



Meeting Date: September 15, 2023

To: Public Works Commission

Through: Carla Short, Interim Public Works Director
Ronald Alameida, Deputy Director of Architecture & City Architect

From: Christine Tang, Project Manager

Subject: Laguna Honda Hospital and Rehabilitation Center Main Sewer Replacement Project – Termination of Contract for Convenience

Director’s Recommendation:

Approve the Public Works Director’s determination that termination of the Laguna Honda Hospital and Rehabilitation Center Main Sewer Replacement Contract with KJ Woods Construction, Inc. for convenience would be in the best interest of the City and County of San Francisco.

Contract Background:

The Laguna Honda Hospital and Rehabilitation Center Main Sewer Replacement project is a Department of Public Health (DPH) project that consists of constructing new sewer mains to replace an aging and dilapidated sewer system on the Laguna Honda campus. This project is coordinated closely with Laguna Honda Hospital’s M&O Wings project; both projects share a roadway for construction traffic and regular hospital traffic.

The sewer replacement project scope includes construction of 1,348 linear feet of 12-inch diameter VCP (Vitrified Clay Pipe) main sewer, new manholes, new storm drain laterals, and new sewer laterals. The project improvements are largely located or placed on the hospital campus roadway, connecting to a new sewer connection and manhole on Laguna Honda Boulevard. The work also includes reconstruction of asphalt and concrete pavement, curb and gutter, concrete sidewalk, and landscape restoration. On August 31, 2022, the Public Works Director awarded this project contract to KJ Woods Construction Inc.

Between late 2022 and early 2023, the Department of Public Health placed a campus moratorium for projects not critical to the re-certification of Laguna Honda Hospital. As such, the sewer project required careful consideration of construction activities and schedule by project and hospital team members before it would be allowed to start.

Prior to issuance of Notice to Proceed (NTP), Public Works Project Management staff reached out to KJ Woods to discuss schedule and project planning in preparation for issuance of the NTP. With the increasing need to carefully orchestrate activities with those of the M&O Wings project, and with the California Department of Public Health (CDPH)’s and Centers for Medicare and Medicaid Services’ (CMS) Surveyor’s frequent visits, sometimes unannounced, it became clear

that it was in the best interest of the City to terminate KJ Woods’ contract for convenience and rethink the project timing, delivery, and scope. Public Works therefore never issued an NTP.

Under the terms of the contract, the City may terminate the contract for convenience for any reason or no reason whenever the Director determines the termination is in the best interest of the City. Under Administrative Code Section 6.22(1), the Director may terminate the performance of work under a contract when the Director determines, with the approval of the Mayor or the Commission, that such termination is in the best interest of the City. KJ Woods received and did not contest the notice of the Termination for Convenience and as instructed pursuant to the terms of the contract, submitted a first and final invoice on July 7, 2023, in the amount of \$7,079.60, to cover the costs of the payment and performance bond required by the City.

At the request of the Department of Public Health, the project team is continuing to assess if part of the sewer replacement infrastructure can be redesigned and the scope simplified. This would minimize construction impacts on campus and along Laguna Honda Boulevard (the connection point for the sewer).

Construction Contract Timelines:

- 8/31/2022: Award Date.
- 1/9/2023: Project ready for issuance of NTP.
- 4/28/2023: Notice of Termination for Convenience transmitted to KJ Woods.
- 7/7/2023: KJ Woods’ response to Termination for Convenience, with Invoice

Contract Details:

Contract Title:	Laguna Honda Hospital and Rehabilitation Center Main Sewer Replacement
Contract Award Amount:	\$848,000
Notice to Proceed Date:	None
Contract Duration:	116 Calendar Days
Related Commission Actions:	N/A
Additional Information:	N/A
Attachments:	Attachment A: Contract Award, dated August 31, 2022 Attachment B: Notice of Termination for Convenience, dated April 28, 2023

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

RESOLUTION NO. _____

WHEREAS, On August 31, 2022, San Francisco Public Works (Public Works) awarded the construction contract titled, Laguna Honda Hospital and Rehabilitation Center Main Sewer Replacement; and

WHEREAS, The contract scope includes constructing new sewer mains to replace an aging and dilapidated sewer system on the Laguna Honda campus, including new sewer, manholes, connections to storm drains, and side sewers; and

WHEREAS, The contract scope also includes reconstruction of pavement and sidewalk as well as landscape restoration; and

WHEREAS, The contract was awarded for \$848,000; and

WHEREAS, The contract duration is 116 consecutive calendar days from Notice to Proceed (NTP) to Substantial Completion; and

