

## **2008 SFGH Improvement Bonds**

### **Citizens' General Obligation Bond Oversight Committee**

#### **November 2013 (Summary update to September 2013 Report)**

The San Francisco General Hospital Rebuild Program is comprised of eight (8) components: Site Utilities Relocation, Service Building Modification, Increment 1 – Shoring & Excavation, Increment 2 – Steel Framing, Increment 3 – Foundation, Increment 4 – Build-out (New Hospital), Increment 5 – Medical Equipment, and Increment 6 – Building Enclosure. All eight components have been permitted by the Office of Statewide Health Planning & Development (OSHPD) as of April 18, 2013. Site Utilities Relocation and Increments 1 through 3 are effectively complete with minor close-out work pending completion of Increment 4. Related to Increment 4, we have established two additional OSHPD permitted projects to address existing hospital (Building 5) remodels where the 2<sup>nd</sup> floor bridge and basement level tunnel tie into the new hospital (Building 25). These remodel projects have been submitted to OSHPD for plan review and currently have review comments being addressed by SFDPW Building Design and Construction team.

#### **HIGHLIGHTS/CHALLENGES:**

The SFGH Rebuild Program activities since the September 2013 Quarterly Report continues to advance the Project as planned. The Program's Projects and associated Increments have achieved the following milestones in the last eight weeks from the last report.

##### **Design, Permitting & Buy-out**

- **Increment 4 – Build-Out (New Hospital):** Permits and all major subcontracts associated with Increment 4 have been completed. Contract modifications to reconcile additional scope introduced in the final OSHPD review process are essentially complete. With the increase in trade activities building out the interiors, we have seen a rise in CM/GC contingency usage, as some of the trade buy-out gaps begin to manifest themselves. Nevertheless, the overall CM/GC contingency usage remains relatively low with 14.8% of contingency expended. We expect to achieve 75% completion in the first quarter of 2014, which will release approximately nine million dollars back to the Program. This budget capture will offset anticipated elevated cost associated with the more extensive remodels where the 2<sup>nd</sup> floor bridge and basement level tunnel tie the existing hospital (Building 5) into the new hospital (Building 25). The CM/GC contingency disbursement to the City will also buttress against the associated risk of unknown conditions with the more expansive work in Building 5 about to be undertaken.

OSHPD Plan Approval for the Oxygen Tank Enclosure and Rescue Air System was achieved since the last report. Both of these scopes of work have been in plan review for a considerable amount of time.

- **Increment 5 – Medical Equipment:** Increment 5 addresses the build-out of 18 imaging rooms. Increment 5 OSHPD approvals have been achieved. Construction associated with this equipment is being coordinated and worked into the field workflow.

As for the Buy-Out portion of Increment 5, there are two distinct contracting categories, which include, Construction Contract Modifications and Medical Equipment Procurement. The Construction Contract Modifications associated with Increment 5

## **2008 SFGH Improvement Bonds**

### **Citizens' General Obligation Bond Oversight Committee**

#### **November 2013 (Summary update to September 2013 Report)**

continue to be developed by the team to address any construction additions or changes to the building associated with the equipment installation of the 18 imaging rooms (which include CT scanners, MRI rooms, Fluoroscopy, and X-ray rooms). These systems tend to be updated by manufacturers often driving changes to the design and construction of these areas. The other category of Increment 5 Buy-Out is Medical Equipment Procurement, as it relates to owner-provided/vendor-installed imaging equipment that needs to be delivered and installed on a timeline orchestrated with the construction schedule. DPH/SFGH with support from DPW is balancing out the sometime competing constraints between construction timelines, medical equipment specification requirement evolution, and non-bond eligible FF&E cash flow availabilities. The SFGH Rebuild Team is regularly meeting with DPH administration and the Controller's Office to address FF&E equipment needs as this will be crucial for occupancy readiness.

#### **Fabrication & Construction**

- Service Building Modifications: Phase 1 has been completed. Generators 1 & 2 are providing the required emergency power backup system for the Campus. Phase 2 (of the Emergency Generator Project) boiler work and completion of Generators 3, 4 & 5 are proceeding. All generators since the last report are now completely tested to the extent available until the new hospital Building 25 is connected, in the last quarter of 2014.

The DPW/DPH team is currently developing an augmentation to the exhaust design to address the visible exhaust and odor concerns of neighbors.

Hazardous materials abatement and much of the selective demolition in the Phase 2 area have been completed since the last report. The new concrete pad for new boilers has been poured and is currently curing. We will soon be temporarily removing a building brace and exterior window system to bring in the new boilers.

- Increment 2 – Steel Framing: The on-going work for Increment 2 includes fireproofing of steel framing and miscellaneous steel installations related to the completion of elevators and miscellaneous metal supports. This work is nearing completion as the Increment 6 elevator work advances.
- Increment 4 – Build-Out (New Hospital): The build-out of the new hospital has generally maintained the schedule and momentum with all major sub-contractors active throughout the building. There continues to be a steady flow of work, with peak levels of crews at each floor, for the upcoming few quarters. We currently have 350 to 400 construction workers on site daily.

The SFGH Rebuild Team was able to mitigate delay days due to elevators 3 & 4 shaft fire. The fire cause and remediation is continuing with the majority of demolition work completed. The fire cause analysis report produced by the insurance carrier has been accepted by the design team and is currently in review with the OSHPD field District Structural Engineer. The remediation plan was completed by the contractor and construction in this area is advancing.

