



Quarterly Report to the
**CITIZENS GENERAL OBLIGATION
BOND OVERSIGHT COMMITTEE**

January 21, 2010





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EXECUTIVE SUMMARY

It has been just over a year since, 84 percent of San Francisco voters passed Proposition A approving the issuance of \$887.4 million in general obligation bonds for the purpose of providing a new acute care hospital on the San Francisco General Hospital Campus. The SFGH Rebuild team is pleased to report much has been accomplished with all increments of the Program advancing. Ground breaking has occurred with site utility work being performed though out the campus to ready the site for excavation and building construction. The shoring and excavation activity has achieved OSPHD approval and is about to commence. The building structural frame and foundations are expected to receive approval the first quarter of 2010. The building enclosure, core and build-out increments are advancing through design with completed construction documents to be submitted in March 2010. The completed construction documents for the Emergency Generator Project which includes the Rebuild required work in the existing Service Building has been submitted to OSHPD plan review and approval this month.

The SFGH Rebuild team has just completed milestone cost forecasting based on the 50% Construction Document. To date the SFGH Rebuild Program cost forecast remains below overall budget limits. The aggressive Schedule continues to present the largest challenge to the SFGH Program. The majority of all pre-construction milestones have been met. The Structural Project Increments have advanced through Office of Statewide Health Planning and Development (OSHPD) review at an unprecedented pace; however the Site Utilities Relocation segment under OSHPD jurisdiction continues to delay the Project. Since last report, the design team has submitted their second back-check to OSHPD for review and approval with the expectation of plan approval this month. The SFGH Rebuild Team has readdressed the schedule to account for the delays due to site utility permitting issues with OSHPD, as well as, reestablished design deliverable expectations with the Design Team. The revised schedule has resulted in a forecasted October 2015 operations date. The current cost model has accounted for the forecasted extended schedule albeit the SFGH Rebuild Team continues to work collectively to improve on mitigating this delay.

Second Bond Sale: The SFGH Rebuild team has been working closely with the Office of Public Finance as well as the Controller's Office to advance the Second Bond Sale. The Second Bond Sale Resolution review and approval process is underway with the Second Bond Sale scheduled for March 2010. The draft Bond Sale resolution is for a sale of not to exceed \$305,000,000. It is anticipated that we will be issuing fewer but larger Bond Sales, which will reduce overall cost of issuances while positioning the Program to align encumbrances with commitments.

Trade Packages & Budgets: Since the last report, the Steel Bid (Bid Package 9) has been received and contracted at cost of \$24.6M. The SFGH Rebuild Team was successful in aligning this bid package schedule with favorable market conditions as the design development milestone forecast was at approximately \$30M. Exhibit 6 has been updated to provide the committee with further detail on recent trade package results.



PROGRAM SUMMARY

The SFGH Rebuild Program status by major Program Components is as follows:

SITE UTILITIES RELOCATION

Design & Permitting: December 2007 – July 2009

Construction: August 2009 – March 2010

Status Summary

- Design: Construction Documents complete
- Review & Permitting: City Permits obtained, OSHPD plan review in process
- Bids & Contracting: Site Utilities Project awarded to Local Business Enterprise (LBE) Subcontractors
- Construction: City jurisdiction work progressing, OSHPD jurisdiction work pending

Current & Upcoming Activities:

All non-OSHPD phases of Site Utilities Project are underway with the active areas of the Project Site fenced and secured. The majority of the non-OSHPD utility work has advanced in the tunnel bypass work between Buildings 10 and 40. Temporary construction access and public traffic patterns have been established on campus with much success in minimizing disruptions in campus operations. Approval of utilities under OSHPD jurisdiction – particularly the 12 KV work in Building 5 continues to delay the Project but site activities have been modified to mitigate the impact as much as possible. The major site demolition and clearing is completed with initial excavation and discovered below grade abandoned foundation / site debris removal underway.

