

1 [Waiving Competitive Bidding Requirement - Construction Contract - Pneumatic Tube
2 Products Company - San Francisco General Hospital - Not to Exceed \$951,887]

3 **Ordinance waiving the competitive bidding requirement in Administrative Code,**
4 **Section 6.20, and authorizing the Director of Public Works to enter into a construction**
5 **contract with Pneumatic Tube Products Company in an amount not to exceed \$951,887**
6 **for the purpose of modifying the pneumatic tube delivery systems in Buildings 5 and**
7 **25 at San Francisco General Hospital to make one integrated pneumatic tube system to**
8 **service both buildings.**

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10 NOTE: **Unchanged Code text and uncodified text** are in plain Arial font.
11 **Additions to Codes** are in *single-underline italics Times New Roman font*.
12 **Deletions to Codes** are in *strikethrough italics Times New Roman font*.
13 **Board amendment additions** are in double-underlined Arial font.
14 **Board amendment deletions** are in ~~strikethrough Arial font~~.
15 **Asterisks (* * * *)** indicate the omission of unchanged Code
16 subsections or parts of tables.

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

18 Section 1. Background.

19 For more than 35 years, nurses, lab technicians, pharmacists, and other clinical staff in
20 Building 5, (the current main Hospital building), at San Francisco General Hospital
21 (“Hospital”), have relied on a dual-tube pneumatic tube system to quickly and safely deliver
22 medications, medical records, lab specimens, sterile supplies, and other critical patient care
23 items throughout the eight floors in the building. Pneumatic Tube Products Company (“PTP”)
24 installed the system in Building 5 in 1976 and has been servicing that system ever since.

25 In 2008, PTP’s owner was retiring and looking for a buyer for the company. As a result,
PTP was unable at that time to satisfy the bonding requirements that were a condition to
submitting a bid on the work to install a new pneumatic tube system in what will be Building
25. (Building 25 will serve as the new main Hospital building in place of Building 5 when the

1 Hospital rebuild project is completed.) The work went to the lone remaining bidder, SwissLog,
2 Inc., which installed its single tube pneumatic tube system in Building 25. Like the system in
3 Building 5, the system in Building 25 will be used to deliver critical care items to where they
4 are needed throughout the building.

5 Initially, it was contemplated that the two pneumatic tube systems would connect at the
6 Hospital's pharmacy and clinical lab. But it soon became clear that the two systems had to be
7 fully integrated to preserve the same level of patient care that the Hospital was able to provide
8 when only the one system in Building 5 was in place. To achieve that integration, either the
9 PTP dual-tube system in Building 5 has to be modified and adapted to function with the
10 SwissLog single-tube system in Building 25 or the SwissLog system has to be modified and
11 adapted to function with the PTP system.

12 PTP has now been acquired by a new owner and possesses sufficient financial
13 capacity to meet the bonding requirements to perform the work to integrate the two pneumatic
14 tube systems. Accordingly, the team from the Department of Public Works ("DPW") that is
15 managing the construction of the new Hospital ("the Rebuild Team") reviewed what it would
16 take for SwissLog to modify and adapt the PTP system to its system, and for PTP to modify
17 and adapt the SwissLog system to its system. The Rebuild Team has determined that it would
18 be significantly less costly and less disruptive to the Hospital's ongoing operations to modify
19 and adapt the SwissLog system to the PTP system.

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21 Section 2. Rationale for Waiver of Competitive Solicitation Requirement.

22 An integrated pneumatic tube delivery system will allow the Hospital to transport critical
23 care items between Buildings 5 and 25 as quickly and safely as possible. Having two separate
24 stand-alone systems is not a viable option. It would drive up the Hospital's staffing costs
25 because materials in one building would have to be hand carried to the other building. In turn,

1 this could adversely impact patient care, especially if the material to be delivered is time
2 sensitive.

3 Section 6.20 of the Administrative Code requires departments when procuring outside
4 construction services for public work projects greater than \$400,000 to have a competitive
5 selection process. There are three reasons to waive this requirement and, in accordance with
6 the desire of DPW, award a construction services contract to PTP.

