

**COUNTY OF SAN LUIS OBISPO BOARD OF SUPERVISORS  
AGENDA ITEM TRANSMITTAL**

(1) DEPARTMENT General Services	(2) MEETING DATE 12/18/2012	(3) CONTACT/PHONE Janette Pell, General Services Agency Director 781-5200	
(4) SUBJECT Request to approve a sole source agreement for Professional Project Management Services with Cannon Corporation not to exceed \$209,650 for the Women's Jail Expansion Project, San Luis Obispo, CA. District 2.			
(5) RECOMMENDED ACTION It is recommended that the Board: 1. Waive the Board adopted Contract for Services policy requiring requests for proposals for services over \$25,000; 2. Approve the sole source agreement for Professional Project Management Services with Cannon Corporation not to exceed \$209,650 for project management support for the Women's Jail Expansion capital project; and 3. Instruct the Chairperson to sign the agreement.			
(6) FUNDING SOURCE(S) Detention Facility Reserves	(7) CURRENT YEAR FINANCIAL IMPACT Total \$ 190,000 Contract \$149,650 Purchase Order \$40,350	(8) ANNUAL FINANCIAL IMPACT \$60,000 July 1, 2013 – October 2, 2013	(9) BUDGETED? Yes
(10) AGENDA PLACEMENT <input checked="" type="checkbox"/> Consent <input type="checkbox"/> Presentation <input type="checkbox"/> Hearing (Time Est. _____) <input type="checkbox"/> Board Business (Time Est. _____)			
(11) EXECUTED DOCUMENTS <input type="checkbox"/> Resolutions <input checked="" type="checkbox"/> Contracts <input type="checkbox"/> Ordinances <input type="checkbox"/> N/A			
(12) OUTLINE AGREEMENT REQUISITION NUMBER (OAR) 19001224		(13) BUDGET ADJUSTMENT REQUIRED? BAR ID Number: <input type="checkbox"/> 4/5th's Vote Required <input checked="" type="checkbox"/> N/A	
(14) LOCATION MAP Attached	(15) BUSINESS IMPACT STATEMENT? No	(16) AGENDA ITEM HISTORY  <input type="checkbox"/> N/A Date 7/18/2006; 7/17/2007; 12/4/2007; 1/29/2008; 3/11/2008; 9/21/2010; 2/22/2011; 12/13/2011; 4/10/2012; 6/19/2012; 8/28/2012; 12/11/2012	
(17) ADMINISTRATIVE OFFICE REVIEW Vincent Morici			
(18) SUPERVISOR DISTRICT(S) District 2 -			

# County of San Luis Obispo



TO: Board of Supervisors

FROM: General Services / Janette Pell (805) 781-5200

DATE: 12/18/2012

SUBJECT: Request to approve a sole source agreement for Professional Project Management Services with Cannon Corporation not to exceed \$209,650 for the Women's Jail Expansion Project, San Luis Obispo, CA. District 2.

## **RECOMMENDATION**

It is recommended that the Board:

1. Waive the Board adopted Contract for Services policy requiring requests for proposals for services over \$25,000;
2. Approve the sole source agreement for Professional Project Management Services with Cannon Corporation not to exceed \$209,650 for project management support for the Women's Jail Expansion capital project; and
3. Instruct the Chairperson to sign the agreement.

## **DISCUSSION**

The County's project to expand the women's jail project is funded in part by AB 900, the Public Safety and Offender Rehabilitation Act of 2007. The County was a successful applicant in the competitive process that allocated these funds. The County was awarded approximately \$25 million in AB 900 funds which amount to 75% of the estimated construction expense for the women's jail expansion project. Expenses related to project administration, design, permits and construction management are not eligible to be funded with AB 900 funds. However, these expenses do count toward the County's obligatory contribution of matching funds associated with the State requirements for the use of AB 900 funding for construction of local correctional facilities.

