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

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TO: Budget and Finance Sub-Committee

FROM: Budget and Legislative Analyst

SUBJECT: March 23, 2017 Budget and Finance Sub-Committee Meeting

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Item 1 File 17-0152	Department: San Francisco International Airport (Airport)

EXECUTIVE SUMMARY

Legislative Objectives

- The proposed resolution would approve a two-year extension under the existing Luggage Cart Lease and Operating Agreement between Smarte Carte, Inc. (Smarte Carte) and the Airport for a total seven-year term from July 1, 2012 through June 30, 2019.

Key Points

- Based on a competitive process, the Board of Supervisors approved a Luggage Cart Lease and Operating Agreement between the Airport and Smarte Carte in May 2012 for (a) luggage cart rental to passengers at the San Francisco International Airport, and (b) the provision of free luggage carts in the Customs Area in the Airport's International Terminal (File 12-0015). The lease and operating agreement had a term of five years, expiring on June 30, 2017, with one option to extend the term by two years to June 30, 2019
- For the two year extension option, the Airport is required to pay Smarte Carte an annual service fee equal to the lesser of (a) the Customs Program FY 2016-17 service fee of $2,690,000 multiplied by the average annual rate of change in projected international enplanements for FY 2017-18 and FY 2018-19, or (b) $1.20 per actual luggage cart used, adjusted annually by the CPI. The service fee is to reimburse Smarte Carte for providing airport passengers with free luggage carts in the International Terminal's Customs Area.
- For the two year extension option, Smarte Carte is required to pay the Airport an annual rent equal to the greater of (a) 25 percent of annual Smarte Carte gross revenues, or (b) the FY 2016-17 MAG of $672,980, adjusted annually by a formula based on the CPI.

Fiscal Impact

- Under the existing initial five-year term of the Luggage Cart Operating and Lease Agreement from July 1, 2012 to June 30, 2017, the Airport will have paid Smarte Carte total service fees of $12,456,000, and Smarte Carte will have paid the Airport estimated percentage rent of $3,782,010, for estimated net payments by the Airport to Smarte Carte of $8,673,990
- The Airport estimates a maximum net payment to Smarte Carte over the two-year extension from July 1, 2017 to June 30, 2019 of $4,250,605.

Recommendations

- Amend the proposed resolution to state that (a) the net payment by the Airport to Smarte Carte for the original five-year agreement term from July 1, 2012 through June 30, 2017 is $8,673,990 and (b) the net payment by the Airport to Smarte Carte for the proposed two-year extension term from July 1, 2017 through June 30, 2019 is not-to-exceed $4,250,605, for a total net payment not-to-exceed amount of $12,924,595.
- Approve the proposed resolution as amended.

MANDATE STATEMENT

City Charter Section 9.118 states that (a) any agreements entered into by a department having a term in excess of ten years or City expenditures of $10 million or more, or amendments to such agreements having City expenditures of more than $500,000; and (b) 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

Based on a competitive process, the Board of Supervisors approved a Luggage Cart Lease and Operating Agreement between the Airport and Smarte Carte, Inc. (Smarte Carte) in May 2012 for (a) luggage cart rental to passengers at the San Francisco International Airport, and (b) the provision of free luggage carts in the Customs Area in the Airport's International Terminal (File 12-0015). The lease and operating agreement had a term of five years, expiring on June 30, 2017, with one option to extend the term by two years to June 30, 2019.

Under the lease and operating agreement, Smarte Carte provides luggage carts in the following programs:

- *Self-Service Luggage Cart Rental Program* - Smarte Carte is required to provide at least 4,500 luggage carts to Airport passengers for a charge of $5.00 per cart in the Domestic and International Terminals (other than the Customs Area in the International Terminal).
- *Customs Program* - Smarte Carte is required to provide at least 1,500 luggage carts free of charge for arriving international passengers in the Customs Area in the International Terminal.
- *Rental Car Center Program* - Smarte Carte is required to provide at least 500 luggage carts for a charge of $5.00 per cart at the Airport's Rental Car Center.
- *AirTrain Failure Contingency Program* - Smarte Carte is required to provide the luggage carts in the Rental Car Center free of charge upon notification from the Airport that there is or may be an AirTrain failure.

Additionally, Smarte Carte is responsible for the (a) installation, maintenance, and repair of the luggage carts, (b) installation, maintenance, and repair of the luggage cart vending units, which automatically dispense luggage carts to Airport passengers, and (c) collection and relocation of luggage carts for the Customs, Rental Car Center, and AirTrain Failure Contingency programs.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would approve a two-year extension under the existing Luggage Cart Lease and Operating Agreement between Smarte Carte and the Airport for a total seven-year term from July 1, 2012 through June 30, 2019.

Under the Luggage Care Lease and Operating Agreement, the Airport pays Smarte Carte an annual service fee for providing free luggage carts in the Customs Area of the International Terminal, and Smarte Carte pays the Airport rent equal to the greater of the Minimum Annual Guarantee (MAG) or percentage rent on the gross revenue from luggage carts for which Smarte Carte charges $5.00 per cart. The proposed resolution increases the net payments by the Airport to Smarte Carte (the annual service fee less the MAG) by $4,250,605, from $9,406,000 to $13,656,605.

The terms of the proposed lease and operating agreement extension are shown in Table 1 below.

Table 1: Key Provisions of Proposed Agreement Extension between Airport and Smarte Carte

Services	- Provide luggage cart service throughout the Airport for a $5.00 fee per cart, and; - Operate the free luggage cart service in the International Terminal's Customs Area for arriving international passengers.
Lease Premises	- Luggage cart vending units throughout the Airport, including terminals, limited areas in the domestic boarding areas, roadway curbsides, parking garages, and Rental Car Center. - Initial Cart Vending unit sites (108, with five pending) have been designated, but future sites may be designated by the Airport Director
Term	- Exercise the option to extend the term by two years to June 30, 2019, for a total term of seven years from July 1, 2012 to June 30, 2019
Luggage Cart Fee Charged to Passengers	$5.00 per cart
Service Fee Paid by the Airport to Smarte Carte for providing free luggage carts in the International Terminal's Customs Area	Lesser of: - $2,690,000, adjusted annually by the annual rate of change in international enplanement - $1.20 per luggage cart, adjusted annually by the Consumer Price Index (CPI)
Rent to be Paid by Smarte Carte to the Airport for luggage carts for which Smarte Carte charges $5.00 per cart	Greater of: - $672,980 MAG, adjusted annually by a formula based on the CPI; or - 25% of gross revenues

The original agreement, as approved by the Board of Supervisors in 2012, set the amount of the annual service fee paid by the Airport to Smarte Carte and the annual rent paid by Smarte Carte to the Airport if the option to extend the agreement by two years was exercised.