WHEREAS, The contract was ready for establishment of NTP on January 9, 2023; and

WHEREAS, While outreaching to Contractor KJ Woods to discuss schedule and project planning in preparation for issuance of NTP, the Department became aware of the constraints and challenges associated with needing to carefully orchestrate project activities and work with those of the simultaneous M&O Wings project and with State Surveyor visits key to the hospital's re-certification efforts; and

WHEREAS, The Public Works Director determined that termination of KJ Woods' contract for convenience to allow a rethink of the project schedule, delivery, and scope would be in the best interest of the City and County of San Francisco (City); and

WHEREAS, The Notice of Termination for Convenience was issued to KJ Woods on April 28, 2023; and

WHEREAS, KJ Woods did not contest the notice and responded on July 7, 2023 with their first and final invoice of \$7,079.60 covering their Payment and Performance Bond; now, therefore, be it

RESOLVED, That this Commission hereby approves the Public Works Director's determination that termination of the Laguna Honda Hospital and Rehabilitation Center Main Sewer Replacement Contract with KJ Woods Construction, Inc. for convenience would be in the best interest of the City.

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

Commission Affairs Manager
Public Works Commission



San Francisco Public Works
 General – Director's Office
 49 South Van Ness Ave., Suite 1600
 San Francisco, CA 94103
 (628) 271-3160 www.SFPublicWorks.org

Public Works Order No: 207211

**CITY AND COUNTY OF SAN FRANCISCO
 SAN FRANCISCO PUBLIC WORKS
 AWARD OF CONTRACT**

Contract ID No.:	1000027155
Contract Title:	PW LHH & RHB CNTR MAIN SWR RP
Full Contract Title:	LAGUNA HONDA HOSPITAL AND REHABILITATION CENTER MAIN SEWER REPLACEMENT
Receipt of Bids:	August 31, 2022
Contract Estimate:	\$1,206,373.00
Time Allowed for Completion:	116 Calendar Days
Required Approvals:	SF Public Works

AWARDEE:	K. J. Woods Construction, Inc. PO Box 947 South San Francisco, CA 94083
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Supplier ID:	0000017223
Business Tax Registration Certificate No.:	0955788
Contractor's License Number:	701797
DIR Registration Number:	1000002599

Total Contract: \$848,000.00

ENVIRONMENTAL STATEMENT: The project is exempt from CEQA

DISTRIBUTION:

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OLSE: olseprebidprecon@sfgov.org; Robin.Ho@sfgov.org; James.Hewitt@sfgov.org; Anna.Liu@sfgov.org;

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Antonio.Tom@sfgov.org; Regina.Chan@sfgov.org; ivan.oldenkamp@sfgov.org;

Contract Admin: ContractAdmin.Staff@sfdpw.org;

Minority Business Development Agencies/Builders Exchanges:

andersandanders6@yahoo.com; southeastjobscoalition@gmail.com; planroom@ebidboard.com;
mba@marinbuilders.org; planroom@ncbeonline.com; support@ConstructionPlans.org; deanna@bxofsf.com;
plans@bxscoco.com; Dodge.Docs@construction.com;

All Bidders

X

DocuSigned by:

Alameida, Ronald

Alameida, Ronald 1699C5486...

Deputy Director & City Architect

X

DocuSigned by:

Bruce Robertson

Robertson, Bruce 68398308AB81447...

Deputy Director of Financial Management &...

X

DocuSigned by:

Albert Ko

281DC30E04CF41A...

Short, Carla

Interim Director



Julia Laue, AIA, LEED AP, Principal Architect & Bureau Manager | Public Works BDC - Architecture
julia.laue@sfdpw.org | T. 628.271.2868 | 49 South Van Ness Ave. Suite 1100, San Francisco, CA 94103

April 28, 2023

Kieran Woods
KJ Woods Construction, Inc.
PO Box 947
South San Francisco, CA 94083

RE: Notice of Termination by the City for Convenience
Laguna Honda Hospital and Rehabilitation Center Main Sewer Replacement
Formal Construction Contract

Dear Mr. Woods:

Please take notice that pursuant to San Francisco Administrative Code section 6.22(l) and Section 14.03 of the General Conditions, the City and County of San Francisco (“City”) terminates the performance of all Work by KJ Woods Construction, Inc. under Contract ID No. 1000027155.

The City has determined that it is in the best interest of the City to cease all work on the Laguna Honda Hospital and Rehabilitation Center Main Sewer Replacement. This project is currently in post-certification phase; NTP has not yet been established. This termination by the City for convenience shall become effective 5:00PM PDT April 28, 2023.

