

2008 SFGH Improvement Bonds

QUARTERLY STATUS REPORT
PRESENTED TO THE

Citizens' General Obligation Bond Oversight Committee

July 2016



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EXECUTIVE SUMMARY

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. Related to the Program, additional OSHPD permitted projects have been initiated including: (1) Existing Hospital (Building 5) Remodels, where the 2nd floor bridge and basement level tunnel tie-in to the new hospital (Building 25), (2) the Service Building NPC4 Seismic Upgrade Project, and various Other Follow-on Projects supporting the licensing of the new hospital.

HIGHLIGHTS/CHALLENGES:

The SFGH Rebuild Program since the last Report, continues to provide as-needed support to the ZSFG Team as patients successfully moved into the new hospital on May 21, 2016.

SF Public Works and CM/GC continue to work toward contract close-out, which continues to be slow and more protracted than expected. Since last report, the CM/GC has informed the City that they expect to achieve Final Completion by September 2016. The outcome of the outstanding contracting issues will determine the final status of the budget, which is currently being held. There remains a considerable gap between what the SFGH Rebuild Project views as final cost versus what the CM/GC believes has merit.

The Program's Projects and associated Increments have achieved the following milestones since the last report:

COMPONENT/PROJECT STATUS

- Site Utilities: Complete with administrative work to closeout
- Service Building Modifications: Complete
- Increment 4 – Build-Out (New Hospital): This increment is Substantially Complete with the exception of work associated with punchlist and/or warranty Work that has surfaced in the last quarter for scope under the CM/GC Contract. However, new post-substantial completion and post-occupancy projects, outside of the CM/GC contract, that are being added to this increment will extend the construction duration of this increment. The Project Team is targeting to closeout this increment by the last quarter of 2016.
- Increment 5 Medical Equipment: Increment 5: Scope is now completed. The Project Team is still on target to achieve OSHPD final closeout of this increment in July 2016.
- Building 5 – Basement and 2nd Floor Remodel at Tunnel and Bridge Connection (“Bridge and Tunnel Project”): Scope includes renovating areas affected by the bridge and tunnel connection

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between the new Hospital (Building 25) and the existing Main Hospital (Building 5) and creating the corridor access between these two buildings.

Since the last report, the general contractor, Rodan Builders, is on target to achieve Substantial Completion for Phase 2 in July 2016 with Phase 3 to immediately follow. The remaining scopes in Phase 2 and Phase 3 are decoupled from the new Hospital patient move-in timeline. Phase 3 scope is focused on restroom renovations to comply with required accessibility requirements.

- Service Building NPC4 Seismic Upgrade Project ("NPC4 Project"): Scope includes the retrofit of architectural components within the plant services building, including existing utilities bracing and equipment anchorages, to meet OSHPD NPC-4 (non-structural performance category). The bracing of the existing utilities and construction of new walls are continuing. Substantial Completion is currently targeted for November 2016.
- Other Follow-On Projects: DPH, with support from the SF Public Works, continue to embark on various post-substantial completion and post-occupancy projects that are outside the original scope of work of the main hospital project. Some of the completed projects include implementation of real time location system (RTLS) for asset and patient tracking; installation of new radio antennas in the Penthouse Level to support the DPH DOC Operations; bracing and anchorage of FF&E equipment; installation of the wireless temperature monitoring systems (TempTrak); addition of security cameras and intercoms in the exiting at exiting stairwells; and miscellaneous Pharmacy modifications to satisfy licensing requirements.

FINANCIAL UPDATE

The overall program remains within budget but remains burdened with additional operational and campus needs, potential contractor costs issues, future unforeseen issues, and delays.

The CM/GC forecasts its total contract costs to be \$14M above its contract maximum of \$690M with additional unsubstantiated cost items amount bringing it up to \$728M. The total projected contract amount plus unsubstantiated cost issues is significantly above what the budget can bear.

