

File No. 110464

Committee Item No. 2
Board Item No. 19

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Budget and Finance SUB-Committee

Date: May 11, 2011

Board of Supervisors Meeting

Date: 5/17/11

Cmte Board

<input type="checkbox"/>	<input type="checkbox"/>	Motion
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Resolution
<input type="checkbox"/>	<input type="checkbox"/>	Ordinance
<input type="checkbox"/>	<input type="checkbox"/>	Legislative Digest
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Budget and Legislative Report
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Ethics Form 126
<input type="checkbox"/>	<input type="checkbox"/>	Introduction Form (for hearings)
<input 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 type="checkbox"/>	<input type="checkbox"/>	Contract/Agreement
<input type="checkbox"/>	<input type="checkbox"/>	Award Letter
<input type="checkbox"/>	<input type="checkbox"/>	Application

OTHER

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<input type="checkbox"/>	<input type="checkbox"/>	*Modification No. 14 for the Construction Management Agreement
<input type="checkbox"/>	<input type="checkbox"/>	Laguna Honda Hospital Replacement Program.
<input type="checkbox"/>	<input type="checkbox"/>	_____
<input type="checkbox"/>	<input type="checkbox"/>	_____
<input type="checkbox"/>	<input type="checkbox"/>	_____

Completed by: Victor Young

Date: May 6, 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 [Construction Management Services Agreement Amendment - Laguna Honda Hospital
2 Replacement Program - \$16,196,764]

3 **Resolution authorizing the Director of Public Works to execute an amendment to the**
4 **Construction Management Services Agreement with Cooper Pugeda Management, Inc.,**
5 **for the Laguna Honda Hospital Replacement Program changing the amount from**
6 **\$15,303,429 to \$16,196,764.**

7
8 WHEREAS, the Director of Public Works has entered into an agreement dated May 31,
9 2002 with Turner Construction Company/Cooper Pugeda Management, Inc., A Joint Venture
10 to provide Professional Construction Management Services for the Laguna Honda Hospital
11 Replacement Program; and

12 WHEREAS, the Director of Public Works approved an Assignment and Assumption
13 Agreement dated May 9, 2003 severing the joint venture and assigning the terms and
14 conditions of the Agreement solely to Cooper Pugeda Management, Inc.; and

15 WHEREAS, the parties have agreed to increase the scope of work that would be
16 performed by Cooper Pugeda Management, Inc. under the agreement and to increase the
17 contract sum by \$893,335; and

18 WHEREAS, Section 9.118(b) of the Charter requires that all agreements in excess of
19 ten million dollars or amendments to said agreements in excess of \$500,000 be approved by
20 the Board of Supervisors; now, therefore, be it

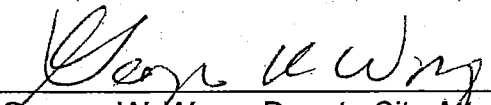
21 **RESOLVED, That the Board of Supervisors does hereby authorize the Director of**
22 **Public Works to enter into amendments to the May 9, 2003 agreement with Cooper Pugeda**
23 **Management, Inc., resulting in a contract amount not to exceed \$16,196,764.**

24 ///

25 ///

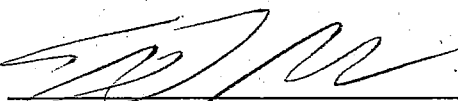
1 APPROVED AS TO FORM:

2 Dennis G. Herrera, City Attorney

3 
4 George W. Wong, Deputy City Attorney
5

6
7 RECOMMENDED BY:

8 DEPARTMENT OF PUBLIC WORKS

9
10 
11 Edward D. Reiskin, Director
12

Item 2
File 11- 0464

Department:
Department of Public Works (DPW)
Department of Public Health (DPH)

EXECUTIVE SUMMARY

Legislative Objectives

- The proposed resolution would authorize the Director of Public Works (DPW) to execute an amendment, consisting of Modification No. 14, to the Construction Management Agreement with Cooper Puga Management, Inc. for the Laguna Honda Hospital (LHH) Replacement Program, to increase the Construction Management Agreement by \$893,335, or 5.8 percent, from a not-to-exceed amount of \$15,303,429 to a not-to-exceed amount of \$16,196,764.

Key Points

- The LHH Replacement Program is a \$584,946,602 project which provides for the demolition, construction, and renovation of a new LHH.
- The initial Construction Management Agreement between DPW and Cooper Puga Management, Inc. included a not-to-exceed amount of \$601,000.
- The current LHH Replacement Program Construction Management Agreement is for a not-to-exceed amount of \$15,303,429.

Fiscal Impact

- The proposed increase under Modification No. 14, in a not-to-exceed amount of \$893,335, would increase the existing Construction Management Agreement's not-to-exceed amount from \$15,303,429 to a not-to-exceed amount of \$16,196,764, an increase of 5.8 percent,
- The initial Construction Management Agreement between DPW and Cooper Puga Management, Inc. included a not-to-exceed amount of \$601,000. If the proposed Modification No. 14 for \$893,335 is approved, the total Construction Management Agreement would increase to a not-to-exceed amount of \$16,196,764, which reflects an increase of \$15,595,764 more than the original Agreement. However, Mr. Thomas notes that this significant increase has occurred because the Agreement was initiated in stages, where the Agreement would be modified annually based on the work plan for the particular year involved.

