



County of Monterey

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

Board Report

File #: RES 21-165, **Version:** 1

Adopt a resolution to:

- a. Receive a status report on the New Juvenile Hall, Project 8811 (Project);
- b. Authorize a Project budget increase of up to \$1,240,210 for Phase IIB construction costs;
- c. Authorize and direct the Auditor-Controller to amend the FY 2021-22 Adopted Budget by increasing appropriations in the General Fund, Fund 001, Other Financing Uses Budget Unit 8038, Appropriation Unit CAO017, by \$1,240,210, funded by a decrease in General Fund, Fund 001, Contingencies, Appropriation Unit CAO020 (4/5ths vote required); and
- d. Authorize and direct the Auditor-Controller to amend the FY 2021-22 Adopted Budget by increasing appropriations and operating transfers in by \$1,240,210 for Facility Master Plan Projects, Fund 404, Appropriation Unit PFP057, financed by an operating transfer out from General Fund, Fund 001, Other Financing Uses Budget Unit 8038, Appropriation Unit CAO017 (4/5ths vote required).

RECOMMENDATION:

It is recommended that the Board of Supervisors adopt a resolution to:

- a. Receive a status report on the New Juvenile Hall, Project 8811 (Project);
- b. Authorize a Project budget increase of up to \$1,240,210 for Phase IIB construction costs;
- c. Authorize and direct the Auditor-Controller to amend the FY 2021-22 Adopted Budget by increasing appropriations in the General Fund, Fund 001, Other Financing Uses Budget Unit 8038, Appropriation Unit CAO017, by \$1,240,210, funded by a decrease in General Fund, Fund 001, Contingencies, Appropriation Unit CAO020 (4/5ths vote required); and
- d. Authorize and direct the Auditor-Controller to amend the FY 2021-22 Adopted Budget by increasing appropriations and operating transfers in by \$1,240,210 for Facility Master Plan Projects, Fund 404, Appropriation Unit PFP057, financed by an operating transfer out from General Fund, Fund 001, Other Financing Uses Budget Unit 8038, Appropriation Unit CAO017 (4/5ths vote required).

SUMMARY:

On August 2, 2021, Public Works, Facilities & Parks (PWFP) received final proposals from New Juvenile Hall Project 8811 (Project) Phase IIB Job Order Contract (JOC) contractors, which projected up to a \$1,240,210 funding shortfall in the Project budget. Staff began working with the County Administrative Office Budget and Analysis Division (CAO) to identify possible funding sources, including Cannabis funds, The American Rescue Plan of 2021 (ARPA) funding, Fund 478 Building Improvement Fund, and General Fund Contingency. Based on direction from the CAO, staff drafted a report recommending the funding be allocated from General Fund Contingency. This report provides background on the Project development to date, current Phase IIB status, and discussion of two (2) funding options.

DISCUSSION:

Background

The Project consists of replacing the Juvenile Hall campus at 1420 Natividad Road, Salinas (38,949 sq. ft., three [3] buildings) with a new campus. The Project is partially funded through a State SB81 Local Youthful Offender Rehabilitative Facilities Construction lease revenue bond. The SB81 financing included a 3-year

construction completion requirement to sell the State bonds. After completing Phase I in August 2020, the State Department of Public Works Fall Bond Sale took place on or about October 2020; therefore, the SB81 Bond Sale requirement has been met. Probation staff have moved into five (5) buildings (new administration building, refurbished dormitory, two [2] new housing units, and new gym and classrooms). The remaining Phase IIB scope provides facilities required by Board of State and Community Corrections (BSCC) to meet Title 24 standards, including an outdoor recreation area, modular storage unit and final site security, lighting and fencing.

The Project was bid as a single construction project. To accommodate Probation operations during construction and to address circumstances that required a Project descope (Phase II descope) due to financing and corresponding SB81 funding deadlines, the scope of work has been implemented in two (2) construction phases. Phase I consisted of 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. Phase I work, consisting of Buildings 1A, 1B, 4, 6, and 7, parking lot, and partial site work as noted in the Plans and Specifications, is now complete and occupied.

Phase IIA consisted of demolishing the existing Juvenile Hall and gym, a small amount of work on Building 7 (Dormitory) where the building connected to the existing facility, and rough grading site work in the Phase IIB area. Phase IIA was completed by Zovich & Sons Inc., dba Zovich Construction (Zovich).

Phase IIB consists of completing the secure outdoor recreation area and courtyard, sally port driveway, modular/portable building for institutional storage, security fencing, and perimeter wall around the remaining courtyard. The perimeter wall will utilize Concrete Masonry Unit (CMU) block left over from the Phase II descope. Prior to descope, Phase IIB also included Buildings 2 (High Security Housing) and 5 (Kitchen and Support Facilities). The storage unit procurement was completed through a federal Government Services Administration (GSA) contract, which provides a twenty-five percent (25%) discount to state and local governments. Precision Construction Services (Precision) provided interim stormwater management services for the site. These services have now been transferred to Granite Construction Company, Inc. (Granite). The County has enlisted Granite and Newton Construction & Management, Inc. (Newton) through the County's Job Order Contracting (JOC) Program to complete Phase IIB.

