



County of San Mateo

Inter-Departmental Correspondence

Department: COUNTY MANAGER

File #: 21-960

Board Meeting Date: 12/7/2021

Special Notice / Hearing: None

Vote Required: 4/5th Vote

To: Honorable Board of Supervisors

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

Subject: Sobrato Donation for Navigation Center Project; Amendment to XL Construction Corporation Agreement

RECOMMENDATION:

Recommendation to:

A) Adopt a resolution:

1. Accepting the donation of \$5,000,000 from John Sobrato for the County Navigation Center Project; and
2. Authorizing the Director of the Project Development Unit to execute amendments to the agreement with XL Construction for, *inter alia*, design, preconstruction, materials procurement, and construction services for the Navigation Center Project, revising the scope, extending the term, and increasing the amount payable by up to \$5,000,000 to an amount not to exceed \$7,085,106; and
3. Authorizing the Director of the Project Development Unit or designee to issue additional amendments to the agreement that increase the maximum fiscal obligation by no more than 10 percent in aggregate, for a total authorized not to exceed contract value of \$7,793,616; and
4. Authorizing the County Manager or designee to take all actions, including the execution of additional agreements, as necessary to carry out the intent of this resolution.

B) Approve an Appropriation Transfer Request (ATR) in the amount of \$5,000,000 from John Sobrato to the Non-Departmental Services Budget Unit for costs related to the purchase of modular residential units for the Navigation Center Project.

BACKGROUND:

San Mateo County continues to face an unprecedented and growing shelter crisis with homelessness experienced disproportionately by race and other protected characteristics.

To meet the urgent and critical need for safe shelter and care, and to address the concurrent crises posed by the pandemic and shelter bed shortage, the County Manager's Office has directed the Project Development Unit (PDU) to install, on an emergency basis, an appropriately sized low-barrier navigation center. The Navigation Center model provides short-term housing, while offering on site programs that will range from intensive safety-net and other housing options, stability, and recovery focused case management services.

The contemplated Navigation Center would be located at 275 Blomquist Street (formerly identified as 1469 or 1450 Maple Street). The elevation of the site would be raised through soil importation to protect against sea level rise.

The Navigation Center, which would serve single individuals, as well as couples, would provide 240 non-congregate accessible sleeping units, approximately two-thirds of which would contain restrooms. The design contemplates a secured array of prefabricated sleeping, support, and service units, some stacked (up to three stories) and others single level, along with a commercial kitchen, dining hall, community building, training center, outdoor respite and recreation space, storage, and parking area. The modular sleeping and support units will be clad with a rain screen siding facade to provide the facility with a coordinated, and contemporary aesthetic. Landscaping and green space will play a key component in the navigation center, with the design including restorative and sustainable on-site green spaces appropriate for the location and surrounding development.

Staff anticipates that design and construction of the Navigation Center, for which a final budget is currently being developed, will be funded through a combination of federal, state, county, and philanthropic funds. A federal earmark of \$500,000 for project furniture, fixtures, and equipment, sponsored by Representative Jackie Spier, has been included in a current federal appropriations bill. The County has also applied for substantial construction and operations funding through the California Department of Housing and Community Development Project Homekey 2.0 program, which requires project completion within one year of award. And the County has budgeted \$15,677,441 in the fiscal year 2021-22 budget for the Navigation Center.

Project design and early site preparation are underway with project completion targeted for the end of 2022.

DISCUSSION:

A donor, Mr. John Sobrato, has generously agreed to generously \$5,000,000 in support of the purchase of modular residential units to be installed at the Navigation Center, such units to be procured by XL Construction as part of the project delivery. The County's receipt of the donated funds must comply with Administrative Memo B-3 which provides that all gifts valued over \$2,500.00 be acknowledged in writing by the department head and referred to the Board of Supervisors for acceptance.

To effectuate the emergency installation of the Navigation Center, the County entered into an agreement with XL Construction for preconstruction and design services. The current value of the XL

agreement is \$2,085,106. Amendments to the agreement, which are currently being drawn up, are required for uninterrupted continuation of project progress and completion of, *inter alia*, site preparation, soil importation, general conditions and requirements, and long-lead item procurement including modular unit fabrication deposits, kitchen equipment deposits, furniture deposits, and elevator deposits. The projected value of these amendments is \$5,000,000, increasing the amount payable under the agreement to \$7,085,106. It is anticipated that a further amendment will be brought to the board in approximately March 2022 to incorporate the full design-build construction scope and establish the guaranteed maximum price.

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

FISCAL IMPACT:

Approval of the Appropriation Transfer Request will recognize unanticipated revenue in the amount of \$5,000,000 from John Sobrato to the Non-Departmental Services Budget Unit for the purchase of modular housing units for the Navigation Center. There is no Net County Cost associated with that action. The cost of amendments to the XL Construction agreement will be paid from funds allocated to the Navigation Center Project in the revised fiscal year 2021-23 budget.