Recommendation

- Approve the proposed resolution.

MANDATE STATEMENT/BACKGROUND

Section 9.118(b) of the City's Charter requires that all agreements in excess of \$10,000,000 or amendments to said agreements in excess of \$500,000 be approved by the Board of Supervisors.

Background

The Laguna Honda Hospital (LHH) Replacement Program comprises demolition, construction, and renovation of LHH, including (a) the construction of four new buildings: South, Link, East, and West, and (b) renovations to existing facilities. According to Mr. John Thomas of the Department of Public Health (DPH), Program Manager for the LHH Replacement Program, the LHH Replacement Program will result in 780 Skilled Nursing Facility beds.

As shown in Table 1 below, the total estimated LHH Replacement Program budget is \$584,946,602.

Table 1: LHH Replacement Program Estimated Expenditures	
	Estimated Expenditures
Professional Services	
Design Agreement	\$50,800,000
Construction Management	20,716,795 ¹
Permits and Fees	7,995,831
DPW Program Management	7,956,227
Special Inspection and Testing	6,360,579
Surveys, Reproduction, Activation	2,515,295
DPW Architecture	2,428,642
Hazardous Materials	1,734,813
Environmental Impact Report	289,503
Subtotal	\$100,797,685
Construction	
Construction	\$484,148,917
Subtotal	\$484,148,917
Total	\$584,946,602

¹ Estimated expenditures for Construction Management include \$14,596,548 or 70.5 percent in agreements with private contractors and \$6,120,247 or 29.5 percent in City employee staff time.

Table 2 below summarizes the sources of funding for the LHH Replacement Program.

Table 2: Sources of Funding for LHH Replacement Program	
General Obligations Bonds ¹	\$296,083,671
Interest Earned from General Obligation Bonds	26,771,514
Tobacco Settlement Revenues ²	133,554,943
Interest Earned from Tobacco Settlement Revenues	7,437,788
Certificates of Participation	120,000,000
Grants ³	1,098,686
Total	\$584,946,602

¹ – General Obligation Bonds approved by the San Francisco voters on November 2, 1999.

² – Tobacco Settlement Revenues are funds received under a 1998 Master Settlement Agreement between the Attorney General of the State of California and various manufacturers of tobacco products,, which is administered by the State of California.

³ – Grants are from the US Health Resources and Service Administration (HRSA) and the US Department of Housing and Urban Development (HUD).

Following a competitive bid process in May of 2001, the Department of Public Works (DPW) entered into a Construction Management Agreement with Cooper Pugeda Management, Inc.¹ to provide construction management services throughout the planning, design, bid, construction and post construction phases of the LHH Replacement Program.

According to Mr. Thomas, the LHH Replacement Program commenced construction in the fall of 2002. Mr. Thomas advises that due to the recent discovery of the need for significant structural repairs to the roof of one of the LHH's buildings, the estimated completion of the LHH Replacement Program has been delayed by approximately one year from December, 2012 to late 2013.

The initial Construction Management Agreement between DPW and Cooper Pugeda Management, Inc. included a not-to-exceed amount of \$601,000. Since the original Construction Management Agreement for \$601,000 was approved, there have been 13 modifications to this Agreement. One of the previous 13 modification to this Agreement was approved by the Board of Supervisors (Modification No 10, Resolution No. 357-08) The Budget and Legislative Analyst notes that Resolution No. 357-08, which was approved by the Board of Supervisors on August 8, 2008, authorized DPW to increase the Construction Management Agreement by \$4,789,098 from \$9,995,383 to \$14,784,481. Mr. Thomas advises that, because the original Construction Management Agreement was anticipated to be less than \$10,000,000, any

¹ The original proposed resolution states that the Construction Management Services Agreement awarded by DPW is with Turner Construction Company/Cooper Pugeda Management, Inc. a joint venture, which was initially awarded the Agreement in May, 2001. However, the joint venture was severed in May, 2003 to enable Turner Construction Company to compete in the selection of another project and the resolution was subsequently amended to reflect the assignment from Turner Construction Company/Cooper Pugeda Management, Inc., a joint venture, to Cooper Pugeda Management, Inc.

amendments under that amount were not subject to Board of Supervisors approval. It was not until Modification #10 that the amount of the agreement increased to \$10,666,193 and Board of Supervisors approval was required under Resolution No. 357-08. Since the Board of Supervisors approved the \$14,784,481 not-to-exceed amount, three additional modifications have been made which were not subject to Board of Supervisors approval because they were either under the not-to-exceed total amount of \$14,784,481 previously approved by the Board of Supervisors or were less than \$500,000. Currently, the LHH Replacement Program Construction Management Agreement is for a not-to-exceed amount of \$15,303,429.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would authorize the Director of Public Works to execute an amendment, consisting of Modification No. 14, to the Construction Management Agreement with Cooper Puga Management for the LHH Replacement Program, in order to increase the Construction Management Agreement by \$893,335, or 5.8 percent, from a not-to-exceed amount of \$15,303,429 to a not-to-exceed amount of \$16,196,764.