INCREMENT 1 – SHORING & EXCAVATION

Design & Permitting: June 2007 – December 2009

Construction: December 2009 – October 2010

Status Summary

- Design: Construction Documents Completed
- Review & Permitting: OSHPD Plan Approval Received & Permit Issuance Forthcoming
- Bids & Contracting: Awarded to Local Business Enterprise (LBE) Subcontractor Contracting in Process
- Construction: Notice to Proceed Pending Receipt of Building Permit

Current & Upcoming Activities:

Pre-Construction Meeting with OSHPD Field Personnel and SFGH Rebuild Team is scheduled. Sub-Contractor is under contract and positioned to begin shop drawings and steel fabrications associated with shoring work as soon as OSHPD Permit is received. As noted above, early excavation has begun to remove abandoned foundations, as well as, exploratory digging associated with upcoming utility tunnel removal once the site utility increment has advanced further.



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INCREMENT 2 – STEEL FRAMING (GRAVITY/SEISMIC/NONSTRUCTURAL)

Design & Permitting: June 2007 – December 2009

Bidding & Fabrication: September 2009 – June 2011

Construction: June 2011– April 2012

Status Summary

Design: Construction Documents Completed

Review & Permitting: OSHPD Phased Plan Review Progressing as Planned

Bids & Contracting: Bid Completed & Sub-Contract in Place

Construction: NTP for Shop Drawings Targeted First Quarter 2010

Current & Upcoming Activities:

Completed Construction Documents and Structural Analysis were submitted to the Office of Statewide Health Planning and Development (OSHPD) for review and approval. Approval of the Gravity Design has been achieved. The Seismic Structural Computer Model acceptance is imminent. Building Information Modeling (BIM) 3D structural modeling is complete and actively utilized in coordination of Architectural, Mechanical, and Electrical Design advancement. The steel trade package has been bid and put under contract. The SFGH Rebuild team is working closely with the steel sub-contractor to ensure constructability is optimized in the design as we complete final structural refinements to the framing design with OSHPD. Shop Drawings and Mill Orders are expected to begin this quarter of 2010.

INCREMENT 3 – MAT FOUNDATION

Design & Permitting: June 2007 – December 2009

Construction: February 2011 – March 2011

Status Summary

Design: Construction Documents Completed

Review & Permitting: OSHPD Permit Pending

Bids & Contracting: Pre-Qualification and Bid Package Being Developed

Construction: Notice to Proceed (NTP) Target February 2011

Current & Upcoming Activities:

Completed Construction Documents and Structural Analysis were submitted to the Office of Statewide Health Planning and Development (OSHPD) for review and approval. Mat Foundation design refinement completed regarding hold-down requirements to optimize design, schedule, and cost constraints. With the Base Isolator Design and Prototype Test approved by OSHPD and the Geological Seismology characterization approved by OSHPD and the California Geological Survey (CGS), the seismic base isolator components have been fabricated. Assembly, testing and inspection of isolators shall commence this month. The concrete trade package which includes the mat foundation is being finalized as the construction will commence when shoring and excavation is completed towards the end of 2010.



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INCREMENT 4 – CORE & BUILDOUT

Design & Permitting: June 2007 – April 2011

Construction: May 2011 – November 2014

Status Summary

- Design: Approaching 75% Construction Documents Submittal
- Review & Permitting: OSHPD Submittal Scheduled for March 2011
- Bids & Contracting: Trade Packages being developed
- Construction: Scheduled to begin May 2011

Current & Upcoming Activities:

SFGH departmental sign-off of all room data sheets have been received bringing closure to the Design Development phase. The design team is about to reach the 75% Construction Documents submittal. The Architectural, Mechanical, Plumbing, and Electrical BIM 3D model is well developed and advancing design coordination and constructability refinements. Submittal to OSHPD with completed construction documents for plan review is targeted for March 2010 with an anticipated duration of 12 to 18 months of required review time. The aggressive Schedule continues to present the largest challenge to the SFGH Program. The SFGH Rebuild Team has readdressed the schedule to account for the delays due to site utility permitting issues with OSHPD, as well as, reestablished design deliverable expectations with the Design Team. The revised schedule has resulted in a forecasted October 2015 operations date. The revised master schedule is included in Exhibit 1.

