

CITY AND COUNTY OF SAN FRANCISCO
BOARD OF SUPERVISORS
BUDGET AND LEGISLATIVE ANALYST

1390 Market Street, Suite 1150, San Francisco, CA 94102 (415) 552-9292
FAX (415) 252-0461

April 29, 2016


TO: Budget and Finance Sub-Committee
FROM: Budget and Legislative Analyst 
SUBJECT: May 4, 2016 Budget and Finance Sub-Committee Meeting

TABLE OF CONTENTS

Item	File		Page
3	16-0318	Appropriation – Proceeds from Certificates of Participation for Animal Care and Control Renovation - \$60,500,000 – FY 2015-2016	1
4	16-0297	Lease Agreement – Swissport Cargo Services, L.P. – West Field Cargo Building 632 and Related Areas on Plot 9 - \$2,345,996.92	6
6	16-0298	Emergency Work – Designing, Repairing, and Upgrading Security Systems for County Jail Nos. 1 and 2 – Not to Exceed \$2,967,000	9

<p>Item 3 File 16-0318</p>	<p>Departments: Administrative Services Controller’s Office of Public Finance Public Works</p>
<p>EXECUTIVE SUMMARY</p>	
<p style="text-align: center;">Legislative Objectives</p>	
<ul style="list-style-type: none"> The proposed ordinance appropriates \$60,500,000 in Certificates of Participation to the Department of Administrative Services in FY 2015-16 for the Animal Care and Control Renovation Project. 	
<p style="text-align: center;">Key Points</p>	
<ul style="list-style-type: none"> The Board of Supervisors approved a resolution in March 2016, amending the City’s Ten Year Capital Plan to provide for the financing of an Animal Care and Control Shelter, using Certificates of Participation. According to the resolution, the Animal Care and Control Shelter would be relocated from its current location at 1200 15th Street to a new location at 1419 Bryant Street at an estimated cost of \$54,000,000. Construction of the new Animal Care and Control Shelter at 1419 Bryant Street is expected to begin in May 2018 and be completed in August 2020, a period of approximately 28 months. Once completed, the Animal Care and Control Shelter would relocate from 1200 15th Street to 1419 Bryant Street in approximately October 2020. 	
<p style="text-align: center;">Fiscal Impact</p>	
<ul style="list-style-type: none"> The current cost estimate to relocate and construct a new Animal Care and Control Shelter at 1419 Bryant Street is \$53,760,000. Sources of funds include \$4,760,000 in General Fund monies previously appropriated by the Board of Supervisors, and \$49,000,000 in Certificates of Participation proceeds. The Office of Public Finance plans to submit legislation to the Board of Supervisors in the fall of 2016 to sell \$59,580,000 in Certificates of Participation, of which \$49,000,000 will be allocated to the Animal Care and Control Renovation Project and \$10,580,000 will be allocated to financing costs and reserves. The Controller’s Office estimates to sell \$59,580,000 in COPs at an annual interest rate of 6.622 percent. Average annual debt service is estimated to be \$5,241,710. Total estimated interest and principal payments over the 20-year term of the COPs are \$110,075,900. According to the Office of Public Finance, the sale of \$59,580,000 in COPs will result in General Fund debt that is within the constraints set by the Capital Plan of no more than 3.25 percent of discretionary General Fund revenues. 	
<p style="text-align: center;">Recommendation</p>	
<ul style="list-style-type: none"> Approve the proposed resolution. 	

MANDATE STATEMENT

City Charter Section 9.113(e) provides that the Board of Supervisors has the power to borrow money through the use of commercial paper or other short-term indebtedness. Administrative Code Section 10.62 provides that the Board of Supervisors may authorize the issuance of Certificates of Participation (COPs) and other lease financing debt as funding sources for capital projects. Administrative Code Section 10.62(c)(1) also provides that the Director of Public Finance may issue tax-exempt and/or taxable commercial paper to provide interim funds to finance the acquisition, construction and rehabilitation of capital improvements and capital equipment, after prior approval of the project and financing plan by the Board of Supervisors and the Mayor.

