

File No. 160513

Committee Item No. 17

Board Item No. 37

### COMMITTEE/BOARD OF SUPERVISORS

#### AGENDA PACKET CONTENTS LIST

Committee: Budget and Finance

Date June 16, 2016

Board of Supervisors Meeting

Date 7/12/16

#### Cmte Board

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| <input type="checkbox"/>            | <input type="checkbox"/>            | Legislative Digest                           |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Budget and Legislative Analyst Report        |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Youth Commission Report                      |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Introduction Form                            |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Department/Agency Cover Letter and/or Report |
| <input type="checkbox"/>            | <input type="checkbox"/>            | MOU  |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Grant Information Form                       |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Grant Budget                                 |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Subcontract Budget                           |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Contract/Agreement                           |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Form 126 – Ethics Commission                 |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Award Letter                                 |
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Completed by: Victor Young Date June 10, 2016

Completed by: L.W. Date 7/6/16

1 [Construction Management and Oversight Services Intergovernmental Agreement - Transbay  
2 Joint Powers Authority - \$4,491,461]

3 **Resolution retroactively approving a Transbay Project Construction Management and**  
4 **Oversight Services Intergovernmental Agreement with the Transbay Joint Powers**  
5 **Authority, including anticipated compensation to the City, through the Department of**  
6 **Public Works, for performing such services, in the total amount of \$4,491,461 for a**  
7 **three-year term commencing January 4, 2016, and mutual indemnity provisions; and**  
8 **authorizing the Deputy Director of the Department of Public Works to execute that**  
9 **Agreement.**

10  
11 WHEREAS, The City and County of San Francisco (the "City"), the Alameda-Contra  
12 Costa Transit District and the Peninsula Corridor Joint Powers Board have executed a Joint  
13 Powers Agreement, dated as of April 4, 2001 (the "Joint Powers Agreement"), which Joint  
14 Powers Agreement creates and establishes the Transbay Joint Powers Authority (the "TJPA");  
15 and

16 WHEREAS, The Joint Powers Agreement and state law charge TJPA with financing,  
17 design, development, construction, and operation of the Transbay Transit Center Program  
18 (the "Transbay Project"), which includes: (1) the design and construction of a temporary  
19 terminal and then the permanent Transbay Transit Center, including open space on the roof of  
20 the Transit Center, a bus ramp and a bus storage facility, and the train box component of the  
21 rail extension ("Phase 1"); (2) the extension of Caltrain tracks from their current San Francisco  
22 terminus at Fourth and Townsend Streets to a new underground terminus beneath the  
23 Transbay Transit Center to accommodate Caltrain and California High Speed Rail ("Phase  
24 2"); and (3) activities related to implementation of the Redevelopment Plan for the Transbay  
25

1 Redevelopment Project Area, in coordination with the Office of Community Investment and  
2 Infrastructure; and

3 WHEREAS, Under Section 6 of the Joint Powers Agreement establishing the TJPA and  
4 at Article XII of the TJPA's Bylaws, the TJPA designated the City as the "Administrator" for the  
5 TJPA, authorizing the City to provide necessary administrative services for the TJPA pursuant  
6 to an administrative services agreement; and

7 WHEREAS, In 2001, the TJPA entered an Administrative Services Agreement with the  
8 City, confirming the terms under which the TJPA may request that the City in its capacity as  
9 Administrator for the TJPA provide assistance to the TJPA Staff, in cooperation with  
10 consultants and contractors to the TJPA, to advance the Transbay Project; under the  
11 Agreement, the City has from time to time since 2001 provided such assistance to TJPA Staff,  
12 consultants, and contractors; and

13 WHEREAS, The TJPA has previously entered intergovernmental agreements with  
14 departments and agencies of the City, including San Francisco's Department of Public Works  
15 ("SF Public Works"), defining the roles and responsibilities of the TJPA and the City, and the  
16 terms and conditions under which the City would provide services to the Transbay Project;  
17 and

18 WHEREAS, On November 12, 2015, the TJPA Board of Directors adopted  
19 Resolution No. 15-043 amending the Bylaws of the TJPA, to provide for the designation of a  
20 person or entity to oversee all aspects of construction of the Transbay Project (including  
21 design and project controls related to construction), who would take direction from and report  
22 directly to the TJPA Board; and

23 WHEREAS, On March 10, 2016, the TJPA Board of Directors adopted Resolution  
24 No. 16-006 granting SF Public Works exclusive authority, subject to TJPA Board supervision,  
25 to oversee all aspects of construction of the Transbay Project, including, without limitation,

1 design and project controls related to construction of the Transbay Project for the purpose of  
2 meeting the TJPA Board's approved program budget and schedule for Phase 1; and

3 WHEREAS, On April 22, 2016, the TJPA Board of Directors adopted Resolution  
4 No. 16-013 approving a proposed agreement between the TJPA and the City entitled the  
5 "Transbay Project Construction Management and Oversight Services Intergovernmental  
6 Agreement," granting SF Public Works exclusive authority, subject to TJPA Board  
7 supervision, to oversee all aspects of construction of the Transbay Project, defining the roles  
8 and responsibilities of the TJPA and the City, and establishing the terms and conditions under  
9 which the City will provide services to the Transbay Project (the "Agreement"); and

10 WHEREAS, The Agreement provides that the TJPA will compensate the City for  
11 construction management and oversight services at hourly rates that include SF Public Works'  
12 staff salary, benefits and applicable administrative costs, that based on an SF Public Works  
13 estimate the value of such services will be a total of \$4,491,461 over a three-year period, with  
14 a maximum payment of \$1,465,403 in 2016, \$1,488,835 in 2017 and \$1,537,223 in 2018, and  
15 that the TJPA will pay for the City's services through any eligible funding source within the  
16 TJPA Board-approved Phase 1 program budget with the expectation that the payments be  
17 cost-neutral to the TJPA (through savings SF Public Works will help achieve in that budget);  
18 and