Airport's Annual Service Fee Payment to Smarte Carte

For the two year extension option under the existing luggage cart lease and operating agreement, the Airport is required to pay Smarte Carte an annual service fee equal to the lesser of (a) the Customs Program FY 2016-17 service fee of $2,690,000 multiplied by the average annual rate of change in projected international enplanements for FY 2017-18 and FY 2018-19, or (b) $1.20 per actual luggage cart used, adjusted annually by the CPI. The service fee is to reimburse Smarte Carte for providing airport passengers with free luggage carts in the International Terminal's Customs Area.

Smarte Carte's Annual Rent Payable to the Airport

For the two year extension option under the existing luggage cart lease and operating agreement, Smarte Carte is required to pay the Airport an annual rent equal to the greater of (a) 25 percent of annual Smarte Carte gross revenues, or (b) the FY 2016-17 MAG of $672,980, adjusted annually by a formula based on the CPI.

Airport passengers rent luggage carts from Smarte Carte, paying $5.00 per cart, with all such revenues accruing to Smarte Carte.[1]

FISCAL IMPACT

Under the existing initial five-year term of the Luggage Cart Operating and Lease Agreement from July 1, 2012 to June 30, 2017 as previously approved by the Board of Supervisors, the Airport will have paid Smarte Carte total service fees of $12,456,000, and Smarte Carte will have paid the Airport estimated percentage rent of $3,782,010, for estimated net payments by the Airport to Smarte Carte of $8,673,990, as shown in Table 2 below.

Table 2: Estimated Net Payments by the Airport to Smarte Carte FY 2012-13 to FY 2016-17

	Annual Service Fee Payable from Airport to Smarte Carte	Estimated Percentage Rent Payable from Smarte Carte to Airport	Estimated Net Payment Payable from Airport to Smarte Carte
FY 2012-13	$2,300,000	($709,559)	$1,590,441
FY 2013-14	2,392,000	(724,754)	1,667,246
FY 2014-15	2,487,000	(750,830)	1,736,170
FY 2015-16	2,587,000	(786,634)	1,800,366
FY 2016-17	2,690,000	(810,233)	1,879,767
Total	**$12,456,000**	**($3,782,010)**	**$8,673,990**

Source: Airport

[1] Smarte Carte may raise the $5.00 per cart rental rate with the Airport Director's prior written consent, which may be granted or withheld in the Airport Director's sole discretion.

According to Ms. Gigi Ricasa, the Airport's Senior Principal Property Manager, the Airport estimates a maximum net payment to Smarte Carte over the two-year extension from July 1, 2017 to June 30, 2019 of $4,250,605, as shown in Table 3 below

Table 3: Estimated Maximum Net Payments by the Airport to Smarte Carte

Lease Year	Annual Service Fee Paid by Airport to Smarte Carte [a]	Minimum Annual Guarantee (MAG)* Paid by Smarte Carte to Airport	Net Payment Paid by Airport to Smarte Carte
FY 2017-18	$2,761,554	($672,980)	$2,088,574
FY 2018-19	2,835,011	(672,980)	2,162,031
TOTALS	**$5,596,565**	**($1,345,960)**	**$4,250,605**

[a] Annual service fee payments in FY 2017-18 and FY 2018-19 represent a 2.7 percent increase from the prior year annual service fee payment, based on the Airport's estimated increase in annual international enplanements.

[b] The MAG of $672,980 in FY 2017-18 and FY 2018-19 is the same amount as the MAG in FY 2016-17

According to Ms. Ricasa, the annual service fee payable to Smarte Carte will be paid from the Airport's operating budget. The Airport will commence a competitive process for a new Luggage Cart Lease and Operating Agreement prior to the expiration of the existing agreement on June 2019.

Reduction in Agreement Not-to-Exceed Amount

Resolution 12-0015, as previously approved by the Board of Supervisors, provided for net payment by the Airport to Smarte Carte of not-to-exceed $9,406,000 for the original five-year agreement term from July 1, 2012 through June 30, 2017. However, the actual net payment over the initial five year agreement term is estimated to be $8,673,990. Therefore, the proposed resolution should be amended to correctly state that (a) the net payment by the Airport to Smarte Carte for the original five-year agreement term from July 1, 2012 through June 30, 2017 is $8,673,990 and (b) the net payment by the Airport to Smarte Carte for the proposed two-year extension term from July 1, 2017 through June 30, 2019 is not-to-exceed $4,250,605, for a total net payment not-to-exceed amount of $12,924,595.

RECOMMENDATIONS

1. Amend the proposed resolution to state that (a) the net payment by the Airport to Smarte Carte for the original five-year agreement term from July 1, 2012 through June 30, 2017 is $8,673,990 and (b) the net payment by the Airport to Smarte Carte for the proposed two-year extension term from July 1, 2017 through June 30, 2019 is not-to-exceed $4,250,605, for a total net payment not-to-exceed amount of $12,924,595.
2. Approve the proposed resolution as amended.

Item 2 **File 17-0157**	**Department:** General Services Agency - Department of Public Works (DPW)

EXECUTIVE SUMMARY

Legislative Objectives

- The proposed ordinance would appropriate $12,807,266 of General Obligation Bond interest earnings for the Zuckerberg San Francisco General Hospital and Trauma Center in FY 2016-17, including $12,388,121 for final change orders to close out the construction contract, and would place $392,406 on Controller's Reserve pending interest accrual and review of arbitrage costs.

