvenile Hall, Project No. 8811. The County received three (3) bids and two (2) no bid responses. All three of the submitted bids exceeded the Project's construction budget of \$38,092,591 with the lowest bid

amount approximately 22% or \$8,584,409 over budget at \$46,677,000. After County review of contractor bid documentation all bids were rejected.

To reduce construction costs the project scope was revised for the re-bid, including redesign of the project's foundation while preserving the original capacity and program space. The lowest redesigned Project bid exceeded the Project's construction estimate by \$5,082,409. On March 22, 2017, the Board of Supervisors approved additional funding of \$5,879,467 for Architectural and Engineering Design Services necessary for the rebid (\$194,338), allocation of testing and special inspections to the Construction Manager (\$94,479), higher construction costs than estimated (\$5,082,409), and an increase to the mandatory State ten percent (10%) construction contingency (\$508,241). The Project budget was increased from \$52,791,824 to \$58,671,291. The subsequent change to the County funding contribution increased from \$17,791,824 to \$23,671,291.

The revised Project budget of \$58,671,291 included \$43,175,000 in construction costs, \$4,317,500 construction contingency and \$11,178,791 in soft costs. To date, the Board of Supervisors has approved an additional \$1,701,119 in construction costs and \$1,788,105 in soft costs for a current approved budget of \$62,160,515.

Timeline of Project Delays

Information available from past Budget Committee (BC) and Capital Improvement Committee (CIC) and Board of Supervisor reports provide a general timeline of Project schedule delays. The current Project management team is reviewing Project documentation to evaluate the cause(s) of these delays.

At the time of the construction contract award in March 2017, the Project was not separated by phases where occupancy was scheduled for July 27, 2019. After contract award, the project was separated into two phases. Phase I was to be completed by July 12, 2018 with Phase II completed by July 5, 2019. By October 2017, delays due to unforeseen site conditions (unknown utilities and soil conditions) during the excavation and grading phase of the Project started to impact the schedule and in December 2017 delays were significant enough to require a review of the entire Project schedule. A new estimated completion date was not given in status updates at that time.

In June 2018, the Project timeline estimated Phase I completion by November 27, 2018 and Phase II by November 22, 2019, however the schedule at that time noted actual dates were still under review.

As early as November 2018, requirements by BSCC and CSFM field inspectors led to changes in the project scope, extending completion dates. One example is Change Order #70 to install security window glazing in non-detention rated doors. The approximate lead time for this one item alone was six (6) to eight (8) weeks.

A revised construction schedule was provided to the CIC on March 11, 2019 which estimated Phase I to be complete by June 2019 and Phase II by June 2020. This was revised in October 2019 to complete Phase I by December 31, 2019 and December 31, 2020 for Phase II.

Project scope changes in response to BSCC and CSFM field inspections continue to impact the Project cost and schedule. Phase I completion is dependent on the issuance of a certificate of occupancy from both State agencies. The current Project team continues to reference official contractor construction schedules for the completion date of Phase I. The projected Project completion date for both phases has been extended three (3) months beyond the contractor Phase II construction schedule of March 31, 2021 to June 30, 2021 to allow budget projections to accommodate some additional schedule delays in Phase I.

Phase I: Current Schedule and Outstanding Issues

Phase I includes five (5) buildings. Buildings 1A and 1B are standard 30 bed housing units. Building 4 is the Administration Building for staff, youth processing, visitation and medical services. Building 6 is a school building with a gym, classrooms and staff support offices. Building 7 is a renovated existing 30 bed dormitory unit.

The current estimated Phase I completion date based on the contractor's construction schedule is April 10, 2020. Staff believes this revised Phase I schedule can be absorbed by the current estimated final completion date of June 30, 2021 and will not extend the overall Project schedule. Delays related to BSCC and CSFM requirements continue to extend the project schedule. Current critical impacts to the project budget and schedule include:

BSCC Requirements

- Changes to interior security fencing;
- Sleeping quarter privacy partitions;
- HVAC system noise throughout the buildings.