19 WHEREAS, The Agreement provides that the City and the TJPA will each mutually  
20 indemnify the other for liabilities, losses, expenses, attorneys' fees and costs, or claims  
21 ("Claims") for injury or damages arising out of their performance of the Agreement, but only in  
22 proportion to and to the extent such Claims are caused by or result from the negligent or  
23 intentional acts or omissions by the indemnifying party, and further the City's obligation to  
24 indemnify the TJPA excludes Claims relating to conditions existing on or before January 4,  
25 2016 or actions that occurred on or before that date; and

1           WHEREAS, This Board of Supervisors (the "Board") has previously adopted Resolution  
2 No. 166-16, authorizing the City's execution and delivery of lease revenue commercial paper  
3 certificates of participation and direct placement revolving certificates of participation in the  
4 maximum amount of \$260,000,000 (the "Interim Financing") to close certain funding shortfalls  
5 for the Transbay Project as identified by the Metropolitan Transportation Commission's  
6 ("MTC") cost and risk review of Phase 1 of the Transbay Project, and that in connection with  
7 the Interim Financing, the City will enter into a Cost Oversight Agreement under which  
8 representatives of the City, the TJPA, and the MTC will participate in a Cost Review  
9 Committee to provide recommendations to help ensure that the Interim Financing is timely  
10 repaid and to oversee the proper expenditure by the TJPA of the proceeds of the Interim  
11 Financing; and

12           WHEREAS, The Agreement, as approved and partially executed by the TJPA, is on file  
13 with the Clerk of the Board of Supervisors in File No. 160513; and

14           WHEREAS, The Board has determined that the Agreement is an important component  
15 of the TJPA's work to complete construction of Phase 1 of the Transbay Project in a timely  
16 fashion, which will result in more efficient delivery of improved public transit services to the  
17 City, and is in the best interests of the City as well as the TJPA; now, therefore, be it

18           RESOLVED, That this Board approves the partially executed Agreement, substantially  
19 in the form on file with the Clerk of the Board, together with any such additions and changes  
20 as the Deputy Director of SF Public Works may deem appropriate, upon consultation with the  
21 City's Controller and the City Attorney, the execution of which by the City shall be conclusive  
22 evidence of the approval of any such additions and changes; and, be it

23           FURTHER RESOLVED, That this Board authorizes the Deputy Director of SF Public  
24 Works to execute the Agreement on behalf of the City; and, be it

25

1           FURTHER RESOLVED, That within 30 days of the Agreement being fully executed by  
2 all parties, SF Public Works shall provide the final Agreement to the Clerk of the Board for  
3 inclusion in the official file.

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**CITY AND COUNTY OF SAN FRANCISCO**  
**OFFICE OF THE CONTROLLER**

**Ben Rosenfield**  
**Controller**

**Todd Rydstrom**  
**Deputy Controller**

**Nadia Sesay**  
**Director**  
**Office of Public Finance**

**MEMORANDUM**

**TO:** Honorable Members, Board of Supervisors

**FROM:** Ben Rosenfield, City Controller *BR*  
Nadia Sesay, Public Finance Director *NS*

**SUBJECT:** Legislation Approving the Transbay Transit Center Project Construction Management and Oversight Services Intergovernmental Agreement

**DATE:** Tuesday, May 10, 2016

The Controller's Office respectfully recommends approval of the attached Resolution and supporting documentation by the Budget and Finance Committee in connection with the Transbay Project construction management and oversight services intergovernmental agreement between the Transbay Joint Powers Authority ("TJPA") and the Department of Public Works (Public Works).

**The Transbay Project:**

The TJPA is a joint powers agency responsible for financing, design, development, construction, and the operation of the Transbay Transit Center Program ("Transbay Project"). The Transbay Project includes (1) the design and construction of a temporary terminal and then the permanent Transbay Transit Center, including open space on the roof of the Transit Center, a bus ramp, bus storage facility and the Train Box component of the rail extension ("Phase 1"); (2) the extension of Caltrain rail tracks from their current San Francisco terminus at Fourth and Townsend Streets to a new underground terminus beneath the Transbay Transit Center to accommodate Caltrain and California High Speed Rail ("Phase 2"); and (3) in coordination with the Office of Community Investment and Infrastructure ("OCII"), certain activities related to implementation of the Redevelopment Plan for the Transbay Redevelopment Project Area.

Phase 1 will create a new six-story Transit Center with above-grade bus level, rooftop park, above grade bus level, concourse retail and circulation level, ground-floor, two below-grade rail levels serving Caltrain and future California High Speed Rail (the exterior shell of the two below-grade levels collectively referred to as the "Train Box") a new off-site bus storage facility and a

new bus ramp that will connect the Transit Center the bus storage facility and the San Francisco-Oakland Bay Bridge. Completion of Phase 1 is anticipated in fall 2017.

The Phase 1 of the Transbay Project has increased by \$360 million, to \$2.259 billion from \$1.899 billion, following a cost review performed by the Metropolitan Transportation Commission ("MTC").

**Interim Financing:**

On May 3, 2016, the Board of Supervisors approved legislation authorizing short-term interim financing in an amount not to exceed \$260 million to cover the funding gap of approximately \$250 million plus financing costs for Phase 1 of the Transbay Project.

**Financial Oversight and Construction Management:**

As part of the interim financing, the City and MTC established a Cost Review Committee ("Committee") comprised of the City Controller, Executive Director of MTC and Executive Director/Chief Financial Officer of the TJPA. The Committee is authorized to make recommendations to the TJPA Board regarding financial and budgetary issues, any new or amended contract over \$250,000, internal controls and conduct financial or performance audits as deemed necessary.

In addition, in November 2015, pursuant to an amendment to the bylaws of the TJPA, the Department of Public Works will provide construction, management and oversight services to the TJPA board. The Transbay Project Construction Management and Oversight Services Intergovernmental Agreement ("Agreement") was approved by the TJPA Board on April 22, 2016.

**Additional Information:**

A form of the Agreement is attached for you review.

Your consideration of this matter is greatly appreciated. Please contact Ben Rosenfield or Nadia Sesay at 415-554-7500 if you have any questions.

