



Meeting Date: June 18, 2026

To: Public Works Commission

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

From: Alice Ng, Project Manager

Subject: Laguna Honda Hospital and Rehabilitation Center Administrative Building
M&O Wings Renovation, Contract ID 1000026746 – Contract Modification

Director’s Recommendation:

Approve an increase of \$15,730,890 to the contract value and an increase of 586 consecutive calendar days to the contract duration contingency to Contract No. 1000026746, Laguna Honda Hospital and Rehabilitation Center Administrative Building M&O Wings Renovation (“LHH M&O Wings”) with S.J. Amoroso Construction Co. LLC, and authorize the Director of Public Works to approve future modifications of the contract for a total contract amount of up to \$78,654,450.00, and a total contract duration of up to 1,463 consecutive calendar days.

Contract Background:

The LHH M&O Wings Project is an approximately 86,000-square-foot adaptive reuse project converting former hospital wards into office space for approximately 420 San Francisco Department of Public Health (“DPH”) staff. The Project includes interior demolition and hazardous materials abatement; exterior envelope repairs and replacements; accessibility improvements; voluntary seismic upgrades; elevator modernization; and comprehensive architectural, mechanical, plumbing, fire protection, electrical, telecommunications, and security improvements.

The work is being performed within the vacated portion of the former Laguna Honda Hospital building, which was decommissioned from the Office of Statewide Health Planning and Development/Department of Health Care Access and Information (“OSHPD/HCAI”) following opening of the replacement hospital and is now under the jurisdiction of the San Francisco Department of Building Inspection (“DBI”).

Public Works provides design, project management, construction management, and contract administration services for the Project.

On March 11, 2024, the Public Works Commission adopted Resolution No. 2024-0023 authorizing San Francisco Public Works to approve modifications of the contract for a total contract amount of up to \$62,923,560, and a total contract duration of up to 877 consecutive calendar days. The

original contract amount was for a not-to-exceed amount of \$52,436,300 and the original contract duration was 608 consecutive calendar days.

Reason for Modification:

Construction is 92% complete, and pending change orders will exceed the previously approved construction contingency and contract duration. The Department is requesting authorization to approve future contract modifications for a total contract amount not-to-exceed \$78,654,450, representing approximately 50 percent above the original contract amount. The requested increase will provide sufficient contract capacity to address known and potential change order exposure necessary for completion of the Project while avoiding construction delays and administrative disruption associated with returning for subsequent approvals.

To date, eighteen (18) change orders totaling \$10,299,792 have been executed, resulting in a revised contract amount of \$62,736,092, approximately 19.6% above the original contract amount. Current potential change order exposure is estimated at approximately \$12 million, which would increase the contract amount to approximately \$74.8M, or 43% above the original contract amount and approximately 22% above the City’s independent cost estimate of \$61,249,258 for the original scope of work. The requested contract limit of \$78,654,450 provides additional contingency capacity to address remaining construction risks through project completion.

The contract modifications executed to date, together with pending change order exposure anticipated through project completion, are primarily attributable to unforeseen existing conditions encountered during construction, including extensive plaster ceiling demolition and repair, concrete crack and spall remediation, concealed utility conflicts, structural anchorage revisions, and associated impacts to project sequencing and construction duration. Additional modifications resulted from design clarifications, field-directed coordination requirements, and owner-requested operational adjustments necessary to support project delivery and facility functionality.

In addition to the increase in contract amount, the Project has experienced significant impacts to contract duration associated with the above-described conditions. The original contract duration to final completion was 608 calendar days. Approved modifications have increased the contract duration to 1,136 calendar days, and currently identified pending exposure may result in an additional 327 calendar days, for a projected total contract duration of approximately 1,463 calendar days to final completion. The schedule impacts are principally associated with unforeseen existing conditions, expanded demolition and repair activities, utility coordination, water-isolation constraints, and the additional sequencing and coordination required to complete the work within an existing and aging facility.

Contract Details:

Contract Title:	Laguna Honda Hospital and Rehabilitation Center Administrative Building M&O Wings Renovation

Contract Original Award Amount:	\$52,436,300.00
Time Allowed for Substantial Completion:	548 Consecutive Calendar Days
Time Allowed for Final Completion:	60 Consecutive Calendar Days
Contractor Name:	S.J. Amoroso Construction Co. LLC

Summary of Contract Value:

Contract Cost Amount	Amounts
Original Contract Amount:	\$52,436,300.00
Original Contingency Amount:	\$5,243,630.00
Previously Approved Contingency Reserve:	\$5,243,630.00
Additional Contingency Reserve Requested:	\$15,730,890.00
Authorized Contract Cost Limit:	\$78,654,450.00

Summary of Contract Time:

Contract Duration	Calendar Days
Original Contract Duration (Substantial and Final Completion):	608
Original Contingency Duration:	61
Previously Approved Contingency Reserve:	208
Additional Contingency Reserve Requested:	586
Authorized Contract Duration Limit:	1,463

Contract Funding Sources:	Certificates of Participation – Department of Public Health
Compliance Information:	San Francisco Citywide Project Labor Agreement (“PLA”) 12B Equal Benefits Program 14B Local Business Enterprise and Non-Discrimination in Contracting Ordinance (LBE Subcontracting Participation Requirement of 22% established by CMD)
Related Commission Actions:	Resolution No. 2024-0023, March 11, 2024
Additional Information:	N/A
Attachments:	Attachment 1: Commission Resolution

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

RESOLUTION NO. _____

WHEREAS, On July 10, 2019, San Francisco Public Works (“Public Works”) entered into a Memorandum of Understanding (“MOU”) with the San Francisco Department of Public Health (“DPH”) to manage the design and construction of the Laguna Honda Hospital and Rehabilitation Center Administrative Building M&O Wings Renovation project (“Project”) located at 375 Laguna Honda Boulevard; and

WHEREAS, The Project is an approximately 86,000-square-foot adaptive reuse project that converts former hospital wards into office space for approximately 420 DPH employees and includes accessibility, seismic, building systems, and related facility improvements; and

WHEREAS, On August 31, 2022, Public Works awarded construction Contract No. 1000026746 to S.J. Amoroso Co., LLC in the amount of \$52,436,300, with a contract duration of 608 calendar days; and

WHEREAS, On January 30, 2023, Public Works issued the Notice to Proceed to S.J. Amoroso Co., LLC; and

WHEREAS, On March 11, 2024, the Public Works Commission adopted Resolution No. 2024-0023 authorizing the Director of Public Works to approve contract modifications resulting in a total contract amount of up to \$62,923,560 and a total contract duration of up to 877 calendar days; and

WHEREAS, During construction, the Project encountered additional unforeseen existing conditions, concealed building deficiencies, design refinements, scope adjustments, and other field conditions requiring contract modifications to complete the work and maintain project progress, which have resulted in, and are expected to continue resulting in, increases to the contract amount and contract duration beyond the authority granted to the Director of Public Works under Resolution No. 2024-0023; and

WHEREAS, Public Works has determined that additional contract authority is necessary to address remaining construction risks, maintain project continuity, reduce potential claims exposure, and ensure successful completion of the Project; now, therefore, be it

RESOLVED, That the Public Works Commission hereby increases the Director of Public Works’ authority to approve contract modifications for Contract No. 1000026746, Laguna Honda Hospital and Rehabilitation Center Administrative Building M&O Wings Renovation

Project, with S.J. Amoroso Construction Co., LLC, resulting in a total contract amount not to exceed \$78,654,450 and a total contract duration not to exceed 1,463 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