ISSUES AND CONCERNS

Building 25 Follow-on Projects

ZSFG have identified a comprehensive list of post-substantial completion and post-occupancy projects that are outside the original scope of work of the main Project that have been necessitated by either changes of operational/licensing requirements or needs over the course of the Program's eight-plus years of duration. These endeavors have been developed with current Program funding limits factored but will be pursued outside of the current CM/GC contract, to minimize impact to the original contract cost and schedules. These potential near-term and long-term modifications are being strategically implemented with respect to the interrelationship of building completion, licensing and evolution of operational needs and availability of funding after closeout of the CM/GC Contract.

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The Teams will also start working with the Controller's Office to review the option of using the accrued interest to fund these post-substantial completion and post-occupancy projects and closeout of the CM/GC Contract.

Building 5 – Basement and 2nd Floor Remodel at Tunnel and Bridge Connection (“Bridge and Tunnel Project”)

Phase 2 is tentatively scheduled to be complete by July 2016 with Phase 3 of this Project to commence in August 2016. The SFGH Rebuild Program have only committed to providing funding through Phase 3 so far, but change orders identified during the construction phase continue to impact the program budget.

Service Building NPC4 Seismic Upgrade Project - Additional Work and Budget Impact

This project continues to be a budget impact concern for the Rebuild Program. The cost to the Rebuild Program is currently forecasted as nearly \$3 million. To date, \$2.2 million has been committed for the NPC4 Project. The budget and schedule impacts continue to be a risk due to unforeseen conditions in a 40-year old building.

CM/GC Contract Project Closeout

The ZSFG Rebuild construction activities are all but complete except for minor punchlist and ongoing warranty and/or latent defect issues, such as door hardware and elevator performance and functionality issues, that are being addressed by the CM/GC

Public Works is aware of a number of cost issues between the CM/GC and some of its subcontractors that represent unsubstantiated exposure of up to \$38 million above the CM/GC contract that has not been vetted. Public Works has not received any certified claims to date from the CM/GC, and all parties are striving to maintain collaborative approaches to resolving issues, while maintaining contractual requirements.

SF Public Works gave the CM/GC and its subcontractors until May 31, 2016 to submit all outstanding cost issues and relevant backup documentation to support all change order requests. The CM/GC and its subcontractors have been slow in submitting the requested backup documentation and has since asked for an extension until July 22, 2016 to provide the requested backups, which has slowed down the Team's ability to evaluate the merit of these cost items and determine its impact on the overall Program budget.

The team is still encouraging the CM/GC to identify a lump sum total closeout cost to address current outstanding Potential Change Orders (PCOs), complete with release from any claims from CM/GC and its subcontractors, but has not been successful thus far.

Based on the current timeline, SF Public Works and CM/GC is targeting to arrive at a resolution of all outstanding costs by September 2016. If the resolution is unsuccessful, we will need to pursue legal and claims consultation.

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PROGRAM SUMMARY

PROGRAM BACKGROUND

- The San Francisco General Hospital Rebuild Program consists of new facility construction consisting of a 284 bed acute care facility, Service Building modifications, site utilities relocation & site improvements that is in full compliance with Senate Bill (SB) 1953 & OSHPD standards/ requirements. The majority of the beds will be single rooms. The building will be constructed on base isolators to withstand a major seismic event. The new facility will reside within the existing campus. The building gross size is programmed to be 453,495 square feet. The building will be a total of 9 levels with 2 levels below grade. The Project will strive to meet silver LEED certification or better.
- The Project is being executed in an integrated delivery model with design and construction partners involved throughout the design phase into construction in a collaborative approach. Building Information Modeling (BIM) is also being utilized on this project to verify potential conflicts in design & construction. The Project is being funded by Proposition A General Obligation Bonds for \$887.4 million and was approved on November 4, 2008, with 84% approval. The dollar amount reflects the total Project budget.
- The San Francisco General Hospital Rebuild Program is also managing the Emergency Generator Project, which is a leased financed funded project to address the emergency

generator replacement of SFGH Campus obsolete steam turbine power generation plant concurrently with the SFGH Rebuild required Service Building modifications and generator installations.

- Mission Statement: "Working collaboratively, we commit to design and build the San Francisco General Hospital and Trauma Center" within budget, on schedule and to the highest standards of quality and sustainability, for the benefit of the community."

