

[Administrative Code Chapter 6 – technical amendments and amendments to contracting procedures.]

Ordinance amending San Francisco Administrative Code Chapter 6 to correct typographical errors in subsections 6.22(B) and 6.22(H)(2)(d), to clarify and revise subsection 6.22(J) concerning retention of progressive payments, to clarify and revise subsection 6.23(C) concerning the rejection or failure of bids, to revise section 6.61 concerning design-build contracting procedures, and to add a new section 6.28 authorizing the use of integrated project delivery.

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

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

Section 1. The San Francisco Administrative Code is hereby amended by amending Section 6.22, to read as follows:

SEC. 6.22. PUBLIC WORK CONSTRUCTION CONTRACT TERMS AND WORKING CONDITIONS.

All construction contracts awarded by the City and County of San Francisco shall contain the following minimum terms and conditions:

(A) **Bonds.** Before the execution of any contract for public works or improvements, the department head authorized to execute such contracts shall require the successful bidder to file corporate surety bonds for the faithful performance thereof and to guarantee the payment of wages for services engaged and of bills contracted for material, supplies and equipment used in the performance of the contract. The bond shall be for a sum not less than 100 percent of the award.

1 The City and County of San Francisco, acting through its Human Rights Commission
2 ("HRC"), intends to provide guarantees to private bonding assistance companies and financial
3 institutions in order to induce those entities to provide required bonding and financing to
4 eligible contractors bidding on and performing City public work contracts. This bonding and
5 financial assistance program is subject to the provisions of Administrative Code Section
6 12D.A.9.

7 **(B) Insurance.** All construction contracts awarded under this Chapter must conform
8 to the insurance requirements established by the Risk Manager. The Risk Manager shall
9 develop uniform insurance requirements for City contracts subject to this Chapter and shall
10 publish such requirements in the Risk Manager's Manual. The Risk Manager shall review and
11 update such insurance requirements on an annual basis.

12 Every contractor and subcontractor shall comply with the provisions of the California
13 Labor Code section 3700. Prior to commencing performance of Work under any public work
14 contract, the contractor and all of its subcontractors shall file with the awarding department a
15 certificate of insurance against liability for workers compensation or proof of self-insurance in
16 accordance with the provisions of the California Labor Code.

17 **(C) Indemnification.** All construction contracts awarded under this Chapter shall
18 require that the contractor fully indemnify the City and County to the maximum extent provided
19 by law, such that each contractor must save, keep, bear harmless and fully indemnify the City
20 and County and any of its officers or agents from any and all liability, damages, claims,
21 judgments or demands for damages, costs or expenses in law or equity that may at any time
22 arise.

1 This indemnification requirement may not be waived or abrogated in any way for any
2 contract without the recommendation of the City's Risk Manager and the express permission
3 and approval of the Board of Supervisors.

4 (D) **Assignment.** No contract shall be assigned except upon the recommendation
5 of the department head concerned and with the approval of the Mayor or the Mayor's
6 designee, relative to the department under the Mayor's jurisdiction, or the approval of the
7 board or commission concerned for departments not under the Mayor.

8 (E) **Prevailing Wages.**

9 (1) **Generally.** All contractors and subcontractors performing a public work or
10 improvement for the City and County of San Francisco shall pay its workers on such projects
11 the prevailing rate of wages as provided below. For the purpose of the prevailing wage
12 requirements only, the definition of a public work shall include those public works or
13 improvements defined in the foregoing section 6.1 of this Chapter and shall also include (a)
14 any trade work performed at any stage of construction (including preconstruction work) and
15 (b) any public work paid for by the City and County of San Francisco with "the equivalent of
16 money" under the meaning of Labor Code section 1720(b).

17 (2) **Leased Property Included.** For the limited purposes of this subsection, a
18 "public work or improvement" also means and includes any construction work done under
19 private contract when all of the following conditions exist:

- 20 (a) The construction contract is between private persons; and
21 (b) The property subject to the construction contract is privately owned, but upon
22 completion of the construction work will be leased to the City and County of San Francisco for
23 its use; and
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1 (c) Either of the following conditions exist: (1) The lease agreement between the
2 lessor and the City and County of San Francisco, as lessee, is entered into prior to the
3 construction contract, or (2) The construction work is performed according to the plans,
4 specifications, or criteria furnished by the City and County of San Francisco, and the lease
5 agreement between the lessor and the City and County of San Francisco as lessee, is
6 entered into during, or upon completion, of the construction work.

7 (3) **Determination of the Prevailing Wage.** It shall be the duty of the Board of
8 Supervisors, from time to time and at least once during each calendar year, to fix and
9 determine the prevailing rate of wages as follows:

10 On or before the first Monday in November of each year, the Civil Service Commission
11 shall furnish to the Board of Supervisors data as to the highest general prevailing rate of
12 wages of the various crafts and kinds of labor as paid in private employment in the City and
13 County of San Francisco, plus "per diem wages" and wages for overtime and holiday work.
14 The Civil Service Commission shall provide the Board of Supervisors data for "per diem
15 wages" pursuant to California Labor Code sections 1773.1 and 1773.9, as amended from time
16 to time. The Board of Supervisors shall, upon receipt of such data, fix and determine the
17 prevailing rate of wages. The prevailing rate of wages as so fixed and determined by the
18 Board of Supervisors shall remain in force and shall be deemed to be the highest general
19 prevailing rate of wages paid in private employment for similar work, until the same is
20 changed by the Board of Supervisors. In determining the highest general prevailing rate of
21 wages per diem wages and wages for overtime and holiday work, as provided for in this
22 section, the Board of Supervisors shall not be limited to the consideration of data furnished by
23 the Civil Service Commission, but may consider such other evidence upon the subject as the
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1 Board shall deem proper and thereupon base its determination upon any or all of the data or
2 evidence considered.

3 In the event that the Board of Supervisors does not fix or determine the highest general
4 prevailing rate of wages in any calendar year, the rates established by the California
5 Department of Industrial Relations for such year shall be deemed adopted.

6 (4) **Specifications to Include Wage Rate.** The department head authorized to
7 execute a construction contract under this Chapter shall include in the contract specifications,
8 or make available in the offices of the department or at the job site, a detailed statement of the
9 prevailing rate of wages as fixed and determined by the Board of Supervisors at the time the
10 department issued the Advertisement for Bids on the contract. The contractor shall agree to
11 pay to all persons performing labor in and about the public work or improvement the highest
12 general prevailing rate of wages as determined pursuant to this Chapter, including wages for
13 holiday and overtime work. If the specifications do not include the prevailing rate of wages,
14 the specifications shall include a statement that copies of the prevailing rate of wages as fixed
15 and determined by the Board of Supervisors are on file at the department's principal office or
16 at the job site and shall be made available to any interested party on request.

