

1 [Procurement of construction management and general construction services for the new
2 Public Utilities Commission administrative building at 525 Golden Gate Avenue, San
3 Francisco, California]

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

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. General Findings.

15 (a) On May 22, 2000, the City and County of San Francisco exercised its option to
16 acquire the real property at 525 Golden Gate Avenue by Ordinance No. 474-00 (File No.
17 000785).

18 (b) On May 9, 2006, the Board of Supervisors resolved to transfer the property to the
19 jurisdiction of the San Francisco Public Utilities Commission (SFPUC) by Resolution No. 360-
20 06 (File No. 060565).

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

24 (d) The SFPUC, by Resolution No.06-0108, has retained an Executive Architectural
25 Team (the "Architect"), who is engaged as the architect and engineer of record to develop the

1 plans and technical specifications for a new SFPUC administration office building at 525
2 Golden Gate Avenue (the "Project"). The Project will result in a new energy-efficient office
3 building for SFPUC administrative functions.

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

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

16 (g) By this Ordinance, the Board of Supervisors authorizes the SFPUC to take all
17 necessary steps to procure pre-construction services and construction services for the Project
18 in conformance with the provisions of this Ordinance, approves all actions by the SFPUC to
19 date which are consistent with this Ordinance, and modifies the otherwise applicable bidding
20 and contracting requirements of Administrative Code Chapter 6, as follows:

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

2 (a) Procurement of a Construction Manager/General Contractor (CM/GC). The
3 SFPUC will procure a CM/GC for the Project in a two-step process: (1) issue a Request For
4 Qualifications (RFQ) to pre-qualify firms based on minimum technical qualifications and (2)
5 issue a Request For Proposals (RFP) only to the pre-qualified firms. The bid security
6 requirements of Administrative Code section 6.21 will not apply. Proposals that do not meet
7 the minimum submittal or content requirements of the RFP or take material exceptions to the
8 RFP requirements may be eliminated from further consideration.

9 (b) Selection Process for the CM/GC. The SFPUC will use a two-step process (more
10 fully described in paragraphs (c) through (f) below) to select the successful CM/GC.

11 (c) Written Submittals. The SFPUC will appoint a selection panel of impartial
12 professionals with experience in managing or administering major construction projects. Each
13 pre-qualified proposer will make a written submittal to the panel and in that submittal will
14 demonstrate its qualifications across four broad categories including: relative experience
15 (25%); project organization, personnel experience and qualifications (25%); project approach
16 and schedule (35%); and savings sharing, integration of value engineering, and claims
17 avoidance (15%).

18 Each written submittal will also include a separate submittal containing the proposer's
19 Total Proposed Fee. The Total Proposed Fee is the proposed fee for: (1) providing review
20 comments on the plans and technical specifications during the design process, and, (2) for
21 administering and assuming responsibility for the entire construction of the Project. The
22 proposers will place their fee proposal in a sealed envelope marked "Fee Proposal Package"
23 and submit it separately from their written submittal.

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1 Each panel member will review, evaluate, and score each proposer's written submittal.
2 The panel members will not see or consider any proposer's fee proposal in making their
3 evaluation. After every proposer has been scored, SFPUC staff will total each proposer's
4 points and divide that total by the number of panel members who scored the proposal. The
5 resulting average is that proposer's Written Submittal Quality Points score.

6 (d) Interviews. After the panel has scored the written submittals, the panel will
7 interview the key members of each proposer's team and score each proposer's oral
8 presentation. The panel members will not see or consider any proposer's fee proposal in
9 making their evaluation. The SFPUC staff will total each proposer's points and divide that
10 total by the number of panel members who scored the proposer. The resulting average is that
11 proposer's Oral Interview Quality Points score.

12 (e) Best Value Calculation. After the panel has scored the oral interviews, the SFPUC
13 staff will add each proposer's Oral Interview Quality Points score to that proposer's Written
14 Submittal Quality Points score. The resulting sum is the Total Quality Points score for that
15 proposer. The Total Quality Points score is a weighted score. Written Submittal Quality
16 points will account for 75% of the total score. Oral Interview Quality points will account for
17 25% of the total score.

18 After the SFPUC staff has determined each proposer's Total Quality Points score,
19 SFPUC staff will open each of the Fee Proposal Packages. The SFPUC staff will divide the
20 dollar amount of each proposer's Total Proposed Fee by that proposer's Total Quality Points
21 score. The resulting quotient is that proposer's cost per quality point.

22 (f) Contract Award. The SFPUC will award the contract to the proposer with the lowest
23 cost per quality point. In the event that the SFPUC is unable to award the contract to the
24 proposer with the lowest cost per quality point, the SFPUC may award a contract to the
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1 proposer with the next lowest cost per quality point. To increase efficiency in the process, the
2 SFPUC may award an initial contract for pre-construction services (design and constructability
3 review) followed by award of a contract for general construction services.

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5 Section 3. Trade Subcontracting Procedure.

6 (a) Procurement of Trade Subcontractors. SFPUC will procure trade work contracts
7 through the CM/GC by (1) pre-qualification and (2) competitive bid. The Architect and the
8 CM/GC, in consultation with the SFPUC, will prepare all trade work packages for the Project.