CSFM

- Fire sprinkler system
- Fire smoke dampers
- Fire rated walls
- Alarm/strobe security covers;

Other Outstanding Issues and Tasks:

- HVAC system commissioning and excessive noise;
- Water intrusion into multiple buildings identified during rain events in December 2019;
- Site work deficiencies related to erosion and hardscape surfaces;
- Gas line pressure different from anticipated psi in design.

To date, the contractor has submitted Time Impact Analysis (TIA) claims totaling 539 delay days of which 153 days have been accepted as compensable (excusable). The other 386 days are under review, and further claims could be submitted by the contractor.

As each issue is resolved, any change order, schedule or soft cost impact that results in additional funding needs will be submitted to the CIC and BC for approval. Attachment A provides additional information on the critical schedule and budget impacts listed above, and the TIA claims submitted by the Contractor.

Phase II: Scope

Phase II is anticipated to start in Spring 2020 after Phase I is completed and Probation transitions into the new buildings. The estimated completion date is currently June 30, 2021. This projection includes time for demolition of two (2) original buildings, construction of two (2) new buildings (Buildings 2 and 5) and transition to full operations. Building 2 is a 30 bed maximum security housing unit. Building 5 is a support services building including a kitchen and laundry.

The Project team is limiting changes to the minimum necessary to complete this project (e.g. inspection corrections). As the Project team encounters issues with Phase I, the solutions are being applied and change orders are being negotiated for Phase II buildings which have not been built yet. However, the Project team anticipates that with construction of two (2) new buildings and the sitework involved, given the history of this Project, there will be additional change orders.

Detail of Funding Needs for FY 2019-20 (Change Orders)

The funding request included with this report consists of \$725,835 in change orders for FY 2019-20 negotiated for approval through February 4, 2020, including known Phase II change orders. These include CSFM and BSCC requirements as well as operational and safety issues identified by the Probation department.

Change orders approved to meet BSCC requirements include Dig Defense fence barriers, exterior fence privacy fabric, detention-grade window fixtures in additional areas, cell privacy partitions and changes to the interior security fence. Other change orders address CSFM requirements for fire rated door glass, fire sealant and smoke dampers in Building 4 (Administration), changes to the Building 7 (Dormitory) HVAC system, and wall sealants throughout the project.

Change orders not directly required by BSCC or CSFM but approved due to safety, security or operations needs include:

- Walkway drain replacement to prevent trip hazards
- Revised basketball goal design to replace freestanding goals which can be damaged or overturned and used as weapons
- Additional security cameras and monitor stations
- Toilet flush system upgrades which prevent intentional flooding in rooms due to over flushing
- Additional wireless access points to address dead zones
- Landscape sprinkler revisions to the courtyard sprinkler system

The change orders included as part of this funding request do not include unknown costs for outstanding CSFM and BSCC issues, future change orders related to the construction of Phase II, soft costs due to further extending the schedule, or contingency for the remainder of the Project. The original contingency budget of \$4,317,500 has been exhausted. To date the Board of Supervisors has approved \$1,701,119 in additional construction funding including change orders and work on Building 7 completed under the County's Job Order Contracting (JOC) program. If approved, the additional funding request presented today would bring the approved contingency and construction overruns budget to \$6,744,454. The current contingency and construction overrun budget represents approximately 17% in additional construction costs to the \$39,149,170 spent to date. Projecting this same ratio for the remaining construction costs including Phase II, an additional construction contingency of \$685,000 would be required, bringing the total anticipated contingency and construction overrun budget to \$7,428,845.

