

Construction Contracting Improvement Working Group Progress Report

Subcommittees – Goals	Progress and Recommended Action	Status
On-going Communication with the Contracting Community	<ul style="list-style-type: none"> • Arrange quarterly liaison meetings with Contractors. • Develop a citywide Construction Website. 	<ul style="list-style-type: none"> • Completed 5 meetings. • Draft Website under review.
Partnering and Dispute Resolution <ul style="list-style-type: none"> • <u>Partnering</u> - Adopt partnering to build trust and resolve issues promptly and equitably between City and contractor. • <u>DRB</u> - Implement DRB process for resolution of disputes. 	<ul style="list-style-type: none"> • Finalized Dispute Review Board Specifications and Third Party Agreement. Subcommittee has recommended adoption as citywide standards. • Reviewing for adoption the Caltrans model for Dispute Resolution Agreement with a one-person moderator. 	<ul style="list-style-type: none"> • DRB Specifications implemented. • Nine SFPUC Projects implemented DRB.
Payment & Change Orders Evaluate City departments' invoice/payment procedures for 1) progress payments, 2) change orders, 3) project closeout to develop simpler, more streamlined process for quicker payments.	<u>Improvements Implemented:</u> <ul style="list-style-type: none"> • Implemented Prompt Payment Program and Direct Deposit payment for Contractors/vendors. • DPW has developed and initiated the use of streamlined electronic payment submission system. DPW Resident Engineers have all been trained to use the system for all construction projects. <u>Current Developments:</u> <ul style="list-style-type: none"> • Development of an all-electronic web-based payment system. • Developing electronic submittal of HRC forms and streamlining submittal requirements. • Streamlining approval procedures for Change Orders that would include electronic approval and payment. 	<ul style="list-style-type: none"> • Prompt Payment Program and Direct Deposit implemented. • Developing Streamlined Change Orders Approval Procedures that include electronic approval and payment. BETA testing underway. • Adopted revised Chapter 6 of Administrative Code to allow release of retention to 2%.
Procedures Develop comprehensive project procedures to ensure the consistent implementation of contracts within and across departments.	Re-writing 40 construction/project management procedures which need to be standardized for city-wide use. The subcommittee is drawing the best procedures from SFIA, MTA, DPW, PUC, and CalTrans construction procedures.	<ul style="list-style-type: none"> • 30 draft procedures are ready for review and adoption.
Training <ul style="list-style-type: none"> • Provide comprehensive training to RE/PM/CM to create a strong pool of qualified managers to manage construction contracts more efficiently, less adversarially, and with consistency across City departments. • Develop followup recommendations that are workable and practical to implement; the recommendations should allow for consistency within the City. • Define Roles and Responsibilities, and level of authority for CMs, PMs, and REs. 	14 training topics have course outlines nearly complete: <ol style="list-style-type: none"> 1. Authority Levels/Roles – Learn what the levels are for using appropriate risk taking to minimize impact on schedule and budget. 2. Behavioral – Positive can-do approach/decision making/conflict, negotiations, public relations. 3. General Conditions and Contract Administration – Understand discretion available in General Conditions, develop confidence in managed risk taking. 4. Partnering (Formal and Informal) – Learn ways to establish trust and a fresh start. 5. DRB/DRM/DRA – Resolve issues with the least impact to the relationship, how to select DRB members, review City DRB/DRM/DRA procedures. 	<ul style="list-style-type: none"> • Working on Curriculum, Instructors, and Budget.