CC: Angela Calvillo, Clerk of the Board of Supervisors  
Harvey Rose, Budget and Legislative Analyst  
Nicole Elliott, Director of Legislative & Government Affairs  
Melissa Whitehouse, Acting Mayor's Budget Director  
Mark Blake, Deputy City Attorney  
Edgar Lopez, Public Works Deputy Director  
Ron Alameida, Public Works Project Manager  
Greg Harper, TJPA Board Chair  
Ed Reiskin, TJPA Board Member  
Mark Zabaneh, Acting TJPA Executive Director  
Sara DeBord, TJPA Chief Finance Officer



**TRANSBAY PROJECT  
CONSTRUCTION MANAGEMENT AND OVERSIGHT SERVICES  
INTERGOVERNMENTAL AGREEMENT**

This Transbay Project Construction Management and Oversight Services Intergovernmental Agreement (this "Agreement") dated as of \_\_\_\_\_, 2016, is between the Transbay Joint Powers Authority, a joint powers authority ("TJPA") and the City and County of San Francisco, a municipal corporation and charter city and county ("City"), acting through its Department of Public Works ("SF Public Works") (each individually a "Party" and, collectively, the "Parties").

**RECITALS**

This Agreement is made with reference to the following facts and circumstances:

- A. The TJPA is a joint powers agency comprised of the City, the Alameda-Contra Costa Transit District, the Peninsula Corridor Joint Powers Board, and the State of California Department of Transportation (ex officio). The TJPA is responsible for the financing, design, development, construction, and operation of the Transbay Transit Center Program (the "Transbay Project"). In particular, the Transbay Project includes (1) the design and construction of a temporary terminal and then the permanent Transbay Transit Center, including open space on the roof of the Transit Center, a bus ramp, a bus storage facility, and the Train Box component of the rail extension ("Phase 1"); (2) the extension of Caltrain rail tracks from their current San Francisco terminus at Fourth and Townsend Streets to a new underground terminus beneath the Transbay Transit Center to accommodate Caltrain and California High Speed Rail ("Phase 2"); and (3) in coordination with the Office of Community Investment and Infrastructure, the successor to the former Redevelopment Agency, certain transit infrastructure activities related to implementation of the Redevelopment Plan for the Transbay Redevelopment Project Area.
- B. As provided in Section 6 of the Joint Powers Agreement establishing the TJPA and Article XII of the TJPA's Bylaws, the TJPA designated the City as the "Administrator" for the TJPA, authorizing the City to provide necessary administrative services for the TJPA under an administrative services agreement. In doing so, the members of the TJPA acknowledged that appointing the City as the administrator may present conflicts of interest, and they expressly waived any liability on the part of the City arising out of any such conflict of interest.
- C. In 2001, the TJPA entered an Administrative Services Agreement with the City, confirming the terms under which the TJPA may request that the City in its capacity as Administrator for the TJPA assist the TJPA, in cooperation with consultants and contractors to the TJPA, to advance the Transbay Project. Under that agreement, the City has from time to time provided such assistance to TJPA staff, consultants, and contractors, including through two previous intergovernmental agreements that the TJPA approved in 2007 and 2008 with SF Public Works.

- D. On January 13, 2015, under the Mello-Roos Community Facilities Act of 1982, as amended (the "Mello-Roos Act"), Government Code section 53311 et seq., the City and County of San Francisco Community Facilities District No. 2014-1 (the "CFD") was formed. SF Public Works has ultimate responsibility for managing certain of the facilities that will be constructed under the CFD. Under the Mello-Roos Act, the City and the TJPA executed a Joint Community Facilities Agreement (the "JCFA") to provide for financing design and construction of certain facilities of the Transbay Project by the City through the CFD. On June 30, 2015, the City and the TJPA entered a binding memorandum of understanding to define the City's "project management oversight" role regarding the facilities to be constructed under the CFD as described in the JCFA (the "2015 SF Public Works MOU").
- E. On November 12, 2015, the TJPA Board of Directors (sometimes "TJPA Board" or "Board") adopted Resolution No. 15-043, adding a new Section 9.6(g) of the Bylaws of the TJPA, to provide as follows: "Construction of the Transbay Terminal Project. Notwithstanding the provisions of subsection (c), the Board may designate a person or entity to oversee all aspects of construction of the Transbay Project (including design and project controls related to construction), who shall take direction from and report directly to the Board and who shall also inform the Executive Director of such actions. Without limiting the foregoing, the Board may authorize the Authority to enter into an agreement with the City's Department of Public Works to perform this function."
- F. Consistent with TJPA Bylaws Section 9.6(g), on March 10, 2016, the TJPA Board of Directors adopted Resolution No. 16-006 giving SF Public Works exclusive authority, subject to TJPA Board supervision, to oversee all aspects of construction of the Transbay Project, including, without limitation, design and project controls related to construction of the Transbay Project, which shall include the facilities identified in the JCFA, for the purpose of meeting the TJPA Board's approved program budget and schedule for Phase 1. The Resolution provides that this authority includes the supervision and direction of the contractors and the TJPA engineer employees directly overseeing construction as it relates to all aspects of construction of the Transbay Project. The Resolution further provides that SF Public Works shall take direction from and report directly to the TJPA Board on all aspects of construction of the Transbay Project, and shall have a mutual responsibility with the TJPA's Executive Director to work closely and collaboratively together and to keep each informed of any significant actions taken.
- G. In furtherance of the TJPA Board Resolution described immediately above as well as Section 6 of the TJPA's Joint Powers Agreement, Article XII of the TJPA's Bylaws, the Administrative Services Agreement, and the JCFA, the TJPA wishes to obtain additional construction management and oversight services of SF Public Works, and the City, through SF Public Works, is willing to perform this construction management and oversight work, on the terms and conditions more particularly described in this Agreement.
- H. In 2015, the Metropolitan Transportation Commission ("MTC") conducted a cost and risk review of Phase 1 of the Transbay Project. As a result of that review, MTC

recommended a Phase 1 budget increase to \$2.259 billion. While the TJPA has identified federal, state and local funding sources of approximately \$2.012 billion, there are still unidentified funding needs to close the gap. In light of such short-term funding needs and at the TJPA's request, the City, subject to approval of the City's Board of Supervisors, is willing to execute and deliver lease revenue commercial paper certificates of participation and direct placement revolving certificates of participation, in the maximum amount of \$260,000,000 (the "Interim Financing"), which includes the estimated cost of issuance and the financing. To facilitate the City's execution and delivery of the Interim Financing, and subject to approval by the Metropolitan Transportation Commission, the MTC would hold as an investment up to \$100 million of such commercial paper certificates. It is expected that the indebtedness under the Interim Financing, which is an obligation of the City's General Fund, will be repaid in part from an allocation of a portion of the CFD special taxes generated in the Transbay Redevelopment Project Area, and an allocation of a portion of the property tax increment that will be derived from the Transbay Redevelopment Project will pay on-going debt service on the outstanding balance, as and when such funds are available. The TJPA would be expected to secure a long-term take-out of the Interim Financing when TJPA's net tax increment revenue stream matures.