17 (5) **Subcontractors Board by Wage Provisions.** Every contract for any public
18 work or improvement shall also contain a provision that the contractor shall insert in every
19 subcontract or other arrangement which he or she may make for the performance of any work
20 or labor on a public work or improvement. This provision shall be that the subcontractor shall
21 pay to all persons performing labor or rendering service under said subcontract or other
22 arrangement the highest general prevailing rate of wages as fixed and determined by the
23 Board of Supervisors for such labor or services.

1 (6) **Records to be Kept by Contractors and Subcontractors.** Every public works
2 contract or subcontract awarded under this Chapter shall contain a provision that the
3 contractor shall keep, or cause to be kept, for a period of four years from the date of
4 substantial completion of a public work, payrolls and basic records including time cards, trust
5 fund forms, apprenticeship agreements, accounting ledgers, tax forms and superintendent
6 and foreman daily logs for all trades workers performing work at or for a City and County of
7 San Francisco public work or improvement. Such records shall include the name, address
8 and social security number of each worker who worked on the project, including apprentices,
9 his or her classification, a general description of the work each worker performed each day,
10 the rate of pay (including rates of contributions for, or costs assumed to provide fringe
11 benefits), daily and weekly number of hours worked, deductions made and actual wages paid.
12 Every subcontractor who shall undertake the performance of any part of a public work or
13 improvement shall keep a like record of each person engaged in the execution of the
14 subcontract.

15 The contractor shall maintain weekly certified payroll records for submission to the
16 awarding department as required. The contractor shall be responsible for the submission of
17 payroll records of its subcontractors. All certified payroll records shall be accompanied by a
18 statement of compliance signed by the contractor indicating that the payroll records are
19 correct and complete, that the wage rates contained therein are not less than those
20 determined by the San Francisco Board of Supervisors and that the classifications set forth for
21 each employee conform with the work performed.

22 All such records as described in this section shall at all times be open to inspection and
23 examination of the duly authorized officers and agents of the City and County of San
24 Francisco, including representatives of the Office of Labor Standards Enforcement.
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1 Should the department head responsible for the public work or the Labor Standards
2 Enforcement Officer determine that a contractor or subcontractor is not in compliance with the
3 requirements of this subsection, the department head or the Labor Standards Enforcement
4 Officer shall issue a written notification to the contractor or subcontractor mandating
5 compliance within not fewer than ten calendar days from the date of notification. Should the
6 contractor or subcontractor fail to comply as required in the notification, the department head
7 who executed the contract or the Labor Standards Enforcement Officer may impose a penalty
8 of \$25.00 for each calendar day of noncompliance, or portion thereof, for each worker. Upon
9 the request of the responsible department head or the Labor Standards Enforcement Officer,
10 the Controller shall withhold these penalties from progress payments then due or to become
11 due.

12 **(7) Additional Required Contract Provisions.** Every public works contract shall
13 contain provisions stating that (1) the contractor will cooperate fully with the Labor Standards
14 Enforcement Officer and other City employees and agents authorized to assist in the
15 administration and enforcement of the prevailing wage requirements and other labor
16 standards imposed on public works contractors by the Charter and Chapter 6 of the San
17 Francisco Administrative Code; (2) the contractor agrees that the Labor Standards
18 Enforcement Officer and his or her designees, in the performance of their duties, shall have
19 the right to engage in random inspections of job sites and to have access to the employees of
20 the contractor, employee time sheets, inspection logs, payroll records and employee
21 paychecks; (3) the contractor shall maintain a sign-in and sign-out sheet showing which
22 employees are present on the job site; (4) the contractor shall prominently post at each job-
23 site a sign informing employees that the project is subject to the City's prevailing wage
24 requirements and that these requirements are enforced by the Labor Standards Enforcement
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1 Officer; and (5) that the Labor Standards Enforcement Officer may audit such records of the
2 contractor as he or she reasonably deems necessary to determine compliance with the
3 prevailing wage and other labor standards imposed by the Charter and this Chapter on public
4 works contractors. Failure to comply with these requirements may result in penalties and
5 forfeitures consistent with California Labor Code section 1776(g), as amended from time to
6 time.

7 (8) **Non-compliance with Wage Provisions—Penalties.**

8 (a) **Penalty and Forfeiture.** Any contractor or subcontractor who shall fail or
9 neglect to pay to the several persons who shall perform labor under any contract, subcontract
10 or other arrangement on any public work or improvement as defined in this Chapter the
11 highest general prevailing rate of wages as fixed by the Board of Supervisors under authority
12 of this Chapter, shall forfeit; and, in the case of any subcontractor so failing or neglecting to
13 pay said wage, the original contractor and the subcontractor shall jointly and severally forfeit
14 to the City and County of San Francisco back wages due plus the penal sum of \$50 per day
15 for each laborer, workman or mechanic employed for each calendar day or portion thereof,
16 while they shall be so employed and not paid said highest general prevailing rate of wages,
17 and in addition shall be subject to the penalties set forth in Article V of this Chapter, including
18 debarment.

19 (b) **Enforcement.** It shall be the duty of the officer, board or commission under
20 whose jurisdiction said public work or improvement is being carried on, made or constructed,
21 when certifying to the Controller any payment which may become due under said contract, to
22 deduct from said payment or payments the total amount of said forfeiture provided for in this
23 subsection. In doing so, the department head must also notify in writing the Labor Standards
24 Enforcement Officer of his/her action. The Labor Standards Enforcement Officer may also,
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1 upon written notice to the department head who is responsible for the project, certify to the
2 Controller any forfeiture(s) to deduct from any payment as provided for in this subsection.
3 Certification of forfeitures under this subsection shall be made only upon an investigation by
4 the responsible department head or the Labor Standards Enforcement Officer and upon
5 written notice to the contractor identifying the grounds for forfeiture or forfeitures. The
6 Controller, in issuing any warrant for any such payment, shall deduct from the amount which
7 would otherwise be due on said payment or payments the amount of said forfeiture or
8 forfeitures as so certified.

9 (c) **Recourse Procedures.** If the contractor or subcontractor disagrees with the
10 forfeiture as so provided in the foregoing subparagraph (b), then the following procedure
11 applies:

12 (i) The contractor or subcontractor may request a hearing in writing within 15 days
13 of the date of the notification of forfeiture. The request shall be directed to the City Controller.
14 Failure by the contractor or subcontractor to submit a timely, written request for a hearing
15 shall constitute concession to the assessment and the forfeiture shall be deemed final upon
16 expiration of the 15-day period.

