

File No. 110372

Committee Item No. 1

Board Item No. \_\_\_\_\_

# COMMITTEE/BOARD OF SUPERVISORS

## AGENDA PACKET CONTENTS LIST

Committee: Budget and Finance Committee

Date: October 19, 2011

Board of Supervisors Meeting

Date \_\_\_\_\_

### Cmte Board

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| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Resolution                                   |
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| <input type="checkbox"/>            | <input type="checkbox"/> | Legislative Digest                           |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Budget & Legislative Analyst Report          |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Ethics Form 126                              |
| <input type="checkbox"/>            | <input type="checkbox"/> | Introduction Form (for hearings)             |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Department/Agency Cover Letter and/or Report |
| <input type="checkbox"/>            | <input type="checkbox"/> | MOU  |
| <input type="checkbox"/>            | <input type="checkbox"/> | Grant Information Form                       |
| <input type="checkbox"/>            | <input type="checkbox"/> | Grant Budget                                 |
| <input type="checkbox"/>            | <input type="checkbox"/> | Subcontract Budget                           |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Contract/Agreement - <i>Summary</i>          |
| <input type="checkbox"/>            | <input type="checkbox"/> | Award Letter                                 |
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### OTHER

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Completed by: Victor Young

Date: October 13, 2011

Completed by: Victor Young

Date: \_\_\_\_\_

An asterisked item represents the cover sheet to a document that exceeds 25 pages. The complete document is in the file.

1 [Contract Amendment - San Francisco General Hospital - Emergency Electrical Generation  
2 System - Not to Exceed \$20,500,000]

3 **Resolution authorizing the Director of Public Works to execute an amendment to the**  
4 **emergency public work contract to install a new, permanent emergency electrical**  
5 **generation system at San Francisco General Hospital to increase the not to exceed**  
6 **amount from \$18,000,000 to 20,500,000.**

7  
8 WHEREAS, On January 27, 2009, the Board of Supervisors passed Resolution No. 22-  
9 09, approving an emergency public work contract with a contract amount not-to-exceed  
10 \$18,000,000 to install a new, permanent emergency electrical generation system at San  
11 Francisco General Hospital; and

12 WHEREAS, In accordance with Resolution No. 22-09, the Department of Public Works  
13 awarded Contract No. 7025A to Rubecon General Contracting, Inc. to design and construct  
14 the new, permanent emergency electrical generation system at San Francisco General  
15 Hospital; and

16 WHEREAS, Ongoing changes to the design and construction of the emergency  
17 electrical generation system and unforeseen conditions will increase the contract amount to  
18 \$18,000,000; and

19 WHEREAS, The Department of Public Works anticipates that it will cost up to  
20 \$2,500,000 more to complete the design and construction of the emergency electrical  
21 generation system; now, therefore, be it

22 **RESOLVED**, That the Director of Public Works is authorized to increase the contract  
23 amount of the emergency contract to install a new, permanent emergency electrical  
24 generation system at San Francisco General Hospital up to an amount not to exceed  
25 \$20,500,000.

**Item 1**  
**File 11-0372**

**Departments:**  
Department of Public Health (DPH)  
San Francisco General Hospital (SFGH)  
Department of Public Works (DPW)

## EXECUTIVE SUMMARY

### Legislative Objectives

- Resolution authorizing the Director of Public Works (DPW) to execute the First Amendment to the emergency public works contract with Rubecon General Contracting, Inc. for the installation of a new, permanent emergency electrical generation system at San Francisco General Hospital (SFGH) that would increase the not-to-exceed authorized amount of \$18,000,000 by \$2,500,000 to a total not-to-exceed amount of \$20,500,000.

### Key Points

- SFGH's existing two emergency power generators, which were installed in 1972 have (a) exhibited operating and performance problems since December 2005, (b) have frequently required repairs, and (c) could result in emergency power failure at SFGH.
- Following the failure and costly repairs of one of the two existing generators in December of 2005, DPH submitted a preliminary emergency declaration to DPW on February 6, 2006 requesting that DPW replace the two existing generators. After DPH and DPW appraised the scope of work, estimated a budget, and identified preliminary funding sources, an emergency was officially declared on September 29, 2008.
- On January 27, 2009, the Board of Supervisors approved a resolution (File 08-1468) authorizing a not-to-exceed \$18,000,000 emergency sole-source agreement between DPW and Rubecon General Contracting, Inc. to design and build space for a total of five generators, install two new generators to replace the two existing generators, and set up related equipment to handle the installation of three additional generators at a later time under a separate project. DPW entered into a three-year agreement, retroactive to January 1, 2009 through December 26, 2011, with Rubecon General Contracting, Inc. for a not-to-exceed \$14,056,598. DPW made an additional 9.6 percent or \$1,348,294 contingency available for contract modifications for a total of \$15,404,892 and added a buyout budget of \$2,595,108 to provide for a total not-to-exceed \$18,000,000 authorization.