PROGRAM BUDGETS AND FUNDING

- Budgets

Program Budgets and Funding (in millions):

Construction	
Site Utilities Relocation	42.6
Service Bldg. Modifications	16.7
Increment #1-Shoring and Excavation	35.4
Increment #2 – Steel Framing	81.9
Increment #3 – Mat Foundation	16.4
Increment #4 - New SFGH Hospital	601.2
Increment #5 - Medical Equipment	25.5
Increment #6 - Curtain Wall & Exterior Precast Panel	50.7
Project Components	870.2
Program wide	\$9.3
Finance Costs	\$7.9
GRAND TOTAL	887.4

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- Funding

Based on budget projections, a plan was developed to break funding into four bond sales. The sales for the SFGH Rebuild Program are as follows:

Sale	Date	Direct Project Costs*
1st Sale*	3/2009	131,650,000
2nd Sale*	3/2010	294,695,000
3rd Sale*	8/2012	251,100,000
4th Sale*	1/2014	209,955,000
Total Bond Program		887,400,000

*All Bond Sale figures are based on actual amounts.

- Bond Sale 1 was completed in March 2009 to fund the following: (1) repayment of pre-bond funding in the amount of \$28.8 million; (2) permitting fees; (3) technical service consultant contracts, including architectural and engineering services; (4) construction costs, including but not limited to, site preparation and logistics setup, dewatering operations, site utilities relocation; and (5) project management and construction management costs.
- Bond Sale 2 was completed in March 2010 to fund: (1) continued technical service consultant contracts; (2) construction costs, including, but not limited to continued site utilities relocation, construction of the Service Building Modifications, Increment 1 Shoring and Mass Excavation, construction of Increment 2&3 Steel Framing and Mat Foundation; and (4) project management and construction management costs.
- Bond Sale 3 was completed in August 2012 to fund the following: (1) continued technical service consultant contracts; (2) continued construction of the Service Building

Modifications, and the New SFGH Hospital (Increments 4 & 6); and (3) permitting and construction of Increment 5 (build-out of imaging rooms) for the New SFGH Hospital; and (4) project management and construction management costs.

- Bond Sale 4 was completed in January 2014. Proceeds from the 4th Bond Sale are funding the following: (1) continued technical service consultant contracts; (2) continued construction of the Service Building Modifications, and the New SFGH Hospital (Increments 4, 5 & 6); and (3) project management and construction management costs.

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PROJECT STATUS SUMMARIES

SITE UTILITIES RELOCATION

Project Location: 1001 Potrero Avenue

Project Manager: Joe Chin

Joe.Chin@sfdpw.org; (415) 695-3862

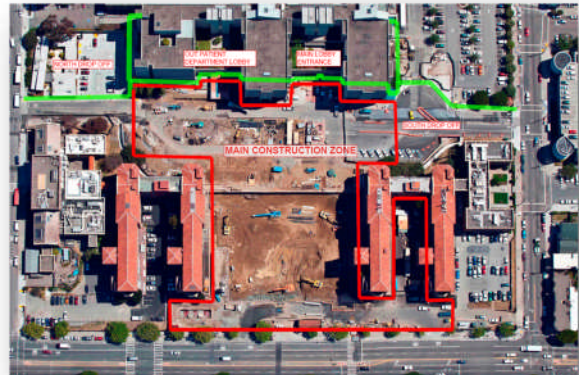
Project Description: Site Utilities Project is the relocation or removal of all campus utilities traversing the project site including an existing utility tunnel between Building 30 & 40 serving the existing hospital and other campus building to remain in operations. Complete reconfiguration of Campus pedestrian and vehicular traffic provisions and flow for continual operations of Medical Center is addressed in this project.

Project Schedule

	Start	Finish
Baseline/Original	Jan 2008	Dec 2010
Actual	Jan 2008	Sept 2011

Project Budget

Original Budget	\$36,919,475
Current Budget	\$35,421,645
Current Projected	\$35,213,684
Actual Expenditures	\$34,416,723



SERVICE BUILDING MODIFICATION

Project Location: 1001 Potrero Avenue

Project Manager: Christine Tang

Christine.Tang@sfdpw.org; (415) 695-3865

Project Description: Service Building Modifications for the Rebuild have been incorporated in the Emergency Generator Project which originally included the replacement of the Campus Steam Generator System with two new diesel generators. The addition of the required three emergency generators and associated work for the new acute care hospital has been incorporated in this Project to achieve both needs concurrently and in a coordinated manner.