17 (ii) Within 15 days of receiving a proper request, the Controller shall appoint a
18 hearing officer with knowledge and not less than five years' experience in labor law, prevailing
19 wage, and/or wage and hour issues, and shall so advise the enforcing official and the
20 contractor or subcontractor, and/or their respective counsel or authorized representative;

21 (iii) The hearing officer shall promptly set a date for a hearing. The hearing must
22 commence within 45 days of the notification of the appointment of the hearing officer and
23 conclude within 75 days of such notification unless all parties agree to an extended period.

1 (iv) The contractor and subcontractor shall have the burden of proving that the basis
2 for the back wage and penalty assessment is incorrect;

3 (v) Within 30 days of the conclusion of the hearing, the hearing officer shall issue a
4 written decision affirming, modifying, or dismissing the assessment. The decision of the
5 hearing officer shall consist of findings and a determination. The hearing officer's findings and
6 determination shall be final.

7 (vi) The contractor or subcontractor may appeal a final determination under this
8 section only by filing in the San Francisco Superior Court a petition for a writ of mandate
9 under California Code of Civil Procedure, section 1084, et seq., as applicable and as may be
10 amended from time to time.

11 (d) **Distribution of Forfeiture.** The Controller shall withhold any forfeiture as
12 provided in the foregoing paragraphs until such time as either the contractor or subcontractor
13 has conceded to the forfeiture or, in the event of an objection, there is a determination no
14 longer subject to judicial review. The Controller shall then distribute the amounts withheld in
15 the following order: (1) the Labor Standards Enforcement Officer shall make its best efforts to
16 distribute back wages withheld to the individual workers identified as not having been paid the
17 proper wage rate; (2) the penal sums provided for above inure to the benefit of the general
18 fund of the City and County of San Francisco; (3) the Controller shall hold the balance of any
19 back wages in escrow for workers whom the Labor Standards Enforcement Officer, despite
20 his/her best efforts, cannot locate; funds so held for two years or more shall be dedicated to
21 the enforcement of the prevailing wage requirements.

22 (F) **Hours and Days of Labor.**

23 (1) **Generally.** For the purpose of meeting prevailing conditions and enabling
24 employers to secure a sufficient number of satisfactory workers and artisans, no person
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1 performing labor or rendering service in the performance of any contract or subcontract for
2 any public work or improvement as defined in this Chapter shall perform labor for a longer
3 period than five days (Monday through Friday) of eight hours each, with two 10-minute breaks
4 per eight-hour day, except in those crafts in which a different work day or week now prevails
5 by agreement in private employment. Any person working hours in addition to the above shall
6 be compensated in accordance with the prevailing overtime standards and rates.

7 (2) **Noncompliance—Penalties and Forfeiture.** Any contractor or subcontractor
8 who shall violate any of the provisions of this subsection shall be liable for the same penalties
9 and forfeits as those specified in Subsection 6.22(E) of this Chapter; penalties and forfeits
10 shall be applicable for each laborer, mechanic or artisan employed for each calendar day or
11 portion thereof whereon such laborer, mechanic or artisan is compelled or permitted to work
12 more than the days and hours specified herein. The provisions of this subsection shall be
13 made a part of all contracts and subcontracts for the construction of any public work or
14 improvement.

15 (3) **Contracts Outside City and County.** In the event that any public work or
16 improvement is to be constructed outside of the City and County of San Francisco and at such
17 a distance therefrom that those engaged in performing labor on said public work or
18 improvement must under ordinary conditions remain at or near the site of said work or
19 improvement when not actually engaged in the performance of labor thereon, then the officer,
20 board or commission responsible for the construction of said public work or improvement may,
21 in making specifications or letting contracts thereon, make provisions therein for days and
22 hours of labor beyond the limitations provided for in Section 6.22(F) of this Chapter; but not to
23 exceed eight hours in any one calendar day, or six days in any calendar week. In the event
24 that emergency conditions shall arise, making a change advisable during the performance of
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1 any such contract, or any portion thereof, the hours and days of labor may be extended
2 beyond the limits hereinabove expressed; but not to exceed eight hours per day, upon the
3 written authority of the officer, board or commission awarding such contract. Failure of the
4 contractor to perform such contract within the time provided shall not constitute an
5 emergency.

6 (G) **Local Hiring.**

7 (1) **Contract Requirements.** All construction contracts for public works or
8 improvements to be performed within the boundaries of the City and County of San Francisco
9 shall contain the following provisions:

10 Contractor agrees to make a good-faith effort, with the assistance of community organizations
11 designated by the City or local labor union hiring halls, to hire qualified individuals who are
12 residents of the City and County of San Francisco to comprise not less than 50% of each
13 contractor's total construction work force, measured in labor work hours, and contractor
14 promises to give special preference to minorities, women and economically disadvantaged
15 individuals.

16 Contractor shall keep, and provide to the City, an accurate record showing the name, place of
17 residence, hours employed and per diem pay of each person employed by the contractor,
18 including full-time, part-time, permanent and temporary employees.

19 Contractor shall keep, and provide to the City, an accurate record describing in detail
20 contractor's good-faith efforts to secure employment of residents of the City and County of
21 San Francisco.

22 A failure to abide by these contract provisions may result in the imposition of sanctions and
23 penalties, including those provided for in San Francisco Administrative Code Section 6.80.

24 (2) **Definitions.**
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1 "Qualified Individual" shall mean an individual who (A) is eligible for a certified
2 apprenticeship program in an applicable trade; (B) has completed a certified apprenticeship
3 program in an applicable trade; or (C) has completed comparable time in an applicable trade.

4 "Resident of the City and County of San Francisco" shall mean an individual who is
5 domiciled, as defined by Section 200(b) of the California Election Code, within the boundaries
6 of the City and County during the entire time of the performance of the contract and who can
7 verify his or her domicile, upon request of the contractor or City, by producing documentation
8 such as a rent/lease agreement, telephone and utility bills or payment receipts, a valid
9 California driver's license or identification card, and/or any other similar, reliable evidence that
10 verifies that the individual is domiciled within the City and County of San Francisco.

11 "Economically disadvantaged" shall mean an individual who has been unable to secure
12 employment in his or her trade for more than 20 working days in the past six months, or
13 whose annual maximum income falls within the income limits established by the Mayor's
14 Office of Community Development for the Community Development Block Grant (CDBG)
15 programs.

