

SFCPSC Partnering Enhancement Proposal (PEP)

Success Factor 1.0: Education and Training

Issue 1.2.1 Issue Resolution Ladders

Barrier

Issue Resolution Ladders (IRL) are not well understood by project managers, City department managers, contractor employees or design staff.

Problem Statement and Current Practice

Currently, the project managers (PMs), construction managers (CMs) and resident engineers (REs) delivering projects for City departments and contractors do not have a mutual understanding of how to properly use the Issue Resolution Ladder (IRL). Each department has different policies surrounding decision-making and change management, leading to a heavy learning curve for project teams that lack experience in the City. Common issues relating to the application of the IRL include:

- Elevating an issue is often seen as a failure
- Field teams coming to an agreement that is overruled by management
- One entity will automatically elevate issues to the top executive level before the project team has an opportunity to explore and develop consensus (avoiding the IRL altogether)
- Contractors rarely understand how project level decision-making takes place for City departments, leading to frustration and perceived delays
- Current contract change order (CCO) policies grant CMs and PMs different levels of delegated authority for each department; contractors rarely know how the authority works at project inception

The result is that the application of the IRL is inconsistent and is not being used to its potential as a tool to speed up decision-making and negotiation, and ultimately, prevent claims.

- How can we best get project teams to understand and effectively use the IRL so that it empowers field staff to make CCO negotiation more timely?

Proposal:

Issue Resolution Ladders

We agree that the Issue Resolution Ladder (IRL) is a tool implemented on projects to empower the field level staff to make decisions and elevate issues when either side of the ladder gets stuck. To improve the efficacy of IRLs, it is recommended that we:

1) Develop an Integrated Dispute System

PEP 1.2.4 Integrated Dispute System – Signed 6/28/17 by SFCPSC

This ensures all PMs, CMs and REs working on San Francisco projects are familiar with all vehicles for resolving construction issues and exhaust them prior to filing a government claim. All Issue Resolution Ladders and the new Partnering Field Guide will include the new integrated dispute system.

2) Clarify how the Issue Resolution Ladder (IRL) works for each department

The IRL is a tool used to define decision-making authority on construction projects for primary parties to the contract. Typically, a representative is selected to negotiate on behalf of the owner and a counterpart is selected from the contractor (or design/builder). The ladder starts at level I (in the field) and elevates through project management to executive management. At the kick-off partnering session, the team agrees on the individuals who fill the levels in the IRL.

*See Addendum I for sample policies and Addendum II for sample IRLs from each department.

3) Develop new Partnering Field Guide with new policies and procedures related to issue resolution and claims prevention

Currently, City staff and industry have access to a Mini Guide to Partnering, which contains sample IRLs, but lacks details or best practices on how to use the tool properly. We need to create a new Partnering Field Guide and include sample IRLs and policies and procedures to make the application of issue resolution more consistent citywide. We also need to inform project teams of how field level decision-making, CCO negotiation, issue elevation, and claims prevention should be handled in a collaborative environment.

*See Addendum III – Sample Issue Elevation Memo and Addendum IV – Project Issues Log

Resources Required and Implementation Plan

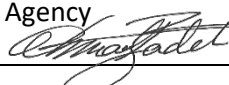

The SFCPSC partnering facilitator and partnering coordinator have developed draft policies and procedures that have been reviewed by the Education and Training Subcommittee and vetted by the SFCPSC. The final policies will be added to the new Partnering Field Guide.

