

Item 2 File 12-0255	Departments: Department of Public Works (DPW), War Memorial
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EXECUTIVE SUMMARY

Legislative Objective

The proposed resolution would authorize the Director of the Department of Public Works (DPW) to execute the fifth modification to an agreement between DPW and Simpson Gumpertz & Heger, Inc. (SGH), for engineering and architectural services for the War Memorial Seismic Upgrade and Improvement Project, to increase the not-to-exceed amount by \$8,057,524, from a not-to-exceed amount of \$2,758,445 to a not-to-exceed amount of \$10,815,969. With a contingency equal to 10 percent of the modification, or \$805,752, the total requested not-to-exceed amount is \$8,863,276, resulting in a total modified agreement not-to-exceed amount of \$11,621,721.

Key Points

- The proposed resolution would authorize the Director of the Department of Public Works (DPW) to execute a fifth modification to an existing agreement between DPW and Simpson Gumpertz & Heger, Inc. (SGH), for phase 3.b through phase 6 of engineering and architectural services for the War Memorial Seismic Upgrade and Improvement Project.
- On September 2, 2011, the DPW Director awarded an interim professional engineering services agreement to SGH and authorized SGH to provide engineering and architectural services in an amount not to exceed \$686,135. The DPW Director has since authorized four modifications to the Agreement for SGH to provide engineering and architectural services through the 50% Design Development Phase, for a total existing not-to-exceed amount of \$2,758,445.
- The DPW Director is now requesting authorization for SGH to proceed with the completion of the engineering and architectural services to complete the design work and additionally to provide construction administration services for an increased not-to-exceed amount of \$8,057,524, resulting in a new total amount of \$10,815,969, plus a 10 percent contingency of \$805,752, for a total not-to-exceed amount of \$11,621,721. Since the amended agreement amount would exceed \$10,000,000, Board of Supervisors approval is required.
- Services to be provided by SGH under the requested fifth modification of \$8,057,524 include (a) 50% design development, (b) construction documents, (c) bid, permit, and award, and (d) construction administration and warranty.
- According to DPW, the increases that are being requested are critical to completing the War Memorial Seismic Upgrade and Improvement Project on a timely basis.

Fiscal Impact

- The source of funds for the requested not-to-exceed \$8,863,276 increased authorization is revenue from the City's Commercial Paper Program, and revenue from Certificates of Participation (COPs), the issuance of which was previously approved by the Board of Supervisors. Any Commercial Paper costs would be refunded by revenue from COPs, which are projected to be issued in December 2012. The COPs would be repaid with General Fund revenues.

Recommendation

- Approve the proposed resolution.

MANDATE STATEMENT & BACKGROUND

Mandate Statement

Under San Francisco Charter Section 9.118, any agreement with a term of over ten years or expenditures of over \$10,000,000 is subject to approval by the Board of Supervisors.

Background

The San Francisco War Memorial complex includes two buildings, the Veterans Building and the War Memorial Opera House, and the adjoining outdoor Memorial Court, all of which were completed in 1932. The complex is designated as both a City Landmark and State Landmark. The Veterans Building currently provides: (a) office, exhibit, and meeting space for the San Francisco Posts of the American Legion and other veteran organizations; (b) office space for the City's War Memorial staff; (c) exhibition space for the San Francisco Arts Commission; (d) office and exhibition space for various local non-profit organizations; (e) office space for the Mayor's Office of Disability; (f) the City's Law Library; and (g) meeting space for the City's Department of Environment. In addition, the Veterans Building also houses the Herbst Theatre and the Green Room performance and reception hall.

On July 13, 2011, the Board of Supervisors approved the execution and delivery of Certificates of Participation (COPs) to finance certain improvements to the War Memorial Veterans Building (File 11-0750). The War Memorial Seismic Upgrade and Improvement Project consist of the following improvements:

- Seismic upgrades and earthquake damage repair;
- Hazardous materials mitigation;
- Improvements to preserve and improve building facilities, including:
 - Roof and skylights renovation;
 - Replacement or upgrade of attic catwalks and service platforms; and
 - Elevator upgrades;
- Accessibility upgrades;
- Local, State, and Federal Building Code-mandated upgrades, including:
 - Energy efficiency upgrades;
 - Mechanical system upgrades; and
 - Central plant replacement; and
- Replacement of the building's water piping and drinking water system.