Detail of Estimated Funding Needs for FY 2020-21 (Soft Costs)

On November 5, 2019, the Board of Supervisors approved an additional \$1,614,486 in soft cost funding for the Project. At that time, staff was considering a proposal to end the construction manager consultant's services and transition the staff augmentation consultant into the role of construction manager. This reduction from two (2) consultant contracts to one (1), combined with the estimated Project completion date of June 30, 2020 resulted in the November 5, 2019 funding request presented to the Board of Supervisors. After review of the scope of services with the existing construction management consultant, and in order to maintain continuity of contractor coordination and oversight, staff subsequently reconsidered the proposed consultant transition and kept the original construction manager under contract. Staff augmentation services were also retained to provide technical expertise to County staff related to CSFM and BSCC issues. At the same time, CSFM and BSCC issues moved the estimated Project completion date to June 30, 2021. The return to ongoing soft costs for two (2) consultants, plus the additional year in the projected Project schedule means there is a funding shortfall of \$2,237,989 for soft costs in FY 2020-21.

Currently, the projected soft cost budget for FY 2020-21, including all consultant costs and County staff time is \$2,784,043. Projected available funding for FY 2020-21 is \$546,054 leaving a funding gap of \$2,237,989. This funding gap will need to be addressed as part of the budget augmentation process, or through a standalone funding request, if the augmentation is not approved. In addition, staff has updated the Project budget projections to include the following planned or anticipated costs:

- Inspector of Record consultant
- Spray bar testing consultant
- Additional specialized consultants (geotechnical and environmental)
- Projected CSFM inspections costs
- Projected Phase II permitting
- Additional legal consultant costs

A summary of the approved Project budget, pending FY 2019-20 funding request of \$725,835, and projected budget augmentation request for FY 2020-21 is included with this report as Attachment B.

OTHER AGENCY INVOLVEMENT:

The funding request for \$725,560 was presented to the Capital Improvement Committee (CIC) on January 21, 2020. The CIC supported this recommendation. After the CIC meeting an additional \$275 in change order costs was identified and added to the request. The Budget Committee (BC) supported the recommendation to fund \$725,835 in change order costs on February 26, 2020. The Resource Management Agency (RMA) and the Probation Department continue to work jointly with BSCC to meet all State requirements to maintain the conditional award for the grant funding. BSCC and CSFM construction phase inspections will continue throughout the construction duration. RMA continues to work closely with the County Administrative Office (CAO) on estimating additional project funding needs and financing sources.

FINANCING:

The current Board of Supervisors approved project budget is \$62,160,515 which consists of a State lease revenue bond of \$35,000,000, State required minimum match of \$11,667,000, and additional County funding of \$15,493,515 for a total County funding commitment of \$27,160,515. Previously approved increases of \$320,681, \$590,963 and \$2,577,580 are included in this budget amount. The County funding is financed by \$26,024,197 from General Capital Assignment and \$1,136,318 from the Facility Master Plan Projects, Fund 404.

Total expenditures through January 2020 are \$48,725,800, including \$39,149,170 in construction costs and \$9,576,630 in soft costs. To date, the County has claimed \$34,485,812 of the \$35,000,000 State SB81 Local Youthful Offender Rehabilitative Facilities Construction grant. A claim for the remaining \$514,188 is being processed for submittal to the State.

Staff recommends the budget increase of \$725,835 for FY 2019-20 be funded out of General Fund Contingencies, Fund 001. The current balance of General Fund Contingencies is \$3,316,044. If this request for \$725,835 is approved, the General Fund Contingencies balance would be reduced to \$2,590,209.

An alternative funding source is the Cannabis Assigned Fund Balance. As of January 9, 2020, the projected Cannabis Assigned Fund Balance is \$28,352,025

BOARD OF SUPERVISORS STRATEGIC INITIATIVES:

Provision of a New Juvenile Hall facility supports the Board of Supervisors Administration, Infrastructure, and Public Safety Strategic Initiatives by enhancing the safety of County staff, facility occupants, and the public.

Economic Development

X Administration

Health & Human Services

X Infrastructure

X Public Safety

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Approved by: Carl P. Holm, AICP, RMA Director

Attachments:

Attachment A: Project Summary and Critical Issues

Attachment B: Project Budget

Attachment C: Change Order History

Attachment D: Resolution

Attachment E: 2001 Change Order Policy