



Meeting Date: February 26, 2026

To: Public Works Commission

Through: Carla Short, Public Works Director
Scott Anderson, Deputy Director for Project Delivery

From: Lindsay Hu, Public Works Project Manager

Subject: Zuckerberg San Francisco General Building 5 Family Health Center Relocation Phase 1 5C 5E Demolition – Contract No. 1000034501 - Contract Modification

Director’s Recommendation: Approve an increase of \$2,096,043.50 to the contract cost contingency and authorize the Director Public Works to approve future modifications for the 1000034501 ZSFG Building 5 Family Health Center Relocation Phase 1 5C 5E Demolition Project up to a total contract amount of \$9,781,535.00; and approve an increase of 540 calendar days to the contract duration contingency and authorize the Director of Public Works to approve future modifications up to a total contract duration of 1,233 calendar days.

Contract Background: On October 17, 2024, the Public Works Commission adopted Resolution No. 2024-0086 authorizing San Francisco Public Works to award the construction contract to K LW Construction, Inc (K LW) in the amount of \$6,986,810.45 with \$698,681.05 for contingency and with a contract duration of 630 consecutive calendar days with 63 calendar days of contingency.

The Work includes the demolition and corridor renovation located on the 5th floor of Building 5, in Wards 5C and 5E at the Zuckerberg San Francisco General Hospital and Trauma Center (ZSFG), at 1001 Potrero Avenue, San Francisco, California for the Department of Public Health (DPH). The purpose of this project is to implement DPH’s vision to consolidate outpatient clinics that currently reside in different building on the ZSFG campus into the seismically upgraded Building 5.

The ZSFG Building 5 Family Health Center Relocation (FHC) project is permitted under the Department of Health Care Access and Information (HCAI), formerly known as OSHPD (Office of Statewide Health Planning and Development). Due to funding constraints, the Work includes the first phase of the larger ZSFG Building 5 Family Health Center Relocation project. Specifically, the Phase 1 Work consists of the interior demolition and corridor renovation of Ward 5C and Ward 5E located on the 5th floor of Building 5. The Phase 1 Work requires a phased demolition sequence to demolish the interior wards, set up construction barriers, and complete the new central corridor construction within an operational hospital. The remaining scope of work, including the clinical renovation work under the larger FHC Relocation project, will be bid out as separate construction projects, once additional funding has been secured by DPH.

Public Works issued the construction Notice-to-Proceed (NTP) to K LW on January 6, 2025, with a Substantial Completion date of June 29, 2026 (540 calendar days) and a Final Completion date of September 27, 2026 (90 calendar days).

As of February 1, 2026, the project has an elapsed construction duration of 392 calendar days with an estimated 50% project completion. Ward 5C demo and abatement are complete. Ward 5E demo and abatement are ongoing. The corridor demolition and reconstruction have not started. The current projected substantial completion is January 2027.

Reason for Modification: Due to funding constraints, the ZSFG Building 5 Family Health Center (FHC) Relocation Project required phasing and only a portion of the work, Phase 1 5C 5E Demolition, was bid out and awarded to K LW. The Phase 1 Work consists of the interior demolition and corridor renovation of Ward 5C and Ward 5E, located on the 5th floor of Building 5. DPH has recently secured additional funding through the ZSFG Foundation and requested to expedite the completion of the FHC project. DPH's reasoning to expedite the FHC project includes addressing ongoing security and seismic safety concerns. The current Family Health Center is located in the historical 1930's red brick Buildings 80 and 90, which have been determined to be seismically inadequate and will need to be retrofitted in the future once a funding source has been determined. The future clinical upgrade relocates the FHC Clinic to the seismically upgraded Building 5, which is scheduled to be completed by the end of 2026. In addition, Building 5 provides additional security measures and secured entry to address staff and patient safety concerns.