- I. In connection with the Interim Financing, representatives of the City, the TJPA and MTC will participate in a Cost Review Committee (the "Committee") to help ensure financial oversight of the TJPA's budget and certain expenditures, as provided in a separate agreement entitled the Transbay Project Cost Oversight Agreement (the "Cost Oversight Agreement") between the TJPA, the City and MTC.
- J. Notwithstanding the construction management and oversight role of SF Public Works under this Agreement and the role of the Committee under the Cost Oversight Agreement, the TJPA, through its Board of Directors, retains ultimate supervision and responsibility for the Transbay Project, including, without limitation, the financing, design, development, construction, and operation of the Transbay Transit Center.

## AGREEMENT

ACCORDINGLY, in consideration of the public benefits and other matters described in the foregoing recitals, the obligations contained in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are mutually acknowledged, the TJPA and the City agree as follows:

### 1. CONSTRUCTION MANAGEMENT AND OVERSIGHT SERVICES

A. **Scope of Services.** The City, through SF Public Works, shall exercise exclusive authority, subject to TJPA Board supervision, TJPA Board adopted policies and procedures, the terms and conditions of this Agreement, and all applicable Federal, State and local laws, to oversee all aspects of construction of Phase 1 of the Transbay Project, including, without limitation, design and project controls related to construction of the Transbay Transit Center (the "Services"). By way of clarification and not limitation, the Services encompass the supervision and direction of the contractors and the TJPA employees who are involved with construction of

Phase 1 of the Transbay Project, as well as certain SF Public Works staff providing assistance to the City PM (such TJPA contractors and staff and SF Public Works staff referred to collectively as the “TJPA Construction Team”), as reflected in the Organization Chart attached as Attachment A (the “Organizational Chart”). Again, by way of clarification and not limitation, the Services further include the day-to-day management and control of the following related to Phase 1 of the Transbay Project: construction schedule and construction budget; approval of any change orders; negotiation of any contracts relating to the scope of the design, construction and construction support of the Transbay Project, or any amendments to those contracts; conformity of construction with design criteria; conformity of construction to approved plans and specifications; and efficient and effective implementation of construction.

More particularly, the Services provided by SF Public Works shall include but are not limited to:

(i) in coordination with TJPA’s Chief Financial Officer, consistent with TJPA policies and procedures and consistent with the Cost Oversight Agreement, review and approve proposed and actual disbursements and expenditures of TJPA funds for construction of Phase 1 of the Transbay Project, including, but not limited to, proposed change orders;

(ii) separate from its role under the 2015 SF Public Works MOU, inspect Phase 1 Transbay Project facilities as needed during, at and following the completion of construction;

(iii) review, direct and approve changes in scope, schedule or design needed to manage the Phase 1 Transbay Project construction within the approved Program budget. Review proposed and accepted value engineering proposals, construction schedules, schedule recovery strategies, and contract documents (including both processes and requirements) for Phase 1 of the Transbay Project;

(iv) in coordination with the TJPA’s legal counsel, review and manage any threatened or pending construction claims or litigation relating to Phase 1 of the Transbay Project (it being expressly recognized that because of the City construction management and oversight services under this Agreement, the City’s access to confidential and privileged information of the TJPA does not waive the TJPA’s attorney work product and attorney-client communication privileges);

(v) in coordination with TJPA’s Chief Financial Officer and consistent with the JCFA, review and approve all TJPA requisitions on TJPA’s 82.6% allocation percentage of the special tax proceeds under the CFD and bond funds secured by the CFD special tax proceeds to the extent such requisitions are related to Phase 1 of the Transbay Project;

(vi) attend and manage construction meetings with the TJPA Construction Team;

(vii) review and manage correspondence with contractors or other third parties relating to matters within the scope of services under this Agreement;

(ix) manage compliance with the existing Quality Assurance and Quality Control program for Phase 1 of the Transbay Project; and

(x) review and approve construction permits required to be issued by the TJPA, including night noise permits, for Phase 1 of the Transbay Project.

B. **City PM.** SF Public Works senior staff member Ronald Alameida is designated as the Director of Design and Construction and the Project Manager (the "City PM") for SF Public Works' performance of the Services under this Agreement. The City PM shall supervise and direct the TJPA Construction Team. The City PM may be supported by additional SF Public Works employees and TJPA staff, as needed, as determined by the City PM, in consultation with the TJPA Executive Director and consistent with the Budget (as defined below). Upon prior notice to and approval by the TJPA Board, the SF Public Works Director may change the designation of the City PM. The line of authority and shared resources under this Agreement is reflected in the Organizational Chart. Notwithstanding these lines of authority, the Parties acknowledge that regular communication among the TJPA Construction Team and the TJPA's staff, consultants, and contractors is essential to the effective operation of the TJPA, and furtherance of the objectives of this Agreement.

C. **Supervision.** The City PM shall take direction from and report directly to the TJPA Board regarding the scope of Services. The TJPA Board shall supervise the Services through the City PM consistent with the Organizational Chart, and not through other SF Public Works staff. The City PM shall be the sole representative from the City authorized to give direction to the TJPA Construction Team on matters relating to the Services.

D. **Roles and Responsibilities of City PM and TJPA Executive Director and Coordination.** Unless otherwise directed by the TJPA Board, the City PM shall assume the same roles and responsibilities as the TJPA's Executive Director for purposes of providing the Services, and shall be bound to the same laws, regulations, policies, procedures, restrictions, and requirements as the TJPA's Executive Director during the performance of the Services.