City Charter Section 9.105 provides that amendments to the Annual Appropriations Ordinance, after the Controller certifies the availability of funds, are subject to Board of Supervisors approval by ordinance.

BACKGROUND

The City's Ten Year Capital Plan (FY 2016-2025), approved by the Board of Supervisors in April 2015, recommended seismic improvements to or relocation of the Animal Care and Control Shelter at 1200 15th Street. The Capital Plan recommended that \$49 million, to seismically retrofit and renovate the City's Animal Care and Control Shelter, be included in a \$311 million Public Health and Safety General Obligation Bond to be submitted to the voters for the June 2016 ballot.

The City's Capital Planning Committee revised the proposed Public Health and Safety General Obligation Bond proposal in January 2016 to remove the Animal Care and Control Shelter. As an alternative, the Capital Planning Committee recommended amending the City's Certificate of Participation (COPs) program to include construction a new seismically-safe Animal Care and Control Shelter.

The Board of Supervisors approved a resolution in March 2016, amending the City's Ten Year Capital Plan to provide for the financing of an Animal Care and Control Shelter, using COPs (File 16-0120). According to the resolution, the Animal Care and Control Shelter would be relocated from its current location at 1200 15th Street to a new location at 1419 Bryant Street at an estimated cost of \$54,000,000.

DETAILS OF PROPOSED LEGISLATION

The proposed ordinance appropriates \$60,500,000 in Certificates of Participation to the Department of Administrative Services in FY 2015-16 for the Animal Care and Control Renovation Project.

New Animal Care and Control Shelter

The proposed new Animal Care and Control Shelter would be located at City-owned property at 1419 Bryant Street, which is under the jurisdiction of the San Francisco Municipal

Transportation Agency (SFMTA), and is currently used as a maintenance facility for Muni's overhead power lines. 1419 Bryant Street is a 47,998 square foot site, containing one 34,350 square foot building which is used as SFMTA's maintenance facility, a smaller building used by SFMTA for storage, and a 22-space surface parking lot. According to Ms. Sonali Bose, SFMTA Chief Financial Officer, the 34,350 square foot building is unreinforced masonry, seismically unsafe, and no longer usable for SFMTA purposes. SFMTA will relocate the maintenance facility to a city-owned property at 1570 and 1580 Burke Avenue. The estimated cost to relocate SFMTA to 1570 and 1580 Burke Avenue, including construction of improvements for SFMTA's Central Warehouse and Transit Overhead Lines Unit, is \$30 million. According to Ms. Bose, sources of funds, totaling \$30,000,000 to pay for these costs come from the SFMTA operating budget (\$150,000), Proposition K Transportation Sales Tax (\$4,400,000), and 2014 Proposition A Transportation and Road Improvement Bond proceeds (\$25,450,000).

The proposed Animal Care and Control Renovation Project would convert the 34,350 square foot building at 1419 Bryant Street, currently used by SFMTA for a maintenance facility, for use as an animal shelter, including adding a second floor to the building. The ground floor space would house animals, an exterior dog run, public lobbies, staff offices, veterinary offices, and a loading port. The second floor space would house adoption facilities, classrooms, accessory offices, staff rooms, and additional animal holding areas. SFMTA would continue to use the smaller building for storage.

Construction of the new Animal Care and Control Shelter at 1419 Bryant Street is expected to begin in May 2018 and be completed in August 2020, a period of approximately 28 months. Once completed, the Animal Care and Control Shelter would relocate from 1200 15th Street to 1419 Bryant Street in approximately October 2020.

The Planning Commission determined that construction of the new Animal Care and Control Shelter at 1419 Bryant was exempt from environmental review under the California Environmental Quality Act (CEQA).