Mr. Thomas advises that the subject amendment to increase the Construction Management Agreement by \$893,335 would fund increased construction management services costs associated with (b) completion of the main LHH building, (b) administrative duties to support the LHH Replacement Program, and (c) Office of Statewide Health Planning and Development (OSHPD)² inspections related to the remodel of existing LHH building

FISCAL IMPACTS

The proposed amendment for a not-to-exceed amount of \$893,335 would increase the existing Construction Management Agreement's not-to-exceed amount from \$15,303,429 to a not-to-exceed amount of \$16,196,764, an increase of 5.8 percent. The \$893,335 increased cost would be funded through a reallocation of existing LHH Replacement Program funds previously appropriated by the Board of Supervisors.

As noted above, the initial Construction Management Agreement between DPW and Cooper Puga Management, Inc. included a not-to-exceed amount of \$601,000. If the proposed Modification No. 14 for \$893,335 is approved, the total Construction Management Agreement would increase to a not-to-exceed amount of \$16,196,764, which reflects an increase of \$15,595,764 more than the original Agreement. However, Mr. Thomas notes that this significant increase has occurred because the Agreement was initiated in stages, where the Agreement was modified annually based on the work plan for the particular year involved. Once the construction phase began, DPW began to do longer term estimates of the work that would be needed.

² OSHPD is a department within the California Health and Human Services Agency. OSHPD's Facilities Development Division (FDD), permits, reviews and inspects health facility construction projects. The LHH Replacement Program is a OSHPD permitted project which requires OSHPD oversight and use of licensed OSHPD Inspectors of Record (IOR). The OSHPD regulations require continuous inspection of the work, and the proposed Modification #14 includes funding to provide additional staff to supplement the limited number of City staff that possess IOR certification.

POLICY CONSIDERATION

The proposed amendment is the result of direct negotiation rather than competitive bidding.

DPW is requesting an \$893,335 increase in the existing agreement rather than undergoing a new competitive Request for Proposal (RFP) process for construction management services. Mr. Thomas advises that this professional service agreement provides construction management support for the LHH Replacement Program, which is a multi-year, multi-phased program. According to Mr. Thomas, an RFP was originally issued to select the qualified team to support the LHH Program over its duration. However, the LHH Replacement Program has incurred delays which have necessitated the extension and augmentation of the Construction Management Agreement. In addition, the current Cooper Pineda Management staff-members assigned to the LHH Replacement Project are familiar with the program and are an integral component of the project team.

RECOMMENDATION

Approve the proposed resolution.

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

City Elective Officer Information (Please print clearly.)	
Name of City elective officer(s): Members, Board of Supervisors	City elective office(s) held: Members, Board of Supervisors

Contractor Information (Please print clearly.)		
Name of contractor: Cooper Pugeda Management, Inc.		
<i>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.</i> Ismael G. Pugeda, President Jeffrey J. Cooper, Vice President BDI - Subcontractor CM West - Subcontractor		
Contractor address: 65 McCoppin Street, San Francisco, CA 94103		
<table border="1"> <tr> <td>Date that contract was approved: (By the SF Board of Supervisors)</td> <td>Amount of contract: \$16,196,764</td> </tr> </table>	Date that contract was approved: (By the SF Board of Supervisors)	Amount of contract: \$16,196,764
Date that contract was approved: (By the SF Board of Supervisors)	Amount of contract: \$16,196,764	
Describe the nature of the contract that was approved: Inspector of Record, Estimating, Scheduling Support		
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

Filer Information (Please print clearly.)	
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

MODIFICATION NO. 14 FOR THE CONSTRUCTION MANAGEMENT AGREEMENT

between

THE CITY & COUNTY OF SAN FRANCISCO

and

COOPER PUGEDA MANAGEMENT, INC.

DPW NO. 173,547

Contract No. ENAT04000001

BOARD OF SUPERVISORS/BUDGET ANALYST BACK-UP

to furnish

CONSTRUCTION MANAGEMENT SERVICES

for the

LAGUNA HONDA HOSPITAL REPLACEMENT PROGRAM

RECEIVED
BOARD OF SUPERVISORS
SAN FRANCISCO
2011 APR 19 PM 1:46
BY pc

**LAGUNA HONDA HOSPITAL REPLACEMENT PROGRAM
AMENDMENT TO THE CONSTRUCTION MANAGEMENT AGREEMENT**

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- Attachment 6 – Human Rights Commission Approval
- Attachment 7 – Original Agreement
- Attachment 8 – Assignment and Assumption Agreement
- Attachment 9 – Contract Modification Matrix with Forecast
- Attachment 10 – Agreement Modification No. 1 through Modification 13
- Attachment 11 – ASRs 1 - 71

