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September 12, 2023

San Francisco Board of Supervisors

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| The Honorable Aaron Peskin, Board President
The Honorable Connie Chan, Supervisor, District 1
The Honorable Catherine Stefani, Supervisor, District 2
The Honorable Joel Engardio, Supervisor, District 4
The Honorable Dean Preston, Supervisor, District 5
The Honorable Matt Dorsey, Supervisor, District 6 | The Honorable Myrna Melgar, Supervisor, District 7
The Honorable Rafael Mandelman, Supervisor, District 8
The Honorable Hillary Ronen, Supervisor, District 9
The Honorable , Supervisor Shamann Walton, District 10
The Honorable Ahsha Safai, Supervisor, District 11 |
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1 Dr. Carlton B. Goodlett Place
 San Francisco, CA 94102

Re: Agenda Item #10: Repairs at Laguna Honda Hospital — Estimated Cost of Repairs Exceeds \$250,000 **[Board File 23-0811]**

Dear President Peskin and Members of the Board of Supervisors,

The Budget and Finance Committee should reject outright the proposed amended Resolution sponsored by Mayor Breed and Supervisor Myrna Melgar. The Laguna Honda Hospital so-called “*emergency repair*” projects are projected to cost a total of at least \$40.5 million, not the mere \$250,000 threshold for projects needing emergency contracting.

The Budget and Finance Committee amended the proposed Resolution in Committee on Wednesday, September 6 by adopting the two recommendations from the Budget and Legislative Analyst’s report dated September 6 to include: 1) A “*not-to-exceed amount*,” and 2) Include a list of named, specific projects gaining specific authorization as “*emergency projects*.”

“ The list of eight projects enumerated and named in the amended Resolution do NOT match the list of eight projects in the BLA’s September 1 report! ”

Unfortunately, lines #9 and #10 on page 3 of Legislative Version #2 of the Proposed Resolution specifically states “... for the projects listed on page 31 of the Budget and Legislative Analyst’s report dated September 1.” Unfortunately, the eight projects listed on page 31 of the BLA report still do not match the eight projects actually named on page 2 of Version 2 of this Resolution, as shown below.

Projects Listed on BLA Report, Page 31	Estimated Cost			Projects Listed in Amended Resolution, (Page 2, Lines 6 to 9)	Cost	Estimated COPs	Increased Cost
	Low	High	High Range				
1 Kitchen Freezer #3	\$ 0.4	\$ 0.7	\$ 700,000	Kitchen Freezer Area Repairs	\$ 0.7		
2 Hospital HVAC Controls	\$ 2.8	\$ 4.2	\$ 4,200,000	Fire Alarm Separation Project	?		
3 Fuel Line Replacement	\$ 1.8	\$ 2.5	\$ 2,500,000	HVAC 3B Project	?		
4 Pharmacy HVAC Upgrade	\$ 1.4	\$ 2.5	\$ 2,500,000	Fuel Line Replacement	\$ 2.5		
5 Stationary X-Ray Replacement	\$ 1.1	\$ 1.8	\$ 1,800,000	Stationary X-Ray Replacement	\$ 1.8		
6 Water Tank Replacement	\$ 2.5	\$ 3.2	\$ 3,200,000	Water Tank Replacement	\$ 3.2	\$ 5,629,734	\$ 3,829,734
7 Kitchen Floor Replacement	\$ 5.3	\$ 8.1	\$ 8,100,000	Pharmacy Compounding Room Repairs	?		
8 Emergency Power Replacement	\$ 3.5	\$ 5.6	\$ 5,600,000	Emergency Power Replacement	\$ 5.6	\$ 8,244,388	\$ 2,644,388
Range of Emergency Work Costs	\$ 18.8	\$ 28.6	\$ 28,600,000	Revised Emergency Work Costs (High)	\$ 13.8		\$ 6,474,122.0

Source: BLA Report dated 9/1/2023, and Amended Board of Supervisors Resolution, Legislation Ver. 2. **Certificates of Participation (COP’s) Estimated Costs**, BLA Report, “Emergency Power Replacement” (page 17), and “Water Tank Replacement” (page 26).

As shown above, three of the projects on page 31 of the BLA’s report shown in red strikethrough are being replaced with three new named projects listed in the amended Resolution, but no dollar amounts are provided in the Resolution for the three new projects. And it’s not clear whether the “HVAC 3B” project is either the hospitalwide “HVAC Controls Project” or the “Pharmacy HVAC” projects listed in the BLA’s report and simply renamed.

But more concerning, elsewhere in the BLA report was a discussion and list of projects to be funded by the \$77 million in COP’s discussed in Agenda item 6 of today’s Board of Supervisors agenda [Board File #23-0833]. **Questions include:**

1. The table shows the BLA may have introduced an error, citing \$28.4 million when projects add up to \$28.6 million.
2. Comparing the list of projects to details in the “Certificates of Participation” section shows that the \$28.4 million estimate may be off by at least \$6.5 to \$6.7 million, suggesting that the “not to exceed \$28.4 million” is knowingly underfunding the actual anticipated project costs.

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3. If the “*Emergency Power Replacement*” and the “*Water Tank Replacement*” projects are being funded from COP’s in either FY 2022–2023 or FY 2023–2024 COP funding, why are they on the “*Emergency Repairs*” projects list and not being funded by traditional competitive bidding, non-emergency projects?
4. The BLA acknowledged on page 32 of the September 1 BLA report that “**total projects costs [range up to] \$40.5 million**” — and that is *without* estimates having been presented for three of the projects (“*Fire Alarm Separation*” project, “*Pharmacy Compounding Room Repairs*” project, and the “*HVAC 3B*” project).

If the costs do reach \$40.5 million, then the \$28.4 million not to exceed authority” is being underfunded by approximately \$12 million!

The Resolution claims the eight LHH projects are all necessary for LHH to obtain recertification as a CMS provider. That appears to be a lie, because on January 15 2023, I specifically placed records request (Next Request 23-295) to obtain a list of all LHH capital projects then currently underway, or required, to obtain CMS recertification.

On January 25, SFDPH responded, saying there were **only four** Capital Improvement projects required for recertification: “[*Kitchen*] Freezer #3; Courtyard Resurfacing around the LHH Loading Dock; Conversion of Triples [Rooms] to Doubles [Rooms]; and Kitchen Floor Remediation Phase 2.”

Of the now 8 projects, only 2 were identified as for recertification necessary in January.

And notably, LHH obtained Medi-Cal recertification on August 16 when it’s application to the California Department of Public Health was approved. And Director of Public Health Grant Colfax announced on September 5 that LHH’s application to obtain Medicare recertification was submitted on August 23. For all we know, CMS may approve LHH’s Medicare recertification soon, without these Emergency Repairs having been completed.

I continue to believe **the Board of Supervisors should reject this Resolution completely** and require SFDPH, LHH, and the Department of Public Works to seek and negotiate competitive bidding on each of these eight projects to lower the overall costs on San Francisco taxpayers.

At a minimum, the Board of Supervisors should delay taking action on this amended Resolution today, until such time as the BLA provides additional project cost estimates that have not been presented to you yet.

Respectfully submitted,

Patrick Monette-Shaw

Columnist/Reporter,

Westside Observer Newspaper

cc: Angela Calvillo, Clerk of the Board
Alisa Somera, Legislative Deputy Director
Brent Jalipa, Clerk to the Budget and Finance Committee