

917

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



**FROM:** Economic Development Agency

**SUBMITTAL DATE:**  
March 13, 2014

**SUBJECT:** Riverside County Regional Medical Center Operating Room Remodel 2nd Floor - Approval of Change Order No. 1, Project Budget Increase and Notice of Completion, District 5, [\$638,590], RCRMC Enterprise Fund

**RECOMMENDED MOTION:** That the Board of Supervisors:

1. Ratify Change Order No. 1 in the amount of \$273,863, toward the construction of Riverside County Regional Medical Center (RCRMC) Operating Room Remodel 2nd Floor and find that the 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. 1 on behalf of the county;

(Continued)

FISCAL PROCEDURES APPROVED  
RAUL ANGULO, CPA, AUDITOR-CONTROLLER  
BY: [Signature] 2/26/14

[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	\$ 638,590	\$ 0	\$ 638,590	\$ 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:**

Reviewed by  
CIP TEAM

[Signature] 4/1/2014

APPROVE

BY:

[Signature]  
Rohini Dasika

County Executive Office Signature

**MINUTES OF THE BOARD OF SUPERVISORS**

Prev. Agn. Ref.: 3.8 of 12/20/11; 3.26 of 7/27/10; 3.57 of 9/01/09

District: 5/5

Agenda Number:

3-4

1/27/14  
Departmental Concurrence

FORM APPROVED CC BY [Signature]

By: [Signature]  
Lowell Johnson, Interim Chief Executive Officer  
Riverside County Regional Medical Center

Positions Added ☐ Change Order ☐

A-30 ☐ 4/5 Vote ☐

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

Economic Development Agency

**FORM 11:** Riverside County Regional Medical Center Operating Room Remodel 2nd Floor - Approval of Change Order No. 1, Project Budget Increase and Notice of Completion, District 5, [\$389,955], RCRMC Enterprise Fund

**DATE:** February 27, 2014

Page 2 of 5

## **RECOMMENDED MOTION: (Continued)**

3. Approve a project budget increase of \$389,955 for a revised project budget of \$1,765,000;
4. Accept the reduction of the contract retention for Austin Commercial L.P. (Austin) from 10% to 5% per the general conditions of the contract and authorize the release of \$102,384 in retained funds to the contractor in accordance with the contract terms; and
5. Accept the RCRMC Operating Room Remodel 2<sup>nd</sup> Floor Project constructed by Austin Commercial, L.P. as complete, and authorize the Clerk of the Board to record the Notice of Completion.

## **BACKGROUND:**

### **Summary**

On November 1, 2006, the Economic Development Agency (EDA), previously known as Facilities Management, received a request from RCRMC to convert offices spaces on the fourth floor into Detention Health Service clinic exam rooms, convert office space on the second floor into (2) operating room suites with storage, and enlarge the first floor pharmacy to include a clean room.

On March 13, 2007, the Board of Supervisors (Board) approved the plans and specifications for the RCRMC Pharmacy Clean Room Remodel portion. On April 1, 2008, the Board approved the construction contract with General Consolidated Constructors, Inc and the total project budget in the amount of \$122,000. That portion was completed and a Notice of Completion was filed on November 24, 2009.

On July 15, 2008, the Board approved the plans and specifications for the RCRMC Detention Clinic portion. On December 16, 2008, the Board approved the construction contract with Ascend Management Services, Inc. and the total project budget in the amount of \$200,968. That portion was completed and a Notice of Completion was filed on April 5, 2011.

On September 1, 2009, the Board approved the plans and specifications and the total project budget of \$1,112,100 for the RCRMC Operating Room Remodel 2<sup>nd</sup> Floor project. On July 27, 2010, the Board approved the construction agreement between the County of Riverside and J.D. Diffenbaugh Inc. for construction of the RCRMC Operating Room Remodel 2<sup>nd</sup> Floor project. On May 28, 2011, EDA received a default letter from J.D. Diffenbaugh stating they would not be able to carry out their contractual obligations. The Surety for J.D. Diffenbaugh, Inc., SAFECO Insurance Company of America, solicited bids from general contractors and selected Austin Commercial L.P. to complete the remaining portion of the work for the project.

On December 20, 2011, the Board approved the construction agreement between the County of Riverside and Austin Commercial L.P. in the amount of \$749,977 for the RCRMC Operating Room Remodel 2<sup>nd</sup> Floor.