Implementation Plan:

- Finalize updates to draft partnering specification (See PEP 2.1.2 attachment) by 12/1/17
- Develop updated general conditions by 12/1/17
- Vet updated partnering spec and general conditions with City Attorney’s office by 12/15/17
- Include sample Issue Resolution Ladders, best practices, and tools in new Partnering Field Guide by 12/15/17
- Vet new Partnering Field Guide through SFCPSC by 3/1/18

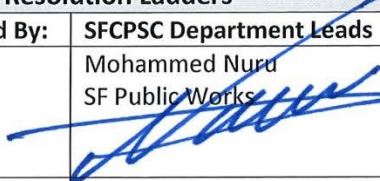


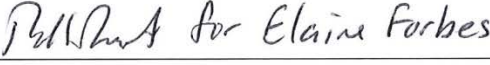


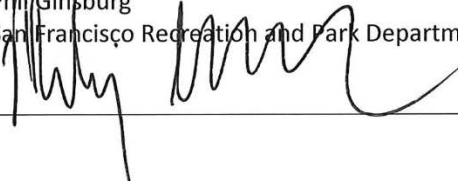
Performance Measurement

The measurement of success for this PEP will be the development of a chapter for the new Partnering Field Guide focused on the Issue Resolution Ladder and policies and procedures related to issue resolution and ultimately, claims prevention, accepted by each of the six Chapter 6 departments.

Concept Approved By:	Performance Measures Co-Chair Signatures	Date
Education and Training Subcommittee Co-Chairs	Bijan Ahmadzadeh SF Municipal Transportation Agency 	9/26/17
	Ed Moore Monterey Mechanical 	9/26/17

Addenda:

1. Sample Issue Resolution Policies for Field Guide (p. 3)
2. Sample Issue Resolution Ladders from all San Francisco Departments (p. 4-7)
3. Sample Elevation of a Dispute Memo (p. 8)
4. Sample Project Issues Log (p. 9)

Success Factor 1.0: Education and Training			
Issue 1.2.1 Issue Resolution Ladders			
Concept Approved By:	SFCPSC Department Leads	Date	
SFCPSC Co-Chairs	Mohammed Nuru SF Public Works 	Mike Ghilotti Ghilotti Bros., Inc. 	10/11/17
SFCPSC Department Leads	Kathy How San Francisco Public Utilities Commission 		10-11-17
	Elaine Forbes Port of San Francisco 		10/11/17
	Ivar Satero San Francisco International Airport 		
	Ed Reiskin San Francisco Municipal Transportation Agency 		10-11-17
	Phil Ginsburg San Francisco Recreation and Park Department 		10-11-17

ADDENDUM I: SAMPLE ISSUE RESOLUTION POLICIES FOR THE NEW PARTNERING FIELD GUIDE

One of the cornerstones of partnering is the Issue Resolution Ladder (IRL). The process is also known as the elevation of an issue or a dispute. The IRL is developed during the kick-off partnering workshop or the pre-construction meeting. At the top of the ladder are the two primary parties to the contract – the City and County of San Francisco department and the contractor (or design/builder). Lining up behind these two primary parties are all the other project stakeholders. For example, behind the prime contractor are the subcontractors and materials suppliers. Behind the City department might be QA/QC, inspection, or engineering. If any of these project stakeholders have a disputed issue, the IRL may be used by going through the appropriate primary parties.

The process starts at the lowest field leadership level possible for each organization and proceeds up through both organizations' hierarchy, then to the alternative dispute resolution (ADR) processes. The issue needs to be understood by both parties in the ladder. Both parties need to be able to understand the issue well enough that they can explain it to the other's satisfaction.

An issue should be elevated in the Issue Resolution Ladder when:

- An agreement cannot be reached at the current level within the agreed upon time
- More than the agreed upon time has passed without a solution
- It is requested by one of the two parties at the current level (after first informing the other party, and with concurrence of those in the next higher level).

Elevating an issue:

- Should be done in writing if possible – this can be done simply with a speedy memo addressing the next level with both parties explaining the disputed issue and the points of agreement and disagreement. See Addendum III for a sample.
- Once an issue is elevated, it is incumbent upon that level to reach resolution as soon as possible.
- It is recommended that a separate meeting is held to focus on the issue being elevated. Team members should not attempt to negotiate it during a weekly project meeting. Team members should also not assume that the next level understands the points of agreement and disagreement.
- It is important that elevating an issue is not seen as a failure – it is an opportunity for the project team to keep moving while an issue is elevated through the ladder.

