



Meeting Date: July 22, 2024

To: Public Works Commission

Through: Carla Short, Public Works Director
Ronald Alameida, Deputy Director and City Architect

From: Lindsay Hu, Public Works Project Manager

Subject: 1000024456 ZSFG Building 5 Rehabilitation Department Relocation – Phase 3, Approval of Contract Modification

Director’s Recommendation: Approve Modification No. 1 for an increase of \$559,624.71 to the contract cost contingency and authorize the Director Public Works to approve future modifications for 1000024456 ZSFG Building 5 Rehabilitation Department Relocation – Phase 3 up to a total contract amount of \$4,663,539.25; and approve an increase of 395 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 1,000 calendar days.

Contract Background: The Work is located in Building 5, 3rd floor at Zuckerberg San Francisco General Hospital (ZSFG), 1001 Potrero Avenue, San Francisco for the Department of Public Health (DPH).

The ZSFG Building 5 Rehabilitation Department Relocation - Phase 3 Project is the third and final phase of this project that is permitted by the Department of Health Care Access and Information (HCAI) (a state agency), formerly known as OSHPD (Office of Statewide Health Planning and Development). Phases 1 and 2 were completed under a separate Public Works contract with a separate Contractor. The Phase 3 work includes the construction of the new Outpatient Urology Clinic, Waste Holding area, and new Ward 3A and Ward 3C Accessible Restrooms. The project is funded by both the 2016 Public Health and Safety Bond Program (2016 PHS) and the San Francisco General Hospital (SFGH) Foundation Grant/Gift Donations.

Public Works issued the award of contract to K LW Construction, Inc. with a Notice to Proceed (NTP) on October 24, 2022. The Contract duration is 490 calendar days to substantial completion on February 25, 2024 and 60 calendar days to final completion on April 25, 2024.

Located in an operational hospital, the construction work requires additional oversight from DPH’s Environmental Health and Safety (EH&S) and approval of the ZSFG Contractor’s Combined Work Permit (CCWP) prior to starting the work. The CCWP process requires review and approval of the Infection Control Work Plan, Hazardous Material Management Plan, Interim Life Safety Measures and Health and Safety Plan. DPH EH&S approved the CCWP on April 6, 2023, and the construction field work effectively started on May 02, 2023, 190 calendar days after NTP. As of June 30, 2024, the project has an elapsed construction duration of 616 calendar

days and an estimated value complete of 51%. The current substantial completion is September 23, 2024.

Reason for Modification: 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), which 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, 1970's reinforced concrete structure and post tension slab and beam conditions make renovations very difficult, requiring a significant amount of time and expertise in scanning and creative solutions to address conflicts. There are also many unforeseen conditions related to existing mechanical, electrical, plumbing infrastructure that often result in delays and cost change orders. In addition, the construction work needs to address working in an operational hospital and limiting the impacts to the user groups and patient care. The work requires stringent environmental health and safety procedures and infection control plans 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 alternations to the construction drawings/details due to 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 consists 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 leads to delays and impacts the progression of construction work.

The Rehabilitation Department Relocation – Phase 3 construction contract will exceed the 10% cost and duration contingency for all of the reasons mentioned above. The project has over 7 main construction areas for the Outpatient Urology Clinic, Waste Holding area, new Ward 3A and Ward 3C Accessible Restrooms and the HVAC Supply Fan scope. Each area requires stringent infection control procedures, including negative air containments with decontamination chambers and daily monitoring. Construction at ZSFG with the rigorous CCWP approval procedures often cause delays to the construction start prior to the commencement of work. For the Rehab Phase 3 project, this process took 190 days or 35% of the contract duration and had merit for a compensable time extension. In addition, each area often has unforeseen conditions that require investigation, design modifications and HCAI oversight and approval, resulting in both direct work cost change orders and compensable delays to the project.

In addition to the base scope of the project, an existing condition and fire alarm code issue required a separate HCAI project for the ZSFG Building 5 HVAC Units Supply Fan 1 and Supply Fan 2 be added the project scope as Change Order No. 1. The HVAC Supply Fan scope was substantially complete on March 29, 2024 and achieved HCAI project closure in compliance on June 3, 2024.

Public works has executed the following change orders (CO) 001 through 003 in the amount of \$67,186.71, \$62,136.86, and \$129,093.59, respectively, and totaling, \$258,417.16 (or 6.9%) and 0 calendar days as shown in Table 1: Change Order Summary below.

Table 1: Change Order Summary

CO	CO Amount / % Increase	Time Extension (CDs) / % Increase	Status
001	\$ 67,186.71	0	Executed
002	\$ 62,136.86	0	Executed
003	\$ 129,093.59	0	Executed
Executed Subtotal	\$ 258,417.16	0	
004	\$ 171,586.11	211	Pending Commission Approval
Potential	\$ 450,000.00	120	Potential Exposure / Projected CO
Total Executed, Approved, Potential	\$ 880,003.27	331	

CO 001 included the added scope for the HVAC Supply Fan project. CO 002 and 003 had three major unforeseen and design error conditions. CO 004 includes the 211 calendar days time extension with a \$163,324 for 133 compensable days as well as other minor change orders. Approval of CO 004 would exceed the total approved 10% construction cost and duration contingency amount, and execution is pending Public Works Commission approval.

The potential change order amount of \$450,000 and 120 calendar days is a projection for current change orders in review and estimates for future change orders. There are two projected change orders related to major redesign efforts. The first is for the Urology modifications to address the infection control, operational, and licensing requirements for clinical scope cleaning/reprocessing. The project was previously designed and approved based on the previous clinical program requirements. The potential exposure for this design modification is \$150,000. The second redesign effort is for the 3A accessible restroom. A revised restroom layout is required due to an unforeseen condition of an existing pneumatic tube system that was discovered after demolition of the existing walls. The potential exposure for this design modification is \$75,000. Both redesigns require an ACD and HCAI Sacramento office review and approval prior to the commencement of the work. This review process and modification will likely push out the substantial completion date approximately three months at a projected cost of \$100,000.

