

1 [Procurement of Construction Management and General Contractor services for the new
2 Public Utilities Commission administrative building at 525 Golden Gate]

3 **Ordinance approving an Integrated Project Delivery Plan for the early procurement of a**
4 **Construction Manager/General Contractor for the new Public Utilities Commission**
5 **administrative building at 525 Golden Gate Avenue and modifying the competitive bid**
6 **requirements of Administrative Code Chapter 6 to require an alternative competitive**
7 **process based on experience, qualifications, and price.**

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. General Findings.

14 (a) On May 22, 2000, the City and County of San Francisco exercised its option to
15 acquire the real property at 525 Golden Gate Avenue by Ordinance No. 474-00 (File No.
16 000785).

17 (b) On May 9, 2006, the Board of Supervisors resolved to transfer the property to the
18 jurisdiction of the San Francisco Public Utilities Commission (SFPUC) by Resolution No. 360-
19 06 (File No. 060565).

20 (c) By the same Resolution, this Board of Supervisors affirmed the Planning
21 Commission's certification of the Final Environmental Impact Report for 525 Golden Gate
22 Avenue.

23 (d) The SFPUC, by Resolution No.06-0108, has retained an Executive Architectural
24 Team (the "Architect"), who is engaged as the architect and engineer of record to develop the
25 plans and technical specifications for a new SFPUC administration office building at 525

1 Golden Gate Avenue (the "Project"). The Project will result in a new energy-efficient office
2 building for SFPUC administrative functions.

3 (e) The SFPUC, by Resolution No. 07-0126, has authorized the General Manager to
4 prepare a draft Integrated Project Delivery Ordinance and initiate a request to the Board of
5 Supervisors to adopt such Ordinance for the Project.

6 (f) Due to the unique complexities of the design and construction required for this type
7 of building, the SFPUC has developed an approach to procurement of construction services
8 which it recommends as being in the best interests of the City and County. This approach is
9 known as Integrated Project Delivery, whereby a Construction Manager/General Contractor is
10 retained during the mid-stages of the design process to review and provide comments as to
11 the constructability of the Architect's design within the established budget. The SFPUC
12 believes that Integrated Project Delivery will promote better coordination and collaboration
13 among the design and construction teams, substantially reduce field and/or implementation
14 errors and conflicts, and reduce the project delivery schedule.

15 (g) The Board of Supervisors hereby modifies the otherwise applicable bidding and
16 contracting requirements of Administrative Code Chapter 6, section 6.20, et seq., as provided
17 in this Ordinance, authorizes the SFPUC to take all necessary steps to procure construction
18 services for the Project in conformance with the provisions of this Ordinance, and approves all
19 actions by the SFPUC to date which are consistent with this Ordinance, as follows:

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21 Section 2. Construction Manager/General Contractor Contracting Procedure.

22 (a) Procurement of a Construction Manager/General Contractor (CM/GC). The
23 SFPUC shall procure a CM/GC for the Project in a two-step process: (1) issue a Request For
24 Qualifications (RFQ) to pre-qualify firms based on minimum technical qualifications and (2)

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1 issue a Request For Proposals (RFP) only to the pre-qualified firms. The bid security
2 requirements of Administrative Code section 6.21 are waived. Proposers that do not meet the
3 minimum qualifications of the RFQ shall be eliminated from further consideration. Proposals
4 that do not meet the minimum submittal or content requirements of the RFP or take material
5 exceptions to the RFP requirements, may be eliminated from further consideration.

6 (b) Selection Process for the CM/GC. The selection of a pre-qualified proposer shall
7 be made in two steps: (1) evaluation of each proposer's qualifications, experience, and
8 proposed approach to the project; and (2) calculation of the best value to the City, based on
9 the quality points established during the evaluation and the fee proposed.