9 (b) Pre-Qualification. The CM/GC, with the approval of the City, will pre-qualify all
10 trade subcontractors. The CM/GC will use Administrative Code sections 6.20(F) and
11 6.21(A)(1) as guidelines for pre-qualifying subcontractors. The City, with the assistance of the
12 CM/GC, will resolve any protests or disputes relating to the pre-qualification process. The
13 CM/GC will attempt to establish a pool of no fewer than three pre-qualified trade
14 subcontractors for each trade package, subject to the approval of the SFPUC.

15 (c) Competitive Bid. The CM/GC will receive sealed bids from the pre-qualified trade
16 subcontractors. The bid security provisions of Administrative Code section 6.21 will not apply.
17 SFPUC staff will be present to receive the bids to ensure a fair and equitable process. The
18 CM/GC will consult the SFPUC before rejecting any bids.

19 (d) Award. The CM/GC will award a trade package contract to the responsible bidder
20 submitting the lowest responsive bid except that the CM/GC may negotiate and award a
21 portion of the trade package contracts as provided in paragraph (e), below. Only those
22 Administrative Code provisions that normally apply to subcontracts will apply to the trade
23 package contracts. The SFPUC will modify the CM/GC's contract by adding to it the awarded
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1 trade packages, thereby increasing the CM/GC's scope of work and the Contract Sum under
2 its contract with the SFPUC.

3 (e) Negotiation. The CM/GC, with the approval of the SFPUC, has the authority to
4 negotiate subcontracts for work not exceeding seven and one-half percent (7 1/2%) of the
5 total estimated subcontract costs. The value of each negotiated subcontract will not exceed
6 four hundred thousand dollars (\$400,000).

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8 Section 4. Performance Incentives for CM/GC.

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

12 (b) As an incentive for the CM/GC to perform in the best interest of the contracting
13 parties and for the overall success of the Project, the SFPUC is authorized to pay the CM/GC
14 50% of the unspent amount of the CM/GC Contingency once the Project is accepted as finally
15 complete. In no event will the CM/GC receive or be entitled to a performance incentive greater
16 than \$3 million.

17 (c) The CM/GC will not receive or be entitled to any incentive payment unless all of the
18 following conditions are satisfied: (1) the City must receive final approvals from all of the
19 agencies that it retained for the purpose of determining whether the Project meets code, (2)
20 the City must issue a Notice of Substantial Completion for the Project on or before the
21 Substantial Completion date set forth in contract (plus any applicable extensions of time), and,
22 (3) the City must receive, within 90 days from the issuance of the Notice of Substantial
23 Completion, the CM/GC's written release releasing the City from all claims by the CM/GC and
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1 the CM/GC's written agreement to unconditionally indemnify the City from all known or
2 unknown claims of any subcontractor/supplier relating to the Project.

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4 Section 5. Performance Incentives for Trade Subcontractors.

5 (a) The Board of Supervisors recognizes that the City may realize significant cost
6 savings through value engineering of the trade bid packages.

7 (b) Value Engineering Pre-Award. The CM/GC may ask bidders to submit voluntary
8 value engineering proposals as deductive alternates to their bids. Any bidder who includes
9 value engineering proposals with its bid must provide a specific price deduction for each value
10 engineering proposal. The bidders will submit their value engineering proposals in a separate,
11 sealed envelope with their bids.

12 (c) The CM/GC, together with SFPUC staff who are not part of the Project Team, will
13 open the separate value engineering proposals first and prepare a summary of the proposals
14 without identifying who made the proposals. The Architect and SFPUC staff, in consultation
15 with the CM/GC, will evaluate each anonymous value engineering proposal and select those
16 that would reduce the cost of the work yet meet the performance criteria in the original design.

17 (d) SFPUC staff will announce which value engineering proposals have been selected
18 before opening any of the bids. After the bids are opened, SFPUC staff will deduct the price of
19 the selected value engineering proposal from the bid price of the bidder who made the
20 selected proposal. The resulting figure is the amount that will be used when determining who
21 submitted the lowest bid.

22 (e) Value Engineering/Shared Savings After Award. The CM/GC will give all of the
23 trade subcontractors who were awarded sub-contracts the opportunity to make additional
24 value engineering proposals for any work that is within the scope of their respective sub-
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1 contracts. The Architect and the City, in consultation with the CM/GC, may accept those
2 proposals that meet the performance criteria in the original design and reduce the cost of the
3 work. If an accepted proposal results in an actual cost savings, the trade subcontractor who
4 made the successful proposal will receive 50% of the amount of that savings. The City will
5 receive the remaining 50%. In consideration of the effort required to analyze and integrate any
6 selected value-engineered proposals, the SFPUC will not reduce the fee to which the CM/GC
7 would otherwise be entitled but will pay the CM/GC the agreed fee based on the amount of
8 the subcontract as originally awarded.

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

11 The Executive Director of the Human Rights Commission has set an LBE
12 subconsulting/subcontracting goal for the Project. The CM/GC may meet the goal through the
13 cumulative participation of LBEs in the pre-construction phase and/or the construction phase
14 of the Project.

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

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By: _____
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