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: October 16, 2015

APPROVALS

CEO:	**Approved**	☐	**Date: _____**
GO Bond Committee:	**Approved**	☐	**Date: _____**
GHD Board:	**Approved**	☐	**Date: _____**
ICBOC Review:	**No Comments**	☑	**Date: 10/8/2014**

SUBJECT: Central Energy Plant (CEP): Board Memo #352, Consideration of a Change Order to McCarthy Building Companies, Inc. (McCarthy) for added Medical Alarm Panel Wiring at a fixed cost of $402,782.

RECOMMENDATION of DESIGN AND CONSTRUCTION SERVICES (DCS):

Design and Construction Services (DCS) recommends the approval of a Change Order to McCarthy for added Medical Alarm Panel Wiring at a fixed cost of $402,782.

ASSIGNMENT/FUNDING:

AE Revision and Agency / Contingency

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTIONS:

Purpose for Change Order:

The Change Order, if approved, would authorize and obligate McCarthy to construct additional underground conduit, wiring and points of connection between all Medical Gas Alarm devices on the campus, which could then be monitored within the new CEP as required by code.

Justification/Background:

The construction of the CEP and the Heart and Vascular (H&V) building, in addition to renovation work within the existing East Tower, has added many new Medical Gas lines to the campus. These lines are required to be monitored full time. This change will tie all of the medical gas sensors on campus to the new CEP. A value engineering process is underway between DCS and the electrical contractor to potentially "step down" the number of wires required, which could substantially reduce the cost of this Change Order.

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	$5,693,966	$31,760,908	$402,782	$8,245,347	$40,409,037
Other Construction Commitments	$122,000	$102,282	$224,282		$5,000	$229,282
Subtotals	**$26,188,942**	**$5,796,248**	**$31,985,190**	**$402,782**	**$8,250,347**	**$40,638,319**
Current Contingency						**$3,200,062**
This Change						$402,782
Remaining Contingency Balance						**$2,797,280**
Other Pending GC CO's						$8,245,347
All Other Pending Changes						$272,820
Potential Ending Contingency Balance/(Deficit)						**$(5,720,887)**

ICBOC REVIEW:

This recommendation as well as the potential cost impact was reviewed by the Independent Citizens' Bond Oversight Committee (ICBOC) as determined in the Board adopted Change Order Policy Board Resolution 01-13. The review took place on October 8, 2014, and the ICBOC had no comments. The original amount reviewed by the ICBOC was Not To Exceed $520,000, but subsequent review with OSHPD has reduced the scope and cost of the work.

FISCAL IMPACT/FUNDING:

The total cost for this Change Order is available from the current Construction Contingency budget in the CEP project as approved by the Board on February 3, 2014 and amended via Interim Budget Realignment on May 4, 2015.

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 request does not impact other Prop G projects.

IMPACT ON SCHEDULE:

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

CONTRACTING PROCESS:

The full scope of this request has a total fixed cost of $402,782.