

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: July 19, 2018 Budget and Finance Sub-Committee Meeting

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<p>Item 1 File 18-0441 <i>Continued from July 12, 2018</i> <i>Budget and Finance Committee</i></p>	<p>Department: San Francisco International Airport</p>
<p>EXECUTIVE SUMMARY</p>	
<p style="text-align: center;">Legislative Objectives</p> <ul style="list-style-type: none"> • The proposed resolution would approve a contract between the Airport and New South Parking for the management and operation of the Airport’s public and employee parking facilities. The contract would be for five years from July 1, 2018 through June 30, 2023 and for a not-to-exceed amount of \$124,812,393 <p style="text-align: center;">Key Points</p> <ul style="list-style-type: none"> • The Airport uses a private contractor to manage the public and employee parking facilities at the Airport. New South Parking-California (New South Parking) provided management and operation of the Airport’s public and employee parking facilities for a five-year contract from July 2012 to June 2017. The Airport issued a Request for Proposals (RFP) for a new parking facility contract in September 2016, but due to a protest, the Airport did not award a contract. The Board of Supervisors approved a one-year extension to the existing contract with New South Parking through June 2018 to allow for a new RFP process (File 17-0409. The Airport issued a new RFP for the management and operations of the Airport’s public and employee parking facilities in September 2017; based on a competitive scoring process, New South Parking received the highest score. • The contract provides for New South Parking to manage and operate public and employee parking facilities, and the Airport Impound Lot for towing and storage of abandoned and illegally parked vehicles. New South Parking would be responsible for the new multi-story long term parking garage scheduled to open in 2019. New South Parking could also be designated to operate Airport hotel parking beginning in 2019, if the hotel manager elects to not manage hotel parking. <p style="text-align: center;">Fiscal Impact</p> <ul style="list-style-type: none"> • The annual contract budget is \$23,515,681 for Year One and \$124,812,393 over the five-year period from July 1, 2018 to June 30, 2023. • In FY 2016-17, Airport parking operations generated approximately \$118 million in revenues; in FY 2017-18 parking operations revenues are projected to be \$112.1 million. According to the Airport, the projected decrease in revenues in FY 2017-18 compared to FY 2016-17 are due to increased parking rates, which the Airport were increased to mediate parking demand for long-term parking while the new long-term garage is being built. <p style="text-align: center;">Recommendation</p> <ul style="list-style-type: none"> • Approve the proposed resolution. 	

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 Airport operates 14,887 public parking spaces as well as 6,706 employee parking spaces. The Airport uses a private contractor to manage the public and employee parking facilities at the Airport, including collecting all public parking fees and charges, including the processing of credit card charges; distributing employee permits and collecting all fees and charges associated with the employee parking program; providing security services for the parking facilities; and providing maintenance and janitorial services for the parking facilities.

New South Parking-California (New South Parking) provided management and operation of the Airport's public and employee parking facilities for a five-year contract from July 2012 to June 2017. The Airport issued a Request for Proposals (RFP) for a new parking facility contract in September 2016, but due to a protest, the Airport did not award a contract. The Board of Supervisors approved a one-year extension to the existing contract with New South Parking through June 2018 to allow for a new RFP process (File 17-0409).

The Airport issued a new RFP for the management and operations of the Airport's public and employee parking facilities in September 2017 with proposals due in November 2017. The Airport received proposals from three firms, all of which met the minimum qualifications. Based on a competitive scoring process, New South Parking received the highest score, and the Airport Commission awarded the parking facility management and operations contract to New South Parking on April 3, 2018.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would approve a contract between the Airport and New South Parking for the management and operation of the Airport's public and employee parking facilities. The contract would be for five years from July 1, 2018 through June 30, 2023 and for a not-to-exceed amount of \$124,812,393.

The contract provides for New South Parking to manage and operate public and employee parking facilities, and the Airport Impound Lot for towing and storage of abandoned and illegally parked vehicles. New South Parking would be responsible for the new multi-story long term parking garage scheduled to open in 2019. New South Parking could also be designated to operate Airport hotel parking beginning in 2019, if the hotel manager elects to not manage hotel parking.

Under the contract, New South Parking would be responsible for:

- Automated parking systems, including parking access and revenue control system, license plate recognition and inventory, pay-on-foot stations, FasTrak, electric vehicle charging, and other systems;
- Parking operations, valet, janitorial, facilities maintenance, and security staff;
- 24-hour per day, 7 days per week operations;
- Revenue cashiering, collection, auditing, reporting, and depositing;
- Customer service; and
- Employee parking permits.