Construction Contracting Improvement Working Group Progress Report

Subcommittees – Goals	Progress and Recommended Action	Status
Training (continued)	<ol style="list-style-type: none"> 6. Change Orders – Understand contractors' risks, enhance predictability, consistency, and clear expectations of contract requirements. 7. Basic Scheduling – Importance of baseline schedules, monthly schedule reports, and revised schedules. 8. Delay Claims & Constructive Acceleration – How to avoid delay claims and constructive acceleration claims. 9. CM's Resolution of Disputes/Impasses – How to support RE when explaining to Contractor reason for using discretion in GCs, monitor risk taking performance. 10. Cost Estimating – Methods of cost estimating and required Record of Negotiations Memorandum. 11. Close-out Procedures – Establish clear expectations of requirements, as-builts along the way. 12. Basics of Inspection – Being proactive and solving problems, understanding sequence of work, engaging Contractor. 13. Auditing Contractor Costs – Requirements for cost capturing and allowable overhead components. 14. Claims – Avoid claims by fair application of contract discretion. Learn lessons from past claims. 	
OLSE (Office of Labor Standards Enforcement) Create achievable action items in the following areas: <ul style="list-style-type: none"> • <u>Classification</u> – Classification of trades/crafts by City/State vs. Contractor. • <u>Contractor vs. Subcontractor</u> – Notify primes of labor issues early in the process so they can address issues with subcontractors. • <u>Efficiencies</u> – Implement a citywide web-based electronic certified payroll submission database for use by contractors. • <u>Training/Outreach</u> – Training contractors and city staff, improve field documentation. 	The subcommittee has developed a set of recommended action for final review. <ul style="list-style-type: none"> • <u>Classification</u> – Highlight classification issues during pre-bid and/or post contract award meetings; post administrative hearing decisions and certifications of forfeiture on OLSE website. • <u>Contractor vs. Subcontractor</u> – OLSE has revised case assignment letters to primes to alert them of potential problems and withholding of funds; developing electronic submission of certified payrolls. • <u>Efficiencies</u> – OLSE has selected Elation for the implementation of electronic submission program. • <u>Training/Outreach</u> – OLSE is developing a contractor workshop with focus on how to identify appropriate classifications on the State Dept. of Industrial Relations website; developing training for contracting departments CM staff regarding prevailing wage requirements and compliance. 	<ul style="list-style-type: none"> • Posting of administrative hearing decisions and certifications of forfeiture on OLSE website. • Highlighting classification issues during pre-bid and/or post contract award meetings • Citywide electronic payroll submission program up and running. • On-going Training for contracting departments' CM staff regarding prevailing wage requirements and compliance. • Notifying Contractors early of any labor issues.

Construction Contracting Improvement Working Group Progress Report

Subcommittees – Goals	Progress and Recommended Action	Status
<p>First Source Hiring</p> <p>Create achievable action items in following areas:</p> <ul style="list-style-type: none"> • <u>Eligibility</u> – compliance threshold. • <u>Administration</u> of program efficiently. • <u>Bid Docs & Reporting</u> – how to simplify and improve bid docs and guidelines. • <u>Penalties/Incentives</u> – how to provide incentives for contractor compliance rather than only focusing on penalties. 	<p>The subcommittee has developed a final set of recommended action to take to the larger Working Group.</p> <ul style="list-style-type: none"> • <u>Eligibility</u> – Raise the compliance threshold for construction contracts by amending Administrative Code. • <u>Administration</u> – Create a single point of contact that can interface with and provide contract compliance to contractors and contracting departments for the Office of Labor Standards Enforcement, the First Source Hiring Administration, City Build, and the Human Rights Commission. • <u>Bid Documents and Reporting</u> - Streamline and standardize for use city-wide. • <u>Penalties/Incentives</u> – Members generally supported the more positive, pro-active approach undertaken by CityBuild but wanted to explore specific incentives to encourage compliance that do not also contribute to the administrative burden of bidding on City jobs. 	<ul style="list-style-type: none"> • Working on amending Administrative Code to raise compliance threshold for construction contracts. • Creating a single point of contact for interfacing with contractors and contracting departments for OLSE, FSH/CityBuild, and HRC. • Streamlined First Source bid document.
<p>Specifications and Contract Requirements</p> <ul style="list-style-type: none"> • Develop a uniform set of General Contract Documents, updated annually. • Revise Indemnification provisions to better balance Risk and Cost. • Revise Insurance and bonding requirements. 	<ul style="list-style-type: none"> • Completed new Contract Specifications. • Implementing Citywide. • Working with City Risk Manager to simplify insurance procedures. • Evaluating electronic submittals of insurance documents. 	<ul style="list-style-type: none"> • New specifications are in place.
<p>HRC</p> <ul style="list-style-type: none"> • The LBE bid preference is often times more than the margin that a contractor can bid on and still make a profit. Review current data to determine if the existing preferences are supportable or need to be reset. • Incentivize LBE program by providing compliance incentives for both LBE and non-LBE bidders. • Provide alternative Good Faith Efforts (GFE) documentation requirements which are currently too burdensome for contractors and subcontractors, being an ineffectual paper chase. • The amount of paperwork including reporting data is often duplicative. Goal is to consolidate, standardize, and streamline HRC related reporting data and forms. 	<p>In Progress:</p> <ul style="list-style-type: none"> • Production of draft video presentation of basic HRC/OLSE/FSH information for use on-line. • HRC Director has introduced ideas and recommendations for amending Administrative Code to modify GFE documentation requirements with 12D documentation requirements, raise thresholds for Informal Contracts, and give HRC discretion to allow departments more flexibility. • Streamlining Informal Bid procedures. • Re-evaluating HRC bid preferences and subcontracting goals through analysis of existing contracting data. • Exploring an Alternative Bid Preference Program to provide various incentives to all bidders. • City supported workshops/forums/Meet and Greet for primes and subcontractors. 	<ul style="list-style-type: none"> • On-line HRC video, OLSE video, and FSH video. • HRC adopted amendments to the "Good Faith Effort" by implementing a point system to meet requirements.