The requested contract cost contingency increase of \$559,624.71 and duration contingency increase of 395 calendar days are needed to allow Public Works to extend the contract duration to allow the Contractor to complete the Work related to unforeseen conditions, code issues, design errors and client requested changes. The increased cost contingency will also allow Public Works to issue construction change orders to compensate the Contractor for the extra

work and not delay the project schedule while the Contractor’s pricing are being tracked and negotiated by the Public Work Construction Management Team. Public Works is estimating that there is approximately \$450,000 of outstanding change order costs that will need to be executed in future change order/modification.

Contract Details:

Contract Title:	Contract No. 1000024456 ZSFG Building 5 Rehabilitation Department Relocation – Phase 3
Contract Original Award Amount:	\$3,730,831.40
Contract Original Duration:	490 calendar days [Substantial Completion] 60 calendar days [Final Completion]
Contractor Name:	KLW Construction, Inc.

Summary of Contract Value:

Contract Cost Amount	Amounts
Original Contract Amount:	\$3,730,831.40
Original Contingency Amount (10%):	\$373,083.14
Previously Approved Contingency Reserve:	-
Additional Contingency Reserve Requested (15%):	\$559,624.71
Authorized Contract Cost Limit, if Approved:	\$4,663,539.25

Contract Duration	Calendar Days
Original Contract Duration (Substantial and Final Completion):	550
Original Contingency Duration (10%):	55
Previously Approved Contingency Reserve:	-
Additional Contingency Reserve Requested:	395
Authorized Contract Duration Limit, if Approved:	1,000

Contract Funding Sources:	<ul style="list-style-type: none"> • 2016 Public Health and Safety Bond Program (2016 PHS) • San Francisco General Hospital (SFGH) Foundation Grant/Gift Donation
Compliance Information:	12B Equal Benefits Ordinance Compliant 14B Local Business Enterprise and Non-Discrimination Ordinance
Related Commission Actions:	N/A
Additional Information:	N/A

Attachments:

Attachment 1: Resolution

Attachment 2: CEQA Determination – Not a Project Memo

DRAFT

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

RESOLUTION NO. _____

WHEREAS, On July 25, 2022, San Francisco Public Works awarded Contract No. 1000024456 ZSFG Building 5 Rehabilitation Department Relocation – Phase 3 to K LW Construction, Inc.; and

WHEREAS, The original contract amount was for a lump sum amount of \$3,730,831.40, and the original contract duration was 550 calendar days from the issuance of Notice to Proceed (NTP) to Final Completion; and

WHEREAS, An increase of \$559,624.71 to the contract cost contingency and an increase of 395 calendar days to the contract duration contingency are being requested for this contract; 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 order 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 \$559,624.71 to the contract cost contingency and an increase of 395 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 \$4,663,539.25 and to increase the contract duration up to a total contract duration of 1,000 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



February 8, 2017

Marilyn Thompson
Building Design and Construction
30 Van Ness Ave., Suite 4100
San Francisco, CA 94102

Edwin M. Lee
Mayor

Mohammed Nuru
Director

Subject: Determination that the interior remodeling of Building 5 at
Zuckerberg San Francisco General Hospital is not a project under
CEQA (JO# 7978A)

Patrick Rivera
Manager

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The Zuckerberg San Francisco General Hospital (ZSFGH) & Trauma Center
Building 5 Rehabilitation Clinic Relocation Project (project) is not an activity
subject to further review under the California Environmental Quality Act (CEQA).

Project Location: 1001 Potrero Ave, San Francisco

Scope of Work:

The undertaking involves demolishing and reconstructing floor/ceiling internal structure in Building 5 in order to meet regulatory requirements for the intended medical uses of the remodeled space. Space made available due to the relocation of surgical services from Building 5 to another building on the ZSFGH campus, will be used to relocate the existing rehabilitation department from the basement of building 5 to the reconstructed third floor. Remaining space on the third floor will be repurposed into offices and outpatient clinics.

Building 5 exists within the San Francisco General Hospital Historic District; however, the San Francisco Planning Department found (Case # 2014-002709ENV) that Building 5 is a non-contributing resource to the SFGH Historic District. As a result, the proposed work does not impact the historic status of the surrounding district. Building 5's Ward 5B has historic context as the first dedicated AIDS inpatient ward in the world, but remodeling work here is confined to the third floor.

This determination was based on a review of the scope of work submitted and in accordance with guidelines prepared by Planning. Refer to the memorandum "Processing Guidance: Not a project under CEQA" issued by Planning on September 18, 2013. The aforementioned memorandum was prepared as a

guide for private projects and will serve as an interim guide for public projects until further notice. The Department of Public Works (DPW) is working with Planning on a similar memo to formalize processing guidance for public projects. Future guidance will include a list of improvements that will not be considered "a project" as defined by the CEQA, Section 21065.

Interim Guidance

Activities deemed "not a project" under CEQA by San Francisco Planning include "[i]nterior renovations of publicly-accessible structures involving no change or expansion of use, where the interior of the structure is not historically significant and/or does not contribute to the building's historic significance." Uses within the building as a whole remain the same, and the building as a whole does not contribute to the San Francisco General Hospital historic district.

Based on this information, my office has determined that your undertaking is not a project under CEQA as defined by the San Francisco Planning Department. Should you have any further questions, please do not hesitate to contact me.



Boris Deunert
Manager of Regulatory Affairs

Cc: Oliver Iberien, SFPW-DE-Regulatory Affairs