### Fiscal Impact

- The proposed agreement would increase the not-to-exceed authorized amount by \$2,500,000 from \$18,000,000 to \$20,500,000, such that \$2,500,000 of funds from the existing \$887,400,000 General Obligation Bond-financed SFGH Rebuild Program, previously appropriated by the Board of Supervisors, would be transferred to the SFGH Emergency Electricity Generator Replacement Project to allow the existing contractor, Rubecon General Contracting, Inc. to complete the replacement and installation of the original two generators as well as the procurement and installation of three additional generators for a total of five generators.
- DPW also estimates saving approximately \$2,000,000 by purchasing and installing all five generators at the same time.

### Policy Issues

- While the original emergency agreement with Rubecon General Contracting was a sole-source contract that did not utilize the City's normal competitive bidding procedures due to the declaration of emergency, the Budget and Legislative Analyst notes it has been almost six years since the initial electrical generator at SFGH failed and 33 months since the emergency agreement with Rubecon General Contracting, Inc. was awarded.

### Recommendation

- Approve the proposed resolution.

## MANDATE STATEMENT & BACKGROUND

### Mandate Statement

San Francisco Charter Section 9.118 provides that agreements over ten years or with expenditures over \$10,000,000 or amendments to such agreements that are more than \$500,000 are subject to Board of Supervisors approval.

City Administrative Code Section 6.60 allows City departments to perform emergency repairs or other emergency work in the most expeditious manner to prevent or mitigate loss of or damage to life, health, property or essential public services. The Administrative Code defines emergencies as the breakdown or imminent breakdown of any plant, equipment, structure, street or public work necessitating immediate emergency repair or reconditioning to safeguard the lives or property of the citizens, or the property of the City and County, or to maintain the public health or welfare. Section 6.60 also specifically characterizes an emergency as unforeseen occurrences of unusual character resulting in the lack of hospital, surgical, mental health or hospital ancillary services so as to leave patients of the City and County without required hospital or medical services. In accordance with Section 6.60(D) of the Administrative Code, if the estimated cost of the emergency work exceeds \$250,000, the department head must obtain the approval of the Board of Supervisors.

### Background

State and Federal regulations require that San Francisco General Hospital (SFGH) maintain an emergency power source capable of supplying SFGH with power in the event of a power failure. SFGH's two existing emergency power generators and associated equipment were installed in 1972. According to Mr. Ron Alameida, Project Manager with the Department of Public Works (DPW), the existing two generators have (a) exhibited operating and performance problems since December 2005, (b) have frequently required repairs, and (c) could result in an emergency power failure at SFGH.

Following the failure of one of the power generators in December of 2005 and the subsequent related costly repairs, on February 6, 2006, DPH submitted a preliminary emergency declaration to DPW requesting that DPW facilitate replacing the two generators and related equipment, before a catastrophic failure occurred. DPW was not originally convinced an emergency existed and from 2006 to 2008, DPH and DPW discussed the immediacy of the need to replace both generators and how the project would be funded. After more closely evaluating the scope of work required, estimating a budget, and identifying funding sources, on September 29, 2008 DPH and DPW officially declared an emergency and began planning the replacement of the two generators.

Mr. Alameida advises that because Rubecon General Contracting, Inc. had worked on previous projects at SFGH, including projects related to SFGH's emergency power generators, Rubecon General Contracting Inc was selected on a sole-source basis in order to expedite the replacement of the two generators at SFGH.

