



# County of San Mateo

## Inter-Departmental Correspondence

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**Department:** COUNTY MANAGER

**File #:** 20-056

Board Meeting Date: 2/25/2020

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**Special Notice / Hearing:** None  
**Vote Required:** 4/5<sup>ths</sup>

**To:** Honorable Board of Supervisors  
**From:** Michael P. Callagy, County Manager  
**Subject:** Animal Shelter Project Budget Increase; Amendments to Agreement with F&H Construction.

**RECOMMENDATION:**

Adopt a resolution authorizing:

- A) An increase to the total project budget for the Animal Shelter Project by \$800,000, to \$27,400,000; and
- B) The County Manager or his designee to execute amendments to the agreement with F&H Construction for the construction of the Animal Shelter Project, increasing the agreement by \$1,000,000 above prior authority for a revised total not-to-exceed amount of \$25,500,000; and
- C) An Appropriation Transfer Request receiving a contribution in the amount of \$499,500 from the Health Department, an increased contribution in the amount of \$30,500 from the General Fund and recognizing unanticipated revenue in the amount of \$270,000 from the City of Burlingame for a total appropriation amount of \$800,000 to be used for project costs for the Animal Shelter Project.

**BACKGROUND:**

All municipalities are mandated by the State to provide animal sheltering and welfare services. Since 1951, the County of San Mateo has managed these services for all cities and unincorporated areas within the County. These services are managed through a 1950s era Animal Control Facility located in San Mateo. This facility is outdated, deteriorated, and requires replacement to meet current standards.

In September 2014, the cities and towns within the County of San Mateo entered into an agreement to share costs for a new Animal Shelter (the "Project"). The agreement provides that the County will advance funds for the Project to be repaid by municipalities according to their share, through a 30-

year, interest-free lease agreement.

On February 28, 2017, this Board approved a design-build agreement with F&H Construction for the Animal Shelter in an amount not to exceed \$19,699,197, with change order authority not to exceed \$1,969,920, for a total authorization of \$21,669,117. On December 4, 2018, the maximum fiscal obligation for the F&H Agreement was set at \$24,500,000.

On July 10, 2018, the County notified the municipalities that their estimated Project responsibility was \$24,800,000 and the total Project Budget was \$26,600,000.

#### **DISCUSSION:**

Owner-initiated scope changes and unanticipated conditions encountered during construction require an increase in the not-to-exceed amount of the agreement. These include, *inter alia*: (1) continued site air monitoring needed to comply with Bay Area Quality Management Board's requirements; (2) disposal costs for contaminated soil; (3) Pacific Gas and Electric schedule delay and the needed generator to maintain continuous, uninterrupted operations; (4) end-user logistical changes including relocation of medical-gas equipment; (5) modifications to fire risers to meet requirements; (6) relocation of a water line; and (7) improvements to landscaping, signage, fencing, and site parking required to appropriately complete the project and ensure proper accessibility.

The Project Development Unit (PDU) recommends that this Board consider these unanticipated conditions for this Project, including necessary scope changes, and approve the recommended contract and budget increase to facilitate completion of the Project. Unanticipated conditions and appropriate and reasonable scope increases, common in construction projects, must be addressed promptly to keep the project moving forward. The PDU has worked diligently through construction of this Project to minimize additional costs and to ensure any increases in scope are appropriate and reasonable.

PDU requests that this Board authorize amendments to the F&H contract in the amount of \$1,000,000 for a new not-to-exceed amount of \$25,500,000. To address a portion of the costs for this increase, the PDU requests an increase in the Animal Shelter Project Budget for a new Project Budget of \$27,400,000.

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

#### **FISCAL IMPACT:**

The cost of the project budget increase is provided through contributions from the Health Department in the amount of \$499,500, reimbursement from the City of Burlingame in the amount of \$270,000, and the addition of \$30,500 in general fund monies. Covered amendments and/or change orders are included in the new Animal Shelter Project Budget of \$27,400,000.

Approval of the Appropriation Transfer Request will appropriate funds in the amount of \$800,000 consisting of a contribution from the Health System in the amount of \$499,500; an increased contribution from the General Fund in the amount of \$30,500; and unanticipated revenue from the City of Burlingame in the amount of \$270,000.