This contract modification would allow for the change order work to include the adjacent Ward 5D demolition scope in the K LW contract. Awarding this scope of work would significantly expedite the completion of the FHC demolition scope for the future clinical renovation scope to be bid out as a separate construction project, thus avoiding the preparation of bid documents and a separate bid phase for the demolition scope. In addition, prior to the approval of the change of order work and part of the Public Works change order pricing validation process and procedure, the Contractor's change order cost proposal will be reviewed and reconciled with a third-party cost estimator.

An additional benefit of completing the demolition scope separately from the main renovation project construction contract is that it allows for the early identification of unforeseen conditions and scanning and layout of existing post-tensioned tendons and reinforcing steel that may conflict with the new walls and utilities. In addition, it avoids additional operational impacts on the adjacent public corridor included in the base scope contract.

Furthermore, adding this scope to the K LW contract allows for the immediate use of the incremental funding that is currently available.



Another reason for the need to increase the cost contingency is to account for potential future change orders as all construction work at ZSFG Building 5 is generally very complex and challenging in comparison to new construction projects or projects permitted by the San Francisco Department of Building Inspection (SFDBI). This often leads to cost and schedule delays and results in construction change orders beyond the standard 10% construction cost and duration contingency.

The existing ZSFG Building 5 was constructed in the 1970's as a reinforced concrete structure with post tensioned slab and beam that make renovations very difficult, requiring a significant amount of time and expertise in scanning and coming up with creative solutions to address conflicts between the new work and the existing post-tensioned tendons/reinforcing steel. There are also many unforeseen conditions related to existing mechanical, electrical, plumbing infrastructure and uncovering of existing hazardous material that often result in delays and change orders. In addition, the scheduling and coordination of construction activities in an operational hospital to minimize impacts to staff and patient care often results in schedule delays. The work requires stringent environmental health and safety procedures, infection control plans and an internal ZSFG Contractor's Combined Work Permit which often cause delays to the start of the project and delays for repairs or modifications throughout the construction duration.

The ZSFG projects are also permitted through the Department of Health Care Access and Information (HCAI), which requires additional oversight, review, and approval of any material alterations to the construction drawings/details due to any changes, including field conditions. Typical requests for information (RFIs) that materially altered the approved construction drawings/details require approval by HCAI, either by the HCAI Field Staff (Area Compliance Officer (ACO), District Structural Engineer (DSE) and the Fire Life Safety Officer (FLSO)), depending on staff availability, or may be sent to HCAI Sacramento office, in the form of an Amended Construction Documents (ACDs). All ACDs sent to HCAI Sacramento office review typically consist of a minimum 30 day review period with a possibility of resubmittals if there are questions from the HCAI reviewer. Daily field oversight and inspection requests for the HCAI Inspector of Record (IOR) and HCAI field staff also contribute to the complexity of the construction process and often lead to delays and impacts the progression of construction work.

The anticipated change order work, including the client-requested change order work to add the Ward 5D demolition scope, for the ZSFG Building 5 Family Health Center Relocation Project, Phase 1 5C 5E Demolition contract, will exceed the 10% cost and duration contingency for all of the reasons mentioned above.

Contract Details:

Contract Title:	Contract No. 1000034501 – ZSFG Building 5 Family Health Center Relocation Phase 1 5C 5E Demolition
Contract Original Award Amount:	\$6,986,810.45
Contract Original Duration:	540 calendar days [Substantial Completion] 90 calendar days [Final Completion]
Contractor Name:	KLW Construction, Inc.