The SFGH Rebuild team including cost estimators from Webcor, Jacobs, and FCA have completed the milestone cost forecasting based on the 50% Construction Document. To date the SFGH Rebuild Program cost forecast remains below overall budget limits with the forecasted cost of completed construction between \$646M to \$687M. FCA, Webcor, and Jacobs are continuing to conduct cost and coordination reviews to optimize the constructability and value of the Project design as we progress towards the 100% Construction Document submittal milestone.

INCREMENT 5 - MEDICAL EQUIPMENT

Design & Permitting: December 2009 – February 2011

Installation: September 2011

Status Summary: Currently integrated in Increment 4

Current & Upcoming Activities:

Medical Equipment are currently identified and included in Increment 4. Increment 5 will be activated by later stage Major Equipment selections as required.



INCREMENT 6 - CURTAIN WALL & EXTERIOR PRECAST PANELS

Design & Permitting: June 2007 – April 2011

Construction: May 2012 – March 2013

Status Summary

- Design: Design Drawings and Shop Drawings under concurrent development
Review & Permitting: OSHPD Submittal revised for to March 2010
Bids & Contracting: Trade Packages Awarded
Construction: Scheduled to begin May 2011

Current & Upcoming Activities:

Contracts have been executed for Curtain Wall and Pre-Cast Systems. Both subcontractors are participating in design coordination meetings and submitting shop drawings for FCA to review. Increment 6 was to be submitted to OSHPD in December 2009 but the team revised the submittal date to March 2010 to align it with the Increment 4 submittal to better ensure coordination between the two increments particularly with respect to enclosure interface with the build-out and edge of slab conditions. Both construction documents and subcontractor's engineered shop drawings will be submitted concurrently, thus avoiding Deferred Approvals with OSHPD – which historically have caused much delay cost and schedule issues on traditionally delivered projects.

SERVICE BUILDING MODIFICATION

Design & Permitting: June 2007 – August 2010

Construction: September 2010 – September 2011

Status Summary

- Design: Construction Documents Completed
Review & Permitting: 100% CD targeted for OSHPD review in First Quarter 2010
Bids & Contracting: Generators Procured & Design Build Contract in Place
Construction: Scheduled to begin Third Quarter 2010

Current & Upcoming Activities:

SFGH Rebuild-related Service Building Modifications have been integrated with a separate Emergency Generator Project. OSHPD has completed their Preliminary Plan Review of the Project. OSHPD submittal has been revised from December 2009 target to January 2010 to allow for integration of fire protection system design. Generators have been procured and soon to be manufactured. The Emergency Generator Project team is working with the Design/Build team to secure required Payment and Performance Bonds.

FURNITURE, FIXTURES & EQUIPMENT (FF&E)

Design & Coordination: June 2007 – December 2011

Procurement & Installation: August 2009 – December 2014

Status Summary: Majority of equipment selection finalized. Procurement advancing.

Current & Upcoming Activities:

FF&E fundraising opportunities are under development with the SFGH and SFGH Foundation. FF&E Procurement and Transition Planning strategy initiated with responsible City departments.