E. **Coordination.** The City PM and the TJPA's Executive Director shall work closely and collaboratively together and keep each other informed of any significant actions pending or taken that could materially affect the provisions of Services. The City PM and TJPA Executive Director shall each promptly upon request provide the other with any information or documents appropriate to perform their functions for the TJPA.

F. **Standard of Performance.** SF Public Works shall perform all Services required under this Agreement in conformance with the standards observed by a competent practitioner of the profession in which SF Public Works staff assigned to the TJPA Construction Team are engaged in the geographical area in which they practice their profession. SF Public Works' work product under this Agreement shall conform to the standard of quality normally observed by a person performing services similar to those Services SF Public Works is expected to perform under this Agreement.

G. **Assignment of Personnel.** SF Public Works shall assign only competent personnel to perform the Services under this Agreement.

H. **Time.** SF Public Works shall devote such time to the performance of the Services under this Agreement as may be reasonably necessary to meet the standard of performance provided in subsection (F) above and to satisfy SF Public Works' obligations under this Agreement.

I. **Ownership of Records.** All reports, data, maps, models, charts, studies, surveys, photographs, memoranda, plans, studies, specifications, records, files, or any other documents or materials, in electronic or any other form, that SF Public Works prepares for the TJPA under this Agreement or obtains as a result of the Services it performs under this Agreement and that relate to the matters covered under this Agreement, shall be the property of the TJPA.

## 2. **TERM OF AGREEMENT AND TERMINATION**

A. **Term.** The term of this Agreement shall begin as of January 4, 2016 (the "Commencement Date"), once it is executed, delivered and approved by the TJPA Board and the City's Board of Supervisors and Mayor, and continue until the successful completion of construction for Phase 1 of the Transbay Project, as evidenced by the issuance of a certificate of final completion for the Transbay Transit Center, including the bus ramp and bus storage facility projects, unless earlier terminated as provided below.

B. **Termination.** Either the City or the TJPA Board may terminate this Agreement, with or without cause, upon 30 days written notice to the other Party; provided, however, the TJPA Board may terminate this Agreement only for cause, after affording SF Public Works written notice and an opportunity to cure, for so long as the Interim Financing is outstanding, unless the TJPA Board shall have taken steps to the satisfaction of the City's Controller to ensure that payment for the Interim Financing is fully discharged. The TJPA Board has the discretion to determine whether any of the Services are satisfactory to the TJPA, which determination shall be made reasonably and in good faith. If the TJPA Board determines that any of the Services are not satisfactory, the TJPA Board may, subject to the limitation above regarding the Interim Financing and in any event following a duly noticed public hearing at which the TJPA Board considers action, (i) terminate this Agreement by giving the 30-days advance written notice to the City or (ii) change the scope of Services by removing specific tasks or activities from this Agreement, following consultation with SF Public Works regarding such changes and any corresponding change in compensation, and provided this right of TJPA shall not limit SF Public Works' right to terminate this Agreement by giving 30-days written notice to the TJPA should SF Public Works not wish to agree to such changes. Upon receipt of notice of termination by either Party, SF Public Works shall cease performing the Services on the termination date specified in the written notice. The compensation payable to the City shall cover only the period for which SF Public Works has performed Services under this Agreement. Upon any termination of this Agreement, neither Party shall have any further obligations except as provided in this Section and Section 8G of this Agreement.

## 3. **COMPENSATION**

The total compensation provided by the TJPA to the City under this Agreement shall not exceed \$1,465,403 in calendar year 2016, \$1,488,835 in calendar year 2017, and \$1,537,223 in

calendar year 2018, for an aggregate total of \$4,491,461 ("Budget"); to the extent the TJPA requests that the City provide services after calendar year 2018, the Parties would be required to reach agreement on an appropriate budget for the TJPA Board's consideration and approval, in its sole discretion. The City shall be compensated for Services provided under this Agreement through any eligible funding source within the TJPA Board-approved Phase 1 Program budget. The TJPA shall compensate the City for Services rendered beginning on the Commencement Date, in accordance with the payment provisions in Attachment B. The City shall submit monthly invoices to the TJPA for Services provided, and the TJPA shall pay the City promptly for all Services appropriately performed under this Agreement.

#### 4. RELATIONSHIP OF PARTIES

A. **Independent Contractor.** The relationship of SF Public Works to the TJPA is that of an independent contractor and all persons working for or under the direction of SF Public Works are its agents or employees and not agents or employees of the TJPA. The TJPA and SF Public Works shall, at all times, treat all persons working for or under the direction of SF Public Works as agents and employees of SF Public Works, and not as agents or employees of the TJPA.

B. **Employees and Subcontractors.** SF Public Works shall provide the Services through employees of SF Public Works qualified to perform such services. The City PM will consult with the TJPA Board on an as-needed basis to assure that the Services are being provided in a professional manner and meet the objectives of the TJPA. Upon prior approval by the TJPA Board and consistent with the Budget, the City PM may retain as-needed specialty consultants to help resolve disputes related to proposed change orders or to scheduling or quality control issues. TJPA shall reimburse the City for all costs associated with the retention of any such consultants consistent with the Budget.

C. **SF Public Works Employee Salary and Benefits.** The City shall, at its sole expense, provide for the salary and any and all benefits of any City employees on the TJPA Construction Team, including such benefits as workers' compensation, disability insurance, vacation pay, sick pay, or retirement benefits; costs to obtain and maintain all licenses necessary for performing the construction services; and shall pay any and all taxes incurred as a result of the employees' compensation and benefits, including estimated taxes, FICA, and other employment taxes.

D. **TJPA Employee Salary and Benefits.** The TJPA shall, at its sole expense, provide for the salary and any and all benefits of any TJPA employees working with SF Public Works on the Services under this Agreement, including such benefits as workers' compensation, disability insurance, vacation pay, sick pay, or retirement benefits; costs to obtain and maintain all licenses necessary for performing the construction services; and shall pay any and all taxes incurred as a result of the employees' compensation and benefits, including estimated taxes, FICA, and other employment taxes.

