



# County of San Mateo

## Inter-Departmental Correspondence

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**Department:** COUNTY EXECUTIVE

**File #:** 22-482

Board Meeting Date: 6/28/2022

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**Special Notice / Hearing:**None  
**Vote Required:**4/5th

**To:** Honorable Board of Supervisors

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

**Subject:** Amendment to Agreement with Skanska USA for the Cordilleras Health Campus Project  
Additional Campus Amenities, Demolition and Abatement, Culvert Restoration, and  
Schedule Extension.

### **RECOMMENDATION:**

Adopt a resolution authorizing:

- A) The Director of the Project Development Unit, or designee, to execute an amendment to the agreement with Skanska USA, Inc. for the Cordilleras Health Campus Project, increasing the amount payable by \$1,258,040 above prior authority, establishing a not-to-exceed amount of \$117,532,217; 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 additional in aggregate; and
- C) Ratification of all previous change orders to the Agreement with Skanska USA, Inc. related to the Cordilleras Health Campus Project.

### **BACKGROUND:**

The Cordilleras Health Campus Project (Project) includes 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 no longer meets modern standards. The Project includes demolition of existing facilities and replacement with five new buildings that will allow for residential treatment in a smaller and less institutional setting.

On June 26, 2018, this Board approved a construction manager agreement (Agreement) with Skanska USA Inc. (Skanska) for the Project. On December 7, 2021, following the competitive letting

of subcontracts for the bulk of the Project, this Board adopted Resolution No. 078581, establishing the total not-to-exceed contract value at \$116,274,177.

The Project is well underway. A new 318,000-gallon water tank is installed and operational, increasing local fire safety. Large retaining walls ringing the project site are up and have been stained for a more natural appearance. Several of the new buildings are under construction, with utility installation, foundation work, and vertical construction occurring at different locations.

Substantial completion and full occupancy of the new facilities is anticipated for end of 2023. Final Project completion, which is slated for the end of 2024, will occur after demolition of the old facility and completion of landscaping, site amenities, and photovoltaic installation.

### **DISCUSSION:**

This amendment would, after contingency and allowance usage, increase the amount authorized to be expended on the Agreement by \$1,258,040 above prior authority, revise completion dates, and provide appropriate allowances for work that has not yet been competitively let. The increase results from project enhancements, unforeseen conditions, and allowance adjustments for demolition, abatement, and environmental restoration.

Project enhancements include the addition of various site amenities including a community garden, art pavilion, pottery kiln, seating hut, sports court, and walking labyrinth. These enhancements will be paid for using Mental Health Service Act funds.

Unforeseen conditions impacting cost and schedule have included: (1) the identification of a previously unidentified and unlicensed Cal Water high-pressure potable and fire water pipeline running through the site; (2) post-permit requirements to upgrade fire suppression and response infrastructure; (3) additional testing, resequencing, and design modifications due to poorer site and soil conditions than surveyed; (4) foundation redesign at the water tank due to unmarked and unidentified active water lines; and (5) Pacific Gas & Electric schedule delay.

Unanticipated conditions and reasonable scope modifications are common in construction projects and must be addressed promptly to keep the project moving forward. The Project Team has worked diligently to maintain project momentum while minimizing additional costs and ensuring enhancements are appropriate, reasonable, and funded. The requested amendment will be funded within the Project's previously authorized budget.

### **FISCAL IMPACT:**

Funding for the amendment is included in the Board-authorized FY 2021-22 Adopted Budget.