FISCAL IMPACT

The current cost estimate to relocate and construct a new Animal Care and Control Shelter at 1419 Bryant Street is \$53,760,000, as shown in Table 1 below:

Table 1: Sources and Uses of Funds to Construct the New Animal Care and Control Shelter

Sources of Funds	
Certificates of Participation	\$49,000,000
Capital Improvement Fund FY15-16 ^a	3,800,000
General Fund ^a	960,000
Total Sources	\$53,760,000
Uses of Funds	
City Administrative Services	\$ 680,000
Planning and Design	6,495,000
Environmental Review, Geotechnical, Survey	386,000
Permitting and Inspections	869,000
Public Works Project Management	2,030,000
Public Works Construction Management	1,540,000
Construction	34,240,000
Construction Contingency (12.7% of construction)	4,360,000
Program Contingency (6.2% of program)	3,160,000
Total Uses	\$53,760,000

Source: Public Works

^a \$4,760,000 in General Fund monies were previously appropriated by the Board of Supervisors.

The proposed ordinance appropriates \$60,500,000 in Certificates of Participation, of which \$49,000,000 would be allocated to the Animal Care and Control Renovation Project, \$10,580,000 would be allocated to reserves and financing costs and \$920,000 would be a reserve for market uncertainty.

Table 2: Sources and Uses of Certificates of Participation Funds

Sources of Funds	
Certificates of Participation Proceeds	\$59,580,000
Reserve for Market Uncertainty	920,000
Total Sources	\$60,500,000
Uses of Funds	
Animal Care and Control Renovation Project	\$49,000,000
City Services Audit Fee	98,000
Debt Service Reserve Fund	5,409,600
Reserve/Capitalized Interest Fund	3,872,700
Costs of Issuance	603,900
Underwriter's Discount	595,800
Subtotal Reserves and Financing	10,580,000
Total Project, Reserves and Financing	59,580,000
Reserve for Market Uncertainty	920,000
Total Uses	\$60,500,000

Source: Office of Public Finance

According to Ms. Nadia Sesay, Controller's Office Director of Public Finance, legislation to authorize the sale of Certificates of Participation will be submitted to the Board of Supervisors in the Fall of 2016. The Controller's Office estimates to sell \$59,580,000 in COPs at an annual interest rate of 6.622 percent. Average annual debt service is estimated to be \$5,241,710. Total estimated interest and principal payments over the 20-year term of the COPs are \$110,075,900¹.

Annual debt service on the COPs comes from the General Fund subject to appropriation approval by the Board of Supervisors. According to Ms. Sesay, the sale of \$59,580,000 in COPs will result in General Fund debt that is within the constraints set by the Capital Plan of no more than 3.25 percent of discretionary General Fund revenues.

The proposed ordinance places the \$60,500,000 appropriation on Controller's Reserve pending authorization by the Board of Supervisors and sale of the Certificates of Participation.

RECOMMENDATION

Approve the proposed resolution.

¹ Annual debt service in years in years 3 through 19 is approximately \$5.4 million. Capitalized interest and reserves would be applied to debt service in years 1, 2 and 20, resulting in average annual debt service of \$5.2 million.

Item 4 File 16-0297	Department: San Francisco International Airport (Airport)
EXECUTIVE SUMMARY	
<p>Legislative Objectives</p> <ul style="list-style-type: none"> • The proposed resolution approves a new lease between Swissport Cargo Services, L.P. (Swissport) and the San Francisco International Airport (Airport) for approximately 19,048 square feet in West Field Cargo Building 632. The term of the lease is three years, retroactive to April 1, 2015 through March 31, 2018 with two one-year options to extend the lease through March 31, 2020. Estimated rent payable by Swissport to the Airport is \$2,345,996 over the total five-year term, including the two one-year options through March 31, 2020. <p>Key Points</p> <ul style="list-style-type: none"> • The Airport uses outside vendors to provide cargo services including receiving, delivering, dispatching, processing, handling and storage of air cargo and mail. On December 16, 2014, the San Francisco Airport Commission awarded a lease to Swissport to perform such services at the Airport. • The proposed new lease with Swissport commenced on April 1, 2015. Due to delays in bringing the lease for approval by the Board of Supervisors the proposed resolution should be amended for retroactivity. <p>Fiscal Impact</p> <ul style="list-style-type: none"> • The Airport estimates that \$2,345,996 in rent will be paid over the five year term of the lease, including the two option years. According to Mr. Dan Ravina, Senior Property Manager at the Airport, the estimated rent of \$2,345,996 includes annual rent increase of approximately 2.5 percent. <p>Recommendations</p> <ul style="list-style-type: none"> • Amend the proposed resolution for retroactivity. • Approve the proposed resolution as amended. 	