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Project Schedule

	Start	Finish
Baseline/Original	Jan 2008	Nov 2012
Actual	Jan 2008	Jun 2015

Project Budget

Original Budget	\$16,453,448
Current Budget	\$15,795,594
Current Projected	\$15,702,228
Actual	
Expenditures	\$15,302,868



INCREMENT 1 – SHORING & EXCAVATION

Project Location: 1001 Potrero Avenue

Project Manager: Joe Chin

Joe.Chin@sfdpw.org; (415) 695-3862

Project Description: Increment 1 - Shoring & Excavation is an approved OSHPD permitted Project which establishes the perimeter of the building including the moat wall for the base isolation system of the new hospital. The excavation will establish the required grades for the two basement levels and crawl space of the base isolation system.

Project Schedule

	Start	Finish
Baseline/Original	Jun 2007	June 2011
Actual	Jun 2007	Aug 2011

Project Budget

Original Budget	\$31,572,359
Current Budget	\$30,295,897
Current Projected	\$30,117,741
Actual	
Expenditures	\$29,415,475



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INCREMENT 2 & 3 – STEEL FRAMING & MAT FOUNDATION

Project Location: 1001 Potrero Avenue

Project Manager: Joe Chin

Joe.Chin@sfdpw.org; (415) 695-3862

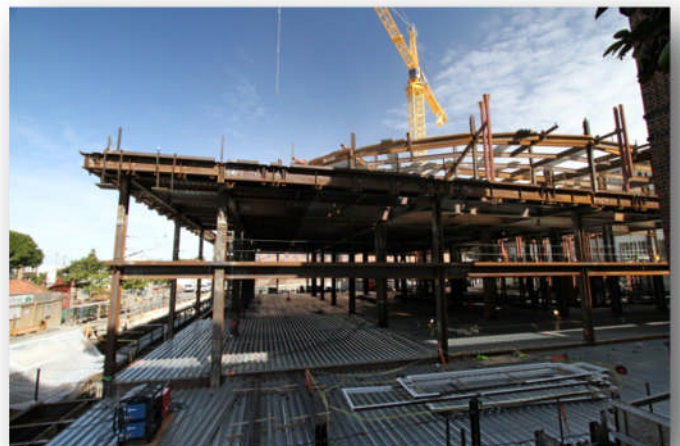
Project Description: Increment 2 & 3 – Steel Framing & Mat Foundation is an approved OSHPD permitted Project which includes creating the mat foundation and base isolator installation for the new hospital, as well as, fabrication and erection of the structural steel frame.

Project Schedule

	Start	Finish
Baseline/Original	Jun 2007	Jul 2012
Actual	Jun 2007	Aug 2012

Project Budget

Original Budget	\$87,711,154
Current Budget	\$84,165,015
Current Projected Actual	\$83,670,078
Expenditures	\$ 81,719,113



INCREMENT 4 – CORE & BUILDOUT

Project Location: 1001 Potrero Avenue

Project Manager: Ronald Alameida

Ronald.Alameida@sfdpw.org; (415) 695-3861

Project Description: Increment 4 – Core & Build-out is an OSHPD permitted Project which includes the entire build-out of the new 284 Bed Hospital.