The women's jail expansion project is a large and technically complex project that has required considerable application of staff resources. Due to the rigorous project timeline and the crucial funding source from the State, it is important for the project to remain on schedule. The General Services Agency has determined that additional resources with experience managing complex projects are needed to ensure the success of this project.

### **Background**

The Women's Jail project was established to address overcrowding conditions for female inmates being held in custody at the San Luis Obispo County Jail. The project is designed to accommodate 108 female inmates single bunked or approximately 198 female inmates when double bunked. Currently, the women's jail has a rated capacity of 43 female inmates and consistently operates at levels which far exceed the capacity. From FY 2007-08 through FY 2008-09, the women's jail population averaged 73 female inmates. In October 2011 the State instituted the realignment of State inmates under AB 109 which has resulted in the female jail population increasing to an average of 89 inmates, more than double the rated capacity.

There are four major components included in the Women's Jail Expansion Project:

1. Women's Housing Unit: The new women's jail housing unit will be approximately 38,000 square feet and is estimated to cost \$27.5 million. The housing unit includes space to provide programs that assist inmates in avoiding recidivism.

2. Medical Facility: The new medical facility will be approximately 7,400 square feet and is estimated to cost \$6 million. The facility will serve both men and women inmates and will include offices and meeting space which can be used for inmate rehabilitation programs.
3. Security System: A new security system upgrade is needed for the entire jail complex is estimated to cost \$2.9 million. Replacement of the existing jail security system is a high priority and is required regardless of whether the women's housing unit and medical facility is constructed.
4. Processing Center: The proposed project to expand and remodel the existing Intake Release Center (IRC) at the jail is an optional component of the project and has an estimated cost of \$5.5 million.

#### Sole Source Recommendation for Cannon Corporation

The recommendation for a sole source agreement with Cannon Corporation (Cannon) for Professional Project Management Services to support the Women's Jail Expansion (WJE) project is based on a number of considerations. The WJE project is a complex project that requires special expertise in project management. Currently internal staff do not have the expertise or resources to manage a project as complex as the WJE project. The complexity of the project is significantly increased by the requirements and timelines associated with the use of State AB 900 funding. Because the County is using State funding, reporting requirements are more stringent and there are strict conditions on meeting the published schedule. We believe without the additional project management assistance it will be very difficult to meet the timelines the County has identified for the use of the \$25 million in State funding. Missing project timelines could potentially place the State funding at risk.

On August 28, 2012, the County submitted a project schedule to the State Public Works Board that subsequently was determined by the County to be unobtainable. As mentioned above, adhering to published project timelines is a key component to receiving the funding for this project. The WJE Steering Committee began discussing concerns about County staff's ability to manage and complete this complicated project within allocated timeframes. Several options were explored including hiring Cannon to supplement County staff. On November 5, 2012, Cannon was hired via a Purchase Order to assist Architectural Services staff and the Steering Committee by providing third party objective reviews of processes, schedules, documents, and strategies being used in the development of the WJE project. This included critically assessing the project schedule and milestones. Along with being a resource to County staff on the Construction Manager selection process, Cannon was tasked with creating drafts of General Contract/Sub-Contractor Pre-Qualification Program and assisting with preparing the staff report. To date, Cannon has provided necessary peer review and oversight for the WJE project and has assisted in identifying methods and processes that will accelerate the required project tasks.

The WJE Steering Committee selected Cannon because they have experience with County design and construction projects, management of large and complex capital projects with aggressive schedules, effectively worked with architects, contractors, and experience with projects that utilize public funding. Cannon offered immediate availability of senior staff and technical staff with applicable experience from their headquarters in the City of San Luis Obispo. Cannon has developed a solid reputation working with the County and successfully provides program management / construction management services across the State. The WJE project needed urgent assistance and it matched Cannon's capabilities and expertise in Project/Program Management. Their assistance will provide the skills needed to bring this project to bid within the planned timeframes.