ADDENDUM II: ISSUE RESOLUTION LADDERS FOR ALL DEPARTMENTS

SFPUC

Sample Issue Resolution Ladder

Level	SFPUC (Represents Designer, Engineer, QA/QC, etc.)	Contractor or CM/GC (Represents Subs, Materials Suppliers, etc.)	Time to Elevate
I	Inspector	Superintendent	Up to 1 shift
II	Resident Engineer	Project Manager	Up to 5 work days
III	Project Manager	Project Manager	Up to 5 work days
IV	Regional Project Manager	Project Executive / Operations Manager	Up to 3 work days
V	CM Manager / Deputy Director	Vice President / President	Up to 5 work days
Alternative Dispute Resolution (ADR)	Optional Facilitated Issue Resolution		
	Dispute Review Advisor or Dispute Review Board		

Notes:

- Commission approval is required if a contract change order (CCO) exceeds 10% of the awarded amount
- SFPUC managers are provided delegated authority over a percentage (i.e. 5% or 10%) of the contingency based on the size of the project

San Francisco Recreation & Parks

Sample Issue Resolution Ladder

Level	SF Rec & Park (Represents Designer, QA/QC, etc.)	Contractor (Represents Subs, Materials Suppliers, etc.)	Time to Elevate
I	Inspector	Superintendent	Up to 1 shift
II	Resident Engineer	Project Manager	Up to 5 work days
III	Project Manager	Project Executive/ Operations Manager	Up to 5 work days
IV	Deputy Director / Director	Vice President/ President	Up to 5 work days
ADR	Optional Facilitated Issue Resolution		

Notes:

- Project Managers receive delegated authority to negotiate up to the 15% budget contingency
- Commission approval is required if CCO is greater than 10% of budget

San Francisco International Airport

Sample Issue Resolution Ladder

Level	SFO (Represents Designer if D-B-B, QA/QC, etc.)	Contractor, Design/Builder or CM/GC (Represents Subs, Materials Suppliers, and design team for D/B or CM/GC, etc.)	Time to Elevate
I	Inspector (PMSS)	Superintendent	Up to 1 shift
II	Project Manager	Project Manager	Up to 3 work days
III	Program Manager	Project Executive	Up to 2 work days
IV	Director of Project Management	Vice President / Operations Manager	Up to 3 work days
V	Chief Development Officer	President	Up to 3 work days
VI	Airport Director	President	Up to 2 work days
ADR	Optional Facilitated Issue Resolution		

Notes:

- Commission approval is required for any contract modification that is greater than 10% of the contract award

Port of San Francisco

Sample Issue Resolution Ladder

Level	SF Port (Represents Designer, QA/QC, etc.)	Contractor (Represents Subs, Materials Suppliers, etc.)	Time to Elevate
I	Inspector	Superintendent	Up to 1 shift
II	Resident Engineer / Construction Manager	Project Manager	Up to 5 work days
III	Project Manager	Project Manager	Up to 5 work days
IV	Chief Engineer / Director	Vice President/ President	Up to 5 work days
ADR	Optional Facilitated Issue Resolution (FIR)		

Notes:

- Commission approval is required if CCO is greater than 10% of budget

San Francisco Public Works (Infrastructure)

Sample Issue Resolution Ladder

Level	SF Public Works (Represents Designer, QA/QC, etc.)	Contractor (Represents Subs, Materials Suppliers, etc.)	Time to Elevate
I	Inspector	Superintendent	Up to 1 shift
II	Resident Engineer	Project Manager	Up to 3 work days
III	Project Manager/ Construction Manager	Project Manager	Up to 5 work days
IV	Deputy Division Mgr. CM	Project Executive / Operations Manager	Up to 5 work days
V	Deputy Director	Vice President / President	Up to 5 work days
VI	Director	President	Up to 5 work days
ADR	Optional Facilitated Issue Resolution (FIR)		