Key Points

- In 2008, a two-thirds majority of voters of the City of San Francisco approved Proposition A, which authorized the issuance of not-to-exceed $887,400,000 in General Obligation bonds to build and improve the earthquake safety of San Francisco General Hospital and Trauma Center. All bonds have been sold and previously appropriated by the Board of Supervisors.
- The Zuckerberg San Francisco General Hospital (SFGH) Rebuild Project constructed a new 284-bed acute care hospital and trauma center that conforms to State seismic and safety requirements. The new hospital construction began in May 2009 and was substantially completed in July 2016. The Department of Public Health received the operational license for the new hospital in May 2016, and patients were moved into the hospital the same month.
- The proposed appropriations would be used to fund change orders in order to close out the existing construction contract. These change orders include patient and staff safety, nursing station modifications, code changes related to fire and life safety, licensing requirements, and equipment changes due to technology upgrades.

Fiscal Impact

- Of the $12,807,266 appropriation, $12,388,121 would be used to fund change orders in order to close out the existing construction contract. An additional $25,615 would be allocated to the Controller's Audit Fund and $1,124 would be allocated for future follow-on projects and scopes. $392,406 of the total $12,807,266 would be placed on Controller's Reserve, pending interest accrual and review of arbitration costs.
- The proposed appropriation of the bond interest earnings will result in a new total budget for the entire San Francisco General Hospital rebuild project of $900,207,266, $12,807,266 more than the $887,400,000 that was originally appropriated in 2008.

Recommendation

- Approve the proposed ordinance.

MANDATE STATEMENT

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

BACKGROUND

Zuckerberg San Francisco General Hospital Rebuild Project

The Zuckerberg San Francisco General Hospital (SFGH) Rebuild Project constructed a new 284-bed acute care hospital and trauma center that conforms to State seismic and safety requirements. The new hospital construction began in May 2009 and was substantially completed in July 2016. The Department of Public Health received the operational license for the new hospital in May 2016, and patients were moved into the hospital the same month.

Prior Bond Sales Appropriation

In 2008, a two-thirds majority of voters of the City of San Francisco approved Proposition A, which authorized the issuance of not-to-exceed $887,400,000 in General Obligation bonds to build and improve the earthquake safety of San Francisco General Hospital and Trauma Center.

The City has sold four series in five separate sales of General Obligation Bonds, totaling $887,400,000, as shown in Table 1 below. The first bond series was issued in March 2009, while the fourth and final series was issued in January, 2014.

Table 1: Prior Bond Sales

Bond Sale Series	Date	Amount
2009A (First series)	March 2009	$131,650,000
2010A (Second series)	March 2010	120,890,000
2010C (Second series)	March 2010	173,805,000
2012D (Third series)	August 2012	251,100,000
2014A (Fourth series)	January 2014	209,955,000
Total Authorization		**$887,400,000**

The Board of Supervisors previously appropriated $887,400,000 in bond proceeds to fund the SFGH Rebuild Project and associated financing costs, of which $874,265,716 has been spent or encumbered and $13,134,284 is the remaining balance, as shown in Table 2 below.

Table 2: Appropriation and Expenditure of Bond Proceeds

	Appropriation	Previously Spent or Encumbered	Balance
Construction			
Hospital Construction Contract	$658,161,001	$658,009,173	$151,828
Other Construction Contracts	15,400,481	14,335,717	1,064,764
Temporary Relocation Construction	274,281	274,281	0
Art Enrichment	6,721,095	6,160,314	560,781
IT Requirements	2,896,627	2,192,469	704,158
Construction Subtotal	683,453,485	680,971,954	2,481,531
Project Controls			
Project Management (DPH/Public Works)	22,421,056	21,435,919	985,137
City Services - Support Services	1,303,222	914,857	388,365
Environmental and Regulatory Approvals	15,458,696	11,639,275	3,819,421
Architectural/ Engineering Services	152,927,452	152,159,633	767,819
Project Controls Subtotal	192,110,426	186,149,684	5,960,742
Other Program Costs[1]	4,071,247	0	4,071,247
Finance Costs	7,764,842	7,144,078	620,764
Total	**$887,400,000**	**$874,265,716**	**$13,134,284**

Source: Department of Public Works

According to Mr. Joe Chin, Project Manager at Public Works, the balance of $13,134,286 is expected to be fully expended through the completion of the project.

DETAILS OF PROPOSED LEGISLATION

The proposed ordinance would appropriate $12,807,266 of General Obligation Bond interest earnings for the Zuckerberg San Francisco General Hospital and Trauma Center in FY 2016-17, including $12,388,121 for final change orders to close out the construction contract, and would place $392,406 on Controller's Reserve pending interest accrual[2] and review of arbitrage costs.[3]

[1] According to Mr. Chin, the $4,071,247 in Other Program Costs will fund patient safety, security, life safety, and emergency power improvement for the new hospital requested by the Department of Public Health.

[2] Accrued interest is the amount of interest that has been earned by a bond holder, but has not yet been paid.

[3] Arbitrage on municipal bonds is the difference between (a) the investment earnings that would have accrued if the bond proceeds were invested at a rate equal to the bond yield, and (b) the actual investment earnings accrued when bond proceeds are invested in higher yielding taxable securities. This difference is considered to be profit by the federal Internal Revenue Service and therefore is taxable.

FISCAL IMPACT

General Obligation Bond Interest Earnings

According to Mr. Vishal Trivedi, Senior Financial Analyst for the Office of Public Finance, interest earnings on the bond proceeds accrue between the date that the bond proceeds are invested by the Treasurer and the date that the bond proceeds are spent. The total bond series interest earnings are detailed below in Table 3.

Table 3: Bond Series Interest Earnings

Bond Series	Total Anticipated Interest Earnings
2009A	$1,867,588
2010A	1,799,378
2010C	4,635,178
S2012D	2,493,140
S2014A	2,011,982
Total	**$12,807,266**

Source: Office of Public Finance

Of the $12,807,266 appropriation, $12,388,121 would be used to fund change orders in order to close out the existing construction contract. These change orders include patient and staff safety, nursing station modifications, code changes related to fire and life safety, licensing requirements, and equipment changes due to technology upgrades. An additional $25,615 would be allocated to the Controller's Audit Fund and $1,124 would be allocated for future follow-on projects and scopes. $392,406 of the total $12,807,266 would be placed on Controller's Reserve, pending interest accrual and review of arbitrage costs. Expenditure of $12,807,266 is summarized in Table 4 below.