MANDATE STATEMENT

City Charter Section 9.118(c) states that any modification, amendment or termination of a lease that had an initial term of ten years or more, including options to extend, or that had anticipated revenues of \$1 million or more is subject to Board of Supervisors approval.

BACKGROUND

The San Francisco International Airport (Airport) uses outside vendors to provide cargo services including receiving, delivering, dispatching, processing, handling and storage of air cargo and mail. On December 16, 2014, the San Francisco Airport Commission awarded a lease to Swissport Cargo Services, L.P. (Swissport) to perform such services at the Airport. The Airport did not award the lease through a competitive process because under authority from Administrative Code Section 2A.173, the Airport may enter into leases providing aviation support services without competitive bidding as long as the term does not exceed ten years.¹

DETAILS OF PROPOSED LEGISLATION

The proposed resolution approves a new lease between Swissport and the Airport for approximately 19,048 square feet in West Field Cargo Building 632. The term of the lease is three years, retroactive to April 1, 2015 through March 31, 2018 with two one-year options to extend the lease through March 31, 2020. Estimated rent payable by Swissport to the Airport over the total five-year term, including the two one-year options through March 31, 2020 is \$2,345,996. Table 1 below summarizes the key lease terms.

Table 1: Key Provisions of the Swissport Cargo Lease

Lease Provision	Description
Permitted Use	Receiving, delivering, dispatching, processing, handling, and storage of air cargo and mail.
Premises	15,941 square feet of warehouse space 1,546 square feet of 1 st floor office space <u>1,561 square feet of 2nd floor office space</u> 19,048 total square feet
Term	April 1, 2015 through March 31, 2018 Plus four months to construct tenant improvements
Extension options	Two one-year options, expiring on March 31, 2020
Rent payable by Swissport to the Airport in first year	\$438,104 (\$23 per sq. ft.) No rent is paid while tenant improvements are being performed.
Annual rent adjustments	To be determined each year by the Airport's Rates and Charges for Cargo Facilities.
Tenant improvements	Paid for and performed by Tenant
Utilities	Paid by Tenant
Maintenance	Paid by Airport. Includes maintenance, repair, and replacement of infrastructure, systems and equipment.

¹ Aviation support services include transfer and temporary storage of cargo and mail.

Rental rates for cargo facilities are set by the Airport's Finance Department each year and are subsequently approved by the Airport Commission. The rates apply for all cargo services providers at the Airport.

The lease commenced on April 1, 2015. Due to delays in bringing the lease for approval by the Board of Supervisors the proposed resolution should be amended for retroactivity.²

FISCAL IMPACT

As shown in Table 2 below, the Airport estimates that \$2,345,996 in rent will be paid over the five year term of the lease, including the two option years. According to Mr. Dan Ravina, Senior Property Manager at the Airport, the estimated rent of \$2,345,996 includes annual rent increases of approximately 2.5 percent.

Table 2: Estimated Annual Rent to be Paid by Swissport to Airport

Year	Approximate Rent per Square Foot	Total Square Feet	Estimated Rent
4/1/2015 - 6/30/2015 (three months)	\$23.00	19,048	\$109,526
7/1/2015 - 6/30/2016 (twelve months)	23.58	19,048	449,057
7/1/2016 - 6/30/2017 (twelve months)	24.16	19,048	460,283
7/1/2017 - 3/31/2018 (nine months)	24.77	19,048	353,843
<i>Subtotal Base Term</i>			<i>\$1,372,708</i>
4/1/2018 - 6/30/2018 (three months)	\$24.77	19,048	\$117,948
7/1/2018 - 3/31/2019 (nine months)	25.39	19,048	362,689
4/1/2019 - 6/30/2019 (three months)	25.39	19,048	120,896
7/1/2019 - 3/31/2020 (nine months)	26.02	19,048	371,756
<i>Subtotal Option Term</i>			<i>\$973,288</i>
Total			\$2,345,996

RECOMMENDATIONS

1. Amend the proposed resolution for retroactivity.
2. Approve the proposed resolution as amended.

² The Airport originally submitted the resolution approving the proposed lease to the Board of Supervisors on February 10, 2015 (File 15-0106) but the resolution was not calendared and was filed on August 25, 2015 pursuant to Board Rule 3.41.