16 (3) **Enforcement.** The Human Rights Commission shall be the City agency
17 charged with the monitoring and enforcement of the provisions of this subsection.

18 (H) **Modifications—General Requirements.** If it becomes necessary in the
19 prosecution of any public work or improvement under contract to make alternations or
20 modifications or to provide for extras, such alterations, modifications or extras shall be made
21 only on written recommendation of the department head responsible for the supervision of the
22 contract, together with the approval of the Mayor or the Mayor's designee or the board of
23 commission, as appropriate to the department, and also the approval of the Controller, except
24 as hereafter provided. The Mayor or the board or commission, as appropriate to the
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1 department, may delegate in writing the authority to approve such alterations, modifications or
2 extras to the department head, except as provided below. The Controller may delegate in
3 writing the authority to encumber funds from prior appropriations for such alterations,
4 modifications or extras to the department head prior to the certification for payment. Such
5 authority, when granted, will clearly state the limitations of the changed to be encompassed.

6 (1) **Increasing or Decreasing Price.** Alterations, modifications or extras in any
7 contract, which will increase or decrease the contract cost or scope, may be made or allowed
8 only on the written recommendation of the department head responsible for the supervision of
9 the contract stating the amount and basis for such increase or decrease. For any cumulative
10 increase or decrease in price in excess of ten percent of the original contract price or scope,
11 the department head shall obtain the approval of the Mayor or Mayor's designee or the board
12 or commission as appropriate and also the approval of the Controller notwithstanding any
13 delegation provided for above.

14 (2) **Extensions of Time.** Upon finding that work under a construction contract
15 cannot be completed within the specified time because of an unavoidable delay as defined in
16 the contract, the department head may extend the time for completion of the work. If the
17 cumulative extensions of time exceeds ten percent of the original contract duration, the
18 department head shall first obtain the approval of the Mayor, the Mayor's Designee, board or
19 commission, as appropriate to the department notwithstanding any delegation provided for
20 above. All time extensions shall be in writing, but in no event shall any extension be granted
21 subsequent to the issuance of a certificate of final completion.

22 (a) **Time Extension Not Waiver of City's Rights.** The granting of an extension of
23 time because of unavoidable delays shall in no way operate as a waiver on the part of the City
24 and County or department head, Mayor, board or commission of the right to collect liquidated
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1 damages for other delays or of the right to collect other damages or of any other rights to
2 which the City and County is entitled.

3 (b) **No Extension Granted When Contract Based on Time Estimates.** When any
4 award of contract has been made in consideration, in whole or in part, of the relative time
5 estimates of bidders for the completion of the work, no extension of time may be granted on
6 such contract beyond the time specified for completion, unless the liquidated damages for
7 each day the work is uncompleted beyond the specified time shall be collected; provided,
8 however, that this shall not apply to unavoidable delays due to acts of God.

9 (c) **Avoidable and Unavoidable Delay; Limitation of Damages for Delay.** The
10 department head administering the public work shall have the authority to specify in the
11 contract the delays that shall be deemed avoidable and unavoidable. The City and County
12 shall not pay damages or compensation of any kind to a contractor because of delays in the
13 progress of the work, whether such delays be avoidable or unavoidable; provided, however,
14 the City and County may pay for (1) delays caused to the contractor by the City and County;
15 and (2) such unavoidable delays as may be specifically stated in the contract. Such latter
16 delays will be compensated for only under the conditions specified in the contract.

17 (d) **Notice of Delay Required.** The contractor shall promptly notify the department
18 head in writing, of all anticipated delays in the prosecution of the work and, in any event,
19 promptly upon the occurrence of delay, ~~the~~ The notice shall constitute an application for an
20 extension of time only if the notice request such extension and sets forth the contractor's
21 estimate of the additional time required together with a full recital of the causes of unavoidable
22 delays relied upon. The department head may take steps to prevent the occurrence or
23 continuance of the delay, may classify the delay as avoidable or unavoidable and may
24 determine to what extent the completion of the work is delayed thereby.

1 (I) **Liquidated Damages.** Any contract may provide a time within which the
2 contract work, or portions thereof, shall be completed and may provide for the payment of
3 agreed liquidated damages to the City and County for every calendar or working day
4 thereafter during which such work shall be uncompleted.

5 (J) **Retention of Progressive Payments.** ~~Any contract may provide for progressive~~
6 ~~payments, if the Advertisement for Bids shall so specify. No progressive payments under the contract~~
7 ~~shall be made which, with prior payments, shall exceed in amount 90 percent of the value of the work~~
8 ~~and labor and materials furnished. However, if the department head responsible for the public work~~
9 ~~determines that the contract is 50 percent or more complete, that the contractor is making satisfactory~~
10 ~~progress and that there is no specific cause for greater withholding, the department head may~~
11 ~~authorize that either (a) the amount held in retention be liquidated to an amount not less than 5% of the~~
12 ~~contract price, including all modifications, and that future progressive payments may not exceed 95%~~
13 ~~of the value of the work and labor and materials furnished or (b) once the amount held in retention~~
14 ~~equals an amount not less than 10% of the contract price, including all modifications, that no further~~
15 ~~retention be deducted from progressive payments. When the department head responsible for the~~
16 ~~public work determines that the contract is 95 percent complete, the department shall make no further~~
17 ~~payments to the contractor until the department head responsible for the public work determines the~~
18 ~~project to be 100% complete.~~

19 (1) Any contract may provide for progressive payments, if the Advertisement For Bids shall
20 so specify. Each progress payment shall constitute full compensation for the value of work performed
21 and materials furnished for a specified period, less amounts withheld as a result of dispute or as
22 required by law.

23 (2) From every progress payment, the City shall hold 10 percent in retention.
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1 (3) If the department head responsible for the public work or his/her designee determines
2 that the contract is 50 percent or more complete, that the contractor is making satisfactory progress,
3 and that there is no specific cause for greater withholding, the department head or his/her designee,
4 upon the written request of contractor, may authorize one of the following two options: (a) the City
5 shall release part of the retention to the contractor so that the amount held in retention by the City,
6 after release to the contractor, is reduced to an amount not less than 5 percent of the total value of the
7 labor and materials furnished, and the City shall proceed to retain 5 percent of any subsequent
8 progress payment under the contract; or (b) the City shall continue to hold the already withheld
9 retention amount, up to 5 percent of the total contract price, and shall not deduct further retention from
10 progress payments.

11 (4) Retention shall be withheld solely for the benefit and protection of the City.