10 (c) Evaluation. The SFPUC shall appoint a selection panel of impartial professionals
11 with experience in managing or administering major construction projects. The selection
12 panel shall evaluate the proposers' relative experience (25%); project organization, personnel
13 experience, and qualifications (25%); project approach and schedule (35%); and proposed
14 sharing of savings, value engineering integration, and claims avoidance (15%). In their
15 analysis, the panel members shall not have any information or consider the proposed fees
16 (which the proposers shall include in a separate sealed envelope marked Fee Proposal
17 Package with their respective proposals). The panel members shall individually score each
18 proposer. The SFPUC staff shall add each proposer's points and divide the sum by the
19 number of panel members to determine an average. The average score for each proposer
20 shall be the Total Written Submittal Quality points used to determine the interview process.

21 (d) Interviews. The selection panel shall interview the proposers with the highest Total
22 Written Submittal Quality points as well as any other proposer with a Total Written Submittal
23 Quality point score variance of 25 points or less from the highest score (the "short list"). After
24 the selection panel has completed the proposer short list interviews, points will be assigned by
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1 each panel member for the evaluation criteria and then averaged. The weighted Oral
2 Interview Quality points will be added to the weighted Written Submittal Quality points to
3 calculate the Total Quality Points for each short list proposer. The weighted Oral Interview
4 Quality points will constitute 25% of the total score and the weighted Written Submittal Quality
5 points will constitute 75% of the total score. These scores shall be used for the final selection.

6 (e) Calculation. After establishing the Total Quality Points for each proposer, SFPUC
7 staff shall open the Proposed Fee Packages. The CM/GC Fee covers the proposed fee for
8 providing review comments on the plans and technical specifications during the design
9 process and for administering and assuming responsibility for the entire construction of the
10 Project. The proposers shall each express their Proposed Fee as a percentage of the
11 estimated Construction Budget, published in the RFP (as may be amended prior to
12 submission of the proposals). The SFPUC staff shall multiply the percentage Proposed Fee
13 by the estimated Construction Budget to determine each proposer's Fee in Dollars. The
14 SFPUC staff shall then divide each proposer's Fee in Dollars by the Total Quality Points
15 earned in the evaluation process. The quotient shall equal each proposer's cost per quality
16 point. The proposer with the lowest cost per quality point shall be deemed the highest-ranked
17 proposer.

18 Proposed Fee Percentage x Construction Budget = Fee in Dollars

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$$\frac{\text{Fee in Dollars}}{\text{Total Quality Points}} = \text{Cost/Quality Point}$$

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21 (f) Ranking. Following the evaluation and calculation process, SFPUC staff shall
22 announce the ranking of the proposers, in the order of the lowest cost per quality point being
23 first-ranked.

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1 (g) Contract Award. The SFPUC may award a contract to the first-ranked proposer
2 and may negotiate with that proposer, if deemed necessary by the SFPUC General Manager.
3 Such contract shall contain terms consistent with the RFP and shall include a fee not to
4 exceed that submitted by the CM/GC with its original proposal (plus any incentives authorized
5 by this Ordinance). In the event that the SFPUC is unable to award the contract to the first-
6 ranked proposer, the SFPUC may choose to award a contract to the next proposer in the
7 ranking. To increase efficiency in the process, the SFPUC may award an initial contract for
8 pre-construction services (design and constructability review) followed by award of a contract
9 for general construction services.

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11 Section 3. Trade Subcontracting Procedure.

12 (a) Procurement of Trade Subcontractors. SFPUC shall procure trade work contracts
13 through the CM/GC in a two step process: (1) pre-qualification and (2) competitive bid. The
14 SFPUC's Architect and the CM/GC, in consultation with the SFPUC, shall prepare all trade
15 work packages for the Project. The provisions of Administrative Code section 6.21(A)(9)
16 Designation of Subcontractors are waived.

17 (b) Pre-Qualification. The CM/GC shall pre-qualify trade subcontractors using
18 Administrative Code section 6.20(F) Prequalification and section 6.21(A)(1) Published
19 Advertisement as guidelines, except that resolution of protests or disputes relating to the pre-
20 qualification process shall be made by the CM/GC with the assistance of the SFPUC . The
21 CM/GC shall attempt to establish a pool of no fewer than three pre-qualified trade
22 subcontractors for each trade package, subject to the approval of the SFPUC.