New South Parking would subcontract with Central Parking System, Inc. for janitorial and security services, SF Parking LLC, MPM Group LLC, and E-Laundry USA LLC.

FISCAL IMPACT

The annual contract budget is \$23,515,681 for Year One and \$124,812,393 over the five-year period from July 1, 2018 to June 30, 2023. The annual budget consists of \$23,400,681 for operating costs, increasing by 3 percent per year, and a flat management fee of \$115,000 per year, shown in Table 1 below.

Table 1: Contract Budget in FY 2018-19

New South Parking Budget	
<u>Salaries and Fringe Benefits</u>	
Garage Staff (Cashiers, Supervisors, Valet Attendants)	\$5,821,352
Onsite Managers, Administrative, Maintenance Staff	<u>2,133,650</u>
Subtotal Salaries and Benefits	\$7,955,002
Paid Time Off	882,580
Payroll Taxes and Workers Compensation	1,377,878
Parking Facilities Operating Expenses	481,982
Insurance and Other Administrative Expenses	161,142
Subtotal New South Parking Budget	<u>\$10,858,584</u>
Sub-Contracted Services Budget	
Janitorial	\$3,923,056
Security and Traffic Control	5,220,699
Credit Card Merchant Fees	2,489,637
Other	908,701
Sub-Contracted Services	<u>\$12,542,093</u>
Total Contract and Sub-Contract Budget	<u>\$23,400,677</u>
Management Fee	\$115,000
Total	<u>\$23,515,677</u>

Source: Contract between Airport Commission and New South Parking-California

Table 2: Total Contract Budget, FY 2018-19—FY 2022-23

Fiscal Year	Reimbursed Costs	Management Fee	TOTAL
FY 2018-19	\$23,400,681	\$115,000	\$23,515,681
FY 2019-20	24,102,701	115,000	24,217,701
FY 2020-21	24,825,782	115,000	24,940,782
FY 2021-22	25,570,556	115,000	25,685,556
FY 2022-23	26,337,673	115,000	26,452,673
TOTAL	\$124,237,393	\$575,000	\$124,812,393

Source: Contract between Airport Commission and New South Parking-California, GP

Revenues

In FY 2016-17, Airport parking operations generated approximately \$118 million in revenues; in FY 2017-18 parking operations revenues are projected to be \$112.1 million. According to Adam Gubser, Airport Parking Manager, the projected decrease in revenues in FY 2017-18 compared to FY 2016-17 are due to increased parking rates. In June 2016, parking rates were increased to mediate parking demand for long-term parking while the new long-term garage is being built. The Airport expects revenues to match FY 2017-18 levels or increase in 2019 when a new long term garage opens. Depending on the demand with the addition of the new long term garage, parking rates will be reviewed and adjusted accordingly.

RECOMMENDATION

Approve the proposed resolution.

<p>Item 2 File 18-0422</p>	<p>Department: San Francisco International Airport (Airport)</p>
<p>EXECUTIVE SUMMARY</p>	
<p style="text-align: center;">Legislative Objectives</p> <ul style="list-style-type: none"> • The proposed resolution would approve Modification No. 4 to the contract between WCME JV and the Airport for project management services for the Terminal 3 West Modernization Project, (a) increasing the contract amount by \$4,010,000 from \$9,990,000 to \$14,000,000 (b) extending the contract from the current end date of August 30, 2018 to the new end date of April 4, 2019, resulting in a three year term from April 4, 2016 to April 4, 2019, and (c) authorizing the Airport to enter into future contract modifications without Board approval to increase the contract amount to \$60,000,000 and extend the contract term through April 4, 2023. <p style="text-align: center;">Key Points</p> <ul style="list-style-type: none"> • Terminal 3 of the San Francisco International Airport (Airport) built in the 1970s, is a seismically vulnerable facility. The Terminal 3 West Modernization Project includes renovating and expanding the western half of Terminal 3. • After a competitive process, on February 16, 2016, the Airport Commission awarded a contract to WCME JV in an amount of \$8,100,000 from April 4, 2016 through April 3, 2017 to provide project management services to the Terminal 3 West Modernization Project. The contract has been amended three times, and Modification No. 3 increased the contract not to exceed amount to \$9,990,000 for services through August 30, 2018. <p style="text-align: center;">Fiscal Impact</p> <ul style="list-style-type: none"> • Of the \$14,000,000 contract not to exceed amount, \$13,370,000 are labor costs. The proposed project management services contract with WCME JV will be funded through the Airport’s Ascent Capital Program. The total approved budget for the Terminal 3 West Modernization Project is \$786,800,000. <p style="text-align: center;">Policy Consideration</p> <ul style="list-style-type: none"> • The original budget for contracted project management services for the Project was \$48 million and the estimated contract term was 5½ years from approximately April 2016 to September 2021. The Airport extended the end date for the Project to April 2023, and increased the contract budget for project management services to \$60 million. Approval of future modifications of the contract to increase the contract to \$60 million, and extend the contract term by four years to April 4, 2023 without further Board of Supervisors is a policy matter for the Board of Supervisors. <p style="text-align: center;">Recommendations</p> <ul style="list-style-type: none"> • Approve the proposed Modification No. 4. • Approval of future contract modifications without further Board of Supervisors approval is a policy matter for the Board. 	