<p>Item 6 File 16-0298</p>	<p>Department: Sheriff's Department Public Works</p>
<p>EXECUTIVE SUMMARY</p>	
<p style="text-align: center;">Legislative Objective</p> <ul style="list-style-type: none"> • The proposed resolution would approve further emergency work by Public Works, in accordance with Administrative Code Section 6.60 for improvements to the central control and pod control stations and associated security system in County Jails #1 and #2 for an amount not-to-exceed \$2,967,000. Under the proposed emergency work, Public Works has entered into a new contract with Alta Consulting and is finalizing a contract with Sierra Detention Systems to improve the security system in County Jails #1 and #2. <p style="text-align: center;">Key Points</p> <ul style="list-style-type: none"> • The Board of Supervisors approved the declaration of emergency in October 2015 (File 15-0832) to repair the security system in County Jails #1 and #1, which had short-circuited. The Director of Public Works declared a continued emergency on January 25, 2016. While the original emergency declaration was to make immediate repairs to keep the security system operational, under the proposed emergency declaration Public Works entered into a new contract with Alta Consulting and is finalizing a contract with Sierra Detention Systems without undergoing a competitive process to complete improvements to the security system. According to the Director of Public Works, "it is not appropriate to go out to bid on the project because of the sensitive nature of the information and because the newly-installed camera system is proprietary in nature". <p style="text-align: center;">Fiscal Impact</p> <ul style="list-style-type: none"> • Total estimated expenditures for the County Jails #1 and #2 security system are \$3,916,047. This amount includes \$949,047 previously spent for the original emergency work, completed in August 2015, and an estimated \$2,967,000 for new work under the proposed resolution. General Fund monies of \$2,967,000 were previously appropriated by the Board of Supervisors. <p style="text-align: center;">Policy Consideration</p> <ul style="list-style-type: none"> • The long-term improvements to be made to the County Jails #1 and #2 security system should have been part of a capital planning process, thus allowing for planned improvements to the security system, including competitive selection of contractors. While the Sheriff's Department requested funds in prior years for this work, these funds were re-allocated to higher priority projects. Alta Consulting will prepare a security system master plan will be the basis of a replacement plan to modernize security systems in Sheriff's Department facilities over the next two to three fiscal years, thus avoiding future declarations of emergency due to system failures. <p style="text-align: center;">Recommendation</p> <ul style="list-style-type: none"> • Approve the proposed resolution. 	

MANDATE STATEMENT

Administrative Code Section 6.60 provides that City contracts entered into for emergency work may be executed in the most expeditious manner. However, emergency contracts in the amount of \$250,000 or more are subject to Board of Supervisors approval. Section 6.60(d) also states that if the emergency does not permit approvals of the emergency determination before work is commenced on the contracts entered into, such approvals shall be obtained as soon as possible, with the proposed resolution approving the emergency determination submitted to the Board of Supervisors within 60 days of the department head's emergency declaration.

BACKGROUND

The Sheriff's Department operates County Jails #1 and #2 at 425 7th Street. County Jail #1 provides prisoner processing services and can hold up to 298 inmates in the various stages of booking, intake, holding and release. County Jail #2 can hold up to 392 inmates, including two units for women, two units for men, one re-entry unit for State prisoners and others, an acute medical and psychiatric pod as well as a medical and dental clinic.

The main security systems control board at Jails #1 and #2 short-circuited in August 2014, which caused a failure of the main intercom system, lost camera views, and froze the security camera views in their last setting. As a result, intercom communications and camera views to observe inmate movements and control door responses were disabled in Jails #1 and #2. The Director of Public Works declared an emergency in November 2014 to allow the immediate repair of the electronic security systems at County Jails #1 and #2. Between August 2014, when the main security systems short-circuited, and November 2014, when the emergency was declared, Sheriff's Department staff used work-arounds to keep the system operational and comply with State corrections standards.

