

 HAWAII HEALTH SYSTEMS C O R P O R A T I O N "Touching Lives Everyday" Policies and Procedures	Department: Corporate Finance	Policy No.: PUR 0008
	Issued by: Kelley Roberson COO & CFO	Revision No.: 1
Subject: <i>Construction and Capital Improvement Projects</i>	Approved by: Thomas M. Driskill, Jr. President & CEO	Effective Date: October 1, 2007
		Supersedes Policy: September, 2003 Page: 1 of 14

- I. **PURPOSE:** The Hawaii Health Systems Corporation (HHSC) and its facilities have been given the authority to manage Capital Improvement Projects (CIP) (which includes for purposes of this policy, both legislated CIP projects with specific appropriations and other construction projects) in a manner that encourages greater cost-efficiency, communication and effectiveness.

Capital Improvement Projects include the purchase of land, design services, construction and equipment.

- II. **POLICY:** Regional System Boards are responsible for construction projects in the respective regions. The HHSC corporate office will offer assistance to the regions in planning, budgeting, working with the State administration, and other aspects of the process. Regional System Boards may adopt additional procedures to implement and supplement this policy.

- III. **PROCEDURE:** All CIP projects must follow existing policy and procedures (see references listed below).

- A. **Scope of Services.** All CIP projects must include a Scope of Services (see Attached PUR Form 008) or any like applicable contracting document in order to process a Purchase Request. The Technical Representative is responsible for creating the Scope of Services (see PUR 0015, "Contract Technical Representative Duties", for further details). The Contracts Department is responsible for reviewing the scope of services for proper descriptions and requirements of the products and services.

Listed below are guidelines for establishing Scope of Services for CIP projects.

1. Technical consultants, manufacturers, or vendors preparing Scopes of Service for HHSC are precluded from bidding on any CIP Project in which those Scopes of Services or specifications are being used.
2. A Scope of Service should generally not exclusively require a sole bidder, unless the Regional CEO has determined that competition is not feasible or not in the State and HHSC's best interests.

3. A Scope of Service should describe what is required clearly and concisely.
4. Use of unnecessary quality descriptions that may limit competition should be avoided.
5. The Scope of Service shall reference specifications, drawings, contracting documents, established standards and grades when applicable.
6. The Scope of Service shall include generally accepted industry standards, NFPA Life Safety Code 101, Joint Commission on the Accreditation of Healthcare Organization (JCAHO) requirements, and all local, State and Federal guidelines governing the construction and renovation of health care facilities.
7. Instructions regarding the handling of product, storage or delivery requirements should be included the scope of services.
8. All designs must be approved by the State Commission on Persons with Disabilities Office.
9. All designs must be at least 60% complete prior to the commencement of construction if awarding a design build contract. For all other construction contracts, all designs must be 100% complete prior to the commencement of construction.
10. All designs must have the appropriate approval signatures on the drawings.
11. All CIP projects should include milestone or task completion provisions in the scope of services and be tied to the schedule of payments.
12. All deliverables shall be included in the Scope of Services

B. Request for Proposal (RFP). An RFP is the preferred method of selecting a bidder for construction projects over \$50,000. Regional System Boards may utilize other methods of procurement where the Regional CEO documents in writing the reasons that a formal solicitation is not feasible and is not in the best interests of HHSC and the State. The solicitation shall include the following requirements:

1. Insurance: The Contracts Manager and legal counsel shall review insurance requirements for all CIP projects. The insurance review shall include general liability, automobile, workers compensation, professional liability, and builders risk insurance. After review, all changes must be included under the Special Conditions.
 - a. CIP Projects exceeding \$500,000 must include, at a minimum, the following requirements:
 - 1) Workers Compensation. Workers Compensation shall conform to the State requirements (reference 7.3.7.1 of the General Conditions for Construction).
 - 2) General Liability. General Liability shall have a limit of not less than \$1,000,000 per occurrence and \$2,000,000 in the Aggregate. HHSC reserves the right at its sole discretion to require an Umbrella liability policy of not less than \$5,000,000 per occurrence and in the annual aggregate.
 - 3) Auto Liability. Auto Liability covering all owned, non-owned and hired autos with a Combined single limit of not less than \$1,000,000 per occurrence (reference 7.3.7.3 General Conditions for Construction).
 - 4) Builders Risk. Builders Risk shall be provided by HHSC instead of the Contractor. If utilizing the DAGS General Conditions, include the following in the Special Conditions: Section 7.3.7.4 (1) delete the word, “

