

County of Santa Clara
Santa Clara Valley Health & Hospital System
Agency Administration
Facilities



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DATE: February 24, 2009

TO: Board of Supervisors

FROM: 
Kim Roberts
SCVHHS - Chief Executive Officer

SUBJECT: Design-Build Contract and Related Actions for Construction of the Santa Clara Valley Medical Center
Seismic Safety Project Bed Building 1 at 751 S. Bascom Avenue (SCVHHS Project No. 2007-20340)

RECOMMENDED ACTION

Consider recommendations relating to award of the Design-Build Contract for Santa Clara Valley Medical Center
Seismic Safety Project Bed Building 1.

Possible action:

- a. Adopt Request for Proposal documents (plans and specifications) and ratify Addendums No. 1 through No. 7.
- b. Find that the particular material, product or service designated specifically by a brand or trade name described in the Sole Source Items list be used in order to match other products in use at the Santa Clara Valley Medical Center campus or to obtain a necessary item that is only available from one source.
- c. Award a Design-Build contract in accordance with the Uniform Public Contract Code Act section 20133 to Turner Construction Company in the amount of \$290,562,901 with a construction time of 1,141 calendar days.
- d. Approve encumbrance of an additional \$29,437,099 as a Supplemental Work Allowance (SWA) for a total encumbrance of \$320,000,000.
- e. Authorize the Director, SCVHHS Facilities to issue Change Orders, as necessary, against the SWA and to approve modifications to the contract accordingly, including modifications to the bonding requirement and other contract provisions that will save project funds without impairing the County's best interests.
- f. Approve Extension Agreement and related documents extending the terms and conditions of the existing Project Labor Agreement for the Valley Health Centers at Sunnyvale, Gilroy and Milpitas, with modification, to the Bed Building 1 project.

FISCAL IMPLICATIONS

There is no General Fund impact as a result of this project. The project will be funded from the Santa Clara Valley Medical Center (SCVMC) Seismic Safety Project (SSP) Measure A funds within the SCVMC Capital budget.

The published estimate for construction of the project was \$350 million; however, the Request for Proposal documents established a shared risk approach which was developed to encourage the proposers to not include excess contingencies in their proposal prices, such as material escalation risk, Office of Statewide Health Planning and Development (OSHPD) uncertainties and other common contractor contingencies carried to offset unknown or unpredictable items.

CONTRACT HISTORY

On September 25, 2007, the Board of Supervisors accepted a progress report on the Seismic Safety Projects including the Bed Building 1 (BB1) project, and approved the Professional Services Agreement with Anshen+Allen Architects to develop plans and specifications for the bed buildings and associated projects and prepare plans for submittal to OSHPD by the State-imposed deadline of December 31, 2008. This deadline is associated with SB 1953 which requires hospital buildings to be seismically compliant by 2013 and SB 1661 which provides a slight extension to allow for completion of projects, provided that plans are submitted to OSHPD for review by December 31, 2008 and requires hospitals to secure a building permit on or before December 31, 2010.

The December 31, 2008 deadline was achieved in December with conditional approval by OSHPD of the gravity computer model and gravity analysis, member design of the structural frame affirming the success of the concurrent plan review, and the projected initiation of the phased reviews of the remaining construction documents.

On June 24, 2008, the Board authorized Santa Clara Valley Health and Hospital System (SCVHHS) to enter into a contract with URS Corporation for construction management services for various projects within the Seismic Safety Project. SCVHHS and URS, with County Counsel support, initiated a process for determining the best approach for developing a contract and a process that would secure a General Contractor in adequate time to meet the SB 1661 and SB 1953 deadlines.

The Uniform Public Contract Code Act section 20133 allows counties, with the approval of the board of supervisors, to utilize an alternative procedure for bidding construction projects in excess of \$2,500,000 and may award the project using either the lowest responsible bidder or by best value.

It was determined that the best process would be the design-build approach for Best Value instead of the standard design-bid-build approach. The design-build approach will enable the County to take advantage of current trends in the construction industry, with the approval and encouragement of OSHPD. Recent changes in the state law governing the design-build of public projects and in OSHPD's approach to the review of projects provides the opportunity for concurrent plan reviews, particularly structural plan review using a third party firm, so as to expedite the overall project schedule by an estimated 18 months.

Design-Build Procurement Process

SCVHHS staff conducted the design-build procurement process consistent with State law requirements. Documents prepared by URS and the design team for selection were reviewed and approved by County Counsel.

The Request for Qualifications, issued on September 2, 2008, required interested design-build contractors to submit information related to experience and financial capacity for similar hospital construction projects, including size of project, OSHPD permit experience, and experience with Building Information Modeling (BIM), a computer technology that encourages contractor trade level interaction and involvement with the overall design in order to streamline construction phase submittal approvals and allow for early and more thorough coordination of mechanical, electrical and plumbing elements with three dimensional computer modeling. (See Background for more information.)

