



County of San Mateo

Inter-Departmental Correspondence

Department: COUNTY MANAGER

File #: 19-967

Board Meeting Date: 10/8/2019

Special Notice / Hearing: None
Vote Required: Majority

To: Honorable Board of Supervisors
From: Adam Ely, Project Development Unit Director
Subject: McCarthy Agreement Change Order Authority Increase

RECOMMENDATION:

Adopt a resolution authorizing the County Manager or designee to execute amendments to the Agreement with McCarthy Building Companies Inc., increasing the amount \$2,915,830 above prior authority, for a new not to exceed amount of \$38,515,830.

BACKGROUND:

On October 20, 2015, this Board adopted Resolution 074125, authorizing execution of a design-build agreement with McCarthy Building Companies, Inc. (McCarthy) for the design and construction of the Regional Operations Center (Project), in an amount not to exceed \$31,000,000. The Board subsequently authorized amendments and change orders increasing the not to exceed amount to \$35,600,000.

DISCUSSION:

Significant unforeseen conditions encountered during the construction of the Project have led to the determination that the not-to-exceed amount of the agreement was insufficient to appropriately compensate McCarthy for the Project based upon, *inter alia*, the following factors:

1. Additional costs associated with the location of additional underground fuel storage tanks and the identification of substantial deposits of soil in need of excavation, testing, remediation, and/or removal causing substantial unanticipated schedule delays and associated costs.
2. Additional costs incurred related to the design and construction of the subsurface ground improvement and foundations, and associated labor and materials, as a result of unforeseen soil conditions.
3. Additional costs associated with adding switchgear for the emergency back-up generators, additional fiber, and copper infrastructure, special monitoring provisions, additional data center cooling testing, audio-visual modifications, and an added ramp in the new equipment yard.

4. Significant changes mandated by authorities having jurisdiction including offsite utility modifications, and interior level fire separation.
5. Owner-elected improvements include but not limited to upgrades to the exterior skin of the building, radio, and telecom, and interior architectural layout modifications.

The Project Development Unit (PDU) recommends that this Board consider these unanticipated conditions and necessary improvements for this Project and approve the recommended final not-to-exceed amount. Construction issues or conflicts, unforeseen circumstances, and gaps in scope often arise during construction projects. In some cases, these issues require additional compensation. PDU worked diligently through the construction of this Project to minimize additional costs and develop solutions that were timely, effective, and financially responsible.

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

Approval of these actions will contribute to the Shared Vision 2025 outcome of Collaborative and Safe Community by advancing this project that will provide regional benefits to San Mateo County residents.

FISCAL IMPACT:

Funding is provided in the ROC \$64,500,000 project budget funded by Measure K. The funding is included in the FY 2019-20 Adopted Budget.