(Continued)

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Page 3 of 5

### **BACKGROUND:**

#### **Summary (Continued)**

During demolition and construction, the following unforeseen issues arose: the Area Compliance Officer (ACO) for the Office of Statewide Health Planning and Development (OSHDP) required a set of double doors be installed prior to the start of construction; medical gas piping could not be installed due to confined space and had to be rerouted; electrical and data conduits had to be raised and re-routed for the new surgical lights and medical equipment; and additional electrical and structural designs were required due to the changes in re-routing the piping and conduits. This resulted in additional design and engineering costs, OSHDP permitting and inspection fees, as well as project management time. In addition, the Neonatal Intensive Care Unit (NICU) stopped construction several times due to noise and vibration during structural seismic anchoring required per OSHPD code, after which Hospital Administration requested all seismic anchoring and noise work be performed after normal business hours which was not comprised in the original bid documents, resulting in numerous time delays and additional construction costs.

Change Order No. 1 will compensate Austin in the amount not-to-exceed \$273,863 for design changes; layout reconfiguration, extended general conditions, time delays and overtime labor costs associated with the changes required by RCRMC. Change Order No. 1 will exceed the 10% contingency allowance which requires Board approval.

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. Austin Commercial L.P. has completed the work and the project has been fully inspected and found to comply with all contract requirements. EDA therefore recommends that the contract retention be reduced to 5% of the contract and the Clerk of the Board record the Notice of Completion. This Board action will release \$51,192 to Austin Commercial L.P., which is 5% of the total contract, with the remaining retention funds of \$51,192 to be released after the required 35 days.

#### **Impact on Residents and Businesses**

The RCRMC Operating Room Remodel project will add two much needed operating rooms to the existing hospital. This will provide additional care and support for the community and will also financially benefit the hospital's future expansion as RCRMC and the community continues to grow and expand.

#### **Contract History and Price Reasonableness**

Upon completion of the bid process, J.D. Diffenbaugh was awarded the construction contract by the Board of Supervisors on July 27, 2010. After the county received a voluntary notice of default by J.D. Diffenbaugh, the Surety for JD Diffenbaugh solicited bids from qualified contractors. On December 20, 2011, the Board approved the construction agreement between the County of Riverside and Austin Commercial L.P. in the amount of \$749,977 for the RCRMC Operating Room Remodel 2<sup>nd</sup> Floor. The bids received were consistent and in-line with the construction estimates given by the architect at the time for the scope of services requested.

(Continued)

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

Economic Development Agency

**FORM 11:** Riverside County Regional Medical Center Operating Room Remodel 2nd Floor - Approval of Change Order No. 1, Project Budget Increase and Notice of Completion, District 5, [\$389,955], RCRMC Enterprise Fund**DATE:** February 27, 2014

Page 4 of 5

**BACKGROUND:****Summary (Continued)****BUDGET INCREASE**

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

<b>DESCRIPTION</b>	<b>PRIOR PROJECT BUDGET</b>	<b>INCREASE TO PROJECT BUDGET</b>	<b>REVISED PROJECT BUDGET</b>
Pharmacy Clean Room – Design	16,106	0	16,106
Pharmacy Clean Room – Construction	89,000	0	89,000
Pharmacy Clean Room – PM/Inspection	6,406	0	6,406
Pharmacy Clean Room – Contingency	10,488	0	10,488
<b>Pharmacy Clean Room – Total Budget</b>	<b>122,000</b>	<b>0</b>	<b>122,000</b>
Detention Clinic – Design	23,500	0	23,500
Detention Clinic – Construction	128,968	0	128,968
Detention Clinic – RCIT	5,000	0	5,000
Detention Clinic – PM/Inspection	25,000	0	25,000
Detention Clinic – Project Contingency	18,500	0	18,500
<b>Detention Clinic – Total Budget</b>	<b>200,968</b>	<b>0</b>	<b>200,968</b>
OR Remodel – Design	81,000	62,441	143,441
OR Remodel – Construction	749,977	273,863	1,023,840
OR Remodel – RCIT	15,000	0	15,000
OR Remodel – Project Management	62,500	39,382	101,882
OSHPD Inspection and Permits	50,000	13,269	63,269
OR Remodel – County Counsel	7,000	1,000	8,000
OR Remodel – Project Contingency	86,600	0	86,600
<b>OR Remodel – Revised Project Budget</b>	<b>\$ 1,052,077</b>	<b>\$389,955</b>	<b>\$ 1,442,032</b>
<b>TOTAL REVISED PROJECT BUDGET</b>	<b>\$ 1,375,045</b>	<b>\$389,955</b>	<b>\$ 1,765,000</b>

(Continued)

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Page 5 of 5

**BACKGROUND:****Summary (Continued)****CHANGE ORDER REPORT**

Change Order No. 1 will compensate Austin for completed work on the critical path essential to keeping the project moving forward toward completion as quickly as possible due to the sensitive nature of the facility and its occupants.