The total approved War Memorial Seismic Upgrade and Improvement Project budget is \$132,455,590, as shown in Table 1 below.

Table1: War Memorial Seismic Upgrade and Improvement Project Budget

1. Hard Costs - Construction Contract Costs (contract to be competitively bid)	\$101,940,800
Includes all seismic elements, put back of historic finishes, life safety and code mandated improvements including sprinkler & fire alarm systems, Americans with Disabilities Act (ADA), central plant replacement, elevator upgrades, replacement of domestic drinking water systems, design & construction contingencies.	
2. Soft Costs - Project Management, Design, Permits, etc.	
a. Basic Engineering/Architectural Services	\$11,055,000
b. Supplemental Engineering/Architectural Services	2,412,589
c. Additional Construction Management Services, Geotech, Surveys	2,633,811
d. Construction Management and Related Services	4,690,800
e. DPW Project Management Services	3,095,030
f. City Administrative Services	884,400
g. Regulatory Agency Approvals	3,087,570
Subtotal – Soft Costs	\$ 27,859,200
Total – Hard Costs and Soft Costs	\$129,800,000
3. Commercial Paper Program Interest	1,155,590
4. Relocation Costs for Existing Veterans Building Tenants	1,000,000
5. HazMat Abatement	500,000
Total Project Costs	\$132,455,590

Source: Department of Public Works

Existing Engineering and Architectural Services Agreement

On April 29, 2011, the Department of Public Works (DPW) issued a competitive Request for Qualifications (RFQ) for engineering and architectural services for the War Memorial Seismic Upgrade and Improvement Project. Minimum qualifications, as defined by the RFQ, included experience in seismic upgrade and facility preservation of historic buildings in California. In addition, the RFQ required experience in acoustics, theatrical improvements, mechanical, electrical, plumbing, elevator replacement, telecom, lighting, and cost estimating.

According to Ms. Tara Lamont, Project Manager for DPW, six teams responded to the RFQ. Simpson Gumpertz & Heger, Inc. (SGH) was the highest ranked respondent.

On September 2, 2011, DPW entered into an interim agreement with SGH for SGH to provide engineering and architectural services for the War Memorial Seismic Upgrade and Improvement Project for a Program Validation Phase. SGH is responsible for selecting and overseeing

architectural and engineering subconsultants for project analysis, design, and construction administration.

The initial not-to-exceed agreement amount was \$686,135 for SGH to provide engineering and architectural services and the DPW Director has since authorized four modifications to the Agreement, for a total revised not-to-exceed amount of \$2,758,445. A summary of the first four modifications is shown in Table 2 below.

Table 2: SGH Agreement Modification History

Agreement Stage	Reason for Modification	Additional Cost	Total Not-to-Exceed Amount
Original Agreement	N/A	N/A	\$686,135
Modification 1	Agreement Period Extension	\$0	\$686,135
Modification 2	Added Schematic Design Tasks	\$1,174,854	\$1,860,989
Modification 3	Added Schematic Design Tasks	(\$60,511)	\$1,800,478
Modification 4	Added 50% Design Development	\$957,967	\$2,758,445

Source: Department of Public Works

Because the original agreement and first four modifications were for a period of less than 10 years and for a cost of less than \$10 million, the existing agreement and the first four modifications were not subject to Board of Supervisors approval.

DETAILS OF PROPOSED LEGISLATION

According to Ms. Lamont, the Department of Public Works (DPW) entered into an agreement between DPW and Simpson Gumpertz & Heger, Inc. (SGH) with an initial not-to-exceed amount of \$686,135, in order for SGH to provide the initial stages of engineering and architectural services for the War Memorial Seismic Upgrade and Improvement Project. Ms. Lamont stated “we needed to get a clear idea on the scope of work and this early phase allowed us to do this. We tested the building envelope; evaluated mechanical, electrical, plumbing, theatrical systems, etc.; developed the new space program; and derived a cost estimate.” Based on this information, Ms. Lamont notes that DPW then developed the fifth modification for additional requested services that is the subject of the proposed resolution.