The Department of Public Works (Public Works) entered into three emergency contracts in December 2014 with three contractors, which had been identified by the Sheriff's Department as having previous direct experience with similar security systems and/or work on similar projects with the Sheriff's Department. Alta Consulting Services, Inc. (Alta Consulting) was selected to provide system design and planning based on their prior experience with such security systems with both the Sheriff's Department and the San Francisco Municipal Transportation Agency. Sierra Detention Systems was selected to repair the security systems because they are a nationally recognized vendor for installing detention facility security systems. Siemens Industry, Inc. (Siemens) was selected because they were the existing maintenance contractor for the Jails #1 and #2 security system and therefore familiar with the Jail's existing security system requirements.

Under the three emergency contracts, (a) Alta Consulting provided security system planning and design criteria services; (b) Sierra Detention Systems provided engineering solutions to the design criteria, and construction services to repair Jail #1 and #2's central control intercom and electronic security systems; and (c) Siemens provided support services to both the Alta Consulting and Sierra Detention Systems, including technical field assessments.

The emergency work was completed in August 2015. The Board of Supervisors approved the declaration of emergency in October 2015 (File 15-0832)

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would approve further emergency work by Public Works, in accordance with Administrative Code Section 6.60 for improvements to the central control and pod control stations and associated security system in County Jails #1 and #2 for an amount not-to-exceed \$2,967,000. Under the proposed emergency work, Public Works has entered into a new contract with Alta Consulting and is finalizing a contract with Sierra Detention Systems to improve the security system in County Jails #1 and #2.

Declaration of Emergency

The Director of Public Works notified the Mayor, Clerk of the Board of Supervisors, and the Controller of the declaration of a continued emergency on January 25, 2016. While the original emergency declaration by the Director of Public Works in November 2014 was to make immediate repairs to keep the security system in County Jails #1 and #2 operational, under the proposed emergency declaration Public Works entered into a new contract with Alta Consulting and is finalizing a contract with Sierra Detention Systems without undergoing a competitive process to complete improvements to the security system. According to the January 25, 2016 letter from the Director of Public Works, "it is not appropriate to go out to bid on the project because of the sensitive nature of the information and because the newly-installed camera system is proprietary in nature".

Security Systems in County Jails #1 and #2

According to Mr. Dan Santizo, Sheriff's Department Facilities Manager, the security system in County Jails #1 and #2 was installed between 1989 and 1995, and consists of system architecture and various components that are no longer supported. Therefore, the entire security system needs to be upgraded, including the following components:

- door controls,
- camera system and camera recording system,
- various alarm systems,
- nurse call system, and
- lighting and utility controls.

The original emergency work to repair the security system in County Jails #1 and #2, which was completed in August 2015, consisted of:

- a new fiber-optic infrastructure to support future system improvements,
- replacement of the intercom control system,
- initial work on the camera system to convert analog signals to digital signals,
- installation of a basic camera recording system to begin to meet current code requirements, and
- a full deputy control system and duress alarm system in the medical/psychiatric pod.

Continued emergency work to improve the security system in County Jails #1 and #2, which will be performed under the proposed resolution, consists of:

- completion of upgrades to the camera system,
- further upgrades to the camera recording system to meet current code requirements,
- replacement of the duress alarm system in all areas of County Jails #1 and #2,
- improvements to the nurse call system and integration of the system into the security system,
- integration of the low voltage control system including the lighting controls into the security system, and
- replacement of the hard-wired central facility control stations, as well as the deputy stations located in housing area with the installation of modern control stations.

FISCAL IMPACT

Total estimated expenditures for the County Jails #1 and #2 security system are \$3,916,047, as shown in Table 1 below. This amount includes \$949,047 previously spent for the original emergency work, completed in August 2015, and an estimated \$2,967,000 for new work under the proposed resolution.