The Contractor” in the first sentence and replace with “HHSC”. Delete the sentence, “The limit shall be equal to the completed value of the building(s) and shall insure against all loss excluding earthquakes and floods” and replace with “The limit shall be equal to the completed value of the building(s) and shall insure against all risk including wind/hurricane. Earthquake and flood coverage may be purchased at the sole discretion of HHSC.”

- 5) Professional Liability. “Architect shall obtain Architect E&O/Professional Liability coverage with a limit of not less than \$1,000,000 per occurrence and annual aggregate to be carried during the entire design and construction period for not less than three (3) years after the Certificate of Substantial Completion is filed. Professional Liability Insurance (Errors and Omissions Insurance) which covers claims for Bodily Injury and Property Damage to the Project arising out of the performance of all professional services, by or on behalf of any member of the Architect, that causes negligent acts on errors and omissions for while they may become liable under this Project.”
 - 6) Insurance Certificate. A certificate of insurance shall be provided identifying HHSC as an additional named insured. An endorsement to the general liability policy showing HHSC as an additional named insured is also required.
- b. Bonds. Bid Security, Contract Performance and Payment Bonds are required for all CIP projects exceeding \$50,000. A company approved by the United States Treasury Department and which maintains an AM Best’s Rating of at least A-9 for Admitted or Non-Admitted carrier or approved by HHSC must underwrite all bonds.
- 1) The Contracts Manager and legal counsel shall review the bonding requirements for all CIP projects. (HHSC Risk Management may choose to utilize outside brokers or consultants in reviewing the bonding requirements). The bonding review shall include the bid bond, payment bond, and performance bond.
 - 2) After review, the agreed upon bonding requirements shall be noted in the Special Conditions.
 - 3) Prior to award, legal counsel must approve all bonding documents.
- a. Warranty. The Special Conditions shall specify the warranty requirements of the product or service. If Technical Representative does not know, then both Technical Representative and the Contract Manager shall research and develop the warranty provisions.
- b. Wage Determination. The current Wage Determination issued by the State of Hawaii Department of Labor and Industrial Relation shall be included as a requirement in the RFP/IFB.
- c. Permits. The Contractor shall prepare and process the building permit. The Contractor shall obtain and pay for all permits necessary for the proper execution of the work.
- d. Liquidated Damages. Liquidated damages for delays may be included in the Special Conditions. The Technical representative shall advise and discuss the amount with the Contracts Manager. The following clause may be included in the terms: “Liquidated Damages. When the contractor fails to

complete the work or any portion of the work within the time or times fixed in the contract or any extension thereof, it is agreed the contractor shall pay to HHSC the amount of \$_____ per calendar day of delay.”

- e. Retention. A retention clause of at least 5% and normally a 10% retention is required. The Technical Representative shall advise and discuss the amount with the Contracts Manager. Subcontractors retentions and other payments must comply with Act 291 (2006), the prompt payment amendments to chapter 103.
- f. Progress Payments. All CIP shall include a progress monthly Payment and shall use the attached Payment Application Form.

C. General and Special Conditions. DAGS General Conditions, as modified for HHSC by Special Conditions, shall be used where Chapter 103D is applicable. Alternatively, legal counsel may draft HHSC Construction General Conditions, which may also be supplemented or revised for the specific project utilizing Special Conditions. Unless determined in writing by the Chief Procurement Officer to be inappropriate for a particular project, all CIP project general conditions awarded pursuant to chapter 103D shall contain the required provisions set forth in the following Hawaii Administrative Rules, Section 3-125:

- 1. Subsection 4: Changes
- 2. Subsection 7: Suspension of work
- 3. Subsection 10: Variations in estimated quantities
- 4. Subsection 11: Differing site conditions
- 5. Subsection 13: Price Adjustments
- 6. Subsection 14: Assignment, Novation, and Name Change
- 7. Subsection 16: Claims based on Oral Directives
- 8. Subsection 18: Default, Delay, and Time Extensions
- 9. Subsection 22: Termination for Convenience
- 10. Subsection 23: Prompt Payment by Contractors to Subcontractors
- 11. Subsection 24: Remedies
- 12. Any other rule that may be adopted by the Procurement Policy Board mandating terms for construction contracts.