## 5. INSURANCE REQUIREMENTS

A. **Self-Insurance.** SF Public Works, as a department of the City, is self-insured, including for workers' compensation, employers' liability, commercial general liability, automobile liability, and professional liability. If at any time during the term of this Agreement the City plans to cease to be self-insured for any of these possible claims, the City shall provide advance notice to the TJPA and the Parties will negotiate appropriate insurance arrangements before any such change in coverage. If the Parties fail to reach agreement on the terms of insurance policies or policy endorsements required, either Party may terminate this Agreement in accordance with the termination provisions of Section 2B of this Agreement.

B. **Additional Insured Endorsements by TJPA.** TJPA's Commercial General Liability and Commercial Automobile Liability Insurance policies shall be endorsed in the following manner:

(i) Name as Additional Insured the City and County of San Francisco, its Officers, Agents, and Employees; and

(ii) That such policies are primary insurance to any other insurance available to the Additional Insureds, with respect to any claims arising out of this Agreement, and that insurance applies separately to each insured against whom claim is made or suit is brought.

## 6. MUTUAL INDEMNIFICATION

### A. The TJPA

The TJPA shall defend, indemnify, and hold the City, its officers, employees and agents, harmless from and against any and all liabilities, losses, expenses, attorneys' fees and costs, or claims for injury or damages (collectively, "Claims"), either (a) arising out of the TJPA's performance of this Agreement, but only in proportion to and to the extent such Claims are caused by or result from the negligent or intentional acts or omissions of TJPA, its officers, agents or employees, or (b) relating to conditions existing on or before the Commencement Date or actions that occurred on or before the Commencement Date.

### B. The City

The City shall defend, indemnify, and hold the TJPA, its officers, employees and agents, harmless from and against any and all Claims arising out of City's performance of this Agreement, but only in proportion to and to the extent such Claims are caused by or result from the negligent or intentional acts or omissions of City, its officers, agents or employees (including the City PM and any other City employees or City retained consultants that are members of the TJPA Construction Team), occurring during the term of this Agreement.

## 7. CONFLICTS OF INTEREST AND WAIVER OF LIABILITY

A. **Acknowledgement of Filing Obligations.** The City acknowledges that its officers and employees who may provide services under this Agreement are subject to state and



local conflict of interest laws, including the Political Reform Act (Section 87100 et seq. of the California Government Code) and the San Francisco Governmental Ethics Ordinance (Article III, Section 2 of the Campaign and Governmental Conduct Code). The City also acknowledges that certain officers and employees, as listed in Campaign and Governmental Conduct Code Section 3.1-252, have a continuing obligation to annually file the California Fair Political Practices Commission Form 700 (also referred to as the Statement of Economic Interests).

B. **SF Public Works Director.** The TJPA acknowledges that the SF Public Works Director, who serves as one of the San Francisco Mayor's appointees to the TJPA Board, has not participated and will not participate in the TJPA Board's approval of this Agreement, but that once this Agreement is approved by the TJPA, the SF Public Works Director may supervise the City PM and other SF Public Works staff on the TJPA Construction Team and, thus, indirectly, the work performed under this Agreement, and act as a member of the TJPA Board with regard to matters that are the subject of this Agreement.

C. **Waiver of Liability.** Consistent with the acknowledgement and waiver by the members of the TJPA regarding the City's role as the administrator of the TJPA (as described in Recital B), the TJPA acknowledges that SF Public Works' role under this Agreement may present similar issues, the TJPA accepts that the TJPA Board retains ultimate responsibility for financing, design, development, construction, and operation of the Transbay Project, including supervising SF Public Works under this Agreement and, except as specifically provided in Sections 5 and 6 above regarding the self-insurance and indemnification obligations of the City, the TJPA waives any liability of the part of the City under this Agreement.

## 8. GENERAL

A. **Compliance with Applicable Laws.** SF Public Works shall comply with all laws, regulations, policies, procedures, restrictions, and requirements applicable to the performance of the Services, including, but not limited to: the Conflict of Interest Code of the TJPA, provided nothing in such Code as applicable to SF Public Works staff shall affect their ability to perform their City jobs.

B. **Confidentiality.** SF Public Works acknowledges that the TJPA may provide City PM and other SF Public Works staff on the TJPA Construction Team access to information and documents in the course of their provision of the Services which the TJPA deems confidential or otherwise exempt from disclosure without the TJPA's express consent. The City PM and SF Public Works staff on the TJPA Construction Team shall preserve the confidentiality of such information and documents and shall not disclose the same without the TJPA's express consent, except either (i) to City staff as necessary to the performance of the Services, or (ii) as required by law. If required under the terms of any federal grant agreements or laws to protect sensitive security information regarding critical infrastructure, City employees who need access to such information as a result of SF Public Work's provision of Services shall, before obtaining such information, sign the same non-disclosure agreements as TJPA staff are required to sign.

C. **Non-Assignment by the City.** This Agreement is not assignable by the City either in whole or in part without the prior written consent of the TJPA.

D. **Amendments.** This Agreement may be amended or modified only by written agreement signed by both Parties.

E. **Severability.** If any part of this Agreement is held to be illegal or unenforceable by a court of competent jurisdiction, the remainder of the Agreement shall be given effect to the fullest extent reasonably possible.

F. **Relationship to Other Agreements.** This Agreement is intended to be separate from and consistent with SF Public Works' role relating to the CFD under the 2015 SF Public Works MOU, and should be interpreted accordingly. To the extent there is any conflict between this Agreement and the 2007 Intergovernmental Agreement or the 2008 Intergovernmental Agreement, this Agreement shall control.

G. **Survival of Obligations.** Notwithstanding anything in this Agreement to the contrary, if this Agreement is terminated, neither Party shall have any further obligations under this Agreement except as provided in Section 3 (Termination) and the Parties' respective indemnification obligations under Section 6 shall also survive. If this Agreement terminates, the 2015 SF Public Works MOU, as well as the 2007 and 2008 Intergovernmental Agreements, shall remain in full force and effect, unless the Parties act, separately from the termination of this Agreement, to terminate or modify any of those agreements.

