

**SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

542



FROM: Economic Development Agency

SUBMITTAL DATE:
February 27, 2014

SUBJECT: Riverside County Regional Medical Center Medical Air Pumps and Medical Air Dryer Replacement – Approval of Change Order No. 3, Project Budget Increase and Notice of Completion, District 5, [\$100,044], RCRMC Enterprise Fund

RECOMMENDED MOTION: That the Board of Supervisors:

1. Ratify Change Order No. 3 in the amount of \$36,762 for the equipment and system upgrades required by the Office of Statewide Health Planning and Development (OSHPD), and find that work was integral to the project and that competitive bidding would not produce an advantage and is impractical for the work.
2. Authorize the Assistant County Executive Officer/EDA or designee, to execute Change Order No. 3 on behalf of the county;

(Continued)

FISCAL PROCEDURES APPROVED
RAUL ANGULO, CPA, AUDITOR-CONTROLLER

BY: [Signature] 2/27/14

[Signature]

Robert Field
Assistant County Executive Officer/EDA

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost:	POLICY/CONSENT (per Exec. Office)
COST	\$ 100,044	\$ 0	\$ 100,044	\$ 0	Consent <input type="checkbox"/> Policy <input checked="" type="checkbox"/>
NET COUNTY COST	\$ 0	\$ 0	\$ 0	\$ 0	

SOURCE OF FUNDS: RCRMC Enterprise Fund	Budget Adjustment: No
	For Fiscal Year: 2013/14

C.E.O. RECOMMENDATION:

APPROVE

BY: [Signature]
Rohini Dasika

County Executive Office Signature

MINUTES OF THE BOARD OF SUPERVISORS

Prev. Agn. Ref.: 3.44 of 5/04/10; 3.27 of 3/17/09 **District:** 5/5 **Agenda Number:**

3-12

FORM APPROVED COUNTY COUNSEL
BY: [Signature] 2/11/14 DATE
MARSHAL VICTOR
Departmental Concurrence
By: [Signature]
Lowell Johnson, Interim Chief Executive Officer
Riverside County Regional Medical Center

- A-30
- 4/5 Vote
- Positions Added
- Change Order

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RECOMMENDED MOTION: (Continued)

3. Approve a project budget increase of \$100,044 for Change Order No. 3 including design, inspection and equipment costs associated with the change order;
4. Accept the reduction of the contract retention for Inland Mechanical Construction, Inc., from 10% to 5% per the general conditions of the contract and authorize the release of \$15,474 in retained funds to the contractor in accordance with the contract terms; and
5. Accept the Riverside County Regional Medical Center (RCRMC) Medical Air Pumps and Medical Air Dryer Replacement Project constructed by Inland Mechanical Construction, Inc. as complete, and authorize the Clerk of the Board to record the Notice of Completion.

BACKGROUND:

Summary

On May 4, 2010, the Board of Supervisors approved the construction agreement between the County of Riverside and Inland Mechanical Construction, Inc. (Inland) for construction of the RCRMC Medical Air Pumps and Medical Air Dryer Replacement project in the amount of \$109,000. The project's scope included installation of temporary medical air equipment before the existing equipment was removed and the new equipment was installed.

During the installation of the temporary equipment, OSHPD field staff required major changes to the temporary equipment installation plan even though it was on the OSHPD approved drawings bid by the contractor. These OSHPD changes delayed the schedule and increased project costs.

County staff and the contractor made significant efforts to find a cost effective solution to the unforeseen OSHPD requirements, including modification of the planned temporary equipment, an enclosure for the temporary equipment, and providing different temporary equipment. The only solution approved by OSHPD was installation of the temporary equipment inside the boiler room. This required a different kind of temporary medical air equipment and changing the medical air piping and electrical systems to meet the new OSHPD requirements. Portions of the temporary system were left in place for use during future equipment maintenance or replacement; thereby providing permanent value to the hospital.

All work required to relocate the temporary equipment was integral to the project in that replacement of the new medical air and gas equipment could not even begin until the temporary equipment was installed, tested, found properly operational and approved by OSHPD field staff and RCRMC personnel. Further, competitive bidding would not likely produce an advantage for the county in that Inland had already bid the project \$38,247 below the next bidder and \$62,613 lower than the highest bidder. It would also be impractical to further delay the schedule while bidding was conducted, complicate logistics by adding another contractor to the project which would complicate and delay work by requiring modification to OSHPD approval documents. The county would also lose the single point of responsibility intrinsic with just Inland building the project.

(Continued)

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BACKGROUND:

Summary (Continued)

During construction, two change orders were approved in the combined amount of \$8,976, increasing the total contract value to \$117,976. Change Order No. 3 will exceed the contract contingency allowance by 30% which requires Board approval. Change Order No. 3 will compensate Inland in the amount of \$36,762 for work essential to complete the project. A budget increase is needed to pay for the additional work that was not anticipated.

The general conditions of the contract state that after the 50% completion point of the contract work, if satisfactory progress is being made, the county has sole discretion to reduce the retention to a minimum of 5% of the contract. Inland has completed the work and the project has been fully inspected and found to comply with all contract requirements. EDA recommends that the contract retention be reduced to 5% and the Clerk of the Board record the Notice of Completion. This Board action will release \$7,737 to Inland, which is 5% of the total contract, with the remaining retention funds of \$7,737 to be released after the contractual lien period of 35 days.