Five firms were determined to be qualified to propose: McCarthy Building Companies, Inc., Hensel Phelps Construction Co., Swinerton Builders, Clark Construction Group – California, L.P. and Turner Construction Co., Inc.

The Request for Proposal (RFP) that offers the Best Value for the Project was issued on October 7, 2008 based on UPCCA criteria set forth in the RFP. Seven addenda were issued during the RFP process. In order to formally incorporate the documents into the Request for Proposal, SCVHHS recommends that the Board ratify these addendums.

The RFP documents and addenda are on file in the Office of the Clerk of the Board.

Seventy percent of the possible points were related to various qualifications and thirty percent were related to the Proposal Price: Team Qualifications (15%), Technical Design & Construction Expertise (25%), Acceptable Safety Record (10%), Skilled Labor Force Availability (10%), Life Cycle Costs (10%), and Proposal Price (30%).

Proposals were received from McCarthy, Swinerton and Turner on December 23, 2008. Two of the pre-qualified firms (Hensel Phelps and Clark) chose not to submit a proposal because of recently awarded work; they did not have the capacity to construct the project. The Seismic Safety Project (SSP) staff reviewed the proposals for responsiveness to required content. All three proposals were confirmed to be responsive. Various disciplines of the Project Team, including consultants, conducted detailed reviews of team and company qualification, technical aspects of the Proposal, and the Proposal Price to provide the Selection Committee with specialized analysis of these components of the RFP.

A Selection Panel appointed by SSP Project reviewed and scored the proposals and attended presentation/interviews with each Proposer on January 8, 2009. Following the presentation/interviews, the Selection Panel met and ranked the firms for apparent Best Value per the UPCA requirements, selecting Turner Construction Company as the Apparent Best Value Proposer. The Project Team conducted further technical review of Turner's proposal in scoping sessions with all members of the Turner Proposal team. Turner's proposal was determined to be the Best Value at the conclusion of the process.

All three Proposers submitted Proposal Prices that were within the estimate for construction Turner Construction price was the lowest and established the baseline for the cost comparison. The percent variation of the Proposal Prices was as follows:

Turner Construction Company	0%
Swinerton Builder, Inc.	+6%
McCarthy Building Companies, Inc.	+19%

Turner Construction Company was the Construction Manager for the New Main Hospital which opened in 1999 as well as the recently completed Valley Specialty Center and the County's Crime Lab. Turner is the Construction Manager of the Parking Structure 2 under construction on the SCVMC campus, with expected completion in April-May of this year.

This contract, if awarded, will be a Type 1 service contract subject to the Resolution on Contracting Principles adopted by the Board of Supervisors on October 28, 1997.

REASONS FOR RECOMMENDATION

The Santa Clara Valley Medical Center Seismic Safety Projects comprise a series of construction projects and renovations to address State-mandated seismic requirements and service demands. The Bed Building 1 is the second major project in this series and the first of two hospital patient bed facilities.

The proposed 370,000 square-foot Bed Building 1 will contain 168 single patient rooms in intensive care, rehabilitation and acute-care nursing units, rehabilitation therapy services (including pool), respiratory care, pharmacy, admitting, customer service, meditation room, and selected supporting services. The project also includes Central Utility Plant upgrades (including boilers, chillers and emergency generators) and site work associated with utilities and roads located on the campus.

Design-Build Contract

SCVHHS Facilities recommends the Board award the design-bid contract to Turner Construction Company as the Apparent Best Value Proposer.

The design-bid services to be provided will include: site utilities, demolition of several small buildings as part of site clearance, Central Plant upgrades, realignment of Renova Drive, and exterior cladding system. The design-assist services will include coordination and detailing of framing/drywall, ceiling system, mechanical system, plumbing system and electrical system.

The Design-Build Contractor will order structural steel early and will bid the following building components: foundation systems, concrete work, metal deck structure, and finishes.

The Design-Build documents have been developed in two major phases to expedite the completion of the project in a cost effective and efficient process. The two phases are: (1) site infrastructure and energy plant, and (2) Bed Building 1. While these two phases are packaged under one contract, they will be constructed in two distinct and separately identified phases under two separate "Notice to Proceed" or work authorization documents.

Turner's proposed schedule shows several months will transpire between the completion of the first phase and the commencement of the second phase due to timing for completion of the design portion of the Bed Building and OSHPD permit approvals. This phasing presents an opportunity to also phase the bonds which, if structured correctly, will allow the County to save the Phase 2 bond premiums until the actual construction pursuant to the second Notice to Proceed.

There would be several conditions required for the proposal that would allow the County to realize savings without impairing the County's interests, and Turner's ability to meet these requirements are not yet verified. Therefore, staff asks that the Board delegate authority to the Director to make this modification, if deemed in the best interests of the County, as well as other cost saving proposals that Turner may identify as we move forward with the Project.