On January 27, 2009, the Board of Supervisors approved a resolution (File 08-1468) authorizing an emergency agreement for a not-to-exceed amount of \$18,000,000 between DPW and Rubecon

General Contracting, Inc., on a sole source basis, for the SFGH Emergency Electricity Generator Replacement Project to replace the existing two generators and related equipment and design and construct space for a total of up to five generators. Mr. Alameida advises that DPW entered into a three-year agreement, retroactive to January 1, 2009 through December 26, 2011, with Rubecon General Contracting, Inc. for a not-to-exceed \$14,056,598. As shown in the Attachment provided by DPW, DPW made an additional 9.6 percent or \$1,348,294 contingency available for contract modifications for a total of \$15,404,892. Ms. Christine Tang, Project Manager at DPW advises that DPW also provided \$2,595,108 for additional buyouts<sup>1</sup>, for a total not-to-exceed \$18,000,000 authorization under the agreement.

In addition to the SFGH Emergency Electricity Generator Replacement Project, DPW is also managing the construction of the \$887,400,000 General Obligation Bond-financed SFGH Rebuild Program to replace SFGH<sup>2</sup> with a new, nine-floor, seismically safe hospital for acute patients. The SFGH Rebuild Program began planning in 2006, construction in 2009, and is scheduled to be completed and opened in 2015. The general contractor selected for the SFGH Rebuild Program is Webcor Builders.

Originally, the plan was to complete the SFGH Emergency Electricity Generator Replacement Project prior to construction of the SFGH Rebuild Program, such that the original SFGH Emergency Electricity Generator Replacement Project included the initial installation of two new generators to replace the two existing old generators, and the design and construction of space for a total of five generators. Then, Webcor Builders, the general contractor who was selected through a competitive process to construct the larger SFGH Rebuild Program, would be responsible for the subsequent installation of the three additional larger generators to provide additional back-up electrical power for the new SFGH. However, due to delays in securing financing and receiving State approvals for the SFGH Emergency Electricity Generator Replacement Project, the timing of these two projects' schedules now coincide. As a result, Mr. Alameida authorized Rubecon General Contracting, Inc. which was awarded the initial contract to replace the two existing generators at SFGH, to install the three additional larger generators, for a total of five generators.

According to Mr. Alameida, Rubecon General Contracting, Inc. completed the initial design of the generators on August 24, 2009. However, due to the custom design requirements of the SFGH emergency generators, the State did not approve the final design and construction of the generators until November 24, 2010, and the generators were not constructed and delivered to the SFGH site until July 18, 2011. Rubecon General Contracting, Inc. is currently in the process of installing all five generators and completing the related equipment and work for all five generators. Mr. Alameida advises that the original two new emergency power generators to replace the two existing generators at SFGH, are anticipated to be operational by May 31, 2012.

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<sup>1</sup> Mr. Alameida advises that when DPW entered into the initial \$14,056,598 agreement plus \$1,348,294 for contingencies with Rubecon General Contracting, this amount was based on concept drawings of what would be required. The additional buyout provision, estimated at \$2,595,108 was to cover the additional costs required for mechanical, electrical and plumbing subcontractors to complete work between the concept drawings and the permitted design approved.

<sup>2</sup> The old SFGH building will continue to handle non-acute patients, which will allow for a much larger overall SFGH facility.

Mr. Alameida further advises that installation of the remaining three emergency power generators and all related equipment and work should be completed by December 31, 2012.

## DETAILS OF PROPOSED LEGISLATION

The proposed resolution would authorize the Director of Public Works (DPW) to execute the First Amendment to the emergency public works contract with Rubecon General Contracting, Inc. to install a new, permanent emergency electrical generation system at San Francisco General Hospital (SFGH). Due to ongoing changes in the design and construction of the emergency electrical generation system at SFGH, this First Amendment would increase the not-to-exceed amount of the existing \$18,000,000 agreement with Rubecon General Contracting, Inc. by \$2,500,000 to a total not-to-exceed amount of \$20,500,000.

## FISCAL IMPACTS

As of August 29, 2011, \$17,907,654 of the original not-to-exceed agreement of \$18,000,000 with Rubecon General Contracting, Inc. has been expended. As shown in the Attachment, of the total \$17,907,654, \$14,056,598 reflects the costs under the initial agreement, \$401,735 is for contingencies and \$3,449,321 are to cover the additional buyout costs.

As noted above, the proposed First Amendment would increase the not-to-exceed amount by \$2,500,000 from \$18,000,000 to \$20,500,000. The \$2,500,000 would be allocated from the existing \$887,400,000 General Obligation Bond-financed SFGH Rebuild Program, previously appropriated by the Board of Supervisors, for the SFGH Emergency Electricity Generator Replacement Project in order to allow the existing contractor, Rubecon General Contracting, Inc. to complete the installation of all five emergency generators (two for the original project and three for the larger SFGH Rebuild Project).