Impact on Residents and Businesses

Recording the Notice of Completion will not impact residents and businesses. Installation of the new, permanent medical air system provides RCRMC with a more reliable and higher capacity medical air system, thus improving service to patients of the county medical center.

Additional Fiscal Information

A budget increase is needed to pay for additional work required by OSHPD. The budget increase will also cover additional design services required by OSHPD and additional inspection, testing and temporary equipment costs necessary to complete the work. All costs associated with this project will be fully funded by the RCRMC Enterprise Fund, thus no net county costs will be incurred and no department budget adjustment is required.

Contract History and Price Reasonableness

Inland was awarded the subject contract via a public works bidding process. Inland was the lowest responsible, responsive bidder among four companies. The difference between Inland's bid and the next lowest responsible, responsive bidder was \$38,247 and the highest bid was \$62,613 higher than Inland's bid. Even with change orders to Inland's contract in the amount of \$40,849, the county still received very competitive and reasonable pricing for this project.

PROJECT BUDGET ADJUSTMENT

(Commences on Page 4)

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PROJECT BUDGET ADJUSTMENT

The approximate allocation of the project budget increase is as follows:

DESCRIPTION	PRIOR PROJECT BUDGET	ADJUSTMENT ON PROJECT BUDGET	REVISED PROJECT BUDGET
System Design	35,300	0	35,300
Construction	109,000	0	109,000
Equipment	108,112	0	108,112
Project Management	20,870	0	20,870
Design for OSHPD Compliance	0	9,500	9,500
Inspections and Testing for OSHPD Compliance	0	23,475	23,475
Construction for OSHPD Compliance	0	36,762	36,762
Equipment for OSHPD Compliance	0	30,307	30,307
Project Contingency	26,741	0	26,741
Revised Project Budget	\$ 300,023	\$ 100,044	\$ 400,067

CHANGE ORDER REPORT

NUMBER	AMOUNT	PERCENT	DESCRIPTION
Construction Agreement	109,000	0	Original construction agreement.
Change Order No. 1	3,156	2.9	Temporary back-feed of system, and equipment handling.
Change Order No. 2	5,820	5.3	Installation of equipment, temporary piping, and new connectors.
Change Order No. 3	36,762	33.7	OSHPD required upgrades, pipe supports, and relocation of equipment.
NEW CONTRACT TOTAL	\$ 154,738	41.9%	

(Continued)

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CHANGE ORDER REPORT (continued)

Upon receipt of the Notice to Proceed, the contractor and temporary equipment supplier commenced work according to the approved OSHPD plans, but OSHPD field staff required changes to the specified temporary equipment. Significant efforts were made to find a cost effective solution, but the only solution OSHPD approved was installation of the temporary equipment inside the boiler room. This required using different equipment and changing associated piping, electrical and structural systems. The only way to meet OSHPD requirements and finish the work was to change the temporary medical air and dryer equipment system, which led to additional costs. Change Order No. 3 in the amount of \$36,762 is included within the project budget increase of \$100,044. Change Order No. 3 is identified within the project budget adjustment table as Construction for OSHPD Compliance, therefore no additional costs will be incurred.

Attachment:

Copy of Change Order No. 3 for Inland Mechanical Construction, Inc.
Notice of Completion for Inland Mechanical Construction, Inc.

PLEASE COMPLETE THIS INFORMATION
RECORDING REQUESTED BY:

KECIA HARPER-IHEM, CLERK OF THE BOARD
4080 LEMON STREET, 1ST FLOOR CAC
P O BOX 1147 – RIVERSIDE, CA 92502

MAIL STOP # 1010

AND WHEN RECORDED MAIL TO:

RETURN TO: STOP #1010
RIVERSIDE COUNTY CLERK OF THE BOARD
P. O. BOX 1147 – RIVERSIDE, CA 92502

THIS SPACE FOR RECORDERS USE ONLY

NOTICE OF COMPLETION

(California Civil Code §§ 8180-8190, 8100-8118)

To be recorded with County Recorder within 15 days after completion.

Notice is hereby given by the undersigned owner, a public entity of the State of California, that a public work of improvement has been completed, as follows:

Project title or description of work: RCRMC Medical Air Pumps and Medical Air Dryer Replacement
(FM08430003907)

Date of Completion: Date Hereof

Nature of owner: Public Entity

Interest or estate of owner: In Fee

Address of owner: Clerk of the Board of Supervisors, County Administrative Center,
4080 Lemon St., Riverside, CA 92501

Name/address of direct contractor: Inland Mechanical Construction, Inc.
571-C Crane Street, Lake Elsinore, CA 92530-2742

Street or legal description of site: 26520 Cactus Avenue, Moreno Valley, CA 92555

Dated: Owner: County of Riverside
(Name of Public Entity)

By: _____
Jeff Stone, Chairman, Board of Supervisors

STATE OF CALIFORNIA)

ss

COUNTY OF RIVERSIDE)

I am the Chairman of the governing board of the County of Riverside, the public entity which executed the foregoing notice and on whose behalf I make this verification; I have read this notice, know its contents, and the same is true. I certify under penalty of perjury that the foregoing is true and correct.

ATTEST: Kecia Harper-Ihem, Clerk

Executed at Riverside, California on _____

By: _____
Deputy

Jeff Stone, Chairman, Board of Supervisors

FORM APPROVED COUNTY COUNSEL
BY: MS Victor 2/6/14
MARSHAL VICTOR DATE