



County of San Mateo

Inter-Departmental Correspondence

Department: COUNTY MANAGER

File #: 21-688

Board Meeting Date: 9/14/2021

Special Notice / Hearing: None
Vote Required: Majority

To: Honorable Board of Supervisors
From: Michael P. Callagy, County Manager
Adam Ely, Project Development Unit Director
Subject: Amendment to XL Construction Corporation Agreement

RECOMMENDATION:

Adopt a resolution authorizing:

- A) The President of the Board of Supervisors to execute an amendment to the agreement with XL Construction for design and preconstruction services for the Maple Street Navigation Center Project revising the scope, extending the term, and increasing the amount payable by \$1,942,328, to an amount not to exceed \$2,085,106; and
- B) The Director of the Project Development Unit or designee to issue amendments to the agreement that increase the maximum fiscal obligation by no more than 10 percent in aggregate, for a total authorized not to exceed contract value of \$2,293,617.

BACKGROUND:

San Mateo County continues to face an unprecedented and growing shelter crisis with homelessness experienced disproportionately by race and other protected characteristics. According to the County 2019 One-Day-Count, over 1500 County residents were experiencing homelessness, with over 900 unsheltered. The largest number of unsheltered individuals were in Redwood City with a substantial population living in tents and on the street and facing numerous daily challenges, including exposure, high stress levels, sleep deprivation, unsanitary surroundings, lack of access to hygiene and care, and poor nutrition.

Although the County has not undertaken a One Day Count since 2019, owing to the COVID-19 pandemic, all indications are that the pandemic, and its associated medical, social, and economic impacts, have exacerbated the shelter crisis and strained existing shelter capacity, due to social distancing protocols. This has further imperiled those experiencing homelessness.

In response to these circumstances, the County redoubled its efforts to prevent and end

homelessness. The County target is functional zero homelessness, meaning that every resident experiencing homelessness who seeks assistance can be sheltered in an emergency shelter, or in temporary or permanent housing and these residents receive services that promote stable long-term housing. In pursuit of this functional zero goal, the County has, *inter alia*, provided resources through the County Rapid Rehousing Program; secured temporary non-congregate shelter at local hotels; developed alternative care sites to house those experiencing homeless who need to quarantine; and acquired and converted multiple hotels to affordable or supportive housing. Despite these efforts, the County continues to have a substantial shortage of beds for those experiencing homelessness, with a minimum need for this site of 240-260 additional beds.

To meet this urgent and critical need, the County Manager's Office has directed the Project Development Unit (PDU) to install, on an emergency basis, an appropriately sized low-barrier navigation center. The navigation center model provides short-term housing, while also offering on site a range of intensive safety-net and other housing, stability, and recovery focused case management services.

This contemplated navigation center, presently referred to as the Maple Street Navigation Center, would be located on property located at 1450 Maple Street, in Redwood City. The elevation of the site would be raised through soil importation to protect against sea level rise. This site is currently owned by Redwood City and County and City staff are working to negotiate a potential land exchange pursuant to which the County would give the City property located at 1580 Maple Street (the current site of the County's Maple Street Shelter) and the County would receive the 1450 Maple Street Site from the City. Staff anticipates that this property exchange transaction will go to the City Council for approval on October 11, 2021 and, if approved, the exchange transaction will come to this Board for consideration.

The navigation center, which would serve single individuals, as well as couples, would provide 240 non-congregate accessible sleeping units, approximately two-thirds of which would contain *en suite* restrooms. Early schematic design contemplates an array of prefabricated sleeping, support, and service units, some stacked and others single level, along with a commercial kitchen, dining hall, community building, training center, outdoor respite and recreation space, storage, and parking area.

Staff anticipates that design and construction of the navigation center, for which a formal budget is currently being developed, will be funded through a combination of federal, state, county, and philanthropic funds. Taking these in order, the County has applied for and received a federal grant of \$500,000 to be spent on the furniture, fixtures, and equipment necessary to complete and operate the facility.

The County also intends to apply for funds through the California Department of Housing and Community Development Project Homekey 2.0 program. The County will apply either singly or in collaboration with a nonprofit partner. While the details and timelines of the grant program are still being developed and have yet to be released, prior iterations of the program have allocated upwards of \$100,000 in support for each bed for certain rapidly acquired/delivered housing.

The County has also budgeted \$15,677,441 in the revised fiscal year 2021-22 budget for the navigation center. Finally, the County is engaged with local philanthropic support to address and remediate housing inequities in our County, with John Sobrato having generously committed \$5,000,000 in support of the Navigation Center project.

DISCUSSION:

On or about May 2021, the County Manager directed the PDU to develop plans to effectuate the emergency installation of a Navigation Center at 1450 Maple Street to address the concurrent crises posed by the COVID-19 pandemic and the shelter bed shortage.

On June 14, 2021, the PDU entered into an agreement with XL Construction for preconstruction services for the Navigation Center project in the amount of \$142,778.

Given the shelter crisis, emergency directive, compressed timelines associated with potential Home Key funding, and delay in start resulting from the highly-dynamic land swap negotiations with Redwood City, the Request for Proposal Process (RFP) was waived and XL was selected based on, *inter alia*, their architect's unique experience designing navigation centers in neighboring jurisdictions, their recent highly-successful completion of a prefabricated modular-based navigation center in Mountain View, and their having been the last construction vendor to have been competitively awarded a ground-up preconstruction and construction services agreement with the County of San Mateo. Their proposal was reviewed and determined reasonable and consistent with the County's internal estimates and rates charged on previously competitively priced projects.

The initial agreement with XL was for feasibility and early schematic preconstruction and design services that included meetings, coordination, completion of early schematic work, including architectural and structural design services, civil engineering, mechanical, plumbing, and fire design services. In addition to providing pricing, constructability, and design services, XL and their architect led meetings with user groups, vendors, County stakeholders, and others to develop the project program.

The amendment to the agreement would allow for the uninterrupted continuation of design development to effectuate the emergency installation of the Maple Street Navigation Center. Services to be provided include ongoing design work, cost modeling, coordination, trade partner design input, and project scheduling. The Amendment would extend the agreement term through February 28, 2022 and increase the maximum amount payable under the agreement to \$2,085,106. It is anticipated that further amendments will be brought to the board to incorporate the design-build construction scope including retention of trade partners and purchase of materials.

County Counsel has reviewed and approved the Resolution as to form.

FISCAL IMPACT:

The costs of this amendment will be paid from funds allocated to the Maple Street Navigation Center project in the revised fiscal year 2021-23 budget. The County will seek, though subsequently authorized board action, state and other funds to cover and reimburse project costs.