

BOARD MEMO



**GROSSMONT
HEALTHCARE
DISTRICT**

To: GHD Board of Directors
From: Prop G – Design and Construction Services
Dave Suydam, Director of Construction

Cc: Barry M. Jantz, CEO
Jeff Scott, District Counsel
Tom Saiz, CFO

Date: December 19, 2014

APPROVALS

CEO: Approved Date: _____

GO Bond
Committee: Approved Date: _____

GHD Board: Approved Date: _____

ICBOC Review: No Comments Date: _____

SUBJECT: Central Energy Plant (CEP): Board Memo #327, Consideration of Change Order to McCarthy Building Companies, Inc. (McCarthy) for the relocation of a portion of existing High Pressure Gas (HPG) Line at a fixed cost of \$109,621.

RECOMMENDATION of DESIGN AND CONSTRUCTION SERVICES (DCS):

Design and Construction Services (DCS) recommends the approval of a Change Order to McCarthy for the relocation of a portion of the existing HPG Line at a fixed cost of \$109,621.

ASSIGNMENT/FUNDING:

AE Revision / Contingency

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTIONS:

Purpose for Change Order:

The Change Order, if approved, would authorize and obligate McCarthy to relocate a portion of the existing HPG Line from a new gas vault near the Central Energy Plant (CE) vault into the south end of the new CEP. This change also modifies the pipe material from stainless steel to carbon steel and adds additional corrosion protection.

Justification/Background:

Portions of the existing HPG Line installed during the Early Utilities Project failed from excessive corrosion. As a result the main HPG line was replaced from the service point of connection to the existing Central Plant using different material and corrosion protection. The replacement line, as well as the underground vault for the point of connection to feed the new Central Energy Plant, had to be placed in a new location. This Change Order is to cover the cost to revise the specified material and install the portion of HPG line from the

relocated vault to the new CEP. At the time of installation, existing underground electrical utilities had to be circumvented which added significant labor and material costs.

Change Order:

On July 27, 2012, the Board entered into a contract with McCarthy Building Companies, Inc. to provide construction services for Bid Package 002, New Central Energy Plant project in the amount of \$32,974,933, which is the total CEP project. Of this amount, \$26,066,942 is for the plant construction and \$6,907,991 is for the Cogeneration System. The Contractor invoices separately for the CEP and the Cogeneration System. The Cogeneration System is Bank funded and not a Proposition G expense. The current status of prior awards for the Central Energy Plant is summarized in the following table:

Description/ Contract Info	Original Contract Amount	Executed Change Orders	Current Contracts Amount	This Change	Other Pending Changes	Projected Cost at Completion
General Contract	\$26,066,942	\$4,081,380	\$30,148,322	\$109,621	\$7,148,226	\$37,406,169
Other Construction Commitments	\$122,000		\$122,000		125,000	\$247,000
Subtotals	\$26,188,942	\$4,081,380	\$30,270,322	\$109,621	\$7,273,226	\$37,653,169
Current Contingency						\$2,393,677
This Change						\$109,621
Remaining Contingency Balance						\$2,284,056
Other Pending GC CO's						\$7,148,226
All Other Pending Changes						\$222,538
Potential Ending Contingency Balance/(Deficit)						\$(5,086,708)

ICBOC REVIEW:

This recommendation as well as the potential cost impact was not required to be reviewed by the Independent Citizens' Bond Oversight Committee (ICBOC) as determined in the Board adopted Change Order Policy Board Resolution 01-13.

FISCAL IMPACT/FUNDING:

The total cost for this Change Order is available from the current Construction Contingency budget in the CEP Building budget as approved by the Board on February 3, 2014.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS:

Recommended design and construction changes require approval as indicated by Resolution No. 01-13; the construction change order policy. The policy also sets forth a review by the ICBOC of change orders in an amount greater than \$250,000 that constitutes increases in approved project budget(s).

IMPACT ON CURRENT SERVICES OR PROJECTS:

This Change Order does not impact other Prop G projects.

IMPACT ON SCHEDULE:

This Change Order does not request any added working days to the project schedule.

CONTRACTING PROCESS:

The full scope of this CO has a fixed cost of \$109,621.