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EXHIBITS



EXHIBIT 1 - PROGRAM SCHEDULE

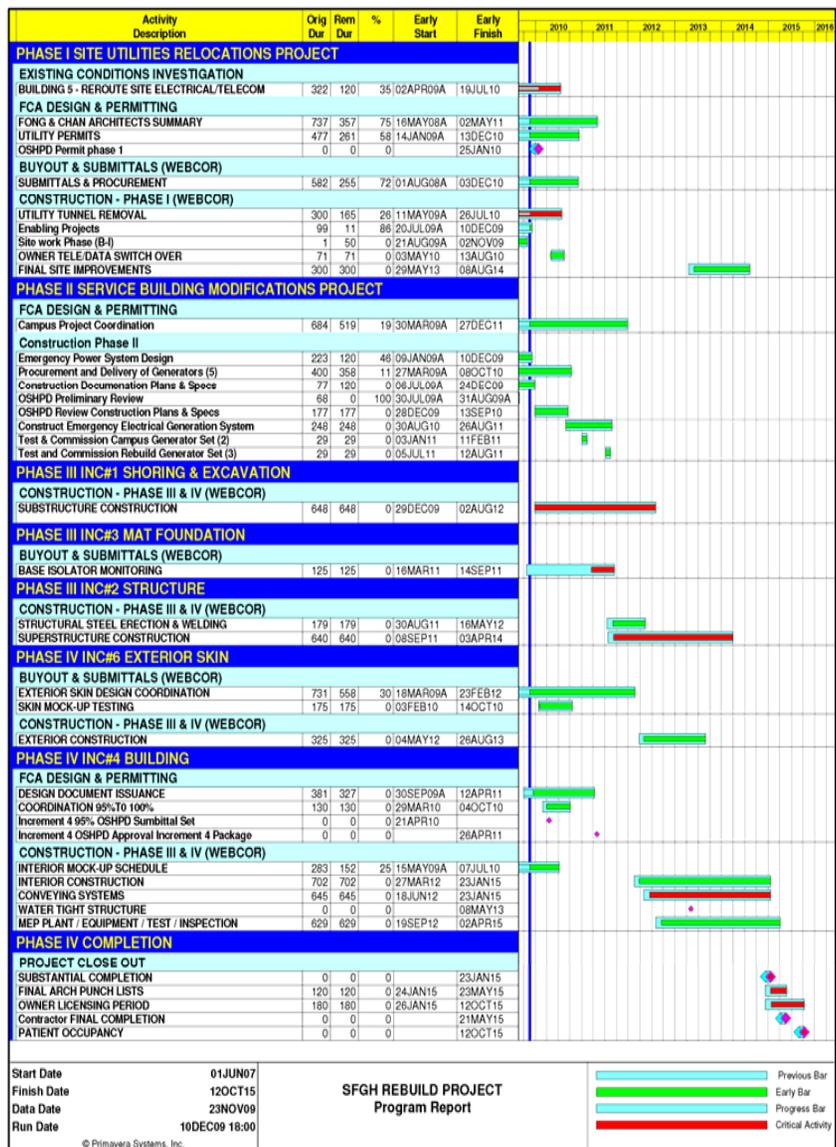




EXHIBIT 2 - PROGRAM BUDGET

1.	Construction		
	Site Utilities Relocation		
	Service Bldg. Modifications		
	Increment #1-Shoring and Excavation		
	Increment #2 – Steel Framing		
	Increment #3 – Mat Foundation		
	Increment #4-Core and Buildout (New SFGH Hospital)		
	Increment #5 – Medical Equipment ¹		
	Increment #6-Curtain Wall and Exterior Precast Panel		
	Sub Total:		\$717,100,000
	Construction related costs		
	Temporary relocation	\$1,100,000	
	DTIS-allowance	\$3,000,000	
	Art Enrichment Program	\$7,060,000	
	Sub Total:		\$11,160,000
2.	Project Control		
	Environmental & Regulatory services	\$21,444,000	
	Architectural/Engineering Services	\$96,695,305	
	Project management DPW/DPH	\$20,060,695	
	City Agencies-support services	\$1,050,000	
	Sub Total:		\$139,250,000
3.	Program Costs		
	Program wide Contingency	\$10,650,977	
	CGOBOC Fees (\$887,400 included in #4 Finance Costs)		
	Sub Total:		\$10,650,977
4.	Finance Costs	\$9,239,023	
	Sub Total		\$9,239,023
GRAND TOTAL			\$887,400,000

¹ Includes bond eligible portion of Medical Equipment only



EXHIBIT 3 – BOND SALES

First Bond Sale \$136,000,000

Budgeted Revenue:		\$136,000,000
Sources:	Bond Proceeds Par Amount	\$131,650,000
	Premium on Issuance	\$5,494,771
	Interest Revenue	\$1,189,170
Total Actual Revenue:		\$138,333,941²
Expenses:	Bond Account for Debt Service	\$6,641,980
	Cost of Issuance	\$443,034
Total Expenses:		\$7,085,014

FORECAST:

SECOND BOND SALE ANTICIPATED DURING 1ST QUARTER OF 2010 IN THE APPROXIMATE AMOUNT OF \$296,790,000.

