



County of San Mateo

Inter-Departmental Correspondence

Department: COUNTY MANAGER

File #: 20-888

Board Meeting Date: 11/17/2020

Special Notice / Hearing: None
Vote Required: Majority

To: Honorable Board of Supervisors

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

Subject: Skanska Agreement Change Order to Establish the Guaranteed Maximum Price Final Project Budget

RECOMMENDATION:

Adopt a resolution authorizing:

- A) The President of the Board of Supervisors to execute a change order to the agreement with Skanska USA, Inc for construction of the Cordilleras Health Campus Project establishing the Guaranteed Maximum Price of \$104,822,470; and
- B) The Director of the Project Development Unit or designee to issue change orders to the agreement that increase the maximum fiscal obligation by no more than 10% in aggregate for a total not to exceed contract value of \$115,304,717; and
- C) A total budget for the Cordilleras Health Campus Project of \$155,000,000.

BACKGROUND:

The Cordilleras Mental Health Center is located on a twenty-acre site at 200 Edmonds Road near Redwood City on unincorporated County land. The site is wooded and contains a creek that is flanked by steep hills on both sides.

The existing building was constructed in 1952, originally serving as a tuberculosis hospital. It was adapted in 1978 for its current use for treatment of people who experience mental illness. It contains a licensed locked 68-bed Mental Health Rehabilitation Center (MHRC) and a licensed 49-bed Adult Residential Facility serving adult and older adult County residents who have long histories of mental illness. The two programs are operated by Telecare Corporation through a contract with Behavioral Health and Recovery Services. The residents of the MHRC are conserved, dependent adults, who meet legal criteria for grave disability, and the majority have been admitted to the program involuntarily.

The building itself is maintained at significant annual cost and its configuration is poorly suited to current treatment practices for behavioral health care for this population. A building condition assessment conducted in 2014 determined that the building required significant costly repairs and upgrades and should be considered for replacement.

In March 2017, following a study session to consider potential capital projects recommended in County feasibility and master plan studies, this Board directed the County Manager's Office and its Project Development Unit (PDU) to move forward with the Cordilleras Health System Replacement Project (Project).

The Project consists of replacing the large existing facility with multiple new residential facilities that create a smaller scale, homelike setting that will be more conducive to patient treatment and recovery. The new facilities are arrayed on the site to allow the existing building to remain in operation throughout construction and to allow construction of all new buildings in a single phase, followed by demolition of the existing building and final site improvements. The Project includes the following elements:

Four MHRC buildings, each housing 16 residents for a total licensed bed capacity of 64. The 16-bed limit per separately licensed building, when run by separate operators, allows Medicaid reimbursement of up to 50 percent of treatment costs, promoting improved care at reduced cost.

A Co-Housing Unit for 57 residents in a single three-story building that will provide residents an independent supportive living environment creating an onsite continuum of care for clients.

A Campus Center containing an art room, chapel, conference rooms, administrative offices, and other support spaces.

A variety of outdoor areas to include multiple secure courtyards at each MHRC, communal gathering spaces, sheltered outdoor seating, community gardens, and other functions.

The Project will preserve the beauty and serenity of the existing natural environment while providing a safe and attractive setting for patient care and family engagement. The Project design reflects the core values identified by this Board in granting project approval: (1) a focus on wellness; (2) the promotion of respect and optimism for clients, their families, and staff; (3) building of community for clients, families, staff, and visitors; (4) healing through nature; and (5) striving for recovery through a world-class model of care. Consistent with the County Municipal Green Building Policy, Cordilleras is designed to operate at Zero Net Energy (ZNE) and to achieve certification in Leadership in Energy and Environmental Design (LEED).

Substantial environmental permitting and coordination has been completed or is underway with a reasonable anticipation of timely completion. This complex and ongoing process has included submission for permits and approvals through, among others, the Regional Water Quality Control Board, United States Department of Fish and Wildlife, California Department of Fish and Wildlife, United States Army Corps of Engineers, San Mateo County Department of Building and Planning, CalFire, the local sanitation district, and the San Francisco Public Utilities Commission. The County has also executed various easements, deed restrictions, and agreements to complete various environmental mitigation measures including, *inter alia*, measures related to the California Red-

Legged Frog and Dusky-Footed wood rat.

DISCUSSION

On June 26, 2018, this Board approved a construction manager at risk agreement with Skanska USA Building Inc. (Skanska) for the Project in the amount of \$11,383,105. This initial value covered only pre-construction services and certain anticipated indirect project costs. Through subsequent actions, this Board increased the agreement value to \$14,598,872 for, among other things, extended preconstruction and the design-build soil nail wall scope.

The agreement anticipates phased establishment of a guaranteed maximum price ("GMP") through a change order as design progresses, scope is finalized, and trade contracts are competitively bid-out.

Programming, construction documents, and competitive sub-contractor bidding for the Project has, with limited exceptions, been completed. Based on, *inter alia*, the award of trade subcontracts, preconstruction work completed, project general conditions, project general requirements, bonds, insurance, taxes, and allowances, the GMP for construction of the Cordilleras Health System Replacement Project is \$104,822,470.

The PDU, in collaboration with the Health System, County partners, the architect of record, and Skanska preconstruction, have worked diligently through development of the design, permitting, programming, and bidding to minimize additional costs and develop solutions and strategies that are timely, effective, and financially responsible. PDU recommends that this Board authorize the requested GMP for construction of the Project and the requested overall project budget.

The change order establishing the GMP has been reviewed and approved by the assigned project manager and the Director and Assistant Director of the Project Development Unit.

County Counsel has reviewed and approved the Resolution to form.

FISCAL IMPACT:

The Cordilleras project is anticipated to be bonded as described in the adopted budget presentation on September 29, 2020. At this time, bond issuance is anticipated for April 2021 for a total project budget of \$155,000,000. The Adopted Budget for FY 2020-21 carries \$15,384,169 as a starting point for the project prior to bond issuance and will be repaid once the bonds have been issued. This Board will be kept up to date as the bond project moves through its phases. Once the bonds are completed an Appropriation Transfer Request will go to this Board for approval.