H. **Successors and Assigns.** Subject to the restrictions on assignment under Section 8C above, this Agreement shall inure to the benefit of and bind the respective successors and assigns of the TJPA and the City. This Agreement is for the exclusive benefit of the Parties and not for the benefit of any other person or entity and shall not be deemed to have conferred any rights, express or implied, upon any other person or entity.

I. **Interpretation of Agreement.**

i. **Attachments.** Whenever an "Exhibit" or "Attachment" is referenced, it means an attachment to this Agreement unless otherwise specifically identified. All such Attachments are incorporated in this Agreement by reference.

ii. **Captions.** Whenever a section or paragraph is referenced, it refers to this Agreement unless otherwise specifically identified. The title of this Agreement, and the captions preceding the articles and sections of this Agreement have been inserted for convenience of reference only. Such title and captions shall not define or limit the scope or intent of any provision of this Agreement.

iii. **Words of Inclusion.** The use of the term "including," "such as" or words of similar import when following any general term, statement or matter shall not be construed to limit such term, statement or matter to the specific items or matters, whether or not language of non-limitation is used with reference thereto. Rather, such terms shall be deemed to refer to all other items or matters that could reasonably fall within the broadest possible scope of such statement, term or matter.

iv. **References.** Wherever reference is made to any provision, term or matter "in this Agreement," "herein" or "hereof" or words of similar import, the reference shall be

deemed to refer to any and all provisions of this Agreement reasonably related thereto in the context of such reference, unless such reference refers solely to a specific numbered or lettered, section or paragraph of this Agreement or any specific subdivision thereof.

v. **Recitals.** In the event of any conflict or inconsistency between the recitals and any of the remaining provisions of this Agreement, the remaining provisions of this Agreement shall prevail. The Recitals in this Agreement are included for convenience of reference only and are not intended to create or imply covenants under this Agreement.

J. **Cooperation.** In connection with this Agreement, the Parties shall deal with one another in good faith and reasonably cooperate with one another to achieve the objectives and purposes of this Agreement. In so doing, each of the Parties shall each refrain from doing anything that would render its performance under this Agreement impossible and each shall do everything that this Agreement contemplates that the Party shall do to accomplish the objectives and purposes of this Agreement.

K. **Entire Agreement.** This Agreement (including the Attachments) contain all the representations and the entire agreement between the Parties with respect to the subject matter of this Agreement. Any prior correspondence, memoranda, agreements, warranties or representations relating to such subject matter are superseded in total by this Agreement. No prior drafts of this Agreement or changes from those drafts to the executed version of this Agreement may be introduced as evidence in any litigation or other dispute resolution proceeding by either Party and no court or other body shall consider those drafts in interpreting this Agreement.

L. **Notices.** All notices required by this Agreement shall be given to the TJPA and the City in writing, by first-class mail, postage prepaid, addressed as follows:

TJPA: Chair of the Board of Directors  
Transbay Joint Powers Authority  
201 Mission Street, Suite 2100  
San Francisco, CA 94105

City: Ronald Alameida  
Director of Design and Construction and Transbay Transit  
Program Project Manager  
Department of Public Works  
City and County of San Francisco  
City Hall, Room 348  
1 Dr. Carlton B. Goodlett Place  
San Francisco, CA 94102

with a copy to: Edgar A. Lopez, AIA  
City Architect & Deputy Director  
Building Design & Construction  
San Francisco Public Works  
City and County of San Francisco

30 Van Ness Ave, 4th Floor  
San Francisco, CA 94102

Every notice given to a Party under to the terms of this Agreement must state (or must be accompanied by a cover letter that states) substantially the following:

- (i) the Section of this Agreement to which the notice is given and the action or response required, if any;
- (ii) if applicable, the period of time within which the recipient of the notice must respond;
- (iii) if approval is being requested, shall be clearly marked "Request for Approval under the Transbay Project Construction Management and Oversight Services Intergovernmental Agreement"; and
- (iv) if a notice of a disapproval or an objection that requires reasonableness, shall specify with particularity the reasons.

M. **Non-Waiver.** Any delay or failure by either Party to exercise any of its respective rights or remedies under this Agreement shall not be deemed a waiver of that or any other right contained in this Agreement.

N. **Governing Law.** This Agreement shall be governed by and construed in accordance with the laws of the State of California.

*[signatures continued on following page]*

O. **Counterparts.** This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date first written above.

TRANSBAY JOINT POWERS AUTHORITY

By:   
Greg Harper, Chair of the Board of Directors

APPROVED AS TO FORM:

By:   
TJPA Legal Counsel

DEPARTMENT OF PUBLIC WORKS

By: \_\_\_\_\_  
Edgar Lopez, Deputy Director

Approved by Board of Supervisors Resolution  
No. \_\_\_\_\_

APPROVED AS TO FORM:

