



# County of San Mateo

## Inter-Departmental Correspondence

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**Department:** COUNTY MANAGER

**File #:** 20-890

Board Meeting Date: 11/17/2020

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**Special Notice / Hearing:** None  
**Vote Required:** Majority

**To:** Honorable Board of Supervisors  
**From:** Michael P. Callagy, County Manager  
Adam Ely, Director of the Project Development Unit  
**Subject:** Cannon Design Agreement Amendment

**RECOMMENDATION:**

Adopt a resolution authorizing the President of the Board to execute an amendment to the Architectural and Engineering Services agreement with Cannon Design for the Cordilleras Health Campus Project, increasing the agreement by up to \$1,085,145 for a new not to exceed amount of \$9,718,205.

**BACKGROUND:**

The Cordilleras Health Campus Project consists of construction of the Cordilleras Health System Campus located at 200 Edmonds Road in Redwood City, and replacement of the existing Cordilleras Mental Health Center building, which is over 60 years old and has outlived its useful life. The building was originally constructed as a tuberculosis hospital and requires replacement to meet modern standards of care for individuals who have serious mental illness. The project will consist of the construction of five new buildings allowing residential treatment on a smaller scale, in a less institutional setting. The number of beds will increase from 117 to 121.

Consistent with the County Municipal Green Building Policy, and in keeping with the County's goal of demonstrating leadership in sustainability, the Cordilleras project will be designed to operate at Zero Net Energy to achieve certification in Leadership in Energy and Environmental Design.

On December 10, 2019, this Board authorized an amendment to increase the agreement by up to \$950,000 for a new not to exceed amount of \$8,654,670. This authorization, related to Cannon Change Order 08, established an owner-controlled allowance within the Cannon Agreement, valued at \$950,000.

**DISCUSSION:**

Cannon Design has provided excellent architectural and engineering services for the Cordilleras Campus Upgrade Project.

To date, the Project Development Unit (PDU) has executed several change orders/amendments with Cannon Design which have included costs for, *inter alia*: (1) alternate site, fit, and feasibility investigations; (2) value engineering redesign required to substantially minimize potential site costs and risks; (3) unanticipated water tank design and survey; (4) additional environmental design mitigation related to the local creek; (5) emergency generator upgrade; (6) ongoing design evolution to meet increased environmental permit agency requirements; (7) Pacific Gas and Electric (PG&E) design coordination; (8) entry canopy removal and modified design at Mental Health Rehabilitation Center; and (9) increased Building Information Management (BIM) coordination services for site utilities.

With the final project guaranteed maximum price (GMP) and schedule agreements nearing completion for final County approval, this Amendment and proposed increase in the Contract Value, is intended to provide a one-time adjustment for Cannon's extended construction administration services and provide additional funds for the owner-controlled allowance to accommodate the anticipated and unforeseen additional design and engineering costs throughout the project construction duration.

Below is a basic table indicating the current contract status, the proposed amendment amounts, and the proposed adjusted contract status should this Board approve this request.

<b>Current Contract</b>	<b>Amount</b>	<b>Proposed Amendment</b>	<b>Adjusted Contract</b>
Direct Cost (in contract)	\$ 7,993,413.00	\$ 736,318.00	\$ 8,729,731.00
Owner Allowance (in contract)	\$ 639,647.00	\$ 348,827.00	\$ 988,474.00
BoS C/O Limit (budgeted)	\$ 21,610.00	\$ -	\$ -
<b>Total</b>	<b>\$8,654,670.00</b>	<b>\$ 1,085,145.00</b>	<b>\$ 9,718,205.00</b>

The proposed amendment includes approval of Change Order 025, which adds \$736,318 to the Agreement due to increased duration of Construction Administration services, required due to permitting delays which added approximately 13 months to the project completion schedule.

In addition, the Owner's Allowance is increased by \$348,827, bringing the adjusted remaining Owner's Allowance to a total of \$988,474. This Owner's Allowance will be used for estimated known costs for landscape, irrigation, sitework and other design, and engineering related to creek mitigation and stormwater and erosion control design, which is still in progress with a current estimated cost of \$105,000.

The remaining Owner Allowance balance of \$883,474 will provide a reserve for future impacts, unforeseen conditions, and other possible design enhancements that are required to complete the project to the satisfaction of the County and end users.

The proposed amendment increases the contract value by \$1,085,145 for an adjusted not-to-exceed authorized contract amount of \$9,718,205.

In addition to the increased cost of the Agreement, this Amendment 002, Change Order 025 approval also established a new notice to proceed date for construction (November 18, 2020), and adds 13 months to the original construction duration of 24 months, for an adjusted total construction administration duration of 37 months.

The resolution contains a provision authorizing the Director of the Project Development Unit or designee to execute additional contract amendments, including amendments utilizing any Owner's Allowances, within the revised not to exceed amount.

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

**FISCAL IMPACT:**

Appropriations for this increase are included in the Cordilleras Health Campus Project budget. There is no impact to Net County Cost.