



Midpeninsula Regional  
Open Space District

R-21-150  
Meeting 21-31  
November 10, 2021

## AGENDA ITEM 7

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Contract Amendment with Signet Testing Labs, Inc., for Special Inspection Services for the Administrative Office Project

### GENERAL MANAGER'S RECOMMENDATIONS *den*

1. Authorize the General Manger to execute a contract amendment in the amount of \$22,553 with Signet Testing Labs, Inc., for special inspection services beyond the base contract scope of work that are necessary to complete the Administrative Office Project.
2. Authorize a 10% contingency of \$2,255 to be reserved for unanticipated issues, bringing the total contract to a not-to-exceed amount of \$137,938.

### SUMMARY

The Midpeninsula Regional Open Space District (District) awarded a contract to Signet Testing Labs, Inc., (Signet) on March 24, 2021 for a total contract amount of \$113,130 to provide special inspection services and oversight for the construction of the Administrative Office Project (Project). Due to unforeseen field conditions, additional special inspections services are required beyond the original scope of work to complete the construction work. The General Manager recommends a contract amendment in the amount of \$22,553 for a not-to-exceed contract amount of \$135,683 and a 10% contingency of \$2,255 to be reserved for unanticipated issues, bringing the total not-to-exceed contract amount to \$137,938. The Fiscal Year 2021-22 (FY22) budget includes sufficient funds to cover the contract amendment. The Administrative Office Project, with the proposed contract amendment, remains within the Board-approved project budget.

### DISCUSSION

The existing building at 5050 El Camino Real was constructed in 1981 and is a Class-B, multi-tenant office building. It is a 2-story structure with approximately 40,000 square feet of office space and a semi-underground parking garage. The building will be renovated and repurposed for use as the District's main office and will include a few separately leased tenant suites.

In January 2021, the Board of Directors (Board) awarded a contract to BHM Construction, Inc., of Napa for construction of the Project (R-21-09). Concurrently, the District solicited proposals from consultants to provide special inspection and consulting services during construction. Six proposals were received, and Signet was selected based on qualifications, past experience, reasonable fees, and acceptance of the District's standard contract agreement and related requirements.

Signet's original scope of work included the following tasks:

- Special inspections for cast in place concrete and reinforcement
- Structural steel fabrication, erection, and welding special inspections
- Anchor and dowel inspections
- Wood construction oversight
- Project management and close-out.

Once construction was underway, unforeseen site conditions presented structural challenges that required additional observations and technical expertise for the following tasks:

- *Wood framing inspections for replacement of the second-floor substrate due to water damage.*
- *Welding inspections and sequencing of the inspections based on work progression.*  
The progression and sequencing of the welding and inspection work was impacted due to COVID protocols (mainly social distancing, masks, and gathering limitations) and availability of workers. In non-COVID work environments, the welding would have progressed faster and sequenced smoother by having more welders working in close proximity to each other. However, COVID protocols and worker shortage slowed the pace and sequence of welding and, subsequently, increased the number of inspections. To keep the project schedule, inspections were made to the steel beams and columns as they were being fabricated to ensure the material promptly shipped to the project site. This required additional inspection trips to the fabrication site.
- *Inspections for structural repairs associated with unforeseen existing conditions.*  
Discoveries were made during demolition that the second-floor flooring substrate had water damage and the finished floor was uneven. To bring these conditions to compliance, the District issued a change order to BHM to complete the additional repairs. These repairs required special inspections to ensure that the finished elevation was achieved, and structural work was installed properly.

These unforeseen conditions necessitated Signet to provide additional special inspection services that were not anticipated in their original proposal. The required total additional contract amount is \$22,553.

Although the overall Project has experience industry wide delays associated with material deliveries and third-party permitting reviews and approvals, both impacted by COVID-19 disruptions, the construction is progressing toward completion. Major building systems are installed and building finishes will be installed between November 2021 and January 2022. Building occupancy is on track for the end of March 2022.

## **FISCAL IMPACT**

The overall project remains within the May 2019 Board-approved project budget for planning, design, and construction of \$27.4 million ([R-19-64](#)). Funding sources for the Project include using *Committed for Infrastructure* reserve funds, any future additions to the reserve, rent income, parity bond proceeds, and interest earned from the parity bonds. Partial reimbursement is also expected from the future sale of the current 330 Distel Circle office (R-20-117).