The proposed resolution would authorize the Director of the DPW to execute a fifth modification to the existing agreement between DPW and SGH, for phase 3.b. through phase 6 of the engineering and architectural services required for the War Memorial Seismic Upgrade and Improvement Project, to increase the agreement by a not-to-exceed amount of \$8,863,276, including a 10 percent contingency of \$805,752, from a not-to-exceed amount of \$2,758,445 to a not-to-exceed amount of \$11,621,721. Table 3, below, summarizes the cost details of the existing agreement, as well as the requested fifth modification (Phase 3.b through phase 6, plus the 10 percent contingency).

As is noted in the Background section above, the current SGH agreement commenced on September 2, 2011. Under DPW’s schedule for the War Memorial Seismic Upgrade and Improvement Project, design development under the SGH agreement would be completed in June 2012, construction documents would be completed in March 2013, and construction of the

Veterans Building improvements would commence in July 2013 and is anticipated to be completed by July 2015.

Table 3: Summary Cost Details of the Agreement with SGH

Project Phase	Existing Agreement	Amount*
1	Program Validation (Original Agreement)	\$686,135
2	Schematic Design	1,114,343
3.a.	50% Design Development (first half)	957,967
Subtotal: Existing Not-to-Exceed Amount		\$2,758,445
Proposed Fifth Modification		
3.b	50% Design Development (second half)	\$957,967
4	Construction Documents	3,361,048
5	Bid, Permit, and Award	355,714
6	Other Costs of Issuance	3,382,794
Subtotal		\$8,057,524*
Subtotal: Phases 1-6		\$10,815,969
	10% Contingency of \$8,057,524 for Phases 3.b through 6	\$805,752
Total Requested Not-to-Exceed Agreement Amount		\$11,621,721

* Off by \$1 due to rounding.
Source: DPW

The agreement with SGH includes 12 subconsultants. Table 4, below, breaks down the agreement by firm, services performed, current not-to-exceed amount, the proposed fifth agreement modification, and the proposed total amount.

Table 4: SGH Agreement Subconsultant Breakdown, Excluding 10% Contingency

Firm	Services Performed	Current Not-to-Exceed Amount	Proposed Increase - Modification Number 5	Proposed Total Not-to-Exceed Amount
Simpson Gumpertz & Heger	Project Management, Structural Engineer, & Building Envelope Analysis	\$923,879	\$3,415,807	\$4,339,686
Bello & Associates (LBE)	Structural Engineer	40,084	81,354	121,438
Carey & Co. (LBE)	Historic Preservation Consultant	299,985	1,224,684	1,524,669
SJ Engineers (LBE)	Mechanical & Plumbing Engineer	473,162	1,407,642	1,880,804
Glumac Associates	Electrical Engineer	225,100	713,877	938,977
Auerbach Pollack Friedlander	Theatrical Consultant	125,135	239,830	364,965
Auerbach Glasow French	Lighting Consultant	135,285	303,265	438,550
Hesselberg Keesee & Associates	Elevator Consultant	19,470	27,330	46,800
RLS	Acoustics & Security Consultant	205,275	328,990	534,265
Debora Nichols Design (LBE)	Signage	38,585	85,745	124,330
Marshall Associates	Food Service Consultant	10,205	13,425	23,630
The Preview Group	Code Review Consultant	57,900	40,480	98,380
TBD Consultants	Cost Estimating	202,630	173,345	375,975
American Trash Management	Trash System Analysis	1,750	1,750	3,500
Total:		\$2,758,445	\$8,057,524	\$10,815,969
Total with 10 percent contingency:			\$805,752	\$11,621,721

According to Mr. Mohammed Nuru, Director of DPW, the requested 10 percent contingency of \$805,752 would “allow DPW the flexibility to modify SGH’s agreement for any additional services that may arise during the course of the project.” According to Ms. Lamont, the construction contract will be competitively bid. Construction is anticipated to commence in July 2013 and be completed by July 2015.