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- Height: Nine stories -- with two floors underground and seven above
- Size: 453,495 square feet
- Beds: 284 beds (32 more than current hospital)
- Emergency: The emergency department's size will increase from 27 to 60 beds
- Surgery: The number of operating rooms will increase from 10 to 14
- Future Location of Services:
 - o Basement 2: Dietary, Pharmacy, Cardiology, Pulmonary, Diagnostic Imaging X-Ray), Sterile Processing
 - o Basement 1: Operating Rooms (14), Pre-op and Post-op, Endoscopy, Blood Bank
 - o First Floor: Emergency Department and Trauma Center
 - o Second Floor: Labor & Delivery, Postpartum, Pediatrics, Neonatal Intensive Care
 - o Third Floor: Intensive Care Units (ICU)
 - o Fourth Floor: Step Down Medical/Surgical, Step Down ICU, Dialysis
 - o Fifth Floor: Medical/Surgical Unit, Forensic Unit
 - o Sixth Floor: Medical/Surgical Unit
 - o Seventh Floor: Medical/Surgical Unit - Acute Care for the Elderly, Palliative Care, Department of Public Health Operations Center (for citywide emergencies), Roof Garden

Project Schedule

	Start	Finish
Baseline/Original	Jun 2007	Mar 2015
Actual	Jun 2007	Aug 2015

Project Budget

Original Budget	\$551,544,197
Current Budget	\$529,315,105
Current Projected	\$526,197,894
Actual	
Expenditures	\$513,604,038



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INCREMENT 5 - MEDICAL EQUIPMENT

Project Location: 1001 Potrero Avenue

Project Manager: Christine Tang

Christine.Tang@sfdpw.org; (415) 695-3865

Project Description: Increment 5 – Medical Equipment is an OSHPD permitted Project which includes selected rooms in the new hospital with major medical equipment build-outs to support the 2015 opening of the hospital with the most state-of-the-art imaging equipment including MRI, CT, and Radiology rooms.

Project Schedule

	Start	Finish
Baseline/Original	Jun 2007	Mar 2015
Actual	Jun 2007	Aug 2015

Project Budget

Original Budget	\$23,366,676
Current Budget	\$22,424,921
Current Projected	\$21,547,761
Actual	
Expenditures	\$21,759,307



INCREMENT 6 - CURTAIN WALL & EXTERIOR PRECAST PANELS

Project Location: 1001 Potrero Avenue

Project Manager: Ronald Alameida

Ronald.Alameida@sfdpw.org; (415) 695-3861

Project Description: Increment 6 – Curtainwall and Exterior Precast Panel is an OSHPD permitted Project which includes the exterior enclosure work required for the completion of the new hospital building.

Project Schedule

	Start	Finish
Baseline/Original	Jun 2007	Oct 2013
Actual	Jun 2007	Nov 2014

Project Budget

Original Budget	\$46,542,190
Current Budget	\$44,666,383
Current Projected	\$44,403,336
Actual	
Expenditures	\$43,340,601



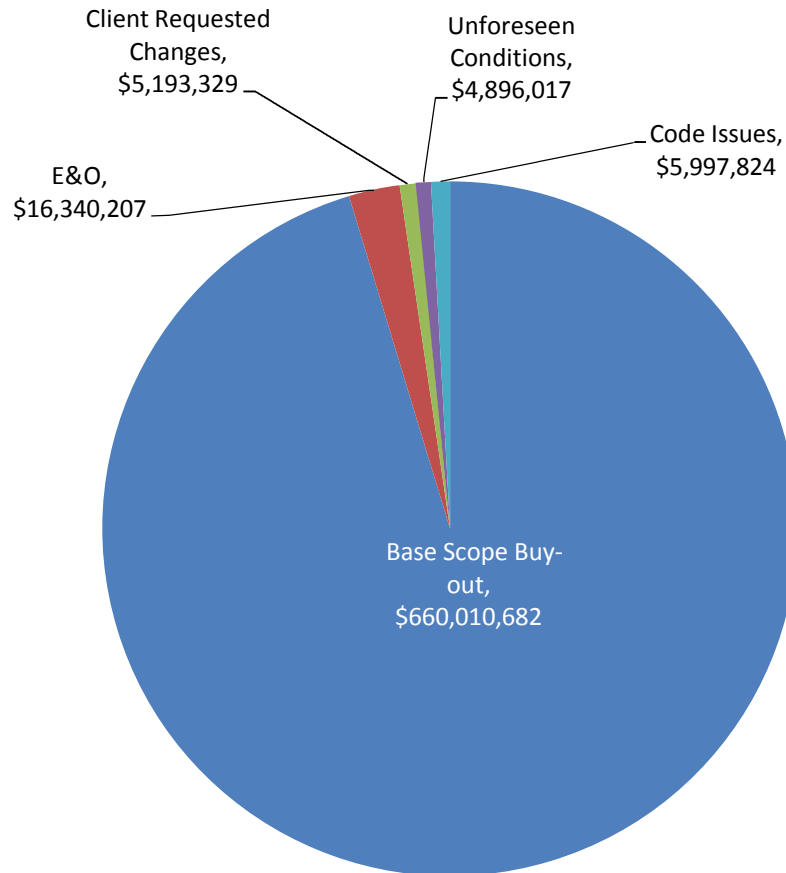
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CONSTRUCTION CONTRACT MODIFICATION SUMMARY