Pursuant to Article 14.03(B), please stop all work and take all other actions as required by that subsection. A copy of this subsection is enclosed as a curtesy. In addition, pursuant to Paragraph 14.03(C), please submit to the City your certified termination claim, if any, promptly, but in no event later than July 31, 2023. Since work on the project has not begun, the City does not expect KJ Woods to have incurred much, if any, expense.

Sincerely,

DocuSigned by:
A handwritten signature in cursive script that reads "Christine Tang".
A53253D5BFC34B1...

Christine Tang
Project Manager

Cc: Dennis Oates, Laura Tanigawa, BCM
Charles Higuera, BPM
Julia Laue, Roger Hay, BOA
Benito Olguin, YoungJae Kim, DPH

ing the Work, including all liquidated damages for delays, such excess shall be paid to Contractor. If such costs exceed the unpaid balance, Contractor shall pay the difference to the City. The amount to be paid to Contractor or City, as the case may be, upon application, shall be an obligation for payment that shall survive termination of the Contract.

1. Upon completion of all Work, Contractor shall be entitled to the return of all its materials which have not been used in the Work, its plant, tools, equipment and other property provided, however, that Contractor shall have no claim on account of usual and ordinary depreciation, loss, wear and tear.

E. If, after termination of the Contractor's right to proceed, it is determined that the Contractor was not in default, or that the delay was excusable, the rights and obligations of the parties, including adjustment of the Contract Sum, will be the same as if the termination had been issued for the convenience of the City, as provided under Paragraph 14.03.

14.02 SUSPENSION BY THE CITY FOR CONVENIENCE

A. The City may, without cause, order Contractor in writing to suspend, delay or interrupt the Work in whole or in part for such period of time as the City may determine.

B. An adjustment shall be made as specified in subparagraph 7.02A for increases in the cost of performance of the Contract caused by suspension, delay or interruption. No adjustment shall be made to the extent:

1. that performance is, was or would have been so suspended, delayed or interrupted by another cause for which Contractor is responsible; or
2. that an equitable adjustment is denied under another provision of this Contract.

14.03 TERMINATION BY THE CITY FOR CONVENIENCE

A. Pursuant to section 6.22I of the San Francisco Administrative Code the City may terminate the performance of Work under this Contract in accordance with this Paragraph 14.03 in whole or, from time to time, in part, whenever the City shall determine that such termination is in the best interest of the City. Any such termination shall be effected by delivery to Contractor of a notice of termination specifying the extent to which performance of Work under the contract is terminated, and the date upon which such termination becomes effective.

B. After receipt of a notice of termination, and except as otherwise directed by the City, Contractor shall comply with all of the following requirements.

1. Stop Work under the Contract on the date and to the extent specified in the notice of termination.

2. Place no further orders or subcontracts for materials, services, or facilities except as necessary to complete the portion of the Work under the Contract that is not terminated.

3. Terminate all orders and subcontracts to the extent that they relate to the performance of Work terminated by the notice of termination.

4. Assign to the City, in the manner, at the times, and to the extent directed by the City, all of the right, title, and interest of Contractor under the orders and subcontracts so terminated. The City shall have the right, at its discretion, to settle or pay any or all Claims arising out of the termination of such orders and subcontracts.

5. Settle all outstanding liabilities and all Claims arising out of such termination of orders and subcontracts with the approval or ratification of the City, in writing, to the extent it may require. The City's approval or ratification shall be final for all the purposes of this Paragraph 14.03.

6. Transfer title to the City, and deliver in the manner, at the times, and to the extent, if any, directed by the City, (i) the fabricated or unfabricated parts, Work in process, completed Work, supplies, and other material produced as a part of, or acquired in connection with the performance of, the Work terminated by the notice of termination, and (ii) the completed or partially completed drawings, information, and other property which, if the Contract had been completed, would have been required to be furnished to the City.

7. Use its best efforts to sell, in the manner, at the times, to the extent, and at the price or prices that the City directs or authorizes, any property of the types previously referred to herein, but Contractor (i) shall not be required to extend credit to any purchaser, and (ii) may acquire any such property under the conditions prescribed and at a price or prices approved by the City. The proceeds of any such transfer or disposition shall be applied in reduction of any payments to be made by the City to Contractor under this Contract or shall otherwise be credited to the price or cost of the Work covered by this Contract or paid in such other manner as the City may direct.