The FY22 adopted budget for the New Administrative Office (AO) Facility project #31202 is \$16,168,483. At the same Board meeting, a FY21 carryover of \$2,027,102 is being proposed as

part of the Quarter 1 review, bringing the FY22 budget to \$18,195,585 (the carryover is due to invoices that were processed after the June 30 fiscal year end date). There are sufficient funds in the project budget to cover the recommended expenditures.

<b>New Administration Office (AO) Facility #31202</b>	<b>Prior Year Actuals</b>	<b>FY22 Adopted</b>	<b>FY23 Projected</b>	<b>FY24 Projected</b>	<b>TOTAL</b>
Acquisition:	\$31,742,406	\$0	\$0	\$0	\$31,742,406
Planning/Design/Construction:	\$8,213,167	\$15,168,483	\$20,000	\$0	\$23,401,650 <sup>1</sup>
Move-in and Closeout:	\$0	\$1,000,000	\$0	\$0	\$1,000,000
<b>Total Budget:</b>	<b>\$39,955,573</b>	<b>\$16,168,483</b>	<b>\$20,000</b>	<b>\$0</b>	<b>\$56,144,056</b>
Proposed FY21 Carryover:	\$0	\$2,027,102	\$0	\$0	\$2,027,102
<b>Total Proposed Budget:</b>	<b>\$39,955,573</b>	<b>\$18,195,585</b>	<b>\$20,000</b>	<b>\$0</b>	<b>\$58,171,158</b>
Acquisition and associated purchase costs Spent-to-Date (as of 10/26/21):	(\$31,742,406)	\$0	\$0	\$0	(\$31,742,406)
Spent-to-Date (as of 10/26/21):	(\$8,213,167)	(\$1,950,420)	\$0	\$0	(\$10,163,587)
Encumbrances:	\$0	(\$12,110,919)	\$0	\$0	(\$12,110,919)
Signet Contract Amendment:	\$0	(\$22,553)	\$0	\$0	(\$22,553)
10% Contingency:	\$0	(\$2,255)	\$0	\$0	(\$2,255)
BHM Contract Amendment including Contingency <sup>2</sup> :	\$0	(\$466,253)	\$0	\$0	(\$466,253)
<b>Budget Remaining (Proposed):</b>	<b>\$0</b>	<b>\$3,643,185</b>	<b>\$20,000</b>	<b>\$0</b>	<b>\$3,663,185</b>

<sup>1</sup>Total costs for planning, design, and construction remain below the Board-approved budget of \$27.4M

<sup>2</sup>Item is also part of the November 10, 2021 regular Agenda for Board consideration.

The recommended action is not funded by Measure AA.

## BOARD AND COMMITTEE REVIEW

This Project previously came before the full Board of Directors at the following public meetings:

- **October 24, 2018:** Board review and approval of the Project Design Goals and Program Elements. ([R-18-123](#), [meeting minutes](#))
- **January 9, 2019:** FYI Memorandum summarizing the AO Facility Ad Hoc Committee meeting summary, including discussion on LEED gold rating equivalency. ([FYI Memo](#))
- **January 23, 2019:** Board review and feedback on the project design ([R-19-06](#), [meeting minutes](#))
- **July 22, 2020:** Board review and feedback on the project design. ([R-20-76](#), [meeting minutes](#))
- **January 20, 2021:** Board authorization for the General Manager to enter into a contract with BHM Construction, Inc., to begin construction. ([R-21-09](#), [meeting minutes](#))

- **March 24, 2021:** Board authorization for the General Manager to enter into a contract with Signet Testing Labs, Inc., to begin construction special inspection services. ([R-21-45, meeting minutes](#))

## **PUBLIC NOTICE**

Public notice was provided as required by the Brown Act.

## **CEQA COMPLIANCE**

District staff filed a Categorical Exemption for the project with Santa Clara County on September 24, 2020 and determined that the project would not result in any impacts to the environment.

## **NEXT STEPS**

If approved, the General Manager will authorize the contract amendment as one of the steps to close out the Project.

Responsible Department Head:

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