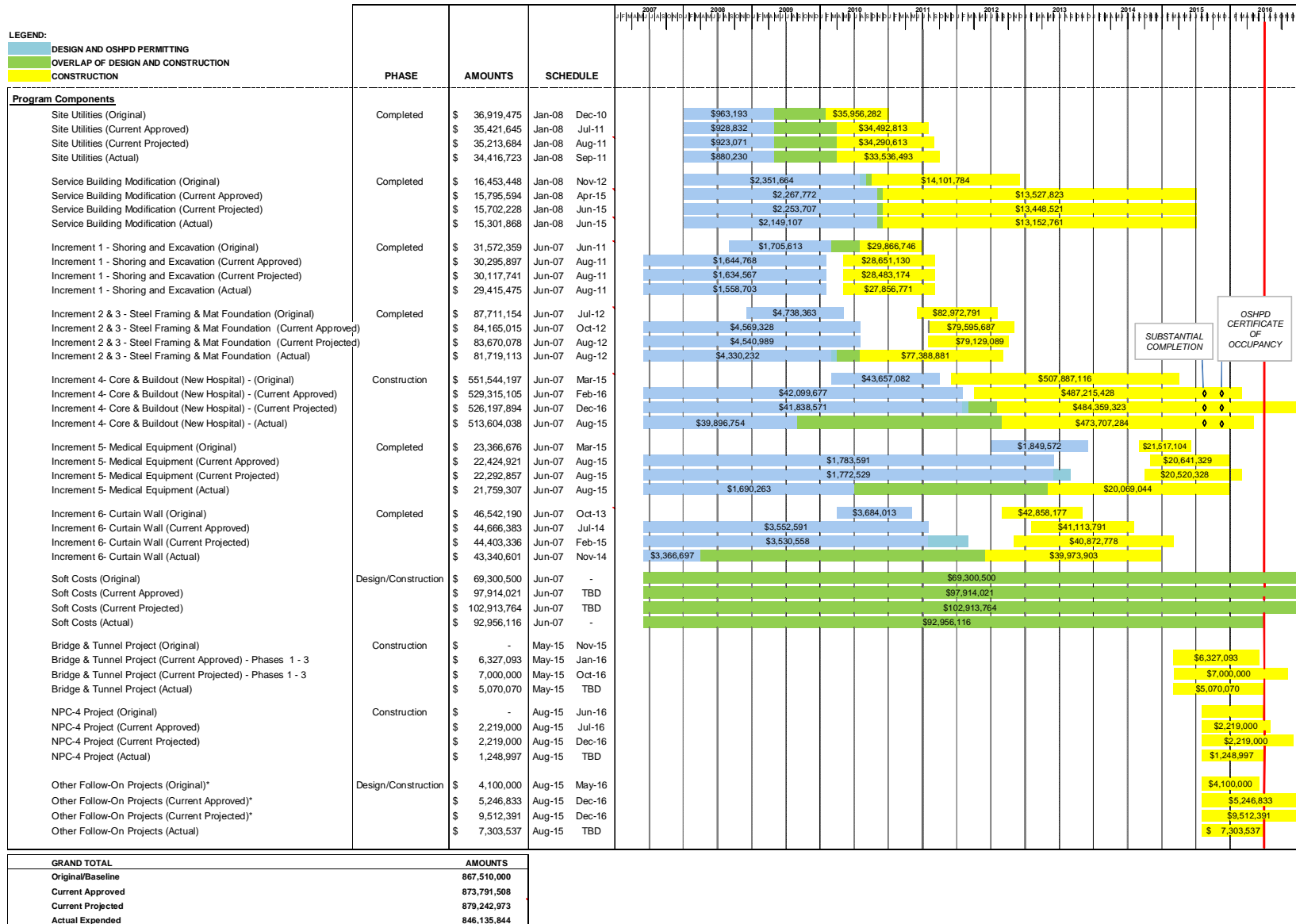
As of June 2016, the total construction Contract Sum with distribution of cost by traditional change order categories, are as follows:



Contract Sum to Date (in Millions)	Base Scope Buy-out	Errors & Omissions (E&O)	Client Requested Changes	Unforeseen Conditions	Code Issues	Total of Non-Base Scope Costs
\$692.4	\$660.0	\$16.3	\$5.2	\$4.9	\$6.0	\$32.4
	95.32%	2.36%	0.75%	0.71%	0.87%	4.68%

PROGRAM TIMELINE AND SCHEDULE

SFGH Rebuild Program – as of June 2016



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PROGRAM BUDGET REPORTS – BUDGET AND EXPENDITURES AS OF JUNE 2016

	ORIGINAL BUDGET	CURRENT BUDGET	PROJECTED BUDGET	PROP A GENERAL OBLIGATION BONDS (APPROPRIATIONS)	EXPENDITURES	ENCUMBRANCES	BALANCE	% EXPENDED	% EXPENDED/ ENCUMBERED
PROJECT COMPONENTS (CONSTRUCTION COSTS)*	735,160,000	705,238,001	701,103,826	697,513,205	685,685,138	10,554,148	1,273,919	97%	99%
Site Utilities	35,956,282	34,492,813	34,290,613						
Service Building Modifications	14,101,784	13,527,823	13,448,521						
Increment 1 - Shoring & Excavation	29,866,746	28,651,130	28,483,174						
Increment 2 & 3 - Steel Framing and Mat Foundation	82,972,791	79,595,687	79,129,089						
Increment 4 - Core & Buildout (New SFGH Hospital)	507,887,116	487,215,428	484,359,323						
Increment 5 - Medical Equipment	21,517,104	20,641,329	20,520,328						
Increment 6 - Curtain Wall	42,858,177	41,113,791	40,872,778						
SOFT COSTS	128,250,000	154,760,581	159,407,756	160,063,018	146,828,103	3,819,701	9,415,214	95%	97%
RELATED CONSTRUCTION CONTRACTS	4,100,000	13,792,926	18,731,391	17,941,357	13,622,604	1,821,064	2,497,689	99%	112%
Bridge & Tunnel Project	0	6,327,093	7,000,000	6,551,948	5,070,070	13,969	1,467,909	80%	80%
NPC-4 Project	0	2,219,000	2,219,000	2,219,000	1,248,997	771,649	198,354	56%	91%
Follow-on Projects	4,100,000	5,246,833	9,512,391	9,170,409	7,303,537	1,035,447	831,426	139%	159%
SUBTOTAL FOR CONSTRUCTION COSTS AND SOFT COSTS	867,510,000	873,791,508	879,242,973	875,517,579	846,135,844	16,194,912	13,186,822	97%	99%
Controller's Audit, Bond Oversight & Bond Issuance Cost	9,239,023	7,900,000	7,460,427	4,886,631	2,917,029	1,334,588	635,014	37%	54%
Program Contingency	10,650,977	5,708,492	696,600	4,120,079	0		4,120,079		
SUBTOTAL FOR BOND OVERSIGHT, BOND ISSUANCE COSTS, AND PROGRAM CONTINGENCY	19,890,000	13,608,492	8,157,027	9,006,710	2,917,029	1,334,588	4,755,093	21%	31%
GRAND TOTAL	887,400,000	887,400,000	887,400,000	884,524,289	849,052,873	17,529,500	17,941,915	96%	98%

***NOTES:**

1. Appropriations are based on budgets from the FAMIS System as of June 2016.
2. Construction costs include art installation.