D. Legal Review. All CIP RFPs and IFBs shall be approved by legal counsel (see PUR 0014, “Legal Review of RFP/IFB and Contracts” for further details).

E. Policy and Procedure Provisions. Purchasing Policy and Procedures relating to the procurement method, contract review, approvals, and other relevant HHSC and regional policies and procedures shall be followed.

F. Scope of Services Template. A Scope of Services template (see attached PUR Form 008) may be used as a guideline when creating a CIP Scope of Services. Users are encouraged to review previous Scopes of Service before developing a new Scope of Service.

II. APPLICABILITY: All HHSC facilities, regions, and HHSC Corporate staff.

III. REFERENCES: HRS Chapters 103, 104, and 323F, and implementing Hawaii Administrative Rules (Chapter 3). Reference to Chapter 103D and implementing regulations does not intend to waive any applicable exemption.

SCOPE OF SERVICES TEMPLATE

OWNER (HHSC)

HHSC operates a 3,500-employee, 12-hospital, 1200-bed acute, long-term, and rural health care system. HHSC is the fourth-largest public hospital system in the nation. It is the largest provider for Neighbor Island residents i.e., Kauai, Lanai, Maui, and the Big Island. HHSC is organized into five operational regions and provides a multitude of health care services.

The mission of HHSC is to provide and enhance accessible, comprehensive healthcare services that are quality-driven, customer-focused, and cost-effective. The vision of HHSC is to be the provider of choice for the communities it serves, employer of choice for its staff, and system of choice for its physicians. To further the development of its delivery system, HHSC works closely with physician organizations and other healthcare providers in the planning and implementation of joint business strategies. Physicians, community leaders and employee representatives are involved in local as well as corporate decision-making.

PROJECT DESCRIPTION

DESCRIBE THE PROJECT DESCRIPTION

SPECIFICATIONS AND CONSTRUCTION DOCUMENTS

Contractor shall perform the scope of Services in accordance with the Specifications, dated _____ and the construction drawings provided as part of this RFP. Should any conflict arise between the specifications, construction drawings and this scope of Services, the specifications and construction drawings shall prevail.

You may also contact Contracts Manager Name via email at _____ to obtain a CD containing a PDF format of the specifications and drawings.

OWNER'S VENDORS AND CONSULTANTS

It is Facility Name intention to assemble a team comprised of the its third-party contractors (below) and the general Contractor awarded the Services as a result of this Request for Proposal (RFP), hereinafter referred to as "Contractor." Facility Name desires that all members of this team encourage and provide proactive communication, interactive problem solving, and goal-oriented thinking. When responding to this RFP, Offerors are encouraged to demonstrate throughout their proposals their ability to perform with such a team for the benefit of Facility Name. The following firms have been selected by Owner to participate with Contractor in performance of the Services:

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PUR Form 008

The Offeror awarded a contract under this RFP shall be referred to as "Contractor" and/or "Offeror". The Contractor shall mean "General Contractor" or a "Prime Contractor" under this solicitation. The Offeror must possess a valid State of Hawaii Contractor's License, Classification "B". Offerors, and their subcontractors, submitting a response to this RFP must be licensed in the State of Hawaii, with the contractor or each subcontractor performing the work possessing the necessary specialty licenses needed to perform the work for this project. The Offeror shall be solely responsible for assuring that all specialty licenses required to perform the work are covered in your proposal.

The Offeror shall include the license number (s) of the contractor or subcontractor, if any. Failure to provide the correct names and license numbers as registered with the Contractor's Licensing Board may cause rejection of the proposal submitted. All subcontractors shall possess their appropriate Specialty Contractor's license. Refer to Appendix E, Joint Contractors or Subcontractors to list your subcontractor's information.

