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Gregory Priamos

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Vanessa Delgado

**Agenda Item
Regular Meeting of the
Board of Supervisors
Tuesday, November 18, 2025**

Item Number: 3.6

MEETING DATE: 11/18/2025

DEPARTMENT: BOARD OF SUPERVISORS

AGENDA ITEM PREPARER: Salman Kazmi

DEPT HEAD/DIRECTOR: Steve Loupe

SUBJECT:

RESOURCE MANAGEMENT AGENCY - S. LOUPE, PUBLIC WORKS ADMINISTRATOR

1. Approve payment to the City of Hollister in the amount of \$169,019.02 for the City water and sewer impact fees associated with the project for 16 Tiny Homes, and authorize the Public Works Administrator to process the payment; and
2. Ratify R3 Rehabilitation, Restoration, and Respite Change Order No. 1 for \$6,999.97 for project plans review, permit fees, and extension of the electrical panel pad, railing, and sealing conduits to comply with additional PG&E electrical requirements, and approve R3 Rehabilitation, Restoration, and Respite Change Order No. 2 for \$6,000.00 for the procurement, assembly, and installation of utility boxes, and ratify R3 Rehabilitation, Restoration, and Respite Change Order No. 3 for \$1,696.00 for the procurement of two new 2-inch water meters (4/5 Vote Required); and
3. Ratify C2 Builders Change Order No. 1 for \$3,067.90 for additional underground conduit work and ratify C2 Builders Change Order No. 2 for \$12,100.00 for the procurement and installation of safety bollards to comply with additional PG&E electrical requirements (4/5 Vote Required); and
4. Adopt a finding that bidding for the additional work performed by C2 Builders would not have been in the public's interest or produced an economic benefit for the County; and
5. Adopt Budget Adjustment Resolution for the above items for the HEAP Phase 2 Tiny Homes projects for a total of \$200,000.00 (4/5 Vote Required); and
6. Authorize the Board Chair to sign R3 Rehabilitation, Restoration, and Respite Change Order No. 2 and the Budget Adjustment Resolution for the HEAP Phase 2 Tiny Homes projects for a total of \$200,000.00.

SBC FILE NUMBER: 105.3

RESOLUTION NO.: 2025-99

AGENDA SECTION:

REGULAR AGENDA

BACKGROUND/SUMMARY:

The California Department of Housing and Community Development (HCD) announced the availability of approximately \$1.45 billion of Homekey Program (Homekey2.0) grant funding through the Round 2 Notice of Funding Availability (NOFA). HHSA submitted the Homekey Round 2 application for Phase II Transitional Housing at the Migrant Center. The initial construction of the first phase of five housing units at the Migrant Center was funded by the Coalition of Homeless Service Providers (CHSP) with the Homeless Emergency Aid Program (HEAP) grant in the amount of \$1,100,000. Phase I included infrastructure costs for utilities, drainage, sewer, partial site work, and the construction of 5 housing units (1,400 sf.; 3,600 sf.; & 1,800 sf.). The Project for both phases includes 16 total housing units. The second phase includes the construction of an additional 11 housing units, completion of site work, which includes pavement, parking structure, landscaping, solar installation, PG&E gas and electrical connections, the City of Hollister sewer and water connections, and the building of a Trash enclosure.

At its June 27, 2023, meeting, the Board of Supervisors approved IFB No. PWB-2202, Tiny Homes Phase 2 Project, and authorized the advertising for bids. On August 2, 2023, the County received one responsive bid from a qualified Design-Build-Entity, R3 Rehabilitation, Restoration & Respite, in the amount of \$2,676,238.00. At the March 12, 2024, meeting, the Board of Supervisors awarded the Tiny Homes contract to R3 Rehabilitation, Restoration, and Respite, approved the contract and authorized the Public Works Administrator to sign it. Although the Board previously delegated authority to approve change orders for Phase 1 of the project, such delegation of change order authority was inadvertently not included in the Board's approval of the contract for Phase 2. A copy of the March 12, 2024, Board Report is attached.

The Phase 2 scope is approximately 95% completed, and the remaining scope triggers additional work to complete the Project.

Additional Scope Breakdown:

The City of Hollister Water and Sewer impact fee for the 16 Tiny Homes:

The City of Hollister has assessed water and sewer impact fees totaling **\$169,019.02** for the project involving 16 Tiny Homes. The County of San Benito worked in collaboration with the City of Hollister and submitted a request to the City Council to waive or reduce these impact fees. This request was presented during the City Council meeting on September 3rd, but unfortunately, it was denied. A copy of the waiver request submitted to the City and the City's invoices for impact fees are attached for reference. As a result, the full amount of \$169,019.02 must be paid to secure the necessary water and sewer connections for the project site.