² Total Actual Revenue per FAMIS System as of December 31, 2009(based on Premium, less Underwriter's Discount of \$1,147,209)



EXHIBIT 4 – 2nd BOND SALE BREAKDOWN

1. PURCHASE, CONSTRUCTION, & MOBILIZATION		\$238,020,222
HOSPITAL CONSTRUCTION CONTRACT	\$233,741,555	
TEMPORARY RELOCATION CONSTRUCTION	\$366,667	
ART ENRICHMENT	\$2,912,000	
DTIS WIRING	\$1,000,000	
2. PROJECT CONTROL		\$50,951,845
DPH DEPARTMENT OVERSIGHT & MGT.	\$2,279,579	
DPW PROJECT MANAGEMENT	\$1,591,400	
CITY SERVICES	\$503,705	
ENVIRONMENTAL & REGULATORY APPROVALS	\$3,315,577	
A/E SERVICES	\$43,261,584	
3. OTHER PROGRAM COSTS		\$2,662,635
4. FINANCE COSTS		\$5,155,298
2nd BOND SALE ESTIMATE		\$296,790,000



EXHIBIT 5 - APPROPRIATIONS, EXPENDITURES, AND ENCUMBRANCES

SFGH REBUILD BUDGET SUMMARY	BUDGET	FUND SOURCES			EXPENDITURES/ENCUMBRANCES		
	Appropriations December 31, 2009	Prop A General Obligation Bonds- 1st Bond Sale	Other	Total Sources	Expenditures December 31, 2009**	Encumbrances December 31, 2009	Balance December 31, 2009
PURCHASE, CONSTRUCTION, & MOBILIZATION	52,053,416	52,053,416	0	52,053,416	7,068,039	40,612,891	4,372,485
HOSPITAL CONSTRUCTION CONTRACT	50,811,497	50,811,497	0	50,811,497	6,841,654	40,378,046	3,591,797
TEMPORARY RELOCATION CONSTRUCTION	0	0	0	0	0	0	0
ART ENRICHMENT	1,007,990	1,007,990	0	1,007,990	181,286	46,015	780,689
DTIS WIRING	233,929	233,929	0	233,929	45,100	188,830	-1
PROJECT CONTROL	70,359,967	70,359,967	0	70,359,967	50,442,237	10,090,686	9,827,044
DPH DEPARTMENT OVERSIGHT AND MANAGEMENT	4,872,780	4,872,780	0	4,872,780	1,755,882	457,498	2,659,401
DPW PROJECT MANAGEMENT	2,679,010	2,679,010	0	2,679,010	2,445,010	0	234,000
CITY SERVICES	1,033,900	1,033,900	0	1,033,900	406,845	225,746	401,308
ENVIRONMENTAL & REGULATORY APPROVALS	6,015,142	6,015,142	0	6,015,142	3,309,059	367,994	2,338,088
A/E SERVICES	55,759,135	55,759,135	0	55,759,135	42,525,441	9,039,447	4,194,246
OTHER PROGRAM COSTS	6,057,397	6,057,397	0	6,057,397	0	0	6,057,397
FINANCE COSTS	7,529,220	7,529,220	0	7,529,220	7,085,014	0	444,206
CONTROLLER'S AUDIT FUND	257,715	257,715	0	257,715	0	0	257,715
CGOBOC AUDIT FUND	128,857	128,857	0	128,857	0	0	128,857
UNDERWRITER'S DISCOUNT	1,147,209	1,147,209	0	1,147,209	1,147,209	0	0
COSTS OF ISSUANCE	500,668	500,668	0	500,668	443,034	0	57,634
PREMIUM ON ISSUANCE*	5,494,771	5,494,771	0	5,494,771	5,494,771	0	0
TOTALS	136,000,000	136,000,000	0	136,000,000	64,595,291	50,703,577	20,701,133