Summary of Contract Value:

Contract Cost Amount	Amounts
Original Contract Amount:	\$6,986,810.45
Original Contingency Amount (10%):	\$698,681.05
Previously Approved Contingency Reserve:	-
Additional Contingency Reserve Requested (30%):	\$2,096,043.50
Authorized Contract Cost Limit:	\$9,781,535.00

Contract Duration	Calendar Days
Original Contract Duration (Substantial and Final Completion):	630
Original Contingency Duration (10%):	63
Previously Approved Contingency Reserve:	-
Additional Contingency Reserve Requested:	540
Authorized Contract Duration Limit:	1,233

Previously Approved Modifications:

Modification	Amount	Extension (days)	Description
N/A			

Contract Funding Sources:	San Francisco General Hospital (SFGH) Foundation Grant/Gift Donation
Compliance Information:	12B Equal Benefits Ordinance Compliant
Related Commission Actions:	October 17, 2024, Resolution No. 2024-0086
Additional Information:	N/A
Attachments:	Attachment 1: Resolution 2024-0086, October 17, 2024 Attachment 2: CEQA Determination – Not a Project

**PUBLIC WORKS COMMISSION
CITY AND COUNTY OF SAN FRANCISCO**

RESOLUTION NO. _____

WHEREAS, On October 17, 2024, San Francisco Public Works adopted Resolution No. 2024-0086 to award Contract No. 1000034501 ZSFG Building 5 Family Health Center Relocation Phase 1 5C 5E Demolition Project to K LW Construction, Inc.; and

WHEREAS, The original contract amount was for a lump sum amount of \$6,986,810.45 with \$698,681.05 for contingency, and the original contract duration was 630 consecutive calendar days with 63 calendar days of contingency from the issuance of Notice to Proceed (NTP) to Final Completion; and

WHEREAS, An increase to the contract cost contingency and contract duration contingency approved by this action would allow Public Works to issue change order/contract modifications for previously completed and negotiated change orders and final change orders to resolve all outstanding change orders and to allow Public Works to issue Final Completion upon resolution of all outstanding change orders; now, therefore, be it

RESOLVED, That this Commission hereby approves an increase of \$2,096,043.50 to the contract cost contingency and an increase of 540 calendar days to the contract duration contingency; and, be it

FURTHER RESOLVED, That this Commission hereby authorizes the Director of Public Works to approve future modifications to increase the contract amount up to a total contract amount of \$9,781,535.00 and to increase the contract duration up to a total contract duration of 1,233 calendar days.

I hereby certify that the foregoing resolution was adopted by the Public Works Commission at its meeting of _____.

Commission Affairs Manager
Public Works Commission

**PUBLIC WORKS COMMISSION
CITY AND COUNTY OF SAN FRANCISCO**

RESOLUTION NO. 2024-0086

WHEREAS, the Work performed under the ZSFG Building 5 Family Health Center Relocation Phase 1 5C 5E Demolition Project (Sourcing ID No. 0000009068) consists of the demolition and corridor renovation located on the 5th floor of Building 5, in Wards 5C and 5E at Zuckerberg San Francisco General Hospital and Trauma Center (ZSFG), at 1001 Potrero Avenue, San Francisco, California for the Department of Public Health (DPH); and

WHEREAS, On August 24, 2023, the San Francisco Planning Department issued a determination that the project is not defined as a project under the California Environmental Quality Act ("CEQA") according to sections 15378 and 15060(c)(2) of the CEQA Guidelines because it does not result in a physical change in the environment; and

WHEREAS, The Contract Monitoring Division ("CMD") established a Local Business Enterprise ("LBE") subcontracting requirement of 20% for this contract and the contractor committed to LBE participation of 28.6% in its bid submittal; and

WHEREAS, Public Works advertised the project on April 25, 2024 and received four (4) bids on June 26, 2024. Public Works staff and CMD staff reviewed the bids and determined that KLW Construction, Inc. is the lowest responsible bidder; and

WHEREAS, The contract amount is \$6,986,810.45 and the contract duration is 630 consecutive calendar days; now, therefore, be it

RESOLVED, That this Commission hereby awards San Francisco Public Works Construction Contract, the ZSFG Building 5 Family Health Center Relocation Phase 1 5C 5E Demolition Project (Sourcing ID No. 0000009068) in the amount of \$6,986,810.45 with \$689,681.05 for contingency, and with a contract duration of 630 consecutive calendar days with 63 consecutive calendar days of contingency, to KLW Construction, Inc.