The total sewer collection and treatment fee for the 16 units is as follows:

$$\$8,054.68 \times 16 = \$128,874.88$$

For water service impact fees:

$$\$20,072.07 \times 2 = \$40,144.14$$

Total for the City Sewer and Water services: \$169,019.02

R3 Additional Scope includes the following:

1. R3 Change Order No. 1: Project Plans review and a fee for separate Building permits for all 11 units. \$2,899.73 (Please see the attached cost breakdown) This was approved by RMA staff. However, since it was determined that delegation of change order authority was inadvertently omitted for Phase 2, the Board's ratification is needed.

2. R3 Change Order No. 1: Solar & Landscaping Permit Fees. \$401.38 (Please see the attached cost breakdown). This was approved by RMA staff. However, since it was determined that delegation of change order authority was inadvertently omitted for Phase 2, the Board's ratification is needed.
3. R3 Change Order No. 1: Electrical Distribution panel permit fees. \$498.86 (Please see the attached cost breakdown). This was approved by RMA staff. However, since it was determined that delegation of change order authority was inadvertently omitted for Phase 2, the Board's ratification is needed.
4. R3 Change Order No. 1: Additional work on electrical panel pad extension, railing, and sealing conduits \$3,200. This was approved by RMA staff. However, since it was determined that delegation of change order authority was inadvertently omitted for Phase 2, the Board's ratification is needed.
 - a. During the final walkthrough, the PG&E inspector noted that a pad extension and a fence were needed to ensure adequate clearance and protect the site, as the pad is positioned right at the dirt slope, which poses a potential fall hazard. This work was required to be performed prior to completion of the final PG&E walkthrough, so R3 assisted with this task by building the fence and expanding the pad.
5. R3 Change Order No. 2: Construction and Installation of Utility cover boxes for all 16 units around rear piping and shut-off valves, at \$375/box. Total \$6,000. Since delegation of change order authority was inadvertently omitted for Phase 2, this Change Order requires approval by the Board of Supervisors.
 - a. The units' water heater, plumbing, water, and gas valves are installed at the back of each unit and can be easily accessed. The customized cover box with the access door will be required to protect them. This work is still pending approval of Changer Order 2.
6. R3 Change Order No. 3: For the procurement of two new 2-inch meters at \$848.00 each = \$1,696.00

R3's Change Order Nos. 1 & 3 need to be ratified because they already were approved & the work has been completed. These typically fall within the authority of the Public Works Administrator to approve if the Board had delegated change order authority when they awarded the contract, but that action was inadvertently omitted from the original board agenda item. So, the Board is being asked to ratify these prior approvals of Change Order Nos. 1 & 3. We have not approved Change Order No. 2 and the work hasn't been completed, so the Board simply needs to approve that change order, as they're the only ones who have the authority to approve it at this time.

Total R3 Rehabilitation, Restoration & Respite Additional Cost: \$14,695.97

C2 Builders PG&E Electrical Scope: With the collaboration of the Project design-build team and PG&E, the PG&E electrical drawing was completed in October 2024. The electrical scope, which includes running underground wiring, making electrical connections, and energizing the site, fell under PG&E's responsibilities. However, the preparatory work—such as trenching for the underground conduit, conduit installation, and the concrete pad for the equipment—was not included in PG&E's scope or the Project Contractor R3's scope.

To address the PG&E electrical preparatory work, the county obtained three proposals under the California Uniform Public Construction Cost Accounting Act (CUPCAA). Since the contract was under CUPCAA's threshold for small contracts (\$75,000), the County was able to negotiate a contract directly with an independent licensed contractor without bidding. Nevertheless, RMA staff obtained three proposals, in substantial compliance with CUPCAA's informal bidding requirements. The lowest proposal was received from C2 Builders in the amount of \$74,800.00. On June 10, 2025, the Board of Supervisors approved a contract with C2 Builders to move forward with this work, but did not delegate any change order authority. A copy of the June 10, 2025 Board Report is attached.

During C2 Builders' progress, it was directed by PG&E that additional conduit and safety bollards were necessary to schedule a PG&E electrical walkthrough. Without these installations, the PG&E construction crew, which was slated to perform site electrical activation from August 18 to August 20, 2025, would have been delayed by another two months. The electricity for the site was one of the critical tasks to project completion, with the delay in the electrical activation leading to a delay in the overall project schedule. Since the selection of C2 Builders was in substantial compliance with CUPCCAA's informal bidding procedures applicable to contracts between \$75,000.00 and \$220,000.00, and C2 Builders provided the lowest proposal at that time, additional bidding for the additional work in the amount of \$15,167.90 would not have been in the public's interest because it would have caused further project delays and would not have produced an economic benefit to the County.