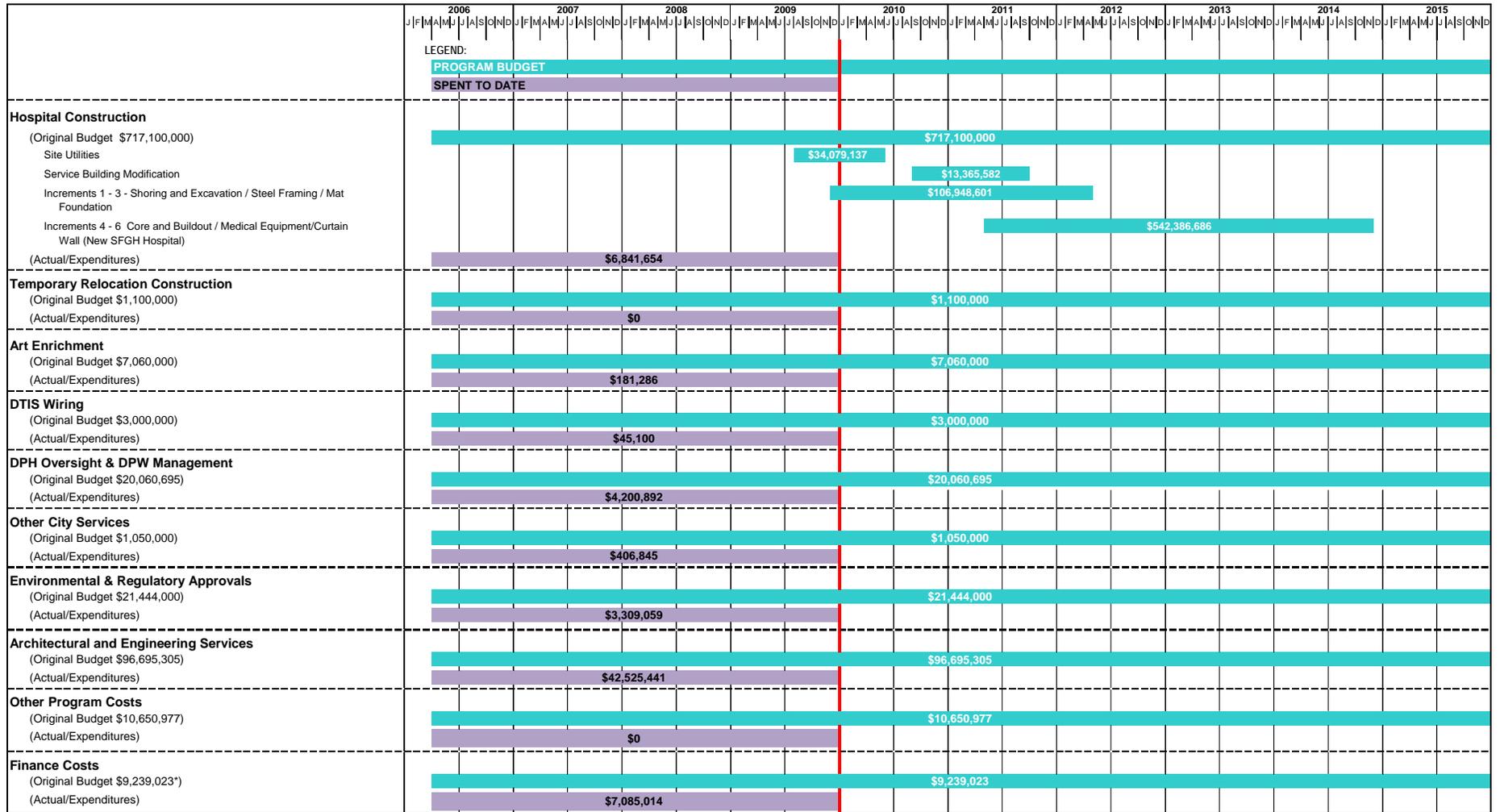
NOTES:

*EXCLUDES UNDERWRITER'S DISCOUNT OF \$1,147,209

**EXPENDITURES ARE BASED ON FAMIS: LABOR EXPENDITURES, AS OF 12/25/09 AND NON-LABOR EXPENDITURES, AS OF 12/31/09.



EXHIBIT 6 - GANTT CHART (COSTS EXPENDED TO DATE)



NOTES:

1. This schedule assumes punchlist activity through 2015.
 2. Costs are per FAMIS: Expenditures as of 12/31/09.
 3. Cost system to track project component expenditures will be finalized at 100% Construction Document Phase.
- *Does not include Premium on Issuance. Finance cost projections are based on input from the Controller's Office of Public Finance.