Additionally, Ms. Tang advises that the initial quote received by Rubecon General Contracting, Inc. from a vendor to purchase the first two emergency generators was \$2,600,000, or an average cost of \$1,300,000 per generator. According to Ms. Tang, the quote to purchase the three larger SFGH Rebuild Program generators was \$4,200,000 or an average cost of \$1,400,000. Therefore, DPW anticipated the cost to purchase all five generators would be approximately \$6,800,000 (\$2,600,000 plus \$4,200,000). However, the actual competitive bid to purchase all five emergency generators at the same time totaled \$4,800,000, or an average cost of \$960,000 per generator. Therefore, Ms. Tang advises that by combining the replacement of all five generators at the same time, the City was able to save approximately \$2,000,000 (\$6,800,000 less \$4,800,000).

## POLICY ISSUES

As noted above, Mr. Alameida advises that the original two new emergency power generators are anticipated to be operational by May 31, 2012 and installation of the remaining three emergency power generators and all related equipment and work should be completed by December 31, 2012. However, as noted above, the term of the existing agreement with Rubecon General Contracting terminates on December 26, 2011. According to Mr. Alameida, while DPW

acknowledges that the subject agreement will need to be extended beyond the existing December 26, 2011 termination date, DPW is currently in discussions with Rubecon General Contracting and the City Attorney's Office regarding potential extension of the subject emergency agreement. Ms. Tang advises that once a final termination date is determined, the subject agreement can be modified and approved by the Director of DPW, without further approval by the Board of Supervisors. Ms. Tang and Mr. Alameida confirm that the subject requested additional up to \$2,500,000, for a total not-to-exceed \$20,500,000 will be sufficient for Rubecon General Contracting to fully install and complete the related work for all five emergency generators at SFGH.

As noted above, the original emergency agreement with Rubecon General Contracting was awarded on a sole-source basis that did not utilize the City's normal competitive bidding procedures due to the declaration of emergency, coupled with Rubecon General Contracting's knowledge of SFGH's backup power generators. However, the Budget and Legislative Analyst notes that while the emergency contract provisions in Administrative Code Section 6.60 allow City departments to immediately perform emergency repair or other emergency work, without undergoing the City's normal competitive process, it has been almost six years since the initial electrical generator at SFGH failed and 33 months years since the emergency agreement with Rubecon General Contracting, Inc. was awarded.

Mr. Alameida reports that DPW did not require a competitive bidding process for the proposed additional \$2,500,000 of work, and is instead seeking an amendment to the existing emergency agreement with Rubecon General Contracting, Inc. because Rubecon General Contracting has already begun the installation of the five generators and undertaking a new bidding process at this time would result in substantial delays and cost more than the requested \$2,500,000 to complete the remaining work. In addition, Mr. Alameida advises that because of the integration of the SFGH Emergency Electricity Generator Replacement Project with the SFGH Rebuild Program, an independent third-party estimator, Jacobs International, reviews all of the work by Rubecon General Contracting to ensure validity of the costs.

## **RECOMMENDATION**

Approve the proposed resolution.

**San Francisco General Hospital - Emergency Generator Project  
 Rubecon Emergency Design-Build Contract  
 Award for \$14,056,597.83**

**Design Professionals**

Architectural Services	\$	769,898.00
Mechanical/Electrical/Piping	\$	1,366,651.00
Structural	\$	152,225.00
Civil Engineering	\$	58,000.00
Energy Analysis	\$	12,600.00
Fuel Tank Design	\$	70,000.00
Acoustical Engineering	\$	7,980.00
Landscape Architectural	\$	21,000.00
Bay Area Air Quality Management District consultants	\$	10,000.00
Reimbursable Allowance (printing, travel to Sacramento, etc.)	\$	232,435.00
<b>Design Subtotal</b>	<b>\$</b>	<b>2,700,789.00</b>