Table 1: Estimated Expenditures for County Jails #1 and #2 Security Systems

Prior Expenditures under Original Emergency Declaration	\$949,047
<u>New Expenditures under Proposed Emergency Declaration</u>	
Alta Consulting Contract	\$228,276
Sierra Detention Systems Contract (estimated)	2,398,835
Contingency (10% of construction)	239,889
Public Works	100,000
Total New Expenditures (subject of this request)	\$2,967,000
Total Prior and New Expenditures	\$3,916,047

Security System Contracts

Alta Consulting

Under the original contract between Public Works and Alta Consulting to perform the initial emergency work that was completed in 2015, the Sheriff's Department requested Alta Consulting to evaluate options to repair, the security system in County Jails #1 and #2. Alta Consulting developed the design criteria for the initial emergency work to the security system, which were intended to be compatible with future security system improvements.

Under the new contract between Public Works and Alta Consulting, Alta Consulting will provide design criteria, design review, construction oversight and master planning, for a total contract amount of \$228,276. According to Mr. Santizo, Alta Consulting has completed the design

criteria for the security system improvements to be performed under the proposed resolution. The design criteria are the basis for the system improvements by Sierra Detention Systems. Alta will peer review proposals for system improvement and provide field inspections and testing of system installations.

Sierra Detention Systems

The contract between Public Works and Sierra Detention Systems to replace and improve the security system in County Jails #1 and #2 has not been finalized. The contract amount is estimated to be \$2,398,835 to complete upgrades to the cameras and camera recording system that were begun during the initial emergency work, replace the duress alarm system, improve the nurse call system, integrate lighting controls into the security system, and install modern control stations. As noted above, improvements to the security system will be based on design criteria established, reviewed and monitored by Alta Consulting.

Security System Project Funds

The Board of Supervisors previously authorized emergency work to the security system in County Jails #1 and #2 for an amount not-to-exceed \$1,116,047 (File 15-0832). The Sheriff's Department used FY 2014-15 General Fund maintenance and capital project funds, previously appropriated by the Board of Supervisors, to pay for the emergency work. Of the \$1,116,047 in authorized expenditures, the Sheriff's Department spent \$949,047 in FY 2014-15 and carried forward \$167,000 in unspent funds to FY 2015-16.

In addition, the Board of Supervisors appropriated \$1,400,000 in General Fund monies in the Sheriff's Department's FY 2015-16 budget and \$1,400,000 in General Fund monies in the Sheriff's Department's FY 2016-17 budget, totaling \$2,800,000, to pay for County Jails #1 and #2 security system upgrades. FY 2015-16 and FY 2016-17 appropriations of \$2,800,000 and carry forward funds of \$167,000 equal \$2,967,000, consistent with the proposed resolution which authorizes approval of emergency work in an amount not-to-exceed \$2,967,000.

POLICY CONSIDERATION

Although the emergency work to replace the County Jails #1 and #2 security system under the proposed resolution are long-term improvements rather than immediate emergency work, the Sheriff's Department considers the work to be performed to be a continuation of the initial emergency work that was completed in 2015 because the initial emergency work (1) laid the foundation for the long-term improvements, and (2) installed systems proprietary to Sierra Detention Systems, which cannot be re-engineered by other vendors.

The long-term improvements to be made to the County Jails #1 and #2 security system should have been part of a capital planning process, thus allowing for planned improvements to the security system, including competitive selection of contractors. According to Mr. Santizo, the Sheriff's Department's FY 2012-13 budget included funds to pay for the initial costs to replace camera and security systems in the Sheriff's Hall of Justice facilities. However, these funds were re-allocated to other Sheriff's Department projects, including planning for the replacement of County Jails #3 and #4, which took precedence over the replacement of the County Jails #1 and #2 security system.

The new contract between Public Works and Alta Consulting includes funds for security system master planning. According to Mr. Santizo, the security system master plan will be the basis of a replacement plan to modernize security systems in Sheriff's Department facilities over the next two to three fiscal years, thus avoiding future declarations of emergency due to system failures.

RECOMMENDATION

Approve the proposed resolution.