Note:

- Public Works Director has signatory approval on all CCOs

San Francisco Public Works (Buildings)

Sample Issue Resolution Ladder

Level	SF Public Works (Represents Designer if D- B-B, QA/QC, etc.)	Contractor or Design/Builder (Represents Subs, Materials Suppliers, etc.)	Time to Elevate
I	Inspector	Superintendent	Up to 1 shift
II	Resident Engineer	Project Manager	Up to 3 work days
III	Project Manager/ Construction Manager	Project Manager	Up to 5 work days
IV	Program Manager	Project Executive / Operations Manager	Up to 5 work days
V	Deputy Director	Vice President / President	Up to 5 work days
VI	Director	President	Up to 5 work days
ADR	Optional Facilitated Issue Resolution (FIR)		

Note:

- Public Works Director has signatory approval on all CCOs

Partnering Enhancement Proposal - 1.2.1 Issue Resolution Ladders

SFMTA

Sample Issue Resolution Ladder

Level	SFMTA (Represents Designer, QA/QC, etc.)	Contractor (Represents Subs, Materials Suppliers, etc.)	Time to Elevate
I	Inspector	Superintendent	Up to 1 shift
II	Resident Engineer	Project Manager	Up to 3 work days
III	Project Manager	Project Executive	Up to 5 work days
IV	Division Deputy	Project Executive / Operations Manager	Up to 5 work days
V	Division Director	Vice President	Up to 5 work days
VI	Director of Transportation	President	Up to 5 work days
Alternative Dispute Resolution (ADR)	Optional Facilitated Issue Resolution (FIR)		
	Dispute Review Advisor (DRA) or Dispute Review Board (DRB)		

Notes:

- Commission approval is required if CCO is greater than 25% of contract cost
- Project Managers are provided line items for allowances, which include standard CCOs that allow the use of time and materials agreements with the contractor as the CCO is being negotiated

ADDENDUM III: SAMPLE ELEVATION OF AN ISSUE SPEED MEMO

An issue is ready to be elevated when team members at the same level have agreed on the issue or the specific scope, but have not yet been able to resolve the merit, entitlement, or schedule.

Project Manager Level

Project name/number: _____ Prime contractor (design/builder): _____

This dispute is: ___ A policy issue ___ An administrative issue ___ A technical/specification issue

List individuals and organizations affected by this dispute and its resolution: Subcontractors, designers, material suppliers, maintenance, utilities, other agencies, neighborhood or merchant associations, clients, residents, etc.

Briefly describe the dispute needing further assistance for resolution:

Sub issues and dollars/days associated with each:

1. _____ 3. _____ 5. _____
2. _____ 4. _____ 6. _____

Where we agree:

Where we disagree:

Additional comments or recommendations:

Dispute resolved at this level? ___ No, then forward to next level on _____ (date) at _____ (time)
 ___ Yes, then describe resolution below:

If resolved, written feedback of the resolution was transmitted to team members and persons affected by this dispute on _____ (date) at _____ (time)

City representative, name and title

Contractor, name and title

ADDENDUM IV: SAMPLE PROJECT ISSUES LOG

SAMPLE Project Issues Log (Based on Procore sample)															
1998K Oak Street Ave. Improvements															
San Francisco, CA															
Joe Contractor															
#	Title	Scope	Type	Reason	Initiated Date	Status	Origin	ROM	Prime Total	Commitments Total	RFQs	Commitment CCOS	Prime PCO	Affects Critical path	Comments
1	Shoring and utility re-routed	Out of scope	Change Order Request	differing site condition (Dsc)	6/1/2016	CN 13	RFI #12	\$20,000	n/a	\$18,500	1/1	1			
2	Acceleration of paving operation work	Out of scope	contractor request	schedule recovery	10/20/2016	PCO 6		\$50,000	n/a			0		11/20/2016	Third party estimate started 11/4/16
3															

Date: October 3, 2017