12 (5) The City shall release retention to the contractor upon the following conditions: (a) the
13 contractor has reached final completion under the contract terms and conditions and (b) the contract is
14 free of offsets by the City for liquidated damages, defective work and the like, and is free of stop
15 notices, forfeitures, and other charges. When the department head responsible for the public work or
16 his/her designee determines that the contract is 98 percent or more complete, the department head or
17 his/her designee may reduce retention funds to an amount equal to 200 percent of the estimated value
18 of work yet to be completed, provided that the contract is free of offsets by the City and is free of stop
19 notices, forfeitures, and other charges.

20 (6) In no event shall the City be liable for interest or charges arising out of or relating to
21 the date the City issues any progress payment or the date the City releases all or part of the retention,
22 except that the City will pay interest at the legal rate, as set forth in section 685.010(a) of the
23 California Code of Civil Procedure as that section may be amended from time to time, on any
24 improperly withheld amounts commencing no earlier than 90 days after the date the City should have
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1 made any progress payment or released all or part of the retention. Under no circumstances shall the
2 legal rate of interest paid by the City under this provision exceed 10 percent per annum. The payment
3 of interest under this provision is the limit of the City's liability with respect to any claim for interest on
4 improperly withheld amounts.

5 (K) **Inspection and Acceptance of Completed Work; Final Payment.** The
6 department head authorized to execute any contract for public works or improvements shall
7 be responsible for the inspection and acceptance of such work on completion. Such
8 acceptance shall be in writing and shall include the certificate of the department head
9 concerned that the work covered by the contract has been fully and satisfactorily completed in
10 accordance with the plans and specifications therefor. Receipt of copy of such acceptance in
11 writing shall constitute the Controller's authority to complete any payments due the contractor
12 under the contract; provided that the Controller may make such additional investigation or
13 inspection as is provided by Administrative Code Section 10.07.

14 (L) **Termination for Convenience.** In all contracts for construction of any public
15 work or improvement, the department head authorized to execute any contract for any public
16 work or improvement may include in the specifications setting forth the terms and conditions
17 for the performance of the contract a provision that the City and County may terminate the
18 performance of work under the contract whenever the department head shall determine, with
19 the approval of the Mayor, the Mayor's designee or the board or commission concerned, that
20 such termination is in the best interest of the City and County. Any such termination shall be
21 effected by the delivery to the contractor of a notice of termination specifying the extent to
22 which performance of work under the contract is terminated and the date upon which such
23 termination becomes effective. The department head is hereby authorized to include within
24 such construction contract the appropriate language to implement this subsection.

1 (M) **Violations of Chapter 6; False Claims.** Every public work contract performed
2 at the expense of the City and County of San Francisco, or the cost of which is paid for out of
3 monies deposited in the treasury of the City and County, whether directly awarded or
4 indirectly by or under subcontract, subpartnership, day labor, station work, piece work or any
5 other arrangement whatsoever, shall incorporate the provisions of Article V (commencing at
6 Section 6.80) of this Chapter, relating to administrative debarments and false claims. The
7 failure to include such reference or incorporation shall not in any way abrogate the rights of
8 the City and County under Article V of this Chapter.

9 (N) **Articles Not to be Prison Made.** No article furnished under any contract
10 awarded under the provisions of this Chapter shall have been made in a prison or by convict
11 labor except for articles made in prisons or by convicts under the supervision or control of the
12 California Department of Corrections and limited to articles for use by the City and County's
13 detention facilities.

14 (O) **Employment of Apprentices.** All construction contracts awarded under this
15 Chapter shall require the Contractor to comply with the requirements of the State
16 Apprenticeship Program (as set forth in the California Labor Code, Division 3, Chapter 4
17 [commencing at Section 3070] and Section 1777.5), as it may be amended from time to time,
18 and shall require the Contractor to include in its subcontracts the obligation for subcontractors
19 to comply with the requirements of the State Apprenticeship Program.

20 (P) **Safety.** All construction contracts awarded under this Chapter shall require the
21 Contractor and all of its subcontractors to abide by the applicable Occupational Safety and
22 Health statutes and regulations.

1 Additionally, all construction contracts awarded under this Chapter shall require the
2 Contractor and all of its subcontractors to abide by the requirements of Administrative Code
3 Section 64.1, prohibiting masonry-dry cutting and masonry dry-grinding, with exceptions.

4 (Q) **Claims.** The City shall consider only those claims for additional payment under
5 a public work contract that are certified and that conform to the contract requirements for
6 claims, pricing, and schedule.

7 (1) **Claims by Contractors.** The contractor shall certify under penalty of perjury
8 that (a) the claim is made in good faith; (b) the supporting data are accurate and complete to
9 the best of Contractor's knowledge and belief; and (c) the amount request accurately reflects
10 the Contract adjustment for which the Contractor believes the City is liable. An individual or
11 officer authorized to act on behalf of the Contractor shall execute the certification.

12 (2) **Claims by Subcontractors.** Subcontractors at any tier are not third-party
13 beneficiaries of any Contract awarded under this Chapter. The City shall not consider a direct
14 claim by any subcontractor. A Contractor presenting to the City any claim on behalf of a
15 subcontractor must certify the subcontractor's claim in the same manner the Contractor would
16 certify its own claim under the foregoing paragraph (1).

17 Section 2. The San Francisco Administrative Code is hereby amended by amending
18 Section 6.23, to read as follows:

19 **SEC. 6.23. PUBLIC WORKS TO BE PERFORMED BY THE CITY; BIDS BY CITY**
20 **DEPARTMENTS; PROCEDURE UPON REJECTION OR FAILURE OF BIDS**

21 (A) **Public Works Less Than or Equal to the Threshold Amount.** Any public
22 work or improvement estimated to cost less than or equal to the Threshold Amount may be
23 performed by the employment of the necessary labor and purchase of the necessary
24 materials and supplies directly by the City and County.

1 **(B) Bids by City Departments.** Appropriate City and County departments may file
2 sealed bids for the execution of any work to be performed under a contract and shall not be
3 required to furnish security or submit information relative to financial qualifications as provided
4 in this Chapter. Any bid submitted by a department of the City and County, if it is the lowest
5 bid, must be approved by the Controller before the award of contract. If the bid of a City and
6 County department, as investigated and approved by the Controller, is the lowest, the contract
7 shall be awarded to the department which shall record accurate unit costs of all direct and
8 indirect charged incurred under any such contract. Such unit costs shall be reported to and
9 audited by the Controller monthly and on completion of the work.

10 The Controller shall maintain records of bids filed by departments in relation to the total
11 direct and indirect cost of each such work and shall report thereon periodically to the Mayor.
12 The Controller may refuse to approve contracts with a department shown to be repeatedly
13 underbidding on contract work and failing to complete same within the contract price or time.