Due to the rigorous project schedule and the crucial funding source from the State, the schedule and cost impacts of the traditional procurement process through a formal Request for Proposal would add approximately 3 to 5 months to the project timeline. The Request for Proposals process is designed to provide the County with the most qualified professional consulting firm at the best value for the services rendered. Cannon's overall qualifications and experience in management of large capital projects with aggressive schedules and complex financing clearly provide the specialized project management expertise required for the project. The cost and time of a formal Request for Proposals is not justified and could put the entire project at risk. A sole-source approval will eliminate this time element and keep the project on schedule.

Our department is recommending a sole source contract with Cannon for Project Management Services that include but are not limited to completing the Pre-Qualification process through vendor selection of General Contractors and Sub-contractors. In addition, review and preparation of thorough bid documents and general/supplemental conditions, lead the environmental permit process, communicate with outside public agencies, advise the County on the Compliance

Monitoring Unit service provided by the State, negotiate additional construction administration and other fees with AECOM, and determine parking requirements during construction and long-term. These services will be provided until the start of construction which is anticipated to begin in September 2013.

**OTHER AGENCY INVOLVEMENT/IMPACT**

County Counsel is providing legal guidance on all aspects of the WJE project and has approved the attached agreement as to legal form and effect. The WJE Steering Committee with participants from the Sheriff’s Office, Auditor-Controller, County Administrative Office, County Counsel, and GSA are in agreement that the complexity and time table requirements for this project justify the request for a Sole Source Agreement.

**FINANCIAL CONSIDERATIONS**

The recommended agreement is for services necessary to provide project management support until the construction of the WJE project begins in September 2013. The costs of the agreement are included in the current estimated expenses and contingencies for the WJE project, which were presented to your board on June 19, 2012 in Table #1 below. The requested action will have no impact on the budgeted level of General Fund support for this project.

**Table #1**

<u>Facility</u>	<u>Est. Cost</u>	<u>State Funding</u>	<u>In Kind Match</u>	<u>County Cash Funding</u>
Housing Unit	\$27.5 M	\$25.1 M	\$1.3 M	\$7 M
Medical Facility	\$6 M			
Security System	\$2.9 M	-	-	\$2.9 M
<b>Total</b>	<b>\$36.4 M</b>	<b>\$25.1 M</b>	<b>\$1.3 M</b>	<b>\$9.9 M</b>
Optional IRC	\$5.5 M	-	0	\$5.5 M*
<b>Total with Option</b>	<b>\$41.9 M</b>	<b>\$25.1 M</b>	<b>\$1.3 M</b>	<b>\$15.4 M</b>

The agreement with Cannon will provide monthly earned value analysis reporting to keep the WJE project on schedule and budget. The agreement will reassign one FTE from the WJE project to other existing projects reducing in house administration costs to the project and allowing County staff to work on other capital projects. By reducing County staff expense, including overtime expense, the impact of the agreement is projected to reduce project administration costs through start of construction by \$11,800. The estimated administrative expense through start of construction will not be increased by the approval of this agreement.

General Services Agency will provide regular updates as the WJE project progresses. Specifically, when thorough bid documents and qualified general contractors are selected a more comprehensive cost estimate and project schedule for the WJE project will be provided to your board.

**RESULTS**

Approval of the recommended actions will continue progress with the expanded capacity of the women’s jail by up to 155 beds, alleviate overcrowding conditions and provide capacity for the future. It will also provide improved medical facilities for both male and female inmates, additional space for rehabilitation programs such as counseling and education. Replacement of the entire electronic security system within the existing jail complex could potentially result in reduced maintenance and repair costs and will improve jail security. The County would offset approximately \$25.1 million of the expense for the new facilities by use of the State grant funds. The facility improvements would contribute to a safer community.

**ATTACHMENTS**

1. Vicinity Map
2. Cannon Corporation Agreement