7 (a) The Rebuild Team estimates that it would be much less expensive for PTP to
8 make the SwissLog system compatible with its system than for SwissLog to make the PTP
9 system compatible with its system. PTP can modify its original dual-tube system in Building 5
10 to a single tube system without having to change or modify any of the 31 control boxes that
11 are located at 31 stations in Building 5, and would only have to replace the SwissLog
12 computer boards in Building 25 to make the SwissLog system compatible with the PTP
13 system. The Rebuild Team estimates that it would cost about \$1 million for PTP to complete
14 this work.

15 By contrast, SwissLog would have to demolish and reconstruct in their entirety all 31 of
16 the existing PTP stations in 31 separate locations on eight floors in Building 5, replace all 31
17 of PTP's control boxes with SwissLog control boxes, and add ten new transfer stations and
18 four blowers to the system. Because Building 5 is an older building, the kinds of alterations
19 that would be required to demolish and reconfigure the stations to fit the SwissLog boxes
20 could disturb hazardous materials behind the walls, such as asbestos, thereby adding an
21 additional cost for hazardous waste containment and disposal. The Rebuild Team estimates
22 that it would cost at least \$2 million above the cost of the PTP solution to complete this work
23 when the building alteration costs are added to the cost of SwissLog's work.

24 (b) PTP's work in Building 5 will not disturb the continued occupation and operation
25 of the building in the way that SwissLog's work would. All of the 31 stations in Building 5 are

1 located in fully operational patient care areas so infection control measures will be required for
2 any construction work that takes place there. Replacing 31 control boxes, which would be
3 necessary for SwissLog to make the PTP system compatible with its system, would require
4 shutting down operations at each station for the duration of the work at that station while the
5 walls are cut, the old box removed, and the new box installed and wired. Patients and clinical
6 staff who are close to the work would also have to be moved to other parts of the building for
7 the duration of the work. By contrast, PTP's work would require only minimal alterations to
8 Building 5, thereby limiting the disruption to Hospital operations.

9 (c) PTP is intimately familiar with the pneumatic tube system in Building 5. It
10 installed the system and has been servicing it for the past 35 years. PTP's greater familiarity
11 with the system in Building 5 would likely increase efficiencies and reduce the chance of
12 errors when performing the work on this project.

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14 Section 3. Local Business Enterprise Subcontracting Goals Waived Under Section
15 14B of the Administrative Code.

16 Almost all of the work that will be necessary to modify and integrate the pneumatic tube
17 systems in Buildings 5 and 25 requires a specialized knowledge of pneumatic tube systems.
18 Because of the limited subcontracting opportunities presented by this work and the absence
19 of local business enterprises ("LBEs") who are certified to provide goods or services required
20 by this work, on December 26, 2014, the Contract Monitoring Division ("CMD") in the Office of
21 Contract Administration granted DPW's request for a sole source waiver of the LBE
22 subcontracting goals for this project under section 14B of the Administrative Code.

1 Section 4. Waiver of Competitive Solicitation Requirement.

2 The Board of Supervisors hereby waives the competitive solicitation requirement in
3 Section 6.20 of the Administrative Code and authorizes the Director of Public Works to enter
4 into a construction services agreement with Pneumatic Tube Products Company in an amount
5 not to exceed \$951,887 for the purpose, as explained above, of modifying and integrating the
6 pneumatic tube delivery systems in Buildings 5 and 25 at San Francisco General Hospital.

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8 Section 5. Effective Date.

9 This ordinance shall become effective 30 days after enactment. Enactment occurs
10 when the Mayor signs the ordinance, the Mayor returns the ordinance unsigned or does not
11 sign the ordinance within ten days of receiving it, or the Board of Supervisors overrides the
12 Mayor’s veto of the ordinance.

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

16 By: _____
17 Joseph Sandoval, Jr.
18 Deputy City Attorney

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