

1 [Waiving the Competitive Requirements of the Administrative Code for the Procurement of
2 Construction Services for Portion of the Laguna Honda Hospital Replacement Project.]

3 **Ordinance waiving the competitive requirements of Chapter 6 of the**
4 **Administrative Code and authorizing the Director of Public Works, with the assistance**
5 **of the Construction Manager-at Risk, to negotiate the subcontracts for the renovation**
6 **of Wing C and Building H of the Laguna Honda Hospital Replacement Project and**
7 **modifying the contract with the CM-at Risk to incorporate said subcontracts into the**
8 **CM-at-Risk's scope of work.**

9 Note: Additions are single-underline italics Times New Roman;
10 deletions are ~~strikethrough italics Times New Roman~~.
11 Board amendment additions are double underlined.
12 Board amendment deletions are ~~strikethrough normal~~.

13 Be it ordained by the People of the City and County of San Francisco:

14 Section 1. The Laguna Honda Hospital is an important San Francisco Hospital and
15 an essential component of the health care infrastructure of the City and County of San
16 Francisco;

17 Section 2. By Ordinance Nos. 4-03 and 252-04, the Board of Supervisors had
18 authorized the Department of Public Works to retain a Construction Manager-at-Risk, to bid
19 out all trade packages to no fewer than three prequalified subcontractors and to negotiate with
20 any of the bidders of the trade packages on their prices and scope of work in order to meet
21 the construction budget for the total project;

22 Section 3. With the assistance of Turner Construction Company, the CM-at-Risk, the
23 City has bid, awarded and assigned all trade packages for the construction of the hospital
24 complex, with the exception of the construction work related to the remodeling of Wing C and
25 Building H, to the CM-at-Risk.

1 Section 4. The Department of Public Works has finally completed the plans and
2 specifications for the remodel of Wing C and Building H. The work generally consists of life
3 safety upgrades, relocation and expansion of outpatient services, expansion of the materials
4 area, relocation of the kitchen to the new Link Building and development of a new east
5 entrance. The estimated construction cost is \$25 million.

6 Section 5. The Board of Supervisors had previously approved the construction
7 manager-at-risk contracting format because of the complex phasing of the project, requiring
8 the extensive coordination of multiple contractors working in limited construction and staging
9 spaces. Presently there are in excess of fifty (50) subcontractors performing more than two
10 hundred and sixty six million dollars (\$266 million) worth of work within severely restricted
11 staging areas. The addition of new subcontractors and search for additional staging areas
12 would severely strain the logistics at the project site especially in light of the fact that the
13 hospital is fully operational during construction. The addition of new subcontractors in a
14 limited space could also lead to interference with each other's work and result in delays to the
15 total completion of the project.

16 Section 6. The Board hereby waives the competitive requirements of Chapter 6 of
17 the Administrative Code and authorizes the Director of Public Works to construct the Wing C
18 and Building H work in the following manner:

19 (A) The Director of Public Works will obtain a cost estimate for all of the trade
20 packages involved in the construction;

21 (B) The existing CM-at-Risk, with the oversight of the City, will negotiate the cost of
22 the trade packages with existing subcontractors presently performing similar trade package
23 work on the project. Should the cost of any trade package work exceed the estimated cost of
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1 said work by more than ten percent or should there be no similar work being performed on the
2 site or should a subcontractor refuse to accept the new work, the CM-at-Risk will attempt to
3 bid out said work to no less than three qualified subcontractors. The contract for each trade
4 package will be awarded to the lowest price negotiated or lowest bid received, whichever is
5 lower.

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7 APPROVED AS TO FORM:
8 DENNIS J. HERRERA, City Attorney

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10 By: _____
11 GEORGE K. WONG
12 Deputy City Attorney

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