EXHIBIT 7 – TO DATE TRADE PACKAGE RESULTS

RECENT TRADE PACKAGE RESULTS							
December 31, 2009							
Item	Bid Package	Subcontractor Bid Scope Description	DD Budget	Trade Bid	Savings (by \$)	Savings (by Percentage)	Notes
1	BP-1, BP-2	Curtainwall/Metal Panels/Precast	\$ 26,993,413	\$ 26,521,953	\$ 471,460	1.75%	2
2	BP-3	Pneumatic Tubes	\$ 2,154,455	\$ 2,154,455	\$ -	0.00%	4
3	BP-4	Phase 1 Site Utilities	\$ 19,396,908	\$ 19,393,870	\$ 3,038	0.02%	3
4	BP-6	Shoring, Earthwork, Dewatering	\$ 20,099,025	\$ 14,654,500	\$ 5,444,525	27.09%	
5	BP-11	Tower Crane	\$ 1,772,500	\$ 1,504,158	\$ 268,342	15.14%	
6	BP-12	Personnel Hoists	\$ 613,478	\$ 654,098	\$ (40,620)	-6.62%	
7	BP 15	Elevators & Dumbwaiters	\$ 6,263,400	\$ 5,460,800	\$ 802,600	12.81%	
8	BP-51	Emergency Generators	\$ 4,600,000	\$ 2,856,127	\$ 1,743,873	37.91%	5
9	BP-61	Loading Dock Retaining Wall	\$ 280,000	\$ 106,938	\$ 173,062	61.81%	
10	N/A	Seismic Isolators	\$ 3,757,219	\$ 3,683,965	\$ 73,254	1.95%	
11	BP-9	Structural Steel & Metal Deck	\$ 30,658,791	\$ 24,674,210	\$ 5,984,581	19.52%	
Trade Totals To Date			\$ 116,589,189	\$ 101,665,074	\$ 14,924,115	12.80%	6
Notes							
1	Trade Package Bids & Budgets exclude General Conditions & GC mark-ups.						
2	Curtainwall/Metal Panels/Precast Bid at 30% CD for early sub-contractor design/build participation, includes bid day total + cost to complete estimate.						
3	Phase 1 Site Utilities Bid includes bid day total + cost to complete estimate for undocumented scope .						
4	Pneumatic Tubes negotiated scope including subcontractor system design/build participation.						
5	Generator Trade Bid shown above includes Rebuild Generator Equipment only, total Bid Day amounts include both Rebuild & Generator Project Equipment at \$4.7M v. \$7M budget with total savings at \$2.3M.						
6	Represents Current Savings available to offset forecasted added cost exposures due to delays, future trade packages market risk, and potential user requested changes currently under review and assessment.						



PROGRESS PHOTOS

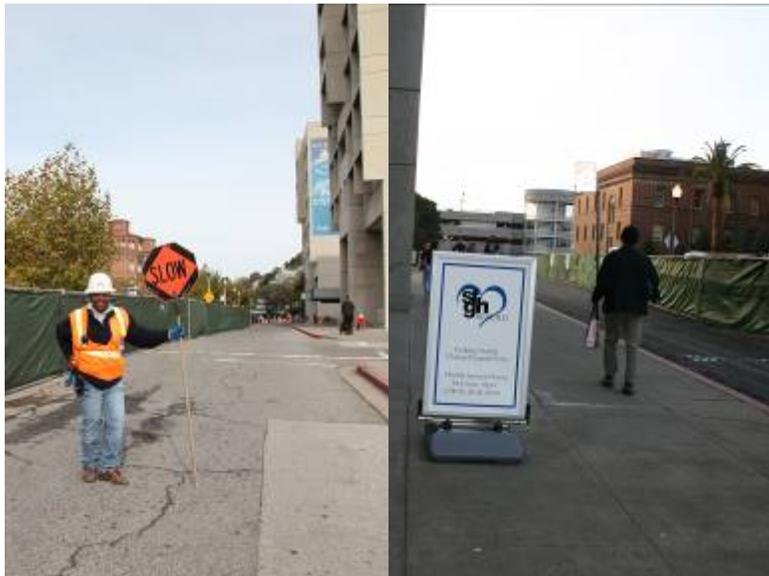
Site Readiness – Project Site Demolition & Clearing