Project Schedule and Status

Current Project Schedule (Descoped)

Notice to Proceed: April 24, 2017

Phase I Complete: August 2020

Transition into Phase II: August 2020

Begin Phase II: September 2020

Finish Phase IIA: January 2021

Phase IIB Completion: December 2021 (Schedule is dependent on California State Fire Marshall [CSFM] review and approval, and site conditions.)

Phase II Status:

- The Project site is under the control of Granite and Newton for completion of Phase IIB work.
- Initial proposals received mid-July.
- Phase IIB plans are approved by the County Building Official and City of Salinas Fire.
- Final Phase IIB drawings were delivered to CSFM in early March. Initial plan review comments from CSFM

were received in early May. Initial CSFM comments were addressed, and plans were resubmitted. Additional CSFM comments were received on August 8, 2021 requiring additional fire water flow testing. Staff is coordinating testing with CalWater as required by CSFM. Test results will be submitted to CSFM so Phase IIB can receive final design approval.

- Phase IIA site work warranty corrections are in progress.
- Final site design resubmittal is being reviewed by the State of California Board of State and Community Corrections (BSCC). Final site walk and approval occurs after construction is complete.
- Trenching, storm and water line installation is underway.
- Mobile storage unit is ready for delivery pending site readiness.

Project Budget and Projected Costs

At the time of descope, the estimated Project budget was \$61,931,391, including a \$1,794,739 contingency to cover actual design and construction costs in Phase IIB since final drawings had not been prepared and sub-contractor proposals had not been received. Prior to receiving Phase IIB proposals, contingencies allocated to Phase IIB were redirected to pay for increased Phase I and IIA change orders, claims settlement and descope surplus material costs. As a result, Phase IIB requires additional funding to cover the actual JOC proposals. Potential funding sources were reviewed with the CAO. The Project is not eligible for American Rescue Plan Act (ARPA) funds. Fund 478 - Building Improvement and Replacement Fund is allocated to the 331 N. Sanborn Integrated Health Center project. As a result, the recommendation is to consider General Fund Contingencies to fund this request.

After Staff review of the proposal line items to identify potential cost savings, the projected Project costs still exceed available Project funding by approximately \$936,000. The higher sub-contractor proposal costs are a result of more complex site work and trenching required to accommodate the descope site plan as well as increased unit costs to procure construction materials.

Projected Costs at Time of Descope

- Construction Costs:	\$45,148,400
- Soft Costs:	\$14,328,893
- Contingency to Cover Additional Costs:	<u>\$ 1,794,739</u>
Descope Project Budget/Funding:	\$61,272,032
- Materials Billing Funding (Phase I/IIA Settlement):	<u>\$ 659,359</u>
Current Project Budget:	\$61,931,391

Current Projected Costs (No Contingency)

- Projected Construction Costs:	\$49,794,235
- Projected Soft Costs:	<u>\$13,073,011</u>
	\$62,867,246

Option 1: Minimum Funding Shortfall:	\$ 935,855
Option 2: Funding Shortfall w/ 10% Const. Contingency:	\$ 1,240,210

Funding Options

Option 1: Funding for JOC Proposals Only (\$935,855)

Funding the \$935,855 shortfall would put the total Project budget at \$62,867,246. This would cover all

proposed JOC costs and projected soft costs through the end of the Project, currently projected to be December 31, 2021. However, at this level of funding, there is no Project contingency to cover unanticipated factors such as site conditions, CSFM requirements, etc. Any additional costs would require additional funding requests. This option risks stopping work while a funding request is processed and presented to the Board for approval should unanticipated Project requirements arise.

Option 2: JOC Funding + 10% Const. Contingency (\$1,240,210)

It is standard practice to include at least a ten percent (10%) contingency for all construction projects. This option would fund a 10% contingency for the remaining Phase IIB construction work. All unused funds after the Project is complete would be returned to the funding source. This option would allow staff to keep the Project moving forward through unanticipated impacts.

OTHER AGENCY INVOLVEMENT:

On July 27, 2021, staff informed the Budget Committee of the funding shortfall realized as a result of the submitted JOC proposals. A funding request was not made at the time, as staff was still reviewing the proposals to identify potential savings. Staff has coordinated with the County Administrative Office to identify potential funding sources. Public Works, Facilities and Parks (PWFP) and the Probation Department continue to work jointly with the BSCC to meet all State requirements to maintain the conditional award for the grant funding. State Water Resources Control Board and CSFM construction phase inspections will continue throughout the construction duration.

FINANCING:

The Board of Supervisors approved descope Project budget is \$61,272,032, which consists of a State SB81 Local Youthful Offender Rehabilitative Facilities Construction lease revenue bond of \$35,000,000, State required minimum County match of \$3,500,000, and additional County funding of \$22,772,032 for a total County funding commitment of \$26,272,032. An additional \$659,359 in County matching funds to cover materials billings as part of the Zovich settlement brings the total Project budget, less claims, to \$61,931,391.

To date, the County has invoiced the maximum ninety-five percent (95%) of the \$35,000,000 SB81 funding allowed prior to Project completion. Staff is tracking cumulative eligible expenditures for the total \$35,000,000. Most of the remaining eligible costs occurred during Phase IIA. As explained above, potential funding sources were reviewed with the CAO; the recommendation is to consider General Fund Contingencies to fund this request. If approved, General Fund Contingencies funds would be reduced from \$1,668,646 to \$428,436.

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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Director of Public Works, Facilities & Parks

Attachments:

Attachment A: Resolution