Table 4: Proposed Appropriation of Bond Series Interest Earnings

Use of Appropriation	Amount
Final change orders to closeout construction contract	$12,388,121
Allocation to Controller's Audit Fund	25,615
Future follow-on projects and scopes	1,124
Controller's Reserves	392,406
Total	**$12,807,266**

Source: Department of Public Works

The proposed appropriation of the bond interest earnings will result in a new total budget for the entire Zuckerberg San Francisco General Hospital rebuild project of $900,207,266, $12,807,266 more than the $887,400,000 that was originally appropriated in 2008.

RECOMMENDATION

Approve the proposed ordinance.

Item 3 **File 17-0269**	**Department:** Sheriff's Department

EXECUTIVE SUMMARY

Legislative Objectives

- The Sheriff's Department is requesting the release of $135,000 on Budget and Finance Committee reserve for body worn cameras.

Key Points

- At the time of the FY 2016-17 budget deliberations, the policies regarding the implementation and use of body worn cameras were still being developed. The Board of Supervisors recommended placing the requested $135,000 of General Fund monies on Budget and Finance Committee reserve pending submission by the Sheriff's Department of a final plan for the use of these cameras.

Fiscal Impact

- Under the pilot program, the Sheriff plans to purchase 40 cameras from TASER to equip approximately 30 Deputies in Jail #4 with body worn cameras at an initial cost of $41,334.
- The estimated annual ongoing operating costs will be approximately $23,600.
- If the pilot program is successful, the Sheriff's Department will likely want to expand the program to the rest of the department, which is estimated to cost approximately $210,000 in one-time costs and $380,000 in annual operating expenses.
- The City's General Fund would be the source of funding for initial and ongoing expenses.

Policy Consideration

- Sheriff Department policies regarding body worn cameras were developed to be consistent with Police Department policies.
- If the findings from the pilot project result in the Sheriff wanting to expand this project, and subject to future appropriation approval by the Board of Supervisors, this body worn camera program could be expanded from this initial pilot program for 30 deputies to all 850 Deputy Sheriff's in the department in the future.
- If such an expansion is warranted, the Sheriff will seek approval from COIT.

Recommendations

- Reduce the requested release of $135,000 by $93,666 to $41,334 and return the balance of $93,666 on Budget and Finance Committee reserve to the City's General Fund.

- Approval of the release of the recommended reduced amount of $41,334 on reserve to commence a pilot program for body worn cameras by Sheriff's deputies is a policy decision for the Board of Supervisors.

MANDATE STATEMENT

City Administrative Code Section 3.3(e) states that the Budget and Finance Committee of the Board of Supervisors has jurisdiction over the City's budget and may reserve proposed expenditures to be released at a later date subject to Board of Supervisors approval.

BACKGROUND

County Jail #4, located on the 7th floor of the Hall of Justice at 850 Bryant Street is a traditional linear jail facility, which houses up to 400 sentenced and pre-sentenced inmates. Jail #4 currently has 22 fixed-view cameras, none of which provide footage of inmate housing areas.

On November 20, 2015, on behalf of the Police Department, the Office of Contract Administration (OCA) issued a Request for Proposal (RFP) for a Body Worn Camera (BWC) Project. The BWC Project was intended to provide a turnkey, cloud-based BWC solution, including the camera hardware, video management, implementation, training and ongoing maintenance support for approximately 1,800 police officers throughout San Francisco. OCA received eight proposals on December 14, 2015. Based on a review of these proposals, TASER International, Inc. (TASER) was selected as the preferred vendor. To date, the Police Department has procured approximately 1,915 body worn cameras, which are currently being used in San Francisco. The RFP also provided that other City departments (such as the Sheriff's Department) could procure the same cameras, equipment and/or services on the same terms, subject to Board of Supervisors appropriation approval.

During the FY 2016-17 budget deliberations, the Sheriff requested $135,000 of General Fund monies to purchase body worn cameras to be used by deputies in the jails. At the time of the FY 2016-17 budget deliberations, the policies regarding the implementation and use of body-worn cameras were still being developed. The Board of Supervisors recommended placing the requested $135,000 of General Fund monies on Budget and Finance Committee reserve pending submission by the Sheriff's Department of a final plan for the use of these cameras.

DETAILS OF PROPOSED LEGISLATION

The Sheriff's Department is requesting that the Budget and Finance Committee of the Board of Supervisors release $135,000 on reserve in the Sheriff's FY 2016-17 budget to implement a pilot program to procure body worn cameras.

Pilot Program

According to Mr. Crispin Hollings, Chief Financial Officer in the Sheriff's Department, the Sheriff's Department wants to initiate a pilot program to test the use of body worn cameras in the jails to promote transparency and accountability. Under this pilot program, small battery-powered video cameras would be worn on the front of the uniforms[1] of 30 Sheriff's Deputies in County Jail #4 in the Hall of Justice. These body worn cameras would be activated with a button

[1] For the proposed pilot program, the cameras would be worn on the front of uniforms where they are more secure and visible to anyone being recorded. These cameras are also capable of being attached to eyewear.

to record video and sound, with the recordings securely uploaded through the internet for cloud-based storage.

When the cameras are activated, a visible indicator light turns on. The Sheriff's office advises that Sheriff Deputies would give verbal notification to inmates prior to recording. In addition, signs will be posted in the jail reminding staff and inmates that they may be video-taped.

The Sheriff's Department reports the following situations would warrant that Sheriff's Deputies activate their cameras:

- Removing or replacing non-compliant inmates from their cells;
- Inmate fights;
- Safety cell placement involving use of force;
- Response to an emergency call (Deputy call for assistance);
- Use of force, including but not limited to (a) defense of self from attack by an inmate, (b) to protect the physical wellbeing of another, (c) to prevent or stop an act that affects the general safety and security, or (d) other exigent circumstances requiring an immediate response; and
- At the discretion of the Sheriff's deputy to record contact or incidents.