PROGRESS PHOTOS

Site Readiness - Campus Traffic Reconfigurations





PROGRESS PHOTOS

Site & Tunnel Utilities - Relocations & Additions





PROGRESS PHOTOS

Site & Tunnel Utilities - Relocations & Additions





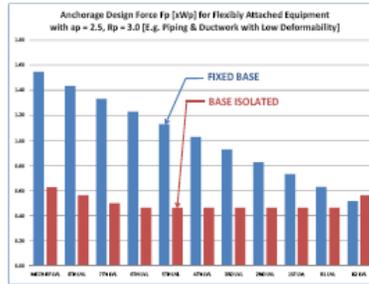
PROGRESS PHOTOS

BIM Modeling & Structural Studies

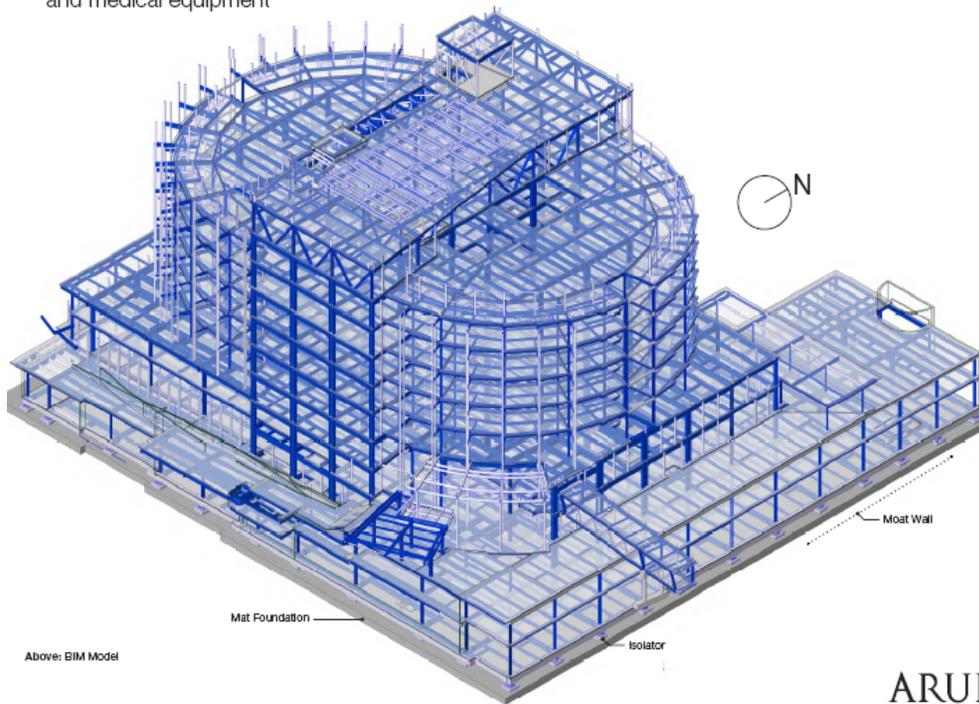
Key Benefits

Base Isolated vs
Conventional Fixed-Base Hospital:

- \$10M less in construction cost and 3,000 ton less in steel utilization
- Superior seismic performance for the superstructure as it is designed to withstand MCE level earthquakes (2475 year turnaround period) and to remain elastic
- Significantly better protection for building contents and medical equipment



Above: Anchorage design force for flexibly attached components



Above: BIM Model

ARUP