FISCAL IMPACTS

As noted above, based on a competitive Request for Qualifications (RFQ) process, the existing agreement to provide engineering and architectural services for the War Memorial Seismic Upgrade and Improvement Project was awarded to Simpson Gumpertz & Heger, Inc. (SGH) in a not-to-exceed amount of \$686,135.

The subject request would result in the fifth modification to the existing agreement, increasing the agreement cost by a not-to-exceed amount of \$8,863,276 resulting in a total modified not-to-exceed agreement amount of \$11,621,721.

Funding for the existing agreement and proposed fifth modification would be provided by a combination of Commercial Paper and Certificates of Participation (COPs), both of which have been previously approved by the Board of Supervisors (Files 10-0701 and 11-0750, respectively). According to Mr. Anthony Ababon of the Office of Public Finance, the City anticipates issuing the COPs in December 2012. Until the COPs are issued, the City's Commercial Paper program would provide the funding for the agreement with SGH. According to Mr. Ababon, costs associated with the issuance and refunding of Commercial Paper are estimated to be 3 percent of issuance. The Commercial Paper would be repaid by revenue from the issuance of the COPs. The COPs would be refunded by General Fund revenues, subject to Board of Supervisors approval.

According to the Office of Public Finance, the planned use of Commercial Paper is in accordance with the City's Commercial Paper program, approved by the Board of Supervisors on April 6, 2010 (File 10-0269). The Office of Public Finance notes, "Commercial paper is an alternative form of short-term (or interim) financing for capital projects that permits the City to pay project costs as project expenditures are incurred."

POLICY CONSIDERATION

Delay or Inaction on the Proposed Resolution Could Result In Delays to the War Memorial Seismic Upgrade and Improvement Project

According to a March 13, 2012 memorandum from Mr. Nuru to the Budget and Legislative Analyst's Office (see attached), timely approval of the proposed resolution, authorizing the fifth modification the SGH agreement, is critical to maintaining the existing schedule for the War Memorial Seismic Upgrade and Improvement Project. Mr. Nuru noted, "DPW desires SGH to proceed with the completion of design development (phase 3.b) and continue with phases 4 through 6 and must receive Board of Supervisors approval before May 2012 in order to preserve the schedule." As is noted above, construction is estimated to be completed by July 2015.

RECOMMENDATION

Approve the proposed resolution.



Edwin M. Lee, Mayor
Mohammed Nuru, Director



DATE: March 13, 2012

TO: Ms. Debra Newman
Budget & Legislative Analyst

FROM: Mohammed Nuru
Director
Department of Public Works

Subject: Amendment to the Executive Structural Engineering and Consultant Services for the War Memorial Veterans Building Seismic Upgrade and Improvements Project, Job No. 7353A

Pursuant to San Francisco Charter Section 9.118, which requires that the Board of Supervisors approve all contracts, other than construction contracts, with an anticipated expenditure of more than ten million dollars (\$10,000,000), the Department of Public Works (DPW) respectfully requests your recommendation for approval of the Amendment to the Executive Structural Engineering and Consultant Services with Simpson Gumpertz and Heger, Inc. (SGH) to increase the contract amount by \$8,057,524 from \$2,758,445 to \$10,815,969. In addition, we request a 10% contingency totaling \$805,752 for a combined amount not to exceed \$11,621,721.

Background

Project Description

The **War Memorial Veterans Building (WMVB)** is located at 401 Van Ness Avenue in the San Francisco Civic Center Historic District, and, together with the Opera House and Memorial Court, is designated as City Landmark No. 84. In 1989, The Loma Prieta earthquake caused damage at all levels of this historic building. The seismic assessment conducted in 1996 concluded that in a major earthquake, the structure would sustain significant damage and pose appreciable life safety hazards to building occupants. In addition, the building has badly deteriorated building systems, comprised largely of the original 1932 equipment including 80-year old boilers.