# **2008 SFGH Improvement Bonds**

## **Citizens' General Obligation Bond Oversight Committee**

### **November 2013 (Summary update to September 2013 Report)**

The current and upcoming construction activities include an increase in volume of production drywall work on the floors, as well as, the rough-in mechanical, electrical and framing work.

- Increment 6 – Building Enclosure: Installation of metal panel and sun shade devices are nearly complete. The removal of the man-lift on the west side was completed as anticipated in the last report. The north side man-lift will remain until temporary use of elevators is granted by the CAL/OSHA Elevator Unit. We expect to be granted use of elevators 7 and 8 by the end of this year, allowing for the removal of the north side man-lift in the first quarter of 2014.

### **Financial Update**

The overall program budget remains constant with executed subcontracts, forecasted future procurements, and identified contingency risk. The Project remains within budget.

The current Program Budget allocations reflect the construction costs under contract and historical trending of soft costs as well as remaining forecasted expenditures. Currently, the Project team has managed to the overall budget and schedule successfully, but future unforeseen issues or delays always remain a risk. Upcoming work in Building 5, which is being required by the Medical Center, as a result of SFGH Rebuild work introducing the bridge and tunnel connection, remains the largest current risk to budget. The third bond sale is funding the current stream of activities. The fourth and final bond sale development is underway. The final Budget Analyst report for the fourth bond sale is being published on November 20, 2013 with advancement for Board of Supervisor approval in December 2013.

The billings for the construction progress of work continue to be at approximately \$15 million per month with \$44.6 million expended since the last report. The construction progress is currently at sixty-five percent completion.

### **Issues and Concerns**

Since the SFGH Rebuild is being delivered by way of an integrated team of owner/user, designers and contractors from early design through construction, the construction contract sum is established incrementally as the design, permitting and bidding progressed. As various trade packages, project increments and sub-projects have been defined, contract modifications have been executed to capture that scope of work, managing within targeted budgets. As such, the SFGH Rebuild team monitors seven categories of contract modification scope and cost drivers: preconstruction, base scope, errors & omissions, owner initiated changes, unforeseen conditions, code issues, and CM/GC contingency. Preconstruction, Base scope, and CM/GC contingency categories are unique to the integrated delivery method, whereas the remaining categories are the traditional change order categories commonly associated with design-bid-build projects. Currently, the in-progress tally of traditional change orders is at 2.03 percent of contracted value.

The risks of unforeseen conditions with the tie-in work within the existing hospital (Building 5) have been noted as the largest threat to Schedule and Budget. This represents a

## **2008 SFGH Improvement Bonds**

### **Citizens' General Obligation Bond Oversight Committee**

#### **November 2013 (Summary update to September 2013 Report)**

significant budget risk towards the end of the Project. Our current cost forecasting anticipates this work, albeit the scope of work necessary for Building 5 has not been fully defined or discovered.

Owner Requested Changes to the approved Project continue to be managed and evaluated collectively with SFGH and the SFGH Rebuild Team. There has not been any new Owner Requested Changes since the last report.

The SFGH Rebuild Program completion of the Generator Project remains to be a risk to the Project, with the cost impact of having to mitigate the neighborhood concerns of exhaust still unknown. The SFGH Team is working with the City Attorney's Office and DPW Contract Administration to restructure the design and construction teams to better address the exhaust design augmentation needs and completion of Phase 2. We continue to advance the close-out of the original design-build contract that has been terminated for convenience, as well as, complete the assignment of subcontracts to complete Phase 2.

The SFGH Rebuild Program has recently been informed by OSHPD and SFGH that the Service Building's seismic rating for non-structural performance (NPC) must be at NPC4 at the completion of the new hospital. It is currently rated at NPC1. SFGH has been on a timeline to achieve NPC4 by 2020; however, OSHPD deems it necessary to occupy the new hospital in 2015. This campus Project has evolved into a significant undertaking which potentially has great impact to the SFGH Rebuild cost and schedule. Our team has engaged the SFGH Facilities and SFDPW BDC team that has been advancing this Campus Project into discussions with OSHPD. The SFGH Rebuild Team and SFGH Facilities met with OSHPD's Coastal and Seismic Compliance Units on November 4, 2013 to resolve this issue. We were able to establish parameters to resolve this issue through meeting milestones related to the Generator Project and NPC4 Project. This will address the potential schedule issue, but SFGH Rebuild cost impact is yet to be defined.

As for long range concerns of the Program, readiness for operations and licensing is a major focus as we are quickly approaching substantial completion of the construction in May 2015. The financial and scheduling demands on SFGH operations with support of DPW and DPH have been identified, as it relates to timely delivery and installation of major furniture, fixtures and equipment (FF&E) items integrated in the building before and after substantial completion. The SFGH Rebuild Team has progressed with the FF&E procurement and transitional planning necessary to meet the licensing requirements; however, much work lies ahead for operational readiness. Information Technology needs of the Medical Center and the Procurement Process remain to be plagued with complexities and potential delays putting operational readiness at high risk. These operational challenges represent a significant risk of changes to or inadequacies of the building elements and systems. The SFGH Rebuild Team continues to support the Medical Center where we can, to manage these risks to budget and schedule.

Prepared by Ronald Alameida, SFGH Rebuild Program Manager