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April 30, 2015

Ms. Angela Calvillo
Clerk of the Board of Supervisors
City and County of San Francisco
1 Dr. Carlton B. Goodlett Place
City Hall, Room 244
San Francisco, CA 94102

**Subject: San Francisco General Hospital Rebuild Program
Approval of Contract Modification No. 5 to the Inspector of Record
Inspection Services Agreement**

San Francisco Public Works is requesting approval to execute Contract Modification No. 5 to the Inspector of Record Inspection Services Agreement with Montgomery Corporation by \$1,665,000 -- from \$9,945,866 to \$11,610,866 -- for the San Francisco General Hospital Rebuild Program.

Funding for the requested contract value change is available within the current overall budget from projected but unrealized costs. There is no need for additional funding to address the requested contract modification.

The construction project is reaching the critical milestone of substantial completion. In order for the contractor to achieve this significant milestone, the contractor and all of its major core trade contractors consistently have been working double shifts and weekends for the past few months, and will continue on the same pace until substantial completion of this important, voter-backed project is reached. In support of the contractor's determination and goal, the City has had to amplify the utilization of the Inspector of Record services beyond what was originally projected. The attached Contract Modification No. 5 represents the updated service utilization projections for ongoing continuous Inspector of Record inspection services, which will require approval from the Board of Supervisors based on Section 9.118(b) of the City Charter that governs professional service contracts in excess of \$10 million.

Background

In accordance with Senate Bill AB 2966, Section 129825 of the Health and Safety Code¹, the jurisdictional authority over this hospital project, the Office of Statewide

¹ Senate Bill AB 2966, Section 129825 of the Health and Safety Code, "requires a hospital governing board or authority to provide for and require competent and adequate inspection during construction or alteration by an

Healthcare Planning and Development, mandates that the San Francisco General Hospital Rebuild Program provide sufficient Inspector of Record resources to ensure continuous inspections when work is being performed on new hospital construction. Following a competitive Request for Qualifications process, San Francisco Public Works entered into an agreement with Montgomery Corporation (Attachment 2) on November 18, 2010, in the amount of \$3,998,607, to provide Inspector of Record inspection services for the San Francisco General Hospital Rebuild Program. Between November 2010 and January 2015, San Francisco Public Works has issued four contract amendments, which added \$5,947,259 cumulatively to the original contract, to augment the originally projected level of effort.

The factors that principally have driven the increased staff utilization are due to:

- Office of Statewide Healthcare Planning and Development demand for additional Inspector of Record inspections;
- Unanticipated aggressive construction schedule dictated by the Construction Manager/General Contractor
- Shortage of sufficient City staff with Inspection of Record certification to assist with inspection work;
- Extended duration of the Service Building Modification/Emergency Generator Project (also referred to as "Phase 2 of the SFGH Rebuild Project");
- Re-inspections due to re-work of various construction scopes of work.

The San Francisco General Hospital Rebuild Program team continues to actively manage to the earlier forecasted Inspector of Record cost to achieve efficient delivery of inspection services. However, prudence dictates that the team adjusts its forecast for current elevated activities to meet state requirements. The attached Contract Modification No. 5 reflects the current elevated utilization projections.

We respectfully request Board of Supervisors' approval to amend the Montgomery Agreement in order to continue to support the San Francisco General Hospital Rebuild Program through the remaining construction, commissioning and licensing phases.

If you have any questions, please feel free to call program manager Ronald Alameida of my staff at 415-695-3861.

Sincerely,



Mohammed Nuru

Director

cc: Edgar Lopez, Deputy Director and City Architect
Ronald Alameida, DPW Program Manager

ATTACHMENTS

1. Presentation to Board of Supervisors – Request for Contract Modification Approval Exceeding \$10M
2. Montgomery Corporation Agreement, dated November 18, 2010
3. Previous Contract Modifications (No. 1 – 4) to Montgomery Corporation Agreement
4. Draft Contract Modification No. 5 (Current Amendment) dated April 28, 2015, with Revised Staff Utilization Projection