



County of San Mateo

Inter-Departmental Correspondence

Department: COUNTY MANAGER

File #: 20-247

Board Meeting Date: 4/28/2020

Special Notice / Hearing: None
Vote Required: 4/5ths

To: Honorable Board of Supervisors

From: Michael Callagy, County Manager
Adam Ely, Project Development Unit Director

Subject: Animal Shelter Final Project Budget; Ratification of Amendments

RECOMMENDATION:

Adopt a resolution authorizing:

- A) An increase to the total project budget for the Animal Shelter Project by \$900,000 to \$28,300,000; and
- B) Ratification of Amendment 1 to the Agreement with F&H Construction and all change orders consolidated therein; and
- C) An Appropriation Transfer Request (ATR) from the general fund in the amount of \$900,000.

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 1950's era Animal Control Facility located in San Mateo. The old facility, now demolished, was outdated, deteriorated, and required replacement to meet current standards.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 the construction of a new Animal Shelter (the "Project"). The agreement provides that the County will advance funds for the Project which will 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 \$19,694,993, with change order authority not to exceed \$1,969,499, for a total authorization of \$21,664,492. Through subsequent Resolution Nos. 076292

and 077238, this Board approved revisions to the total project budget to \$27,400,000 and authorized additional changes to the agreement with F&H, establishing a not-to-exceed amount of \$25,500,000.

On March 6, 2020, a temporary certificate of occupancy was issued for the new Animal Shelter. The move into the new shelter has been completed and the old shelter has been demolished. Final completion, to include site work, is scheduled for June 30, 2020.

DISCUSSION:

As detailed in approved Resolutions 076292 and 077238, Owner-initiated scope changes, design improvements, and unanticipated conditions encountered during construction have led to need to issuance of reasonable and appropriate change orders to the agreement with F&H Construction by the Director of the Project Development Unit (PDU) and/or the County Manager within Board-authorized limitations.

These include change orders for, *inter alia*, added square footage, mechanical enhancements necessary to ensure proper and humane animal care, extensive soil remediation and improvements, site air monitoring to comply with air quality requirements, disposal costs for contaminated soil, and improvements to landscaping, fencing, and site parking necessary to appropriately complete the project and ensure proper accessibility.

This Board has previously found these to be unanticipated conditions for the Project and necessary scope changes and approved the recommended F&H contract increase to facilitate completion of the Project. Unanticipated conditions are often encountered during construction projects, as are appropriate and reasonable scope increases, which both 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.

Approval of this resolution will ratify and approve Amendment 1 to the agreement with F&H construction, executed and approved by the County Manager and Director of the Project Development Unit, and all previously issued change orders consolidated therein.

Approval of this resolution will establish a final Animal Shelter Project Budget of \$28,300,000 increasing the budget by \$900,000 (or 3.3%) and authorizing a general fund transfer of this amount via the attached appropriations transfer request.

The County has previously determined that it will not seek reimbursement from the participating municipalities for \$2,600,000 used to fund the addition of photovoltaic system, specific heating ventilation air quality improvements, and certain site improvement costs related to fencing, paving, and miscellaneous landscape scope. The remaining project costs will be repaid by municipalities according to their share, through a 30-year, interest-free lease agreement.

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

FISCAL IMPACT:

The cost of the project budget increase would require approval of an Appropriations Transfer Request in the amount of \$900,000 from the General Fund to the Animal Shelter Project account. The remaining costs have been included in the FY 2019-20 Adopted Budget.