PROJECT SCHEDULE

The commencement of services and start of construction is contingent upon Contractor securing the construction and building permits in accordance with all State of Hawaii, County of Hawaii and/or federal laws and regulations as outlined in the General Conditions attached to this RFP. Owner's architect, **Architect Name**, will be responsible for submitting all permitting information documents to the appropriate building/permitting offices. However, once documents have been submitted by **Architect Name** it will be the responsibility of Contractor to manage the permitting process. The Contractor shall be responsible to obtain all required construction and building permits. The Contractor is responsible for all building permit costs.

The Contractor will publish and provide to **HHSC Facility Name** preconstruction and construction schedules identifying key decision milestones, budget updates, permit submission dates, long-lead items, and other critical activities required for the success of the project as part of their proposal. The published schedules shall be available to **HHSC Facility Name** in both electronic format and hard copy. These schedules will then be reviewed by all team members and revised until such time as team consensus is achieved prior to the award of any Contract issued as a result of this RFP. The Contractor will maintain the schedules and keep all team members informed as to pending decision dates and long-lead order deadlines.

PROJECT MANAGEMENT/CONTRACTOR REQUIREMENTS

HHSC Facility Name intends to select a third party contractor to provide Project Construction Management on HHSC behalf. This company will provide a Construction Manager and this person will be designated as **HHSC Facility Name** Construction Manager. This position will be responsible for the coordination of time, equipment, money, budget, cost accounting, tasks and people on the following projects associated with the **Name of Project**: the hazardous abatement, demolition and construction of the **Name of Project** through the completion of the final punch list and warranty period, site preparation, central plant upgrades, if required, and overall design, renovation and expansion of the **Name of Project**. All communication and documentation shall go through the HHSC Construction Manager (third Party Contractor). It is HHSC's intent that the Construction Manager will utilize state-of-the-art project management technology and tools. Such tools should include linked RFI logs, shop drawing/submittal logs, change-order logs, and related project management information databases. Such data should be available to the team members on a project website, accessible by password only. It is

desired that communications on the project be electronic in format. Contractor must provide all documentation electronically to the HHSC 's Construction Manager.

It is intended that the Contractor be an essential team member during the entire preconstruction phase. Preconstruction management will include attendance at project design meetings, value engineering, and pricing analysis of alternative systems. The Contractor will identify the impact to the construction schedule in all decision matrices.

HHSC FACILITY NAME will rely on the Contractor to provide accurate and reliable pricing and budget updates to afford the team the opportunity to develop complete documents that meet the budget requirements.

The preconstruction and construction activities will be conducted in an open book manner. The Contractor must be willing to share all pertinent information required to provide **HHSC Facility Name** and its third party Contractors with the basis for informed, value-oriented decisions as well as a full understanding of the cost and schedule elements of the project. The Contractor must be willing to review all quantity surveys and material takeoffs.

During construction, the Contractor will hold weekly meetings at the site and will publish electronic and hard copy minutes of the meetings. Project management reports and logs, the construction schedule, and pending changes will be discussed at each meeting in addition to all relevant project issues. The Contractor will monitor all time-sensitive decision requirements to ensure that **HHSC Facility Name** is informed of the impact of decision deadlines.

The Contractor's named construction project manager should have a minimum of _____ years of experience in the construction industry with recent experience in similar product types. The Contractor's construction project manager will be expected to manage the project throughout **preconstruction (TYPE IN YOUR BEGINNING TIME)** and **construction (ENDING TIME)** activities and to be the lead contact for team members. The Contractor's superintendent must be on site during preconstruction through the end of the construction project or as determined by the HHSC Construction Manager. . Together, the Contractor's construction project manager and Contractor's superintendent should provide **HHSC Facility Name** with experienced construction expertise to support value-oriented design and construction decisions.

The Contractor will commit a principal of its company (defined as a person who has controlling authority or is in a leading position within the company's organization) to participate throughout the preconstruction and construction process. The principal will be available to participate in key project decisions and discussions and will take an active role, following up with **Facility Name** to ensure satisfaction with the Contractor's performance. Offeror shall propose their key personnel organization and staffing requirements. Refer to the above **REFERENCE THE APPROPRIATE PARAGRAPH IN SECTION 3** Personnel Organization for evaluation of key personnel.