Sole Source Items - Specific Product Brand Designation

Several sections of the project's technical specifications require specific product brand designation for the reasons stated in the Sole Source Items attachment to this transmittal. The sole source recommendations are supported by sufficient facts for the Board to find the items are necessary and in compliance with the Public Contract Code Section 3400 (b). These are the sole sourced products in the Project scope identified at this stage.

Project Labor Agreement

In accordance with Board Policy 5.7 on Public Works Contracts, SCVHHS staff recommends approval of an extension of the terms and conditions of the existing Project Labor Agreement (PLA) for the Valley Health Centers at Sunnyvale, Gilroy and Milpitas, with modification, to the Bed Building 1 project. The PLA extension has been approved and signed by the Building Trades Council.

The benefits of using a project labor agreement have been discussed with the Board going back to October 19, 2004, when a PLA was first considered for the Valley Specialty Center project. The benefits include: insurance against labor-related schedule delays, compliance with competitive bidding requirements, no additional cost to the County, no interference with normal County operations, health care coverage for non-union employees and their families, and improved prevailing wage accountability.

BACKGROUND

The SCVMC Seismic Safety Project addresses seismic safety compliance issues at a total estimated cost of \$1.4 billion. The overall project includes construction of 272 replacement hospital beds built to current community standards and associated support, including a parking structure and materials management infrastructure.

The Seismic Safety Project is to be accomplished in two stages, paralleling the milestones in the State seismic law. Stage 1 of the Seismic Safety Project, to be accomplished by 2013/2015, includes construction of 168 replacement beds, seismic upgrades to/or demolition of existing facilities and a 1,400-space parking structure, at an estimated cost of \$949 million. Stage 2, to be completed by or before 2030, includes construction of 104 replacement beds (Bed Building 2) and an associated Services Building Replacement (materials management, dock and dietary kitchen) at an estimated cost of \$500 million.

Together with funding previously authorized by the Board of Supervisors, Measure A's \$790 million completes the funding required for Stage 1 of the Project, with BB1 as the major component. The construction of the 1,400-space parking structure is well underway with projected completion in the spring of 2009. Both schematic design and design development of BB1 is complete, and construction documentation is underway with project initiation anticipated mid-2009. Design approval by OSHPD is underway for the demolition of most of the 7-story Old Main building, and the retention and upgrading of a small portion of the building to maintain connectivity among the several hospital buildings housing inpatients.

Building Information Modeling - This computer technology encourages contractor trade level interaction and involvement with the overall design in order to streamline construction phase submittal approvals and allow for early and more thorough coordination of mechanical, electrical and plumbing elements "behind the wall" with three dimensional computer modeling. The Owner, the Architect and Engineers of Record, and the design-build contractor and its major subcontractors, e.g., mechanical, electrical, plumbing, exterior wall design etc, will design and vet design issues using BIM at the forefront and throughout the design process. BB1 has been designed using BIM by the Architect from day one, a great advancement over traditional 2.0 CAD design. This three dimensional modeling allows visual detection of clashes in the building systems – pipes, beams, seismic supports, ducts, etc., in the design period rather than the traditional and costly change order process in the field and to a great extent before submittal to OSHPD. The BIM process is being extended into scheduling (4D) and pricing (5D) dimensions as the project enters new areas for project management, document control and integrated project construction.

CEQA - A CEQA Categorical Exemption for the project was accepted by the Board at its June 24, 2008 meeting. The Categorical Exemption was consistent with the 2007 CEQA Guidelines for the Seismic Compliance and Modernization Program which grants exemptions for "replacement or reconstruction of existing schools and hospitals to provide earthquake resistant structures which do not increase capacity more than 50 percent."

Green Building - In compliance with the Board's Green Building Policy, the Bed Building 1 Project has been evaluated and recommendations will be forwarded to the Board as a separate action.

CONSEQUENCES OF NEGATIVE ACTION

Failure to approve the recommended actions will impact the timely award of the contract to the Apparent Best Value Proposer.

STEPS FOLLOWING APPROVAL

1. Send notification of Award of the Design-Build Contract of Bed Building 1 to Turner Construction Co., Inc., 60 South Market Street, Suite 1100, San Jose, CA 95113.
2. After receipt of all required documents from Turner Construction, send the firm one fully executed copy of the Contract.
3. Send Keyboard notifications and a copy of the executed contract to the Duane Oberquell, Director of SCVHHS Facilities.

ATTACHMENTS

- DBCA draft Agreement
- Sole Source Item
- Extension Agreement_PLA for Replacement BB1
- Appendix A Agreement to be Bound
- Sideletter Agreement
- Executed (PLA) Project Labor Agreement