



County of San Mateo

Inter-Departmental Correspondence

Department: COUNTY MANAGER

File #: 21-381

Board Meeting Date: 5/18/2021

Special Notice / Hearing: None
Vote Required: Majority

To: Honorable Board of Supervisors

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

Subject: Amendment to Truebeck Agreement to Incorporate Subcontract Awards and Revised Health System Campus Upgrade Project Budget

RECOMMENDATION:

Adopt a resolution authorizing:

- A) The President of the Board of Supervisors to execute an amendment to the agreement with Truebeck Construction, Inc. for construction of the San Mateo Health System Campus Upgrade Project in the amount of \$12,643,170, for an adjusted total contract value of \$105,231,566; 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 percent in aggregate for a total not to exceed contract value of \$115,754,723; and
- C) A total budget for the San Mateo County Health System Campus Project of \$175,000,000.

BACKGROUND:

The San Mateo Health System Campus is located at Edison Street between 37th and 39th Avenue in San Mateo. The site houses the San Mateo Medical Center and other Health Services Departments. The San Mateo Health Services building was constructed in 1952 and the adjacent Hospital Administration Building in 1954. To consider the future of these aging and seismically insufficient facilities and the Health Campus, in February 2016, the County commissioned the Health System Master Plan Study.

Following the study, it was determined that the 1952 building had outlived its useful life, was maintained at considerable cost, and should be demolished. It was also determined that the County should direct funds to the modernization and improvement of the Health System Campus, rather than

investing in state-mandated seismic retrofitting of the out-of-date 1954 building.

Following a March 2017 Study Session, this Board authorized the San Mateo Health System Campus Upgrade Project (Project) comprised of construction of a new 70,000 square-foot non-Office of Statewide Health Planning and Development (OSHPD) Hospital Administration Building, renovation of the OSHPD Hospital Nursing Wing and Central Plant, and other campus improvements. Following approval of the Health Campus Project, this Board authorized the addition of the Coroner's Morgue and Office suite to the new administration building. These new Coroner facilities would have specialized equipment meeting prevailing industry standards and would utilize specialized mechanical, air, and plumbing systems suitable for coroner operations. The Coroner's offices, family grieving area, and reception spaces would be located on the same campus in a building linked to the administration building, allowing for more efficient operations and single point of contact for law enforcement and decedents' families.

The Health Campus project will, among other things, relocate approximately 300 County Staff from the heavily impacted Health System Campus to other locations. The Project will also create a prominent and easily navigable entrance for the modernized Health System Campus, while consolidating Coroner functions on one site.

The Health Campus Project, which contains multiple phases, is currently under construction. Renovation of the Central Plant and the Nursing Wing Ground Floor has been substantially completed. This includes, *inter alia*, renovations associated with relocation of multiple services and programs from the 1954 building including materials management, central supply, dietary kitchen, loading dock, servery, café, County operators, emergency storage, and the outpatient rehabilitation clinic. In addition, underground work and steel erection for the first of phase of the new Administration Building has been completed.

Challenges during construction, much of which has overlapped with the COVID-19 pandemic, have included, *inter alia*: (1) schedule extensions and cost increases related to unforeseen and unanticipated underground and as-built conditions; (2) higher than anticipatable electrical and other bid results; and (3) COVID-19 and associated safety requirements, operational requirements, and spread reducing labor inefficiency factors.

DISCUSSION:

On April 24, 2018, this Board authorized the Project Development Unit (PDU) to enter into an agreement with Truebeck Construction, Inc. (Truebeck) to provide Construction Manager at Risk services for the San Mateo Health System Campus Project (Project). On September 4, 2018, this Board adopted Resolution No. 076108 which authorized an initial maximum total Truebeck contract value of \$103,400,000.

The agreement with Truebeck anticipates phased establishment of a guaranteed maximum price through a series of change orders and amendments as design progresses, scope is finalized, and trade contracts are awarded based upon a competitive bid process. The proposed amendment incorporates multiple subcontractor awards and related Truebeck costs for items including morgue specialty reequipment, morgue casework, food service equipment for new café in Link building, abatement and demolition of 1954 and Health services buildings, expansion joints, underpinning, audio visual for hospital Department Operations Center (DOC) and various necessary design changes approved for the project.

The amendment will increase the base Truebeck contract value to \$105,231,566, an increase of

\$1,831,566 above the previous maximum value, and provide 10 percent additional in change order authority. Approval of this resolution ratifies all previously issued amendments to the Agreement.

The PDU, in collaboration with the Health System, County partners, the architect of record, and Truebeck, have worked diligently through development of the design, permitting, programming, construction, 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 Amendment for construction of the Project, and the requested overall project budget.

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

FISCAL IMPACT:

This recommendation to amend the agreement with Truebeck to add \$12,643,170, for an adjusted total contract value of \$105,231,566 and to increase the total project budget for the Health System Campus Upgrade Project to \$175,000,000 will be funded through the allocation of existing proceeds from the 2018A Series Lease Revenue Bonds from the County Office Building 3 Project to the Health System Campus Upgrade Project. The total estimated allocation of existing bond proceeds to cover both the previously approved addition of the Coroner's Morgue and Office and this Project Budget Revision is \$55,000,000. A portion of the funds expended on the Health System Campus Upgrade Project are subject to state reimbursement. Due to the allocation, additional General Fund revenue will be spent on the County Office Building 3 Project, to be included in the FY 2021-22 budget.