The Sheriff's department advises that deputies would not record activities in restrooms or hospitals, where an expectation of privacy exists, unless there is a reasonable suspicion that a crime is being committed or the recording is material to a criminal investigation.

Body Worn Camera Pilot Review Committee

The Sheriff's pilot program is anticipated to extend for six months up to one year, commencing in the summer of 2017. Data collected during the pilot program would be reviewed every other month by a Body Worn Camera Pilot Review Committee. According to Mr. Hollings, the Body Worn Camera Pilot Review Committee would include the following representatives: (a) Sheriff's legal counsel, (b) Undersheriff, (c) Chief Deputy of custody operations division, (d) Deputy Sheriff Association (DSA) test group member, (e) Sheriff's Managers and Supervisors Association (MSA) test group member, (f) Department of Public Health, and (g) other identified stakeholders.

Results of Pilot Program

Based on the findings and recommendations of the Body Worn Camera Pilot Review Committee, and subject to future appropriation approval by the Board of Supervisors, this body worn camera program could be expanded from this initial pilot program for 30 deputies to all 850 Deputy Sheriff's in the department in the future.

FISCAL IMPACT

The Sheriff plans to purchase 40 cameras from TASER to equip approximately 30 Deputies in Jail #4 with body worn cameras at an initial cost of $41,334 as summarized in Table 1 below. Mr. Hollings advises that the costs shown in Table 1 reflect the costs for one year commencing in the summer of 2017.

Table 1: Projected Costs for Pilot Program

Description	Quantity	Price per Item	Net Price	Tax	Total Price
Axon Body Cameras	40	$99	$3,960	$347	$4,307
Z-Bracket Mount	40	30	1,200	105	1,305
Axon Dock, 6 Bay + Core*	7	594	4,158	364	4,522
Standard Evidence License - 1 Year**	20	240	4,800		4,800
Basic Evidence License – 1 Year***	40	180	7,200		7,200
Evidence.com Storage (per GB)	40,000	0.29	11,600		11,600
Per Day Training and Implementation	2	2,000	4,000		4,000
Contingency					3,600
					$41,334

*An Axon Dock, 6 Bay+ Core is a docking station that can hold six cameras to charge and transit the recorded footage to the cloud.

**A standard evidence license is required for individuals that need higher access and control to the recorded footage.

***A basic evidence license is needed to load footage from each camera to evidence.com, which would cover all 40 cameras to be purchased.

Based on the initial $41,334 costs shown in Table 1 above, the estimated annual ongoing operating costs will be approximately $23,600 (excludes cameras, mount, dock, training and contingency). These ongoing costs would be funded with City General Fund revenues, subject to Board of Supervisors appropriation approval.

As noted above, if the pilot program is successful, the Sheriff's Department will likely want to expand the body worn camera program to the rest of the department, which are estimated to cost approximately $210,000 in one-time costs and $380,000 in annual operating expenses, including ongoing training costs. These one-time and annual expenses would likely be General Fund costs.

POLICY CONSIDERATION

Mr. Hollings advises that Sheriff Department policies regarding body worn cameras were developed to be consistent with Police Department policies. For the duration of the pilot program, all camera footage would be retained for at least one year. In addition, critical incident footage may be stored for at least two years. According to Mr. Hollings, Sheriff Deputies would be able to view the camera footage recorded by themselves. In addition, Supervisors and the Sheriff would be able to view camera footage recorded by those in their chain of command. Deputized staff from the Sheriff's Criminal Investigations Internal Affairs would also be able to view the camera footage.

When the $135,000 was placed on reserve, it was also noted that these body worn cameras were not included in the Committee on Information and Technology (COIT) plan. According to Mr. Hollings, as a result of lower pricing in the TASER contract and the Sheriff's desire to undertake an initial pilot project at an estimated cost of $41,334, the proposed expenditures are well below the COIT plan cost threshold of $100,000. Mr. Hollings advises that if the findings from the pilot project result in the Sheriff wanting to expand this project, such that it meets the COIT plan cost threshold, the Sheriff will seek approval from COIT.

RECOMMENDATIONS

1. Reduce the requested release of $135,000 by $93,666 to $41,334 and return the balance of $93,666 on Budget and Finance Committee reserve to the City's General Fund.
2. Approval of the release of the recommended reduced amount of $41,334 on reserve to commence a pilot program for body worn cameras by Sheriff's deputies is a policy decision for the Board of Supervisors.

Item 4 **File 17-0232**	**Department:** Department of Public Health (DPH)

EXECUTIVE SUMMARY

Legislative Objectives

- The proposed resolution would approve a five-year lease extension between Department of Public Health (DPH) and Huey Lan F. 2004 Trust, as landlord, for DPH's use of a facility at 1701 Ocean Ave to provide full-range mental health services in DPH's Ocean-Mercedes-Ingleside (OMI) Family Program.
- The resolution will extend the lease until March 1, 2022.

Key Points

- In 2007, DPH established a ten-year lease with Huey Lan F. 2004 Trust for 5,000 square feet of office space at 1701 Ocean Ave as the location for their OMI Family program, which serves OMI residents.
- The lease had an annual base rent of $157,800, with two five-year extension options, and included full services as a part of the rent. The lease authorized one rent adjustment to occur on the fifth anniversary as an increase between 15-30% of the initial term.
- DPH negotiated a new base rent rate of $215,400 per year, with no other changes to the lease. This rate includes full services and was below the market rate of an independent appraisal. There will be no annual rent adjustments during this five-year period.

Fiscal Impact

- Over the five-year period, the DPH will pay $1,077,000 in total rent.

Recommendation

- Approve the proposed resolution.

MANDATE STATEMENT

City Administrative Code 23.27 states that any lease with a term of one year or longer or with rent of $5,000 or more and where the City is the tenant is subject to Board of Supervisors approval.

BACKGROUND

In March 2007, the Department of Public Health (DPH) entered into a lease with Huey Lan F. 2004 Trust, as landlord, for 1701 Ocean Avenue, an office space that comprises 5,000 square feet, for its Ocean-Merced-Ingleside (OMI) Family Program. This program provides full-range mental health services to OMI residents.

