

1 [Contracting Process for San Francisco General Hospital Rebuild Project]

2 **Ordinance authorizing the Director of Public Works to issue a Request for Proposals**  
3 **for the services of a Construction Manager/General Contractor for the San Francisco**  
4 **General Hospital Rebuild Program and to award a contract for such services based on**  
5 **the best qualifications and fee. This ordinance further authorizes the Director to**  
6 **negotiate and obtain prices from certain core subcontractors and to allow them to**  
7 **become subcontractors to the CM/GC, provided said prices are validated by City-**  
8 **retained cost estimators.**

9 Note: This entire section is new.

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

11 Section 1. The Director of Public Works has determined that the construction of the  
12 San Francisco General Hospital Rebuild Project ("Project") requires specialized expertise and  
13 skill, which should be procured with an alternative delivery method, henceforth referred to as  
14 Project Integration. Project Integration is intended to address the unique schedule constraints  
15 resulting from the state-mandated deadlines set forth in State Senate Bill 1953, as well as to  
16 meet schedule extension criteria set forth in State Senate Bill 1661. Project Integration  
17 provides a means for the earliest practical engagement of contractors and subcontractors with  
18 California hospital construction experience to assist the design team in providing the City with  
19 a well designed and constructed Project. With the expected collaboration between the design  
20 team and the construction team, Project Integration should reduce or eliminate field and/or  
21 implementation errors and conflicts. Project Integration should compress the normal project  
22 schedule by eliminating or reducing wasted, redundant or erroneous project process steps  
23 and by performing design work and construction work in parallel and in phases, resulting in  
24 time and money savings.  
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1           Section 2.    The Department of Public Works ("DPW") is authorized to solicit through  
2 a competitive Request for Proposals the pre-construction and construction phase services of  
3 a qualified Construction Manager/General Contractor (CM/GC) in conjunction with the Project.  
4 The CM/GC's proposal shall include, as members of the CM/GC team, the following Core  
5 Subcontractors consisting of the: Mechanical Subcontractor, Plumbing Subcontractor,  
6 Building Automation and Control Systems Subcontractor, Building Fire & Life Systems  
7 Subcontractor, Electrical Subcontractor - High And Normal Voltage, and Electrical  
8 Subcontractor and Low Voltage Electrical Subcontractor - Signal & Communications. The  
9 CM/GC team shall be retained prior to or as near as practical after the commencement of the  
10 Design Development Phase of the Hospital Project being preformed by the Executive  
11 Architectural and Engineering Team (A/E) under separate contract with the City. DPW shall  
12 establish a selection panel to evaluate CM/GC proposals and rank the proposers, taking into  
13 account the following criteria:

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

17                   (2) the qualifications of the CM/GC and Core SubContractors relating to the  
18 following: (a) ability to perform required pre-construction and construction phase services, (b)  
19 evidence of financial capacity; (c) experience on hospital-type projects under OSHPD  
20 jurisdiction; (d) compliance with the goals and requirements of Administrative Code Chapters  
21 12 and 14, (e) ability to collaboratively and cooperatively deliver large complex projects on  
22 time and on budget; (f) liquidated damages for delay and other damages paid on prior  
23 projects, and prior litigation history; (g) reputation with owners of prior projects; (h) claims  
24 history with insurance carriers and sureties; (i) compliance with all of the requirements and  
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1 criteria established in the Request for Proposals and other criteria that DPW may deem  
2 appropriate.

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

8 The Director may set forth in the RFP a target Guaranteed Maximum Price ("GMP").  
9 The GMP shall be subject to a CPI increase for hospital-type construction. The GMP shall be  
10 inclusive of all construction costs, including the successful CM/GC's overhead, fees and  
11 general conditions and all subcontractor and supplier costs. The CM/GC shall work with the  
12 A/E and the City to achieve this GMP.

13 Section 3. The Director of Public Works shall award the CM/GC contract to the  
14 qualified CM/GC submitting the highest ranked proposal. If the award to the highest ranked  
15 CM/GC is not made for any reason, the Director may award the contract to the next highest-  
16 ranked proposer, and so forth; or the Director shall reject all proposals and issue a new RFP.

17 Section 4. The CM/GC and the Core Subcontractors shall provide design assistance  
18 in the form of value engineering proposals and constructability, completeness and accuracy of  
19 design review to eliminate errors and omissions. As soon as is practical, the Core  
20 Subcontractors shall furnish the City with firm prices on their respective trade work. The City  
21 shall at all times retain the services of cost estimators who shall provide the City with cost  
22 estimates of the work to be performed by the Core SubContractors. Should the City  
23 determine with the help of the cost estimators that the prices submitted by each of the Core  
24 Subcontractors are reasonable and reflect market prices, then the Core Subcontractors shall  
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1 become subcontractors to the CM/GC at said prices. Should the City determine that a Core  
 2 Subcontractor's prices are excessive, the City shall require the CM/GC to solicit bids for said  
 3 Core Subcontractor's work from no less than three qualified subcontractors. If the City  
 4 determines that there are fewer than three qualified subcontractors, then bids shall be  
 5 obtained from all subcontractors determined to be qualified. The new lowest responsible  
 6 responsive subcontractor shall become a subcontractor to the CM/GC at the bid price, which  
 7 shall not be higher than the original Core Subcontractor's price..

8 Section 5. The selected CM/GC with the approval of the City shall bid out the trade  
 9 packages for the remaining work for the project. Said trade packages shall be developed in  
 10 conjunction with the City, the A/E and the CM/GC. The CM/GC, with the approval of the  
 11 Director, shall have the authority to negotiate subcontracts for work not exceeding seven and  
 12 one half percent (7 1/2%) of the GMP, less CM/GC's overhead, fees and general conditions.  
 13 The value of each said subcontract shall not exceed two million dollars.

14 Section 6. The Director of Public Works shall provide the following information to  
 15 and shall obtain the following approvals from the Board of Supervisors as follows:

<b>Project Key Events and Milestones</b>	<b>Information to be Provided to Board of Supervisors</b>
Any Future Material Changes to Project Cost Estimate and with Each Milestone described below.	Notification to Board of Supervisors and report on any material changes to project cost estimates, causes for increases in cost estimates and mitigation measures available to consider.
Hiring of A/E and CM/GC	Information required for Board of Supervisors approval

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Phase I: Completion of Programming and Planning	Report of Results to Board of Supervisors; EIR submission to Board of Supervisors for certification.
Phase II: Completion of Design	Report of Results to Board of Supervisors, status of OSHPD approvals and permits.
Phase III: Commencement of Construction and ongoing through construction phase	Periodic (at least annually) report to Board of Supervisors on project timing, progress toward completion, summary information on significant change orders, budget versus actual cost, other pertinent information.
Project Completion	Final report on project results compared to original design and budgeted costs.

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

By: \_\_\_\_\_  
GEORGE K. WONG  
Deputy City Attorney