Key components of the project are the seismic upgrade, life safety and code mandated upgrades such as sprinklers, fire alarm and ADA as well as a new central plant that serves the Veterans Building as well as the Opera House. Facility preservation elements include repair/replacement of the building envelope including numerous skylights, the mansard and flat roofs, the exterior terracotta, which have all been damaged and have severely deteriorated over



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the past 80 years. As a separate privately-funded project, the San Francisco Opera is investing \$21 million to convert the 4th floor to a performance space for 300, an education and media center, a costume shop and administration space.

SGH Contract History

DPW entered into an interim agreement with SGH on September 2, 2011 subsequent to a competitive RFQ and screening process to provide structural engineering and consultant services for the Seismic Upgrade and Improvements of the War Memorial Veterans. The basic services will include the following phases (1) Program Validation; (2) Schematic Design; (3) Design Development; (4) Construction Documents; (5) Bid, Permit & Award; (6) Construction Administration and Warranty. The fee for these services were negotiated and agreed at \$10,815,969.

The interim agreement authorized SGH to proceed with the first two phases, Program Validation and Schematic Design, and 50% of the Design Development totaling \$2,758,445. A detail account of the modifications to the interim agreement is included in Appendix A along with copies of the original agreement. The subject amendment will allow DPW to authorize SGH to proceed with the second half of the Design Development Phase and the remaining phases, 4 through 6, totaling \$8,057,524. The total SGH contract amount is \$10,815,969. In addition, DPW requests contracting authorization up to 10% of the requested amendment for \$805,752 as a contingency to allow DPW the flexibility to modify SGH's agreement for any additional services that may arise during the course of the project. Phases 1 through 6 will be incorporated into a comprehensive agreement attached hereto as Appendix B. Table A below provides a fee breakdown totaling the amount not to exceed \$11,621,721 inclusive of the 10% contingency.

Table A - Comprehensive Agreement Fee Breakdown			
	Phases	Fee	Total
Interim Agreement			
Original Amount	(1) Program Validation	\$686,135	
Modification No. 2 & 3	(2) Schematic Design	\$1,114,343	
Modification No. 4	(3.a.) (3) 50% Design Development	\$957,967	
Interim Agreement Subtotal			\$2,758,445
Requested Amendment			
	(3.b.) (3) 50% Design Development	\$957,967	}
	(4) Construction Documents	\$3,381,048	
	(5) Bid, Permit and Award	\$355,714	
	(6) Construction Administration & Warranty	\$3,382,794	
Requested Amendment Subtotal			\$8,057,524
Comprehensive Agreement Fee Total			\$10,815,969
10% Contingency (for 50% DD and Phases 4 through 6)			\$805,752.36
Comprehensive Agreement Fee Total			\$11,621,721

Schedule

Construction is scheduled to commence July 2013 and be completed on June 2015. In order to maintain the schedule, each phase must start and finish as scheduled. To avoid delays, DPW authorized 50% percent of the design development fee. DPW desires SGH to proceed with the completion of design development and continue with phases 4 through 6 and must receive Board of Supervisors approval before May 2012 in order to preserve the schedule.

The project milestone for each phase is noted in Table B – Project Schedule below.

Project Milestone	Date
Schematic Design Start	December 2011
100% Schematic Design	March 2012
Design Development Start	March 2012
50% Design Development	May 2012
100% Design Development	June 2012
Construction Documents Start	June 2012
30% Construction Documents	August 2012
60% Construction Documents	November 2012
90% Construction Documents	January 2013
100% Construction Documents	March 2013
Construction Start	July 2013
Construction Completion	June 2015
Warranty Phase	July 2015 – July 2016

Budget

The budget for the Seismic Upgrade and Improvements Project is \$132,455,590. The basic services fee of \$10,815,969 is within budget. Further, the 10% contingency of \$805,752 may be funded from the Additional A/E Services. Both budgets are highlighted in Table C – Project Budget below.

