

THE BOARD OF SUPERVISORS OF THE COUNTY OF STANISLAUS  
BOARD ACTION SUMMARY

DEPT: Chief Executive Office

BOARD AGENDA #: \*B-9

AGENDA DATE: August 30, 2016

**SUBJECT:**

Accept the Fifth Update in Accordance with Public Contract Code Sections 20134 and 22050 for Emergency Remediation/Repairs at the Health Services Agency Central Unit, 830 Scenic Avenue in Modesto, to Repair Water Damage and Restore Essential County Operations

**BOARD ACTION AS FOLLOWS:**

No. 2016-456

On motion of Supervisor Withrow, Seconded by Supervisor O'Brien  
and approved by the following vote,

Ayes: Supervisors: O'Brien, Chiesa, Withrow, DeMartini, and Chairman Monteith

Noes: Supervisors: None

Excused or Absent: Supervisors: None

Abstaining: Supervisor: None

1)  Approved as recommended

2)  Denied

3)  Approved as amended

4)  Other:

MOTION:

ATTEST: Elizabeth A. King  
ELIZABETH A. KING, Clerk of the Board of Supervisors

File No.

**THE BOARD OF SUPERVISORS OF THE COUNTY OF STANISLAUS  
AGENDA ITEM**

DEPT: Chief Executive Office  
Urgent  Routine

BOARD AGENDA #: \*B-9

AGENDA DATE: August 30, 2016

CEO CONCURRENCE: *pkc*

4/5 Vote Required: Yes  No

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**SUBJECT:**

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**STAFF RECOMMENDATIONS:**

1. Accept the fifth update on the state of the emergency remediation and repairs at Health Services Agency Central Unit in accordance with Public Contract Code Sections 20134 and 22050 to repair water damage and restore essential County operations.

**DISCUSSION:**

On June 12, 2016, around 11 a.m., security staff at the Health Services Agency Central Unit discovered flooding had occurred, apparently caused by a failure of the heating circulation pump located in the mechanical equipment space above the third floor of the Central Unit Building. Water flowed to parts of the 3<sup>rd</sup>, 2<sup>nd</sup>, 1<sup>st</sup> and basement floors. The incident occurred at the old Hospital building, which was fully used by the Agency for support and Specialty Clinics and some space for the Community Services Agency. County staff immediately secured the building and redirected all employees and impacted clinical operations to temporary locations as the scope of this damage became more clear.

There was extensive water damage to the ceilings, walls and floors, as well as more limited damage to equipment and furniture caused by the flooding in parts of this building. The immediate response to the flooding was handled efficiently by Coit Restoration Services, Inc. of Modesto, California who conducted water extraction. After performing initial work to remove the water and due to existing workload obligations, Coit referred this matter to Belfor USA Group. Belfor had the equipment and manpower necessary to efficiently address the water intrusion and resultant damage throughout the building.

On June 14, 2016, the Board of Supervisors in accordance with Public Contract Code Sections 20134 and 22050 approved the delegation of authority for the Chief Operations Officer or her designee to serve as Project Manager for all aspects of the HSA Central Unit water damage remediation/repair project.

The Board also authorized the Project Manager to negotiate and execute an agreement with Belfor USA Group, Inc., an approved contractor of the County's insurer, to complete the emergency abatement, demolition and clean-up of the site; and to take any action appropriate to repair the water damage, and to take any directly related and immediate action required by that emergency, and to procure the necessary equipment, services, and supplies for those

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purposes, without giving notice for bids to let a contract. The Project Manager fully executed an agreement with Belfor USA on July 20, 2016.

Further, the Board found that the remediation and repairs from water intrusion and damage at the HSA Central Unit is exempt from the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines section 15269 (b), and directed staff to prepare and file a Notice of Exemption. Finally, the Board directed the County's Risk Manager or his designee to make the claims regarding the HSA Central Unit water intrusion incident and damages to all applicable insurers.

Since the initial report was provided to the Board of Supervisors, drying has been completed and testing was performed. Test results showed the presence of asbestos in certain materials in parts of the water damaged areas. As a result, the entire water-damaged area was contained and fully abated and cleaned.

In order to continue to meet community needs, all staff, programs and services were relocated out of the HSA Central Unit. This included staff of the Health Services Agency and the Community Services Agency. Within Health Services Agency, the major functions temporarily relocated included Specialty Clinics, California Children's Services (CCS), Childhood Health and Disability Prevention (CHDP) and Human Resources.