GENERAL

All Work shall be performed in accordance with generally accepted industry standards, **HHSC Facility Name** policies and procedures, NFPA Life Safety Code 101, Joint Commission on the Accreditation of Healthcare Organization (JCAHO) requirements, and all local, State and Federal guidelines governing the construction and renovation of health care facilities, as outlined at the end of this scope of Services in paragraph entitled "References."

PRE-CONSTRUCTION WORK PHASE

If requested, Contractor shall work with **HHSC FACILITY NAME** designated Construction Manager to assist in obtaining any “as-built” drawings of the **PROJECT NAME**, and shall assist HHSC Construction Manager in field verifying as-built conditions in and around the proposed facility.

CONSTRUCTION PHASE

The Contractor shall secure construction and staging sites in order to carry out the scope of Services. The Contractor shall provide required inspections including, but not limited to, trade and safety inspections. It shall provide submittals of materials for approval to **HHSC FACILITY NAME** Construction Manager prior to commencing the construction phase.

The Contractor shall be responsible for maintaining a safe environment at all times and shall report safety inspection findings to **HHSC FACILITY NAME** Construction Manager, as soon as possible.

The Contractor shall manage all its subcontractors' work. **HHSC FACILITY NAME** must review all subcontractors before commencing Work or Services. Contractor shall notify **HHSC FACILITY NAME** of any substitution of subcontractors. Subcontractors shall adhere to all safety programs of Contractor and in accordance with safety provisions detailed in the General Conditions.

Any change from the construction documents will require a change order. The change order form and procedures shall be included as an attachment to the Contract awarded as a result of this RFP. The Contractor shall have a change order authorized and approved by **HHSC FACILITY NAME** before Work or Services commence on the change. Failure to obtain approval on a change order prior to commencing the change shall forfeit any claims by Contractor for additional compensation. All change orders shall be in accordance to the General Conditions.

POST CONSTRUCTION PHASE

The Contractor shall provide three (3) sets of completed “as-built” hard copy drawings and three (3) sets of completed “as-built” CAD drawings to **HHSC FACILITY NAME** Construction Manager on compact discs (CDs).

It shall also complete a final inspection punch list, provide all warranty documents to **HHSC FACILITY NAME** Construction Manager at the time of acceptance, and provide in-service/training as needed before building is turned over in accordance with General Conditions. The Contractor shall provide all keys to **HHSC FACILITY NAME**.

ARCHITECTURAL GOALS

The proposed scope of Services is in line with **HHSC FACILITY NAME** planning goals of updating its aging and inadequate ED to provide for: **(EACH PROJECT SHALL INCLUDE THEIR OWN GOALS)**

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- Compliance with the Americans with Disabilities Act of 1990 to provide accessibility to persons with disabilities.

SPACE PROGRAMMING

PROVIDE ANY SPACE PROGRAMMING INFORMATION IF APPLICABLE

PROPOSED SCHEMATIC DESIGN

INCLUDE ANY SCHEMATIC DESIGN AND FLOOR PLANS IF APPLICABLE

FLOOR PLAN

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EXTERIOR ELEVATION

INCLUDE ANY EXTERIOR ELEVATION DETAILS

CONSTRUCTION PHASING

DESCRIBE ANY PHASING REQUIREMENTS IF ANY

DEMOLITION

DESCRIBE ANY DEMOLITION REQUIREMENTS IF ANY

SITE IMPROVEMENTS

DESCRIBE IF ANY

UTILITIES

DESCRIBE CURRENT UTILITIES AND THEN DESCRIBE NEW IF REQUIRED

GRADING AND DRAINAGE

DESCRIBE AS NECESSARY

EROSION CONTROL

DESCRIBE AS NECESSARY

SIDEWALKS AND CONCRETE EAVES

DESCRIBE AS NECESSARY

FOUNDATION

DESCRIBE AS NECESSARY

LATERAL LOAD RESISTING SYSTEMS

DESCRIBE AS NECESSARY

STRUCTURAL DESIGN CRITERIA

Design Loads and Standards:

UBC 97 Uniform Building Code, 1997 Edition

INCLUDE IF NECESSARY

MATERIALS DESIGN CRITERIA

INCLUDE IF NECESSARY

GENERAL MECHANICAL

DESCRIBE AS NECESSARY

PLUMBING

G. DESCRIBE AS NECESSARY

Room Number	Fixture Description

All fixtures will be provided with hot and cold water, and all hot water piping will be insulated. Hot water return piping will also be provided to the furthest fixture to ensure hot water is readily available to all fixtures.