14 ~~**(C) Execution Of Work By City Upon Rejection or Failure of Bids.** When bids have been~~
15 ~~advertised pursuant to the required procedure and no responsive bid is received, or where only one~~
16 ~~responsive bid has been received, the department head, with the approval of the Mayor or the Mayor's~~
17 ~~designee, or the department head, with the approval of the board or commission to which he or she is~~
18 ~~responsible, may order the related work to be executed by the City and County in the most expeditious~~
19 ~~manner, provided however, that the cost of such work shall not exceed any bid price received for the~~
20 ~~same work.~~

21 **(C) Procedure Upon Rejection or Failure of Bids.** When bids have been advertised
22 pursuant to the required procedures and no bids are received, or only one responsive bid is received
23 from a responsible bidder, the department head shall take the following actions, as appropriate:

1 (1) No Bids Received. If no bids are received, the department head shall determine (a)
2 whether further outreach efforts would result in contractors submitting bids and/or (b) whether
3 removal or modification of certain requirements in the contract would result in contractors submitting
4 bids, provided that such requirements are not required by statute or law and their removal or
5 modification would not compromise the interests of the City and County. If the department head
6 determines that steps (a) and/or (b), above, would likely result in contractors submitting bids, then the
7 department head shall re-bid the work. If the department head determines that neither step (a) nor (b),
8 above, would likely result in contractors submitting bids, then the department head, with the approval
9 of the Mayor, the Mayor's designee, or the board or commission concerned, as appropriate, may
10 negotiate with any qualified contractor or may order the work to be executed by the City and County.

11 (2) One Responsive Bid Received; No Other Bids Received. If only one responsive bid is
12 received from a responsible bidder, and no other bids are submitted for the same work, the department
13 head may recommend the award of a contract to the sole bidder at the bid price received, provided that
14 the bid price does not exceed the engineer's estimate for the work. If the bid price received exceeds the
15 engineer's estimate, the department head shall determine (a) whether further outreach efforts would
16 result in more than one bid and/or (b) whether removal or modification of certain requirements in the
17 contract would result in more than one bid, provided that such requirements are not required by statute
18 or law and their removal or modification would not compromise the interests of the City and County. If
19 the department head determines that steps (a) and/or (b), above, would likely result in more than one
20 bid at bid prices substantially lower than the bid price received, then the department head shall re-bid
21 the work. If the department head determines that neither step (a) nor (b), above, would likely result in
22 more than one bid at bid prices substantially lower than the bid price received, then the department
23 head, with the approval of the Mayor, the Mayor's designee, or the board or commission concerned, as
24 appropriate, may negotiate with the sole bidder or any qualified contractor, or may order the work to

1 be executed by the City and County. The cost of negotiated work or the cost of work executed by the
2 City and County shall not exceed any bid price received for the same work.

3 (3) One Responsive Bid Received; Other Nonresponsive Bids Received. If only one
4 responsive bid is received from a responsible bidder and other, nonresponsive bids and/or bids by
5 nonresponsive bidders are submitted for the same work, the department head may recommend the
6 award of a contract to the sole responsive, responsible bidder at the bid price received, provided that
7 the bid price does not exceed the engineer's estimate for the work. If the responsive bid price received
8 exceeds the engineer's estimate, the department head shall determine (a) whether the qualifications for
9 bidders were too onerous and not necessary for the work and/or (b) whether one or more of the
10 nonresponsive bids could be easily cured and whether the bidders that submitted such bids are still
11 interested in bidding on the work. If the department head determines that the steps(a) and/or (b),
12 above, would likely result in more than one responsive bid by responsible bidders, at bid prices
13 substantially lower than the bid price received, then the department head shall re-bid the work. If the
14 department head determines that neither step (a) nor (b), above, would result in more than one
15 responsive bid by responsible bidders at bid prices substantially lower than the bid price received, then
16 the department head, with the approval of the Mayor, the Mayor's designee, or the board or
17 commission concerned, as appropriate, may negotiate with the sole responsible bidder or any qualified
18 contractor, or may order the work to be executed by the City and County. The cost of negotiated work
19 or the cost of work executed by the City and County shall not exceed any bid price received for the
20 same work.

21 (4) All contracts awarded under this subsection 6.23(C), including negotiated contracts,
22 shall require that the substitution of subcontractors be in accordance with California Public Contract
23 Code section 4107.

Section 3. The San Francisco Administrative Code is hereby amended by amending
Section 6.61, to read as follows:

SEC. 6.61. DESIGN-BUILD

The department heads authorized to execute contracts for public work projects are
authorized to seek proposals from qualified private entities ("~~developers~~design-builders") for
design-build construction and/or financing of public work projects under the following
conditions:

(A) Before the request for qualifications~~proposals~~ is issued, the department head
shall determine that a design-build program is necessary or appropriate to achieve anticipated
cost savings or time efficiencies, or both, and that such a process is in the public's best
interest.

(B) If the proposed public work project is for the use or benefit of a department that
is under the jurisdiction of a commission, then such commission shall first approve the
solicitation of design-build and/or finance proposals. If the public work project is not for the
use or benefit of a department under the jurisdiction of a commission, then the City
Administrator must first approve this process.

(C) Pre-Qualification. Department heads shall require that prospective design-builders be
pre-qualified to submit proposals on a specific project. The procedure for pre-qualification is as
follows:

(1) The department head shall issue a request for qualifications inviting interested parties to
submit their qualifications to perform the project. The request for qualifications shall include criteria
by which the prospective design-builders will be evaluated during the qualification process. The
evaluation criteria shall be based on qualifications and experience relevant to the services needed for
the project, including: (i) qualifications to design-build the proposed project; (ii) evidence of financial

1 capacity; (iii) experience on similar projects; (iv) commitment to comply with the goals and
2 requirements of Administrative Code Chapters 12 and 14; (v) ability to collaboratively and
3 cooperatively deliver projects on time and on budget; (vi) liquidated damages for delay and other
4 damages paid on prior projects, and prior litigation history; (vii) reputation with owners of prior
5 projects; (viii) claims history with insurance carriers and sureties; and (ix) compliance with all of the
6 requirements established in the request for qualifications and other criteria that the department head
7 may deem appropriate. The department head shall set objective scoring criteria and incorporate the
8 criteria into any scoring procedure.

