

**BOARD MEMO**



**GROSSMONT  
HEALTHCARE  
DISTRICT**

To: GHD Board of Directors  
From: Prop G – Design and Construction Services

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

Date: July 5, 2016

**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 #365, Consideration of a Change Order to McCarthy Building Companies, Inc. (McCarthy) for added flex connectors in the existing Central Utility Plant (CUP) at a fixed cost of \$99,333.**

RECOMMENDATION of DESIGN AND CONSTRUCTION SERVICES (DCS):

Design and Construction Services (DCS) recommends the approval of a Change Order to McCarthy for added flex connectors in the CUP at a fixed cost of \$99,333.

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 construct flex connectors at all locations where new utilities connect with existing utilities throughout the CUP.

Justification/Background:

During a site visit in November 2015, the OSHPD District Structural Engineer (DSE) pointed out that in a seismic event, the new utility lines from the CEP that connect to the existing lines in the CUP would each react differently than the other, which could cause a failure condition. In order to address this design deficiency, flex connectors between the existing and new lines needed to be designed and installed.

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	\$12,196,445	\$38,263,387	\$99,333	\$1,372,550	\$39,735,270
Other Construction Commitments	\$122,000	\$141,681	\$263,681			\$263,681
<b>Subtotals</b>	<b>\$26,188,942</b>	<b>\$12,338,126</b>	<b>\$38,527,068</b>	<b>\$99,333</b>	<b>\$1,372,550</b>	<b>\$39,998,951</b>
<b>Current Contingency</b>						<b>\$1,309,256</b>
This Change						\$99,333
<b>Remaining Contingency Balance</b>						<b>\$1,209,923</b>
Other Pending GC CO's						\$1,372,550
All Other Pending Changes						\$32,960
<b>Potential Ending Contingency Balance/(Deficit)</b>						<b>\$(195,587)</b>

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 project as approved by the Board on May 20, 2016.

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 \$99,333.