

1 [Amending Ordinance 202-07 and authorizing award of contract for Construction
2 Manager/General Contractor services for the San Francisco General Hospital Rebuild
3 Program.]

4 **Ordinance amending Ordinance 202-07 to add Drywall Subcontractor to the list of**
5 **authorized Core Subcontractors for the San Francisco General Hospital Rebuild**
6 **Program and authorizing the award of a contract for Construction Manager/General**
7 **Contractor services for the San Francisco General Hospital Rebuild Program.**

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

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

13 Section 1. Amending Ordinance 202-07.

14 Section 2 of Ordinance 202-07, on file with the Board of Supervisors in File No.
15 070901, is hereby amended to read as follows:

16 The Department of Public Works ("DPW") is authorized to solicit through a competitive
17 Request for Proposals the pre-construction and construction phase services of a qualified
18 Construction Manager/General Contractor (CM/GC) in conjunction with the Project. The
19 CM/GC's proposal shall include, as members of the CM/GC team, the following Core
20 Subcontractors consisting of the: Mechanical Subcontractor, Plumbing Subcontractor,
21 Building Automation and Control Systems Subcontractor, Building Fire & Life Systems
22 Subcontractor, Electrical Subcontractor - High And Normal Voltage, Drywall Subcontractor, and
23 Electrical Subcontractor and Low Voltage Electrical Subcontractor - Signal &
24 Communications. The CM/GC team shall be retained prior to or as near as practical after the
25 commencement of the Design Development Phase of the Hospital Project being preformed by
the Executive Architectural and Engineering Team (A/E) under separate contract with the City.

1 DPW shall establish a selection panel to evaluate CM/GC proposals and rank the proposers,
2 taking into account the following criteria:

3 (1) the costs of pre-construction services and construction phase services
4 necessary for the Project including the CM/GC's and Core-Subcontractors' pre-construction
5 services fees, the CM/GC's construction phase overhead and fees and general conditions.

6 (2) the qualifications of the CM/GC and Core SubContractors relating to the
7 following: (a) ability to perform required pre-construction and construction phase services, (b)
8 evidence of financial capacity; (c) experience on hospital-type projects under OSHPD
9 jurisdiction; (d) compliance with the goals and requirements of Administrative Code Chapters
10 12 and 14, (e) ability to collaboratively and cooperatively deliver large complex projects on
11 time and on budget; (f) liquidated damages for delay and other damages paid on prior
12 projects, and prior litigation history; (g) reputation with owners of prior projects; (h) claims
13 history with insurance carriers and sureties; (i) compliance with all of the requirements and
14 criteria established in the Request for Proposals and other criteria that DPW may deem
15 appropriate.

16 The Director may allocate a maximum of one hundred points towards the qualifications
17 of a CM/GC's team and, to arrive at the most qualified and most cost effective team, may
18 divide a CM/GC's proposed costs by the total qualifications points awarded to the team. The
19 Director shall be authorized to and shall have the discretion to utilize any other method that he
20 deems will result in the selection of the best CM/GC based upon qualifications and costs.

21 The Director may set forth in the RFP a target Guaranteed Maximum Price ("GMP").
22 The GMP shall be subject to a CPI increase for hospital-type construction. The GMP shall be
23 inclusive of all construction costs, including the successful CM/GC's overhead, fees and
24
25

1 general conditions and all subcontractor and supplier costs. The CM/GC shall work with the
2 A/E and the City to achieve this GMP.

3 Section 2. Authorizing Award of contract for CM/GC Services.

4 In June 2007 the Director of Public Works ("the Director") issued a Request for Pre-
5 Qualifications to identify candidates with the necessary qualifications to submit a proposal as
6 a Construction Manager/General Contractor ("CM/GC") to provide pre-construction and
7 construction phase services in conjunction with the San Francisco General Hospital Rebuild
8 Program ("the Project"). The Director received one response that was subsequently rejected
9 when it was determined that the proposer did not satisfy the pre-qualification requirements set
10 forth in the request.

11 Section 3. After the Director rejected the one proposer, the Director determined that
12 Webcor Construction LP, dba Webcor Builders ("Webcor") met the requirements set out in the
13 Request for Pre-Qualifications and entered into negotiations with Webcor to provide pre-
14 construction and construction phase services in conjunction with the Project. In order to
15 expedite the design phase of the project, the Director entered into an interim agreement with
16 Webcor to provide pre-construction phase services to the City and its design team for a fee
17 not to exceed \$1,000,000 (one million dollars).