9 (2) The department head shall designate a panel to review pre-qualification responses and
10 interview and rate respondents with respect to the request for qualifications. Only those respondents
11 found to be qualified will be eligible to submit proposals. The list of pre-qualified respondents shall be
12 valid for not more than two years following the date of initial pre-qualification.

13 (3) The department head may establish a pre-qualification selection process whereby the
14 panel ranks respondents and recommends a shortlist of no fewer than three (3) pre-qualified
15 respondents. The department head may restrict bidding to short-listed respondents. The shortlist of
16 pre-qualified respondents shall be valid for not more than two years following the date of initial pre-
17 qualification.

18 D. Request for Proposals. The department head shall issue a request for proposals inviting
19 pre-qualified design-builders to submit proposals for the project. The request for proposals shall
20 include a criteria package describing preliminary design criteria and performance criteria for the
21 project, as well as any other information deemed necessary to describe adequately the City's needs for
22 the project.

23 E. Final Selection Process. The department head may recommend the award of a contract
24 to the responsible bidder submitting the lowest responsive bid. If the award to that bidder is not made
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1 for any reason, the department head may recommend the award of a contract to the responsible bidder
2 submitting the next lowest responsive bid, and so forth. The department head may, at his or her sole
3 discretion, conduct any negotiations that are necessary to effectuate the award of a contract.

4 F. Alternative Final Selection Process. If the project seeks private financing proposals
5 and/or the department head determines that it is in the public's best interest to consider qualifications
6 and/or other subjective criteria (e.g., quality of design proposal) as part of the final selection process,
7 the department head shall issue a request for proposals inviting pre-qualified design-builders to submit
8 design-build proposals, which will be evaluated based upon qualifications and project and/or financing
9 costs.

10 (1C) ~~Developers submitting design build proposals shall offer evidence of qualifications in~~
11 ~~the field of design and construction of similar projects.~~ The department head may request
12 ~~developers design-builders~~ to create partial designs, which will be evaluated as part of the final
13 selection process. The department head may offer a reasonable stipend to short-listed design-
14 builders to create partial designs. The receipt of a stipend shall be contingent upon a design-builder's
15 proposal being responsive to the request for proposals.

16 (2) The department head may require short-listed design-builders who are creating partial
17 designs to participate in one or more confidential review meetings with City representatives and/or
18 selection panel members during the proposal preparation period. The purpose of the review meetings
19 will be to ensure that each design-builder's partial design is proceeding in a manner that is consistent
20 with the requirements of the City as set forth in the criteria package. Discussions during review
21 meetings shall be limited to objective elements of the criteria package.

22 (3D) ~~Developers~~ Design-builders submitting private financing proposals shall provide
23 evidence of the commitment of funds necessary to privately finance the proposed projects to
24 completion.

1 ~~(E) — Developers shall comply with all applicable requirements set forth in San Francisco~~
2 ~~Administrative Code Chapters 12B, 12C and 12D.A. The request for proposals shall require~~
3 ~~developers to demonstrate good faith efforts to utilize MBE and WBE subcontractors/subconsultants~~
4 ~~pursuant to San Francisco Administrative Code Chapter 12D.A.~~

5 (4F) The department head shall designate a panel to evaluate developer's design-build
6 proposals and rank the proposals to determine which provides the overall best value to the
7 City and County in regard to the following criteria: (1) plan for expediency in completing the
8 proposed project; (2) lifecycle cost to the City and County; (3) qualifications ~~of the developers to~~
9 ~~design-build and, if applicable, to~~ finance the proposed project; ~~(4) qualifications of the developers~~
10 ~~to construct the proposed project;~~ (45) quality of design proposal; ~~(56)~~ compliance with the goals
11 ~~set by the Human Rights Commission~~ and requirements of the Administrative Code Chapters ~~12B,~~
12 ~~12C and 12D.A~~ 12 and 14; ~~(67)~~ commitment to meet the City hiring goals (e.g., CityBuild or First
13 ~~Source Hiring~~ welfare-to-work); ~~(78)~~ if private financing is sought, commitment of funds, cost of
14 funds and terms to the City; and ~~(89)~~ compliance with all the requirements and criteria
15 established by the Department head in the request for proposals. The cost criterion shall
16 constitute not less than sixty-five percent (65%) of the overall evaluation.

17 ~~(G) — The competitive bid requirements of this Chapter shall not apply to the selection of~~
18 ~~developers under this Section 6.61.~~

19 (GH) Subject to paragraph (KI) below, the department head ~~is authorized to negotiate~~
20 ~~all proposed contracts necessary or appropriate for the proposed project with the highest ranked~~
21 ~~developer. If the department head determines that contract negotiations with the highest ranked~~
22 ~~developer are not proceeding satisfactorily, the department head may terminate such negotiations and~~
23 ~~enter into negotiations with the next highest ranked developer. If the department head deems a~~
24 ~~contract to have successfully been negotiated with a developer, the department head may then~~

~~recommend such proposed contract for award in accordance with Article I of this Chapter. may recommend the award of a contract to the highest-ranked design-builder. If the award to the highest-ranked design-builder is not made for any reason, the department head may recommend the award of a contract to the next highest-ranked design-builder, and so forth. The department head may, at his or her sole discretion, conduct any negotiations that are necessary to effectuate the award of a contract. The City shall retain the absolute discretion to determine not to proceed with any proposed project, which right may be exercised without liability to developers for costs incurred during the entire proposal and negotiation process, and such rights shall be reserved in all requests for proposals.~~

(H) The City shall retain the absolute discretion to determine, at any time during the process, not to proceed with any proposed project, which right may be exercised without liability to design-builders for costs incurred during the entire pre-qualification, proposal and negotiation process, and such rights shall be reserved in all requests for qualifications and proposals.

(I) The competitive bid requirements of this Chapter shall not apply to the selection of design-builders under this Section 6.61.

(J) Design-builders shall comply with all applicable requirements set forth in San Francisco Administrative Code Chapters 12 and 14.

(K) All final contracts for a public work project that involve a design-build and/or finance program shall be subject to the award provisions of Article I of this Chapter. If the proposed contract involves a financing program, the Capital Improvement Advisory Committee must review and report on the proposed project before the board, commission, Mayor or his/her designee takes any action with respect to award of the contract.

(L) Procurement of Trade Subcontractors. Department heads may require the selected design-builder to procure trade work contracts through a pre-qualification and competitive bid process, as follows:

1 (1) Pre-qualification. The department head shall require the design-builder to pre-qualify
2 all trade subcontractors, subject to the approval of the department head. The design-builder shall
3 attempt to establish a pool of no fewer than three pre-qualified subcontractors for each trade package,
4 subject to the approval of the department head.