**Design Consultant Processing/Coordination Fee, 5%** \$ **135,039.45**

**Construction Trade Costs**

Project Management	\$	125,000.00
Project Superintendents	\$	504,000.00
Clean-up and Protection	\$	25,000.00
Demolition	\$	119,600.00
Concrete Coring	\$	22,000.00
Metals for window bracing, seismic supports, steel walkways, etc.	\$	355,000.00
X-raying for Penetrations	\$	25,000.00
Concrete Sitework	\$	115,000.00
Roof Patching	\$	12,000.00
Glass & Glazing	\$	100,000.00
Painting	\$	22,000.00
Trench grates	\$	6,000.00
Life Safety	\$	70,000.00
Fire Protection	\$	50,000.00
Mechanical Work, including supplying and installing boilers/ deaerators, demolishing old equipment, installing new piping and control systems, exhaust stacks, insulation, installing 2 generators, fuel oil lines, filters.	\$	7,644,417.00
Electrical	\$	930,666.00
Tele-Data Cabling	\$	3,000.00
Equipment Rental (jack hammers, lifts, scaffolds)	\$	10,000.00
Signage	\$	500.00
<b>Construction Trade Subtotal</b>	<b>\$</b>	<b>10,139,183.00</b>

**Contractor Fee on Construction Trade Costs, 8%** \$ **811,134.64**

**City Gross Tax (0.32% of Trade Subtotal)** \$ **32,445.39**

**Builder's Risk Insurance** \$ **19,000.00**

**Warranties/Bonds (2% of [Trade Subtotal + Contractor Fee])** \$ **219,006.35**

**TOTAL RUBECON AWARD AMOUNT** \$ **14,056,597.83**



**Rubecon Contract Summary for SFGH Emergency Generator Project**  
**Design-Build Contract No. 7025A**  
**Status: 8/29/2011 Approved to Date**

Based on initial project team understanding of the project scope, on schematic design drawings:

Rubecon Contract Award	\$	14,056,597.83
Rubecon Contingency	\$	1,348,294.00
<b>Total Rubecon Contractual Exposure</b>	<b>\$</b>	<b>15,404,891.83</b>
Board of Supervisors Approved Contract Limit	\$	18,000,000.00
Rubecon Contractual Exposure	\$	15,404,891.83
<b>Buyout Capacity in Contract Limit</b>	<b>\$</b>	<b>2,595,108.17</b>

	Planned Contract Activity	Actual Contract Activity to Date
Contract Award	\$ 14,056,597.83	\$ 14,056,597.83
Rubecon Contingency *	\$ 1,348,294.00	\$ 401,735.30
Buyout**	\$ 2,595,108.17	\$ 3,449,320.97
<b>Total Rubecon Contract</b>	<b>\$ 18,000,000.00</b>	<b>\$ 17,907,654.10</b>

\* Rubecon Contingency usage is broken down into the following subcategories:

1. Added scope due to design development and refinement through permitting.	\$ 219,090.70
2. Unforeseen or concealed conditions during construction.	\$ 81,499.95
3. Trade package scope coordination issues or inadvertent responsibility gaps.	\$ -
4. Unanticipated adverse market conditions for materials, goods or labor.	\$ 101,144.65
5. Added scope due to changes in codes, regulations or regulatory interpretations that were not and should not have been reasonably anticipated by the Contractor and which result in a substantive change to the construction documents.	\$ -
<b>Rubecon Contingency Usage Total</b>	<b>\$ 401,735.30</b>

\*\* Buyout in Actual Contract Activity:

Rubecon Trade Buyout	\$ 1,422,847.65
Rebuild Buyout (emergency generator system)	\$ 1,746,125.52
Client Added Scope	\$ 280,347.80
<b>Buyout Total</b>	<b>\$ 3,449,320.97</b>



**Rubecon Contract Summary for SFGH Emergency Generator Project**  
**Design-Build Contract No. 7025A**  
**Status: 8/29/2011 Approved to Date**

Based on initial project team understanding of the project scope, on schematic design drawings:

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Rubecon Contingency	\$	1,348,294.00
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Board of Supervisors Approved Contract Limit	\$	18,000,000.00
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<b>Buyout Capacity in Contract Limit</b>	<b>\$</b>	<b>2,595,108.17</b>

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Edwin M. Lee, Mayor  
Mohammed Nuru, Interim Director

Office of the Director  
1 Dr. Carlton B. Goodlett Place, City Hall, Room 348  
San Francisco, CA 94102  
(415) 554-6920 ■ www.sfdpw.org



September 13, 2011

Angela Calvillo  
Clerk of the Board  
Board of Supervisors  
1 Dr. Carlton B. Goodlett Place  
Room 244  
San Francisco, CA 94102-4689

RECEIVED  
BOARD OF SUPERVISORS  
SAN FRANCISCO  
2011 SEP 20 AM 11:29

Re: San Francisco General Hospital – Emergency Generator Project  
Resolution to Increase Not-to-Exceed Amount of Emergency Contract

Dear Ms. Calvillo:

Attached are the original and four copies of a Board of Supervisors Resolution requesting an increase of \$2,500,000 to the subject emergency contract, for a new not-to-exceed total of \$20,500,000.