The original lease had a ten-year term beginning March 1, 2007 through February 18, 2017, with two five-year extension options. It had an annual base rent of $157,800 ($31.56 per sq. ft.) with an adjustment in rent in the fifth year to be no less than 15 percent or more than 30 percent of the original rent, subject to the approval of the Board of Supervisors. As a part of the lease, the landlord agreed to be responsible for utilities and janitorial services.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would authorize the Director of Real Estate to exercise the first five-year option to extend the existing lease between DPH and Huey Lan F. 2004 Trust for 1701 Ocean Avenue, which will commence upon approval by the Board of Supervisors and terminate on March 1, 2022. The proposed rent would be to $215,400 per year ($43.08 per sq. ft.), with no annual adjustments. There will be no other change to the lease terms.

According to Mr. David Borgognoni, Director of Operations at DPH, DPH chose to extend the lease because the OMI Family Center has been located in this neighborhood for the past 30 years, as one of two comprehensive clinics for mental health and substance abuse in the City.

FISCAL IMPACT

In March 2017, the Real Estate Division obtained a prospective appraisal of the property conducted by CBRE, which estimated the fair market rent as $45.35 per sq. ft. per year for a full service lease inclusive of utilities and janitorial services. The proposed lease extension rate of $43.08 per sq. ft. per year is below the appraised rate.

The lease includes an annual base rent of $215,400 ($43.08 per sq. ft.), or $17,950 per month, which is $33,930 or 19 percent more than the existing annual rent of $181,470. Per the lease agreement, there will be no annual rent increases over the five year extension period and the landlord will pay for utilities and janitorial services. Over the five-year term of the lease extension, DPH will pay a total rent of $1,077,000 as shown below in Table 1.

Table 1: Rent over Five-Year Lease Extension

Lease Year	Rent, Utilities, and Services
Year One	$215,400
Year Two	$215,400
Year Three	$215,400
Year Four	$215,400
Year Five	$215,400
Total Five-Year Rent	**$1,077,000**

Funds that have been previously appropriated by the Board of Supervisors for the DPH budget will cover the rent in FY 2016-17.

RECOMMENDATION

Approve the proposed resolution.

Item 5 **File 17-0198**	**Department:** Public Utilities Commission (PUC)

EXECUTIVE SUMMARY

Legislative Objectives

The proposed resolution would authorize the General Manager of the San Francisco Public Utilities Commission (SFPUC) to execute a professional services agreement with Black & Veatch Corporation for specialized design services for design support to mitigate ground, wire, and structure clearance issues with Hetch Hetchy Power high voltage power lines in accordance with the SFPUC's mitigation program, for an amount not to exceed $12,000,000. The term of the agreement is ten years from approximately April 2017 to April 2027.

Key Points

- In 2014, SFPUC conducted a study to evaluate its transmission lines and identify spans of circuits that do not meet clearance requirements as stated in California Public Utilities Commission (CPUC) General Order 95 (GO95) and National Electrical Safety Code (NESC). SFPUC identified 195 sites that did not meet national and state clearance requirements.
- SFPUC selected Black & Veatch Corporation after issuing a request for proposals (RFP) on October 7, 2016 to procure an engineering team for specialized design services and support to mitigate ground, wire, and structure clearance issues with SFPUC high voltage lines.
- Specialized design services will be divided by site and prioritized according to the severity of noncompliance with GO95 and NESC. Black & Veatch Corporation will provide design services and support to mitigate the clearance issues for the site, and engineering and construction support during the construction phase of the project.

Fiscal Impact

- Payment for contract services is not to exceed $12 million. An estimated $8 million will be spent on design services related to transmission line clearance mitigation, and an estimated $4 million will be spent on design services related to ongoing right of way maintenance needs. The sources of funds are Hetch Hetchy Power Revenue Bond proceeds and Hetch Hetchy Enterprise power revenues.

Recommendations

- Amend the proposed resolution to revise the language on page 2, lines 17-19 from the incorrect statement, "planning and engineering services for the proposed new headworks facility at the Southeast Water Pollution Control Plant (SEP)" to the correct statement, "design services for design support to mitigate ground, wire, and structure clearance issues with Hetch Hetchy Water and Power high voltage power lines."
- Approve the proposed resolution as amended.

MANDATE STATEMENT

City Charter Section 9.118(b) states that any contract entered into by a department, board or commission that (1) has a term of more than ten years, (2) requires expenditures of $10 million or more, or (3) requires a modification of more than $500,000 is subject to Board of Supervisors approval.

BACKGROUND

The San Francisco Public Utilities Commission (SFPUC) operates the Hetch Hetchy Power System, which includes four hydroelectric power generating plants, and water and electric transmission systems to deliver power to the San Francisco Bay Area. SFPUC's Hetch Hetchy Power System consists of over 160 miles of high voltage transmission lines, which transmit hydroelectric power from power generation facilities at Early Intake, Tuolumne County to Newark, Alameda County and then to municipal operations in San Francisco.

In 2014, SFPUC conducted a study to evaluate its transmission lines and identify spans of circuits that do not meet clearance requirements[1] as stated in California Public Utilities Commission (CPUC) General Order 95 (GO95)[2] and National Electrical Safety Code (NESC)[3]. As a result of the study, SFPUC identified 195 sites along its transmission lines that did not meet GO95 and NESC clearance requirements. In response, SFPUC developed the Transmission Line Clearance Mitigation Project to address the sites identified as being non-compliant with GO95 and NESC.

According to Ms. Margaret Hannaford, Division Manager at Hetch Hetchy Water and Power Enterprise, the correction of the sites is critical in order to ensure that the transmission lines maintain a safe distance to the ground or other surrounding structures, such as trees, buildings and vehicles, as required by the clearance requirements. If the high voltage lines are hit, they may cause fires, electrocution or power outages. Therefore, according to Ms. Hannaford, the non-compliant transmission lines pose a safety hazard to SFPUC employees and the public.