18 Section 4. The Director has negotiated a proposed final contract with Webcor that
19 will supercede the interim agreement, whereby Webcor will act as CM/GC and will provide all
20 of the pre-construction and construction phase services necessary to complete the
21 construction of the Project at an estimated (and escalated) construction cost of \$690,000,000
22 (six hundred ninety million dollars). The proposed contract divides the project into four major
23 increments, generally described as Site/Master Utility (increment 1), Utility Package
24
25

1 (increment 2), Structural (increment 3), and Building (increment 4). The pertinent provisions
2 of the proposed contract are as follows:

3 (a) the City will pay the CM/GC a fee equal to 5% (five percent) of the sum of: the
4 awarded trade subcontracts, the CM/GC's general conditions costs (as reviewed and
5 approved by the City), and the amounts expended from the CM/GC's contingency fund;

6 (b) the CM/GC and its Core Subcontractors will work with the City's design team to
7 review the design for, among other things, constructability to eliminate or reduce errors during
8 the construction phase;

9 (c) the CM/GC will provide construction cost estimates on a regular basis and
10 recommend any changes necessary to keep the Project within the budget and the schedule;

11 (d) the CM/GC will prepare all of the trade packages for the work to be bid on
12 and/or awarded to subcontractors;

13 (e) the CM/GC (in conjunction with the City) will develop standards to pre-qualify
14 trade subcontractors who will be bidding on the Project ;

15 (f) the CM/GC may award subcontracts to Core Subcontractors who submit prices
16 within 110% of the estimated cost of their work and will solicit competitive bids for that same
17 work where the price exceeds 110% of the estimated cost of that work;

18 (g) the CM/GC may negotiate individual subcontracts up to \$2,000,000 (two million
19 dollars) each in value, subject to an aggregate limit not to exceed 7.5% of the total estimated
20 subcontract costs for the Project;

21 (h) as a performance incentive to trade subcontractors, the City will share on a
22 50/50 basis the costs savings realized by the trade subcontractors' value engineering
23 proposals that meet the performance criteria in the design and reduce the cost of
24 construction;

25

1 (i) there is a CM/GC contingency fund in the amount of 6.5% of the total cost of
2 construction to cover scope gaps, coordination issues and other disputes arising from conflicts
3 in the construction documents;

4 (j) as a performance incentive for the CM/GC to preserve the CM/GC contingency
5 fund, the City will pay the CM/GC 10% of the unspent amount of the CM/GC contingency
6 remaining after Final Completion if certain conditions are satisfied, including the CM/GC's
7 release of the City from all claims;

8 (k) as a performance incentive for the CM/GC to complete the project ahead of
9 schedule, the City will use any remaining unspent funds from the CM/GC contingency fund to
10 pay the CM/GC up to \$4,000,000 (four million dollars), based on a per/day, sliding scale
11 amount that is tied to the Substantial Completion date;

12 (l) the City will impose liquidated damages for delay in completing the Project
13 based on a sliding scale starting at \$5,000 (five thousand dollars) per day after the first 60
14 days of delay in meeting the Substantial Completion date up to a maximum of \$25,000
15 (twenty five thousand dollars) per day once the Project is delayed eight months or more from
16 the Substantial Completion date; and,

17 (m) the City and the CM/GC agree to participate in certain dispute resolution
18 procedures whose goal is to expeditiously and equitably resolve disputes that arise between
19 the City and the CM/GC during construction.

20 Section 5. Pursuant to Ordinance 202-07 as amended, the Board hereby authorizes
21 the Director of Public Works to award the contract for CM/GC services for the San Francisco
22 General Hospital Rebuild Program to Webcor based upon the terms of the proposed
23 negotiated contract. The Director is authorized to make modifications to the proposed contract
24
25

1 provided that the terms and conditions of the final contract are substantially similar to the
2 terms of the proposed negotiated contract.

3

4

5 APPROVED AS TO FORM:
6 DENNIS J. HERRERA, City Attorney

7

8 By: _____
9 Joseph Sandoval, Jr.
10 Deputy City Attorney

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25