**Background:**

The Board of Supervisors passed Resolution No. 22-09 on January 27, 2009 to approve an emergency public work contract to replace the steam-driven turbine generators at San Francisco General Hospital (SFGH), for a not-to-exceed amount of \$18,000,000. The new emergency generators supply reliable emergency power to the hospital campus. DPW awarded a Design-Build Contract to Rubecon General Contracting, Inc. (LBE firm) in the amount of \$14,056,597.83, with a separate Contingency of \$1,348,294.00 available via change order issuance.

Due to various reasons noted below, the Rubecon contract has reached approximately \$17,900,000 in approved value. The Department of Public Works, along with the Department of Public Health, is requesting an increase of \$2,500,000 for a new not-to-exceed total of \$20,500,000. This request does not require additional funding for the project as funds are already available and will be transferred from the SFGH Rebuild Program project contingency.



**Added Rebuild Scope:**

The increase to Rubecon's current contract capacity will enable the project team to prevent delays in the Rebuild Program's Service Building work due to Emergency Generator Project activity. Originally, the Emergency Generator Project was to begin before the Rebuild work, but the delayed financing for the Emergency Generator Project had brought its schedule to coincide with the Rebuild's schedule. To mitigate, Rubecon is currently retaining primarily indoor work while Webcor Builders (the Rebuild Contractor) was assigned primarily outdoor work. This reassignment of work scope prevented coordination and workflow conflicts in a confined job site.

The added Rebuild Scope to Rubecon's contract represented \$1.7 million of contract usage against the \$18 million cap. We wish to replenish this contract capacity to the Rubecon Design-Build Team so they can handle future challenges, as detailed further below.

**Resolved Issues:**

In addition to the added Rebuild work, the scope of the project has been increased to accommodate a number of unforeseen complexities and site conditions including:

- 1) bringing the existing underground fuel oil storage tank to code compliance,
- 2) adding a retaining wall for the electrical load bank,
- 3) adding mechanical and electrical work scopes due to design development,
- 4) additional communications necessary to coordinate two active contractor teams,
- 5) additional surety bonding costs,
- 6) electrical and mechanical buyout values,
- 7) steam boiler economizers for energy savings,
- 8) special sprinkler systems to minimize false activations in the electrical-intensive building basement, and
- 9) excavation and hazardous materials abatement due to site conditions.

These activities contributed to our current contract standing, for a total impact of \$2.1 million in approved change orders.

**State Delays:**

The project schedule has also been affected by staffing furloughs and subsequent backlogs at the Office of Statewide Health Planning and Development (OSHPD) – the Authority Having Jurisdiction on this hospital project. The staffing furloughs have affected the review of drawings and specifications during the design and construction phases, and seismic certifications for pre-approved equipment – thus impacting project durations and costs. Scopes have also been added

to the project due to differing professional interpretations between our project designers and the OSHPD engineers and also due to OSHPD's identification of code deficiencies in the existing building. Rubecon has indicated they will be submitting cost claims due to these State delays, and as such, we wish to be positioned contractually to absorb them – after careful analysis.

**Other Current Issues and Risks:**

A portion of the \$2,500,000 contract increase will be allocated as contingency to deal with anticipated issues based on new information known about the project and site conditions. The project team is working proactively to anticipate project challenges and establish project contingencies that can only be realized by the requested increase in contract capacity.

Future impacts include discovered site conditions such as 1) unbraced utilities, 2) reinforcement of an existing electrical duct bank, and 3) asbestos abatement for the medical gas line relocation. Other exposures include 4) delayed/renewed equipment certifications by OSHPD and 5) a possible future request by OSHPD to seismically brace an existing high-voltage electrical line in the building. The bracing of this high-voltage line will trigger much other work in the congested basement. OSHPD has already noted they will not approve the current project until all other utilities in the project area have been seismically braced (brought up to code.)