County staff instructed C2 Builders to install the additional conduit and safety bollards to ensure they could pass the inspection, but the Board's ratification, together with the finding that additional bidding would not have been in the public's interest or produced an economic benefit to the County, is needed at this time. PG&E inspection records are attached for reference.

C2 Builders Change Order No. 1 Additional Conduit \$3,067.90
C2 Builders Change Order No. 2 Safety Bollards \$12,100

C2's Change Order Nos. 1 & 2 were never formally approved via a written Change Order. So, what is being submitted for ratification is just the two invoices memorializing the work/cost for the informally approved change orders, after the fact. The Board is being asked to ratify the informally approved Change Orders, as memorialized after the fact, in the two attached invoices, and to adopt a finding that bidding for the additional work performed by C2 would not have been in the public's interest or produced an economic benefit for the County. No one is being requested to sign the change order invoices.

Total C2 Builders Additional Cost: \$15,167.90

If the project is not completed and made available to individuals and families this calendar year, the \$3.5M of grant funding already expended for construction will be at jeopardy.

The County has made progress with the river encampment cleanup and some of people evicted could benefit from this project by having a safe home to reside while they make positive transitions to their lives.

FISCAL IMPACT:

At the March 12, 2024, meeting, the Board of Supervisors awarded the current project, HEAP Phase 2 Tiny Homes, scope to R3 Rehabilitation, Restoration, and Respite and approved the contract for the amount of \$2,676,238.00.

The scope of the Tiny Homes project is now very close to completion. Consequently, for the project to be completed, an additional \$198,882.89 from the Transfer Out Other Funds GL # 101.70.1290.1000.670.000 would need to be allocated to this project. As this account current contains funding in the amount of \$200,000.00, that is the amount being transferred. Per below, HHSA will reimburse this account in the amount of \$200,000.00. The G/L code for the project account is 300.70.3500.1305.650.206.

As HHSA is the project applicant for this project, HHSA will reimburse RMA through a journal entry with the \$200,000.00 for cost of this budget transfer. While it would be preferable that the

City of Hollister wave the \$169,019.02 cost of water/sewer impact fees, HHSA has two funding streams that can cover these expenses.

STAFF RECOMMENDATION:

1. Approve payment to the City of Hollister in the amount of \$169,019.02 for the City water and sewer impact fees associated with the project for 16 Tiny Homes, and authorize the Public Works Administrator to process the payment; and
2. Ratify R3 Rehabilitation, Restoration, and Respite Change Order No. 1 for \$6,999.97 for project plans review, permit fees, and extension of the electrical panel pad, railing, and sealing conduits to comply with additional PG&E electrical requirements, and approve R3 Rehabilitation, Restoration, and Respite Change Order No. 2 for \$6,000.00 for the procurement, assembly, and installation of utility boxes, and ratify R3 Rehabilitation, Restoration, and Respite Change Order No. 3 for \$1,696.00 for the procurement of two new 2-inch water meters (4/5 Vote Required); and
3. Ratify C2 Builders Change Order No. 1 for \$3,067.90 for additional underground conduit work and ratify C2 Builders Change Order No. 2 for \$12,100.00 for the procurement and installation of safety bollards to comply with additional PG&E electrical requirements (4/5 Vote Required); and
4. Adopt a finding that bidding for the additional work performed by C2 Builders would not have been in the public's interest or produced an economic benefit for the County; and
5. Adopt Budget Adjustment Resolution for the above items for the HEAP Phase 2 Tiny Homes projects for a total of \$200,000.00 (4/5 Vote Required); and
6. Authorize the Board Chair to sign R3 Rehabilitation, Restoration, and Respite Change Order No. 2 and the Budget Adjustment Resolution for the HEAP Phase 2 Tiny Homes projects for a total of \$200,000.00.

ATTACHMENTS:

[Agenda Fact Sheet - Tiny Homes](#)

[Budget Amendment Resolution-Tiny Homes](#)

[9/2/2025 Minute Order - City of Hollister City Council re County Request for Waiver of Sewer and Wter Impact Fees](#)

[9/2/25 Staff Report to Hollister City Council Re County Request for Waiver of Sewer and Water Impact Fees](#)

[SBC Migrant Labor Camp Impact Fees Units 70-85](#)

[Change Orders 1, 2 & 3 - R3 Rehabilitation, Restoration and Respite](#)

[3/12/24 Board Report - Contract with R3 Rehabilitation, Restoration and Respite, Inc.](#)

[Change Orders 1 & 2 - C2 Builder Invoices](#)

[6/10/25 Board Report - Contract with C2 Builders](#)

[PG&E - Inspection Log with Notes on Additional Scope](#)