I hereby certify that the foregoing resolution was adopted by the Public Works Commission at its meeting of October 17, 2024.



Commission Affairs Manager
Public Works Commission

From: [Fordham, Chelsea \(CPC\)](#)
To: [Rodarte, Desiree \(DPW\)](#); [Salgado, Rebecca \(CPC\)](#)
Subject: RE: ZSFG Building 5 - Not a Project
Date: Thursday, August 24, 2023 12:53:26 PM
Attachments: [image001.png](#)

Hi Desiree, Rebecca and I reviewed the interior renovation project at 1001 Potrero Avenue Building 5 and determined it's not a project under CEQA. Please include the following language in RAMS: "Not defined as a project under CEQA Guidelines Sections 15378 and 15060(c)(2) because it does not result in a physical change in the environment."

Thanks,
Chelsea

From: Rodarte, Desiree (DPW) <desiree.rodarte@sfdpw.org>
Sent: Monday, August 21, 2023 11:11 AM
To: Fordham, Chelsea (CPC) <chelsea.fordham@sfgov.org>; Salgado, Rebecca (CPC) <rebecca.salgado@sfgov.org>
Subject: RE: ZSFG Building 5 - Not a Project

Hi Chelsea,

I've uploaded the pictures from the project team. Please let me know if you need anything else. 
[ZSFG Building 5](#)

Thanks!
Desiree



Desiree Rodarte
Regulatory Affairs Specialist

Design and Engineering | San Francisco Public Works | City and County of San Francisco
49 South Van Ness Ave. 9th Fl | San Francisco, CA 94102 | sfpublicworks.org · twitter.com/sfpublicworks
Please note, I will be out of the office from July 12th to July 21st.

From: Rodarte, Desiree (DPW)
Sent: Monday, August 07, 2023 8:31 AM
To: Fordham, Chelsea (CPC) <chelsea.fordham@sfgov.org>; Salgado, Rebecca (CPC) <Rebecca.Salgado@sfgov.org>
Subject: RE: ZSFG Building 5 - Not a Project

Hi Chelsea,

Yes, I will get those from the PM and send along.

Best,
Desiree



Desiree Rodarte
Regulatory Affairs Specialist

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From: Fordham, Chelsea (CPC) <chelsea.fordham@sfgov.org>
Sent: Thursday, August 03, 2023 5:04 PM
To: Rodarte, Desiree (DPW) <desiree.rodarte@sfdpw.org>; Salgado, Rebecca (CPC) <rebecca.salgado@sfgov.org>
Subject: RE: ZSFG Building 5 - Not a Project

Hi Desiree, Can you send over pictures of the interiors and walls to be demolished? The building is historic, so I want to confirm that these spaces were not open to the public or have historic interiors.

Thanks,
Chelsea

Chelsea E. Fordham, Principal Planner
Environmental Planning Division
San Francisco Planning
49 South Van Ness Avenue, Suite 1400, San Francisco, CA 94103
Direct: 628.652.7579 | www.sfplanning.org
[San Francisco Property Information Map](#)

From: Rodarte, Desiree (DPW) <desiree.rodarte@sfdpw.org>
Sent: Thursday, August 03, 2023 9:41 AM
To: Fordham, Chelsea (CPC) <chelsea.fordham@sfgov.org>; Salgado, Rebecca (CPC) <rebecca.salgado@sfgov.org>
Subject: ZSFG Building 5 - Not a Project

Hi Chelsea and Rebecca,

We have an OSHPD project for interior renovation only at 1001 Potrero Avenue Building 5 to relocate the Family Health Center. Can this be determined not a project under CEQA? They have also received approval from the HCAI. This is in RAMS here:

<https://ramswb.apps.sfdpw.org/projects/156/request>.

There is also an older CatEx that I've attached, but we wanted to follow the memo on OSHPD projects being determined not projects if they adhere to the memo.

Please let me know if you need anything else.

Best,
Desiree



Desiree Rodarte
Regulatory Affairs Specialist

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