Other impacted areas include the security desk, which is not available for contracted security staff to use for reporting, as well as the cafeteria (supported by vendor), which is located within the HSA Central Unit and will remain closed throughout the emergency action.

In order to provide office space on the Scenic Campus for the Community Services Agency programs displaced by the emergency, the Project Manager has authorized the temporary use of existing vacant space at County Center III, previously used by the Stanislaus County Office of Education. The County Center III facility will temporarily house the HSA's California Children's Services, the Child Health and Disability Prevention Program, and Emergency Preparedness Program. The movement of these programs off the Scenic Campus will enable the return of the CSA Eligibility and Intake, and Welfare-to-Work programs. The temporary relocation process began on July 18, 2016 and is now complete.

Belfor USA has completed the initial required work associated with damage at the Central Unit. Tasks included removal all of the priority items from the list created by HSA and CSA from the facility, relocation of needed equipment to County Center III and to other facilities to ensure program continuity, performed the required abatement work, cleaned the duct work on all floors, testing of the air conditioning system and testing of the equipment that is located in areas not damaged by the flood.

Subsequent to the cleanup efforts, a small body of water was found in the basement of the Central Unit. The source of the water is still being identified. Containment of the affected area has been performed. Belfor USA has taken air samples and will continue to investigate the source of the water to determine if it was related to the initial flood and if any additional abatement work is required.

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The Project Manager and team are working with the County's insurer on this issue. The Chief Executive Office Risk Management Division notified the County's carrier of the loss and apprised the assigned Adjustor of the need to move operations around in order to be able to continue to see patients. The Adjustor visited the site on June 15, 2016, to document and assess the extent of the damage. The Adjustor returned on August 5, 2016 upon the completion of the abatement work. The County is continuing discussions with the Adjustor regarding the damage to the facility, continuity of operations and next steps in the process.

**POLICY ISSUE:**

Public Contract Code Section 22050 (a)(1) states, "In the case of an emergency, a public agency, pursuant to a four-fifths vote of its governing body, may repair or replace a public facility, take any directly related and immediate action required by that emergency, and procure the necessary equipment, services, and supplies for those purposes, without giving notice for bids to let contracts." Further, Public Contract Code Section 22050 (c)(1) requires staff to report on the emergency at its next regularly scheduled meeting and every 14 days thereafter until the emergency is terminated. The Board of Supervisors requires bi-weekly updates of emergency actions. Due to the fact there are no scheduled meetings on September 6, 2016 and September 13, 2016, the next update will occur on September 20, 2016 at the regularly scheduled Board of Supervisors Meeting.

**FISCAL IMPACT:**

The County maintains "all-risk" property and fire insurance on the Health Services Agency and improvements, with all standard coverage in an amount equal to their full insurable value, with a replacement cost endorsement, excluding the cost of excavation and of foundation below the level of the lowest basement floor. The County's insurance coverage includes continuity of operations coverage.

The Project Manager executed a contract with Belfor USA Group, Inc. to complete the emergency abatement, demolition and clean-up of the site. Belfor USA Group, Inc. is an approved contractor of the County's insurer which will ensure the initial demolition and clean-up phase can be procured efficiently and without any delays that may arise through a lengthy approval process.

Currently, the cost to repair the damage is being estimated. It is not yet known whether all expenses incurred as a result of the flood damage should be recoverable by the County's insurance after the \$10,000 deductible is met by the County. Until the County formally settles a claim for the losses incurred, the project costs will be temporarily funded out of the Chief Executive Office – Plant Acquisition budget out of existing appropriations previously approved by the Board. The County will authorize the Insurer to pay Belfor USA Group, Inc. directly once the claim is accepted and after the County reviews and approves the final invoice submitted.

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**BOARD OF SUPERVISORS' PRIORITY:**

Approval of this action will address this unexpected situation and promote efficiency in the administration of the County's operations. Additionally, this action supports the Board's priorities of A Safe Community, A Healthy Community, Effective Partnerships, and Efficient Delivery of Public Services.

**STAFFING IMPACT:**

Existing Capital Projects Staff will manage this construction project in coordination and collaboration with Chief Executive Office Risk Management Division and Health Services Agency staff.

**CONTACT PERSON:**

Patricia Hill Thomas, Chief Operations Officer, (209) 525-6333

**ATTACHMENT(S):**

None