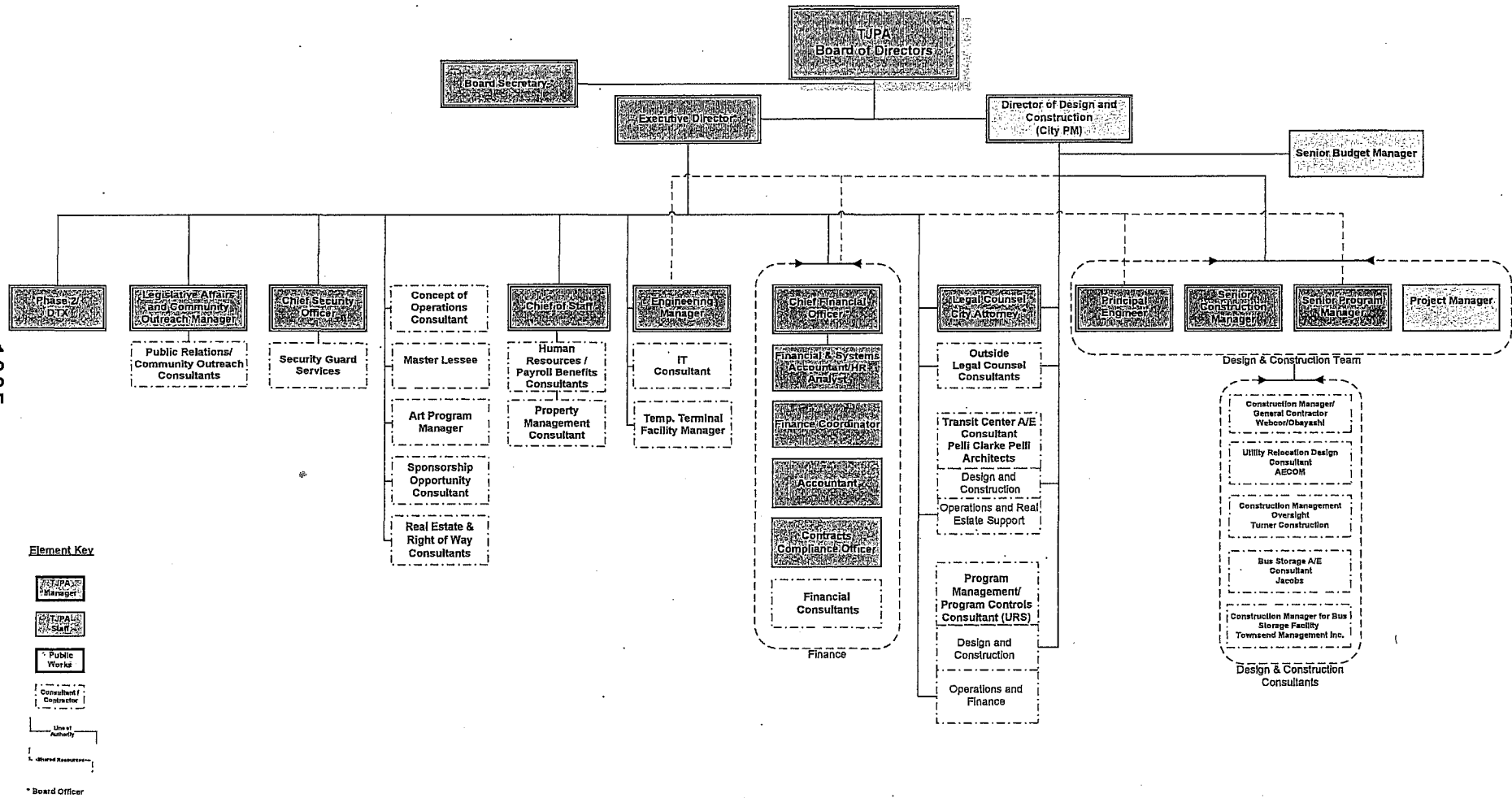
DENNIS J. HERRERA  
City Attorney

By: \_\_\_\_\_  
Deputy City Attorney

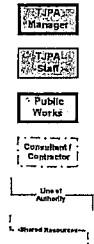
**ATTACHMENT A**  
**TRANSBAY PROJECT**  
**SF PUBLIC WORKS CONSTRUCTION MANAGEMENT AND OVERSIGHT**  
**ORGANIZATION CHART**

**TJPA Organization Chart**  
April 2016

1885



**Element Key**



\* Board Officer

**ATTACHMENT B**  
**TRANSBAY PROJECT**  
**COMPENSATION TO SF PUBLIC WORKS FOR CONSTRUCTION MANAGEMENT  
AND OVERSIGHT SERVICES**

The TJPA agrees to compensate SF Public Works under this Agreement for time and materials in the amount and manner set forth below.

A. **Billing Rates.** SF Public Works shall be paid for services at its hourly billing rates. The hourly billing rate that SF Public Works staff charges for its services shall cover fully salary and benefits, as well as rolled up administrative costs.

As of the date of this Agreement, the hourly billing rate for SF Public Works staff who are anticipated to work provide services under this Agreement is as follows:

Project Manager (PM4)	\$282.42
Principal Analyst	\$157.59
Project Manager (PM3)	\$253.25

SF Public Works may adjust those hourly billing rates from time to time during the term of this Agreement based on any applicable changes in salary and benefits, as well as administrative costs, upon at least 30 days prior written notice to the TJPA describing the change.

B. **Reimbursement for Costs.** In addition to the charges for services set forth in Paragraph A above, the TJPA shall reimburse SF Public Works for its reasonable actual out-of-pocket expenses incurred in the course of rendering such services. Reimbursement for costs related to consultants must be approved in advance by the TJPA Board.

C. **Budget for Services.** SF Public Works shall use efficient and cost-effective means in rendering services and incurring any reimbursable costs. The Parties acknowledge that the TJPA Board authorizes this Agreement with the expectation that the compensation to SF Public Works will be consistent with the Board's approved Phase 1 Program budget; thus the Budget authorized under this Agreement is expected to be cost-neutral under that Program budget. The total compensation provided by the TJPA to the City under this Agreement shall not exceed \$1,465,403 in calendar year 2016, \$1,488,835 in calendar year 2017, and \$1,537,223 in calendar year 2018, for an aggregate total of \$4,491,461 ("Budget"). If SF Public Works anticipates that the cost for its services will exceed such amount and/or result in a net cost to the TJPA, SF Public Works shall obtain the prior approval of the TJPA Board for such anticipated excess cost.



OFFICE OF THE MAYOR  
SAN FRANCISCO



EDWIN M. LEE

TO: Angela Calvillo, Clerk of the Board of Supervisors  
FROM: Mayor Edwin M. Lee  
RE: Construction Management and Oversight Services Intergovernmental Agreement - Transbay Joint Powers Authority - \$4,491,461  
DATE: May 10, 2016

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Attached for introduction to the Board of Supervisors is a resolution approving a Transbay Project Construction Management and Oversight Services Intergovernmental Agreement with the Transbay Joint Powers Authority, including anticipated compensation to the City, through the Department of Public Works, for performing such services, in the total amount of \$4,491,461 over three years and mutual indemnity provisions; and authorizing the Deputy Director of the Department of Public Works to execute that Agreement.

I respectfully request a waiver of the 30-day hold and that this item be heard in Budget & Finance Committee on June 8, 2016.

Should you have any questions, please contact Nicole Elliott (415) 554-7940.

RECEIVED  
BOARD OF SUPERVISORS  
SAN FRANCISCO  
2016 MAY 10 PM 4:27  
BY 