5 (2) Competitive Bid. The department head shall require the design-builder to receive sealed
6 bids from the pre-qualified trade subcontractors. The bid security provisions of Section 6.21 will not
7 apply. The design-builder shall award a trade package subcontract to the responsible bidder
8 submitting the lowest responsive bid, except that the design-builder may negotiate and award a portion
9 of the trade package subcontracts as provided in paragraph (3), below. Only those Administrative
10 Code provisions that normally apply to subcontracts will apply to the trade package subcontracts.

11 (3) The department head may authorize the design-builder to negotiate subcontracts for
12 trade work as appropriate for the project, up to an amount not exceeding seven and one-half percent of
13 the total estimated subcontract costs. The department head shall establish a maximum dollar value for
14 each negotiated trade subcontract as appropriate for the project.

15 ~~(M)~~ All actions heretofore taken by a department head consistent with the provisions
16 of this section are hereby approved.

17 (N) All design-build projects that are substantially underway as of the effective date of this
18 subsection 6.61(N) that do not comply with the mandatory pre-qualification requirements of subsection
19 6.61(C) are hereby approved, provided that the applicable department heads shall only consider
20 proposals from qualified design-builders.

21 Section 4. The San Francisco Administrative Code is hereby amended by adding
22 Section 6.68, to read as follows:
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24
25

1 **SEC. 6.68. INTEGRATED PROJECT DELIVERY**

2 Integrated project delivery is an approach to the procurement of construction services whereby
3 a construction manager/general contractor ("CM/GC") is retained during the design process to review
4 and provide comments as to the constructability of the Architect/Engineer's design within the
5 established budget. The department heads authorized to execute contracts for public work projects are
6 authorized to seek proposals from qualified CM/GCs for construction of public work projects using an
7 integrated project delivery under the following conditions:

8 (A) Before the request for qualifications is issued, the department head shall determine that
9 an integrated project delivery is necessary or appropriate to achieve anticipated cost savings or time
10 efficiencies, or both, and that such a process is in the public's best interest.

11 (B) If the proposed public work project is for the use or benefit of a department that is under
12 the jurisdiction of a commission, then such commission shall first approve the solicitation of integrated
13 project delivery proposals. If the public work is for the use or benefit of a department not under the
14 jurisdiction of a commission, then the City Administrator must first approve this process.

15 (C) Pre-qualification. Department heads shall require that prospective proposers be pre-
16 qualified to submit proposals on a specific project. The procedure for pre-qualification is as follows:

17 (1) The department head shall issue a request for qualifications inviting interested parties to
18 submit their qualifications to perform the project. The request for qualifications shall include criteria
19 by which the prospective proposers shall be evaluated. The evaluation criteria shall be based on
20 qualifications and experience relevant to the services needed for the project, including: (i) ability to
21 perform required pre-construction and construction phase services; (ii) evidence of financial capacity;
22 (iii) experience on similar projects; (iv) commitment to comply with the goals and requirements of
23 Administrative Code Chapters 12 and 14; (v) ability to collaboratively and cooperatively deliver
24 projects on time and on budget; (vi) liquidated damages for delay and other damages paid on prior
25

1 projects, and prior litigation history; (vii) reputation with owners of prior projects; (viii) claims history
2 with insurance carriers and sureties; and (ix) compliance with all of the requirements established in the
3 request for qualifications and other criteria that the department head may deem appropriate. The
4 department head shall set objective scoring criteria and incorporate the criteria into any scoring
5 procedure.

6 (2) The department head shall designate a panel to review pre-qualification responses and
7 interview and rate respondents with respect to the request for qualifications. Only those respondents
8 found to be qualified will be eligible to submit proposals. The list of pre-qualified respondents shall be
9 valid for not more than two years following the date of initial pre-qualification.

10 (D) Request for Proposals. The department head shall issue a request for proposals inviting
11 pre-qualified CM/GCs to submit competitive cost proposals for the project. The request for proposals
12 shall include information describing the scope of pre-construction and construction phase services for
13 the project. The request for proposals shall request the following minimum cost information from each
14 proposer: (i) fees for pre-construction services and (ii) fees for construction phase services, including
15 overhead, profit and general conditions.

16 (E) Final Selection Process. The department head may recommend the award of a contract
17 to the responsible bidder submitting the lowest responsive bid. If the award to that bidder is not made
18 for any reason, the department head may recommend the award of a contract to the responsible bidder
19 submitting the next lowest responsive bid, and so forth. The department head may, at his or her sole
20 discretion, conduct any negotiations that are necessary to effectuate the award of a contract.

21 (F) The City shall retain the absolute discretion to determine, at any time during the
22 process, not to proceed with any proposed project, which right may be exercised without liability to
23 CM/GCs for costs incurred during the entire pre-qualification, proposal and negotiation process, and
24 such rights shall be reserved in all requests for qualifications and proposals.

1 (G) The bid security and subcontractor listing requirements of section 6.21 will not apply to
2 the selection of CM/GCs under this section 6.68. Any resulting contract with a CM/GC shall comply
3 with section 6.22.

4 (H) Procurement of Trade Subcontractors. Department heads shall require the selected
5 CM/GC to procure trade work contracts through a pre-qualification and competitive bid process, as
6 follows:

7 (1) Pre-qualification. The department head shall require the CM/GC to pre-qualify all
8 trade subcontractors, subject to the approval of the department head. The CM/GC shall attempt to
9 establish a pool of no fewer than three pre-qualified subcontractors for each trade package, subject to
10 the approval of the department head.

11 (2) Competitive Bid. The department head shall require the CM/GC to receive sealed bids
12 from the pre-qualified trade subcontractors. The bid security provisions of section 6.21 will not apply.
13 The CM/GC shall award a trade package subcontract to the responsible bidder submitting the lowest
14 responsive bid, except that the CM/GC may negotiate and award a portion of the trade package
15 subcontracts as provided in paragraph (3), below. Only those Administrative Code provisions that
16 normally apply to subcontracts will apply to the trade package subcontracts.

17 (3) The department head may authorize the CM/GC to negotiate subcontracts for trade
18 work as appropriate for the project, up to an amount not exceeding seven and one-half percent of the
19 total estimated subcontract costs. The department head shall establish a maximum dollar value for
20 each negotiated trade subcontract as appropriate for the project.

1 (I) All actions heretofore taken by a department head consistent with the provisions of this
2 section are hereby approved.

3
4 APPROVED AS TO FORM:
5 DENNIS J. HERRERA, City Attorney

6 By: _____
7 John G. White
8 Deputy City Attorney