MEDICAL GAS

DESCRIBE AS NECESSARY

AIR CONDITIOING

DESCRIBE AS NECESSARY

VENTILATION

DESCRIBE AS NECESSARY

DDC CONTROLS

DESCRIBE AS NECESSARY

FIRE SPRINKLER

DESCRIBE AS NECESSARY

ELECTRICAL

DESCRIBE AS NECESSARY

SECONDARY ELECTRICAL SYSTEM

DESCRIBE AS NECESSARY

INTERIOR WIRING SYSTEM

DESCRIBE AS NECESSARY

PANELBOARDS

DESCRIBE AS NECESSARY

RECEPTACLES

DESCRIBE AS NECESSARY

INTERIOR LIGHTING

DESCRIBE AS NECESSARY

INTERIOR TELEPHONE DISTRIBUTION SYSTEM

DESCRIBE AS NECESSARY

IT DATA SYSTEM

DESCRIBE AS NECESSARY

CABLE TELEVISION (CATV) RACEWAY SYSTEM

DESCRIBE AS NECESSARY

FIRE ALARM SYSTEM

DESCRIBE AS NECESSARY

PUBLIC ADDRESS INTERCOM SYSTEM

DESCRIBE AS NECESSARY

NURSE CALL SYSTEM

DESCRIBE AS NECESSARY

GROUNDING SYSTEM

DESCRIBE AS NECESSARY

SITE SECURITY

DESCRIBE AS NECESSARY

REFERENCES AND APPLICABLE STANDARDS

References: (HERE IS A SAMPLE. INCLUDE ANY APPLICABLE REFERENCES)

- AIA Guidelines for Design and Construction of Hospitals and Healthcare Facilities – 2001 Edition.
- NFPA Life Safety Code 101 – 2003 Edition
- Americans with Disabilities Act Accessibility Guidelines for Buildings and Facilities
- 1997 Uniform Building Code
- Chapter 93, Broad Service Hospitals of the Administrative Rule Title 11, State of Hawaii Department of Health
- County of Hawaii Zoning Code
- **HHSC FACILITY NAME** policies and procedures
- NFPA Life Safety Code 101
- Joint Commission on the Accreditation of Healthcare Organization (JCAHO) AIA Guidelines for Design and Construction of Hospitals and Health Care Facilities, 2001 edition
- National Electrical Code (NEC) NFPA 70
- **Life Safety Code, NFPA 101**
- **IES Lighting Handbook**
- **NFPA 72**
- **ADAAG**
- **Uniform Fire Code (UFC)**

Applicable Standards

- Standard Specifications for Public Works Construction, September 1988, Department of Public Works, County of Hawaii.
- Standard Details for Public Works Construction, September 1984, Department of Public Works, County of Hawaii.
- Hawaii Standard Specifications for Road, Bridge and Public Works Construction, 1994, State of Hawaii, Department of Transportation, Highways Division.
- Water System Standards, 2002, Department of Water Supply, County of Hawaii.
- Storm Drainage Standards, October 1970, Department of public works, County of Hawaii.
- Uniform Fire Code, 1988 Edition.
- Uniform Building Code, 1991 Edition with Local amendments.
- Uniform Plumbing Code, 1991 Edition with Local amendments.
- Grading Ordinance, Chapter 10 - Erosion and Sedimentation Control, Hawaii County Code, 1983.
- Best Management Practices Manual for Construction Sites in Honolulu, May 1999, Department of Environmental Services, City and County of Honolulu.

- Code of Federal Regulations, 28 CFR Part 36 ADA Standards for Accessible Design, July 1, 1994, Department of Justice.
 - ADAAG Manual, a guide to the Americans with Disabilities Act Accessibility Guidelines, July 1998, U.S. Architectural and Transportation Barriers Compliance Board.
- Occupational Safety and Health Part 1926 Safety and Health Regulation for Construction

PUR Form 008