23 (c) Competitive Bid. The CM/GC shall receive sealed bids from pre-qualified trade
24 subcontractors. The provisions of Administrative Code section 6.21(A)(4) Bid Bond are
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1 waived. SFPUC staff will be present to receive the bids to ensure a fair and equitable
2 process. The CM/GC shall consult the SFPUC prior to the rejection of any or all bids.

3 (d) Award. The CM/GC shall award each trade package contract to the responsible
4 bidder submitting the lowest responsive bid except that a portion of the trade package
5 contracts may be negotiated as provided in paragraph (e), below. Only those Administrative
6 Code provisions that normally apply to subcontracts shall apply to the trade package
7 contracts. The SFPUC will modify the CM/GC contract to add the trade packages, thereby
8 increasing the CM/GC's scope of work under its contract with the SFPUC.

9 (e) Negotiation. The selected CM/GC, with the approval of the SFPUC, shall have the
10 authority to negotiate subcontracts for work not exceeding seven and one-half percent (7
11 1/2%) of the total estimated subcontract costs. The value of each negotiated subcontract shall
12 not exceed four hundred-thousand dollars (\$400,000).

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14 Section 4. Performance Incentives for CM/GC.

15 (a) The Board of Supervisors recognizes that the proposed alternative delivery method
16 of Integrated Project Delivery requires a high level of cooperation and collaboration of all
17 contracting parties for the Project to meet budget and schedule.

18 (b) As an incentive for the CM/GC to perform in the best interest of the collective group
19 and for the overall success of the Project, SFPUC is authorized to pay 50% of any
20 unexpended CM/GC Construction Contingency Funds to the CM/GC upon acceptance of the
21 Project as finally complete, up to a maximum of \$3 Million.

22 (c) The payment of the incentive is conditioned upon the CM/GC meeting all of the
23 following: (1) receipt by the City of a final Certificate of Occupancy on or before the final
24 completion date for construction under the CM/GC contract and (2) within 90 days of receiving
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1 the Certificate of Occupancy, receipt by the City of a release of all claims from the CM/GC and
2 an unconditional indemnification by the CM/GC of all known or unknown, existing or future
3 stop notices and subcontractor/supplier claims relating to the Project.

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5 Section 5. Performance Incentives for Trade Subcontractors.

6 (a) The Board of Supervisors recognizes that the City may realize significant cost
7 savings through value engineering of the trade bid packages. The Board of Supervisors
8 authorizes the SFPUC to share with the trade subcontractors 50% of any cost savings
9 realized as a result of value engineering, through the process set forth in this section.

10 (b) In the trade packages, the CM/GC may request the bidders to submit voluntary
11 value engineering suggestions as deductive alternates to the bid documents. For any such
12 deductive alternate submitted, the bidders will be required to provide a specific price
13 deduction for each value engineering suggestion. Bidders shall submit value engineering
14 suggestions in a separate, sealed envelope with their bids. The value engineering
15 suggestions shall remain sealed during the opening of the bids. The CM/GC, together with
16 SFPUC staff who are not part of the Project Team, will open the sealed deductive alternate
17 packages and will prepare a summary of the deductive alternates with no identifying
18 information as to which bidder proposed what alternate. SFPUC staff, in consultation with the
19 Architect and the CM/GC, shall evaluate and determine whether any alternative design or
20 proposed value engineering would reduce the cost of the work while meeting the performance
21 criteria in the original design.

22 (c) The trade subcontractor who accepts the value-engineered items selected by
23 SFPUC staff, at the deductive amount stated in the submitted suggestion, would receive 50%
24 of the stated savings for that item. In consideration of the effort required in analyzing the
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1 value-engineered items, any portion of the fee to the CM/GC that is based on the originally
2 contracted amount for the Trade subcontractors shall not be reduced by acceptance of such
3 deductive value engineering proposals accepted by the City.

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5 Section 6. Local Business Enterprise (LBE) Participation.

6 The Executive Director of the Human Rights Commission has set an LBE
7 subconsulting/subcontracting goal for the Project. The CM/GC may meet the goal through the
8 cumulative participation of LBEs in the construction management phase and/or the
9 construction phase of the Project.

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

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14 By: _____
Joseph Sandoval, Jr.
Deputy City Attorney

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