DESCRIPTION	AMOUNT	PERCENT	DESCRIPTION
Original Contract	749,977	0	Original construction agreement.
Change Order No. 1	273,863	36.5	Re-route conduit and plumbing of Medical gas. Fire Alarm and door replacement; install additional fire/smoke dampers, shutdown relays, duct, humidifiers and piping per OSHPD requirements.
<b>Totals</b>	<b>\$1,023,840</b>	<b>36.5%</b>	

All costs associated with this agreement will be fully funded by RCRMC Enterprise Fund, thus no net county costs will be incurred and no department budget adjustment is required.

Attachment:

Copy of Change Order No. 1 with Austin Commercial L.P.

Notice of Completion with Austin Commercial L.P.

# COUNTY OF RIVERSIDE ECONOMIC DEVELOPMENT AGENCY

**COPY**

CHANGE ORDER NO. 1

Date: 12/12/2013

Project Name: RCRMC Operating Room Remodel 2nd Floor

**To Contractor:**

Austin Commercial, LP  
5933 West Century Blvd., Suite 610  
Los Angeles, CA 90045

PeopleSoft Project No: FM 08430003747

**Distribution:**

- |                     |                          |
|---------------------|--------------------------|
| (1) Project Manager | (4) Construction Manager |
| (2) Contractor      | (5) Inspector            |
| (3) Fiscal          | (6) Architect/Engineer   |

You are directed to make the following changes. Changes shall include labor, material and equipment; each item to include all charges or indirect arising out of this work:

DESCRIPTION OF CHANGE	REASON FOR CHANGE ORDER	COR#	TYPE	AMOUNT
1) Re-Route of Conduit and Plumbing for Medical Gas	Unforeseen Conditions	1	ADD	\$103,109.00
2) Fire Alarm and Door replacement per OSHPD	Unforeseen Conditions	2	ADD	\$72,533.00
3) Install additional fire/smoke dampers, shutdown relays, duct, humidifiers & piping installation per OSHPD requirements.	Plan/Essential Scope Omissions	3	ADD	\$98,221.00
TOTAL				\$273,863.00

The specifications, where pertinent, shall apply to these changes.

This Change Order provides for a time extension of

Original Contract Duration (calendar days):	622	calendar days
Prior Authorized Time Extension (calendar days):	120	
Revised Construction Duration (calendar days):	0	
Original Contract Completion Date:	711	
Revised Contract Completion Date:	5/18/2012	
	1/31/2014	

NOTE: This change order is not effective until ALL signatures below are obtained, and if applicable, signature authority approval by Form 11 as indicated per Change Order Guidelines.

The undersigned contractor has given careful consideration to the change proposed, including its effect on other work already contracted for, and hereby agrees, if this change order is approved, that he will provide all equipment, furnish all materials, except as may otherwise be noted above, and perform all services necessary for the work above specified, and will accept as full payment for all costs related in any way thereto the prices shown above. This is the FINAL CLOSEOUT CHANGE ORDER for this project. This Change Order is the result of negotiations between the parties, and documents and includes full and final payment for closing out the project, including settlement of all outstanding change orders, claims, requests for time extensions, extended field overhead or home office overhead costs, interest, and all cumulative impact on work under the contract. The amount set forth comprises the total compensation due the Contractor (and all subcontractors and suppliers) for all work under the contract. Contractor expressly waives any other claims related to this project.

1) Steven P. Kitching 1/17/2014  
Contractor (Signature) Date

STEVEN P. KITCHING  
Contractor's Printed Name

Original Contract	\$	749,977.00
Prior Authorized <input type="checkbox"/> ADD <input type="checkbox"/> DEDUCT	\$	
Total Contract Prior to this Change	\$	749,977.00

Authorized Changes on this Change Order: \$ 273,863.00

2) \_\_\_\_\_  
Assistant County Executive Officer/EDA Date  
(Signature)

Robert Field  
Assistant County Executive Officer/EDA  
Printed Name

Amount of Contract Authorized Including this Change Order \$ 1,023,840.00

3) \_\_\_\_\_  
Architect (Signature) Date

Architect's Printed Name

Pursuant to: ☐ Board Policy B-11  
☐ M.O. and Date

4) \_\_\_\_\_  
Project Manager (Signature) Date

Project Manager's Printed Name

Y.A. Reiter 1/27/14

PLEASE COMPLETE THIS INFORMATION  
RECORDING REQUESTED BY:

KECIA HARPER-IHEM, CLERK OF THE BOARD  
4080 LEMON STREET, 1<sup>ST</sup> 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:** Riverside County Regional Medical Center Operating Room Remodel 2nd Floor  
(FM08430003747)

**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:** Austin Commercial, LP,  
5933 West Century Blvd., Suite 610, Los Angeles, CA 90045

**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