Table C - Project Budget

SEISMIC UPGRADE AND IMPROVEMENTS PROJECT		
1. PURCHASE, CONSTRUCTION, & MOBILIZATION		101,940,800
2. PROJECT CONTROL		
2.1 DPW PROJECT MANAGEMENT	3,095,030	
2.2 CITY ADMINISTRATIVE SERVICES	884,400	
2.3 REGULATORY AGENCY APPROVALS	3,087,570	
2.4 A/E SERVICES		
2.4.1 Basic A/E Services	11,055,000	
2.4.2 Construction Management, & Related Services	4,690,800	
2.4.3 Additional CM Services, Geotech, Surveys	2,633,811	
2.4.4 Additional A/E Services	2,412,589	
PROJECT CONTROL TOTAL		27,859,200
3. HAZ MAT ABATEMENT		500,000
4. OTHER PROGRAM COSTS		1,000,000
5. FINANCE COSTS		1,155,590
SEISMIC UPGRADE AND IMPROVEMENTS PROJECT TOTAL		132,455,590

Funding

In FY 2010-11, \$15,000,000 was appropriated for the project funded from proceeds of Certificates of Participation (COPs). The remaining \$117,455,590 is scheduled to be appropriated in the FY 2012-13 budget, also to be funded by proceeds from COPs. The project reserve is sufficient to fund this amendment as noted Table D – Cost Controls.

Table D - Cost Controls

Firm - Scope	Appropriation			Expenditures			Encumbrance	Balance	Percentage of Expenditures
	Previous	Change +/-	Current	Previous	Current 02/01-02/29/12	Total			
Bureau of Architecture	\$500,000	\$18,951	\$518,951	\$231,923	\$89,843	\$321,866	\$0	\$197,085	62.02%
Bureau of Engineering	\$234,200	\$0	\$234,200	\$16,376	\$7,387	\$23,763	\$0	\$210,437	10.15%
Bureau of Construction Management	\$23,592	\$0	\$23,592	\$2,052	\$0	\$2,052	\$0	\$21,540	8.70%
Total	\$757,792	-\$18,951	\$776,743	\$250,351	\$97,230	\$347,581	\$0	\$429,062	44.76%
Summary of Consultants & other City Services and Agencies									
Scope	Appropriation			Expenditures			Encumbrance	Balance	Percentage of Expenditures
	Previous	Change +/-	Current	Previous	Current 02/01-02/29/12	Total			
50. SGH	\$1,850,989	\$1,200,000	\$3,050,989	\$635,642	\$452,602	\$1,108,244	\$752,745	\$1,200,000	36.21%
51. IHI Environment	\$59,025	\$0	\$59,025	\$51,048	\$7,977	\$59,025	\$0	\$0	100.00%
52. ARUP	\$149,300	\$0	\$149,300	\$0	\$0	\$0	\$149,259	\$41	0.00%
53. Paulett Taggart	\$0	\$49,510	\$49,510	\$0	\$0	\$0	\$0	\$49,510	0.00%
54. Tom Eflot Fisch	\$0	\$145,988	\$145,988	\$0	\$0	\$0	\$145,988	\$0	0.00%
99. Project Reserve	\$12,172,894	-\$1,408,443	\$10,764,445	\$0	\$0	\$0	\$0	\$10,764,445	0.00%
Total	\$14,222,208	-\$18,951	\$14,222,257	\$706,690	\$460,579	\$1,167,269	\$1,047,992	\$12,007,996	8.21%
War Memorial Veterans Building	\$15,000,000	\$0	\$15,000,000	\$957,041	\$557,909	\$1,514,950	\$1,047,992	\$12,437,058	10.10%

DPW respectfully requests your recommendation for approval of the Amendment to the Executive Structural Engineering and Consultant Services with Simpson Gumpertz and Heger, Inc. (SGH) to increase the contract amount by \$8,057,524 from \$2,758,445 to \$10,815,969. In addition, we request a 10% contingency totaling \$805,752 for a combined amount not to exceed \$11,621,721.

If you have any questions, please contact Tara Lamont, Project Manager, at (415) 557-4664.

c Edgar Lopez, Tara Lamont, DPW

Attachment: Appendix A – Interim Agreement, Modifications 1, 2, 3, & 4
Appendix B - Agreement Between City and County of San Francisco and
Simpson Gumpertz & Heger, Inc.

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