Competitive Process

SFPUC selected Black & Veatch Corporation after issuing a competitive request for proposals (RFP) on October 7, 2016 to procure an engineering team for specialized design services and support to mitigate ground, wire, and structure clearance issues with SFPUC high voltage lines. Proposals were due on November 14, 2016. A total of two proposals were received from Black & Veatch Corporation and Stantec Consulting Services. SFPUC's Contract Monitoring Division (CMD) determined that Stantec Consulting Services was non-responsive because it failed to

[1] The State and federal governments set standards for the required height and other distances between high voltage transmission lines and surrounding environment, such as bridges, other utility lines, buildings, trees, etc.

[2] General Order 95 (GO95) is a state standard for Overhead Electric Line Construction.

[3] National Electrical Safety Code (NESC) is a national industry standard for safe installation, operation, and maintenance of electric power and communication utility systems.

meet the "Good Faith Outreach"[4] and 20 percent Local Business Enterprise (LBE) requirements under Chapter 14B of the Administrative Code. Black & Veatch Corporation met all minimum requirements. Because there was only one responsive bid, no interviews or scoring process were conducted.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would authorize the SFPUC General Manager to execute a professional services agreement with Black & Veatch Corporation for specialized design services for the Hetch Hetchy Power Enterprise Transmission Line Clearance Mitigation Project, for an amount not to exceed $12,000,000.

The term of the agreement is ten years, following Board of Supervisors approval, anticipated to begin in April 2017 and end in April 2027.

The agreement's not-to-exceed amount of $12 million is approximately 30 percent of the $40 million Hetch Hetchy Power Enterprise Transmission Line Clearance Mitigation Project budget. The Project is funded as part of the Hetch Hetchy 10-year Capital Plan.

According to Ms. Hannaford, the performance of the specialized design services for design support under this proposed agreement will be divided by site and prioritized according to the severity of noncompliance with GO95 and NESC. Black & Veatch Corporation will provide design services and support to mitigate the clearance issues for the site, as well as provide engineering and construction support during the construction phase of the project. The contractor is required to provide adequate quality control processes and deliverables in conformance with the technical requirements of each task.

There are no options to extend the proposed agreement. According to Ms. Hannaford, a competitive process for a new contract will most likely be issued to address any remaining work after the expiration of the proposed agreement in April 2027.

FISCAL IMPACT

Of the agreement's not-to-exceed amount of $12 million, an estimated $8 million will be spent on design services related to transmission line clearance mitigation, and an estimated $4 million will be spent on design services related to ongoing right of way maintenance needs. Table 1 below shows the amount to be expended annually on each task category over the ten year term of the proposed $12 million agreement. According to Ms. Hannaford, the projected costs of the proposed agreement increase over time because the higher priority sites, which will be mitigated during the early years of the agreement, are generally located within the same

[4] In addition to meeting the LBE participation goal, bidders on (1) Public Works/Construction Contracts that equal or exceed the threshold amount; and (2) Architect/Engineering, Professional Services or General Services Contracts that equal or exceed the Minimum Competitive Amount shall undertake good faith outreach as set forth in Administrative Code Chapter 14B to select Subcontractors to meet LBE goals. Except where a Contract does not include a subcontracting goal or a Bid is exempt from good faith outreach under Administrative Code Chapter 14B, bids from bidders who fail to conduct and/or to document good faith outreach steps as required by this Ordinance and duly promulgated Human Rights Commission Rules and Regulations shall be declared nonresponsive.

areas and will require a similar design solution, whereas the lower priority sites, which will be mitigated during the later years of the agreement, are generally more isolated and will require one design solution per site.

Table 1: Design Services Budget: Estimated Cost by Task Category and Contract Year

Contract Year	Transmission Line Clearance Mitigation[5]	Ongoing Right of Way Maintenance Needs[6]	Cost
Year 1	$500,000	$400,000	$900,000
Year 2	500,000	400,000	900,000
Year 3	750,000	400,000	1,150,000
Year 4	750,000	400,000	1,150,000
Year 5	750,000	400,000	1,150,000
Year 6	750,000	400,000	1,150,000
Year 7	1,000,000	400,000	1,400,000
Year 8	1,000,000	400,000	1,400,000
Year 9	1,000,000	400,000	1,400,000
Year 10	1,000,000	400,000	1,400,000
Total	**$8,000,000**	**$4,000,000**	**$12,000,000**

The sources of funds are Hetch Hetchy Power Revenue Bond proceeds and Hetch Hetchy Enterprise power revenues.

RECOMMENDATIONS

1. Amend the proposed resolution to revise the language on page 2, lines 17-19 from the incorrect statement, "planning and engineering services for the proposed new headworks facility at the Southeast Water Pollution Control Plant (SEP)" to the correct statement, "design services for design support to mitigate ground, wire, and structure clearance issues with Hetch Hetchy Water and Power high voltage power lines."
2. Approve the proposed resolution as amended.

[5] Design services for Transmission Line Clearance Mitigation is the work needed to address areas of the transmission lines that do not meet CPUC and NESC requirements in terms of clearance and other distances (i.e., not far enough from the ground or buildings). Potential solutions could include, but are not limited to, raising the transmission lines or conductors. This category includes Task 1 and Task 2 from the proposed agreement's scope of work. Task 1 focuses on the exploration of the potential solutions for each site, and Task 2 focuses on the design development of the selected solution for each site.

[6] Design services for Ongoing Right of Way Maintenance Needs are work related to the ongoing maintenance of the right of way and include Task 3 from the proposed agreement's scope of work. Task items include ongoing operations and maintenance needs associated with the transmission lines, such as staff augmentation to potentially review and analyze findings from other Hetch Hetchy transmission tower inspections, making recommendations for corrections, and providing construction inspection services related to the design solutions of the projects.

Item 23 File 17-0229	Department: Public Utilities Commission (PUC)

EXECUTIVE SUMMARY

Legislative Objectives

- The proposed resolution would approve the emergency declaration of the San Francisco Public Utilities Commission (SFPUC) to construct a temporary bypass road around a landslide area at Calaveras Road, with a total cost not to exceed $1,500,000.