8. Complete performance of such part of the Work as shall not have been terminated by the notice of termination.

9. Take such action as may be necessary, or as the City may direct, for the protection and preservation of the property related to this Contract which is in the possession of Contractor and in which the City has or may acquire an interest.

C. After receipt of a notice of termination, Contractor shall submit to the City its termination claim, in the form and with the certification the City prescribes.

Such termination claim shall be submitted promptly, but in no event later than 3 months from the effective date of termination, unless one or more extensions in writing are granted by the City upon written request of Contractor within such 3-month period or an authorized extension period. However, if the City determines that the facts justify such action, it may receive and act upon any such termination Claim at any time after such 3-month period or extension period. If Contractor fails to submit its termination Claim within the time allowed, the City may determine, on the basis of information available to the City, the amount, if any, due to Contractor because of the termination. The City shall then pay to Contractor the amount so determined.

D. Subject to the previous provisions of this Paragraph 14.03, Contractor and the City may agree upon the whole or any part of the amount or amounts to be paid to Contractor because of the total or partial termination of Work. The amount or amounts may include a reasonable allowance for profit on Work done. However, such agreed amount or amounts, exclusive of settlement costs, shall not exceed the total Contract Sum as reduced by the amount of payments otherwise made and as further reduced by the Contract Sum of Work not terminated. The Contract shall be amended accordingly, and Contractor shall be paid the agreed amount. Nothing following, prescribing the amount to be paid to Contractor in the event of failure of Contractor and the City to agree upon the whole amount to be paid to Contractor because of the termination of Work under this Paragraph 14.03, shall be deemed to limit, restrict, or otherwise determine or affect the amount or amounts which may be agreed upon to be paid to Contractor pursuant to this subparagraph 14.03D.

E. If Contractor and the City fail to agree, as subparagraph 14.03D provides, on the whole amount to be paid to Contractor because of the termination of Work under Paragraph 14.03, the City shall determine, on the basis of information available to the City, the amount, if any, due to Contractor by reason of the termination and shall pay to Contractor the amounts determined as follows:

1. For all Contract Work performed before effective date of the notice of termination, the total (without duplication of any items) of the following items:

a. The cost of such Work.

b. The cost of settling and paying Claims arising out of the termination of Work under subcontracts or orders as previously provided. This cost is exclusive of the amounts paid or payable on account of supplies or materials delivered or services furnished by Contractor before the effective date of the notice of termination. These amounts shall be included in the cost on account of which payment is made for the cost of Work previously provided.

c. A sum, as profit on the cost of the Work as provided in subparagraph 14.03D, that the City determines to be fair and reasonable. But, if it appears that Contractor would have sustained a loss on the entire Contract had it been completed, no profit shall be included or allowed, and an appropriate adjustment shall be made reducing the amount of the settlement to reflect the indicated loss.

2. The reasonable cost of the preservation and protection of property incurred as previously provided. The total sum to be paid to Contractor shall not exceed the total Contract Sum as reduced by the amount of payments otherwise made and as further reduced by the Contract price of Work not terminated. Except for normal spoilage, and except to the extent that the City shall have otherwise expressly assumed the risk of loss, there shall be excluded from the amounts payable to Contractor the fair value, as determined by the City, of property which is destroyed, lost, stolen, or damaged, to the extent that it is undeliverable to the City, or to a buyer as previously provided.

F. Contractor shall have the right to dispute in a court of competent jurisdiction within the State of California any determination the City makes under subparagraph 14.03E. But, if Contractor has failed to submit its termination Claim within the time provided and has failed to request extension of such time, it shall have no such right to dispute the City's determination. In any case where the City has determined the amount owed, the City shall pay to Contractor the following:

1. if there is no right to dispute hereunder or if a right to dispute has not been timely exercised, the amount so determined by the City; or

2. if a proceeding is initiated in a court of competent jurisdiction within the State of California, the amount finally determined in said proceeding.

G. In arriving at the amount due Contractor under this clause there shall be deducted:

1. all unliquidated advance or other payments on account theretofore made to Contractor, applicable to the terminated portion of this Contract;

2. any Claim which the City may have against Contractor in connection with this Contract; and

3. the agreed price for, or the proceeds of sale of, any materials, supplies, or other things kept by Contractor or sold, under the provisions of this Paragraph 14.03, and not otherwise recovered by or credited to the City.

H. If the termination hereunder be partial, before the settlement of the terminated portion of this Contract, Contractor may file with the City a request in writing for an equitable adjustment of the price or prices specified in the Contract relating to the contin-