



# County of San Mateo

## Inter-Departmental Correspondence

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**Department:** COUNTY MANAGER

**File #:** 21-956

Board Meeting Date: 12/7/2021

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

**To:** Honorable Board of Supervisors

**From:** Michael P. Callagy, County Manager/Clerk of the Board  
Adam Ely, Project Development Unit Director

**Subject:** Amendment to the Agreement with Skanska USA Building Inc.

**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 in the amount of \$623,186.04 for a new Guaranteed Maximum Price of \$105,703,797.36; 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 \$116,274,177.

**BACKGROUND:**

The Cordilleras Project, located at 200 Edmonds Road, will replace the existing facility, a converted tuberculosis hospital that is over 60 years old, with multiple new residential facilities that meet modern standards of care for individuals who have serious mental illness. The new facilities will provide clients a smaller scale, home-like setting that will be conducive to treatment and recovery, consisting of four MHRC buildings, each housing 16 residents, a co-housing unit for 57 residents, a multi-use campus center, and a variety of healing outdoor areas.

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. Cordilleras is designed to operate at Zero Net Energy (ZNE) and to achieve certification in Leadership in Energy and Environmental Design (LEED).

On June 26, 2018, this Board approved a construction manager at risk agreement with Skanska USA, Inc. (Skanska) for the Cordilleras Health Campus Project (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.

On November 17, 2020, this Board adopted resolution R077863 and executed Change Order 5 to the Agreement with Skanska establishing a contracted Guaranteed Maximum Price (GMP) in the amount of \$104,822,470 and authorized a maximum County fiscal obligation for the agreement in the amount of \$115,304,717.

The Project is currently under construction.

## **DISCUSSION**

On December 21, 2020, the Bay Area Air Quality Management District (BAAQMD) issued retroactively applicable orders modifying the requirements for emergency generators. Waivers were not available for projects that had already been designed and permitted. As a result, the Cordilleras project emergency generator had to be upgraded from a Tier 2 to Tier 4 level system in order to comply with the new emission standards requirements.

The cost to furnish only the Tier 4 generator is captured in proposed Change Order, along with the credit associated with the Tier 2 generator that was originally proposed. All associated cost and time impacts related to installation or other subcontractor impacts are excluded pending further review once all related scope changes are issued as part of a future architectural bulletin.

The cost of proposed Change Order is \$623,186.04, which including previous change orders will adjust the total GMP contract value to the amount of \$105,703,797.36. The resolution includes a corresponding adjustment to the County's maximum fiscal obligation for the agreement bringing that amount to \$116,274,177.

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

## **FISCAL IMPACT:**

On June 29<sup>th</sup>, the County bonded the Cordilleras project in the amount \$153,005,000. An additional \$2 million was added by the general fund for a total project budget of \$155,005,000. There is no further cost to the general fund.