**Conclusion:**

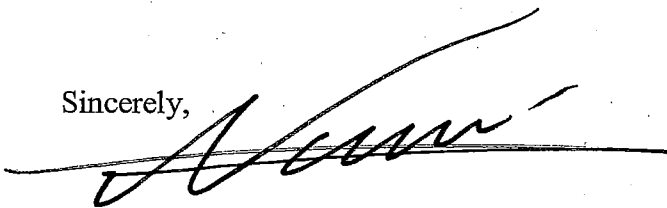
The City anticipates the emergency generator work to provide reliable emergency power to the campus to be completed by early 2012. The remaining scopes, including removal of existing steam turbines and replacement of old boiler systems at the Service Building, should be complete by early 2013 – OSHPD permitting.

We achieve the work by way of a small LBE general contractor who is working alongside of Webcor, a major builder, to coordinate their activities on this significant and critical project for the SFGH campus. The presentation of one cohesive Service Building project to OSHPD was also crucial, as they are disinclined to oversee conflicting scopes in one project location at the same time; the way this project was presented, OSHPD understands that Webcor and Rubecon are working together hand-in-hand. In addition, we have closely reviewed project status and contractual strategies with the City Attorney's Office during the course of the project, to maximize clarity and transparency.

We would be pleased to answer any further questions you may have on the project. Please contact Ron Alameida, Project Manager, at 415-695-3861. Thank you for your time and consideration.

Ms. Angela Calvillo  
SFGH Resolution to Increase Not-to-Exceed Emergency Contract Amount  
September 13, 2011  
Page 4

Sincerely,

A handwritten signature in black ink, appearing to read 'Mohammed Nuru', is written over a horizontal line.

Mohammed Nuru  
Interim Director

cc: Fuad Sweiss, City Engineer

Attachments:

- 1) Board of Supervisors Resolution to Increase Not-to-Exceed Emergency Contract Amount
- 2) Rubecon Contract Summary

**FORM SFEC-126:**  
**NOTIFICATION OF CONTRACT APPROVAL**  
(S.F. Campaign and Governmental Conduct Code § 1.126)

<b>City Elective Officer Information</b> <i>(Please print clearly.)</i>	
Name of City elective officer(s): Members, Board of Supervisors	City elective office(s) held: Members, Board of Supervisors
<b>Contractor Information</b> <i>(Please print clearly.)</i>	
Name of contractor: <b>Rubecon General Contracting Inc</b>	
Please list the names of (1) members of the contractor's board of directors; (2) the contractor's chief executive officer, chief financial officer and chief operating officer; (3) any person who has an ownership of 20 percent or more in the contractor; (4) any subcontractor listed in the bid or contract; and (5) any political committee sponsored or controlled by the contractor. Use additional pages as necessary.	
(1) <i>not applicable</i> (2) <i>not applicable</i> (3) <i>Ruben A. Santana – President, Sharon Santana – Vice President</i> (4) <i>McClure Electric Inc., Pacific Coast Trane Services Inc., MSA Planning &amp; Design Consultants Inc</i> (5) <i>None</i>	
Contractor address: <i>3450 Third Street, Bldg 1B. San Francisco CA 94124</i>	
Date that contract was approved: <i>(By the SF Board of Supervisors)</i>	Amount of contract: NTE \$20,500,000
Describe the nature of the contract that was approved: <i>Emergency Contract to design-build emergency generators and steam boilers.</i>	
Comments:	

This contract was approved by (check applicable):

the City elective officer(s) identified on this form

a board on which the City elective officer(s) serves: San Francisco Board of Supervisors  
Print Name of Board

the board of a state agency (Health Authority, Housing Authority Commission, Industrial Development Authority Board, Parking Authority, Redevelopment Agency Commission, Relocation Appeals Board, Treasure Island Development Authority) on which an appointee of the City elective officer(s) identified on this form sits

Print Name of Board

<b>Filer Information</b> <i>(Please print clearly.)</i>	
Name of filer: Angela Calvillo, Clerk of the Board	Contact telephone number: (415) 554-5184
Address: City Hall, Room 244, 1 Dr. Carlton B. Goodlett Pl., San Francisco, CA 94102	E-mail: Board.of.Supervisors@sfgov.org

\_\_\_\_\_  
Signature of City Elective Officer (if submitted by City elective officer)

\_\_\_\_\_  
Date Signed

\_\_\_\_\_  
Signature of Board Secretary or Clerk (if submitted by Board Secretary or Clerk)

\_\_\_\_\_  
Date Signed