Key Points

- On January 10, 2017, a landslide destroyed a portion of Calaveras Road, which is the only access point for the construction contractor to transport equipment and materials to the Calaveras Dam Replacement Project (CDRP). The damage to the road has delayed construction on the project, increasing the risk of overtopping or dam failure due to seismic activity or another season of heavy precipitation.
- Alameda County has committed to permanent restoration of the damaged section of road, but they cannot begin construction until summer 2017 at the earliest, which would delay the completion of CDRP through an additional construction season.
- The declaration of emergency would allow SFPUC to build a temporary road to bypass the portion of Calaveras Road affected by the landslide. SFPUC has awarded the emergency contract to the current CDRP contractor, Dragados USA, Inc./Flatiron West, Inc./Sukut Construction, Inc. Joint Venture.
- SFPUC awarded the contract to the CDRP contractor without undergoing a competitive bidding process because the competitive bidding process would take several months and the construction of the temporary road is required immediately to avoid further delays in the CDRP. The CDRP contractor is already on site and is able to begin work on the temporary road immediately.

Fiscal Impact

- The total estimated cost for the construction of the temporary bypass road at Calaveras Road is not to exceed $1,500,000. Estimates for these costs were developed by the contractor and were reviewed by SFPUC's Construction Management Team.

Recommendation

- Approve the proposed resolution.

MANDATE STATEMENT

Administrative Code Section 6.60 provides for the Department Head to (a) declare an emergency with immediate notice to the Board of Supervisors, (b) execute a contract to perform emergency work, and (c) obtain Board of Supervisors approval for emergency work with estimated costs in excess of $250,000. According to Administrative Code Section 6.60(d), the proposed resolution approving the emergency determination shall be submitted to the Board of Supervisors within 60 days of the Department Head's emergency declaration.

BACKGROUND

The San Francisco Public Utilities Commission (SFPUC) operates the Calaveras Dam Replacement Project (CDRP) in Alameda and Santa Clara Counties. The Calaveras Dam holds water in the Calaveras Reservoir, which provides water to approximately 2.6 million customers in the Bay Area. The CDRP involves the construction of a new dam and spillway immediately downstream from the existing facilities, with the purpose of protecting public health and safety by safeguarding the facilities against a magnitude 7.25 earthquake and the maximum probable flood.

In April 2016, construction was completed on the new spillway which will serve the new dam. The current schedule for completing the new dam is winter 2018-19. Until that time, the old dam is operating without a spillway, which poses a particular risk given its seismic unreliability and the high levels of precipitation that have fallen in January and February of 2017. In order to mitigate the risk of the dam overtopping, SFPUC has reduced the amount of water being stored in the dam to less than 30 percent capacity.

On January 10, 2017, a landslide occurred on a section of Calaveras Road, which is the only access road for the contractor to transport large equipment and materials to the construction site of the Calaveras Dam Replacement Project. This damage to Calaveras Road has prevented the construction contractors from continuing construction work on the new Calaveras Dam. A small fire access road (Cal-Geary Road) has provided a means for small vehicles to bypass the section of road destroyed by the landslide, but this road is not able to handle the large equipment and materials needed to continue construction on the dam itself.

Alameda County has the right-of-way to Calaveras Road and has committed to the permanent restoration of the damaged section of road, but the permanent restoration would require much more design and construction time than the temporary road, and construction would likely not begin until summer 2017 at the earliest. This would mean that construction of the new Calaveras Dam would be delayed through an additional construction season and that the existing dam would be without a spillway through an additional winter. This delay would increase the risk of overtopping or dam failure due to seismic activity or another season of heavy precipitation.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would approve the SFPUC's emergency declaration to construct a temporary bypass road around a landslide area on Calaveras Road in order to continue construction on the CDRP, with a total cost not to exceed $1,500,000.

The SFPUC General Manager declared an emergency as the result of the landslide in a letter to the President of the San Francisco Public Utilities Commission on February 27, 2017. The resolution approving the emergency declaration was submitted to the Board of Supervisors on March 3, 2017, which is 52 days after the January 10, 2017 landslide and four days after the February 27, 2017 emergency declaration, in conformance with Administrative Code Section 6.60(d).

The declaration of emergency would allow SFPUC to build a temporary road to bypass the portion of Calaveras Road affected by the landslide. SFPUC has awarded the emergency contract to the current CDRP contractor, Dragados USA, Inc./Flatiron West, Inc./Sukut Construction, Inc. Joint Venture. According to Ms. Susan Hou, SFPUC Senior Project manager, SFPUC awarded the contract to the existing CDRP construction contractor without undergoing a competitive bidding process, as is permitted under the Administrative Code in cases of emergencies. This was necessary because the competitive bidding process would take several months and the construction of the temporary road is required immediately to avoid further delays in the CDRP. The CDRP contractor is already on site and able to begin work on the temporary road immediately. The contractor has been working on the construction of CDRP since 2011, when it was awarded the contract with SFPUC through a competitive bidding process.

FISCAL IMPACT

The total estimated cost for the construction of the temporary bypass road at Calaveras Road is not to exceed $1,500,000, as shown in Table 1 below.

Table 1: Estimated Costs for Construction of a Temporary Bypass Road at Calaveras Road

Purpose	Estimated Cost
Excavate and Haul Away Materials	$350,000
Dump and Haul Tree Mulch	250,000
Paving	90,000
Traffic Control/Flagging	84,000
Clearing/Tree Removal	80,000
Design of the Temporary Bypass	75,000
Storm Water Pollution Prevention Program	75,000
K-Rail	70,000
Buy, Haul, Place Class II Base	60,000
Survey	45,000
Strip and Haul Topsoil	45,000
Fiber Rolls and Jute Netting	35,000
Finish Subgrade	25,000
Crash Barriers	25,000
Street Sweeper	20,000
Dike	15,000
Striping	10,000
Changeable Message Board	10,000
Subtotal	*1,364,000*
10% Contingency	136,000
Total	**$1,500,000**

According to Ms. Hou, the estimates for these costs were developed by the contractor and were reviewed by SFPUC's Construction Management Team. The source of funds for the emergency work is contingency monies which were previously appropriated by the Board of Supervisors for the CDRP budget.

RECOMMENDATION

Approve the proposed resolution.