MANDATE STATEMENT

City Charter Section 9.118 states that any contract entered into by a department, board or commission that requires expenditures of \$10 million or more, or modifications to such contracts that increase expenditures by \$500,000 or more, is subject to Board of Supervisors approval.

BACKGROUND

The San Francisco International Airport (Airport) has four terminals: Terminal 1, Terminal 2, Terminal 3, and the International Terminal. Terminal 3, built in the 1970s, is comprised of the main terminal building, which is separated into the eastern and western sides, and Boarding Area E and Boarding Area F. The Airport determined that Terminal 3 was a seismically vulnerable facility that was no longer capable of accommodating passenger growth. As Terminal 3 is a hub for the Airport's largest carrier, United Airlines, the Airport separated out the Terminal 3 improvements into Terminal 3 East Improvement Project and Terminal 3 West Modernization Project in order to allow the terminal to remain functional during construction.

In 2009, the Airport initiated the Terminal 3 East Improvement Project. The Airport completed the Boarding Area E Project in early 2014 and Terminal 3 East Improvement Project in late 2015. Under the current 5-year Capital Improvement Plan and the Airport Development Plan, the future projects in Terminal 3 include:

1. Terminal 3 West Modernization Project
2. Boarding Area F Passenger Boarding Bridge Project
3. Terminal 2 to Terminal 3 Secure Connector Project
4. Boarding Area F Improvements Project

In 2015, the Airport determined that in order to coordinate these projects and minimize the closure of gates, the Terminal 3 West Modernization Project and the Boarding Area F Boarding Bridge Project should be combined.

Terminal 3 West Modernization Project

The Terminal 3 West Modernization Project includes renovating and expanding the western half of Terminal 3, including upgrading building systems, passenger amenities, concessions reconstructing pavement, remediation of contaminated soil, and seismic retrofits. Also included is the renovation-and expansion of the Boarding Area F connector, construction of a consolidated Baggage-Handling System, replacement of the Terminal 3 building facade, and renovation of three existing sets of restrooms at Boarding Area F.

In August, 2015, the Airport Commission authorized a request for qualifications for project management services for the Terminal 3 West Modernization Project as well as the Boarding Area F Passenger Boarding Bridge Project. These services consisted of design and construction management, project controls, contract administration, cost estimating, and field inspection. In October 2015, the Airport received four proposals from four Joint Ventures.

The Airport convened a three-member selection panel, consisting of one Airport Commission employee and two members of the aviation and project management industry, to review and score the proposals. The proposals were evaluated based on the proposer's experience and qualifications, organization, key personnel and project approach. Each proposer received a 10 percent Local Business Enterprise (LBE) incentive. Airport staff determined that one proposer did not receive a score on the Technical Proposal that was high enough to warrant being invited to the Oral Interview.

On November 5, 2015 the Selection Panel interviewed the three highest-ranked proposers, including key personnel, and appraised their qualifications. The results of the call for proposals are summarized in Table 1 below.

Table 1: Request for Qualifications Respondents and Final Scores

	Evaluation Score (out of 500)	LBE Rating Bonus	Final Score
WCME JV	466.3	10 %	513.0
T3 Associates (ASL, AGS, and PMA)	434.7	10 %	478.1
T3W Partners (Jacobs, The Allen Group, Avila)	403.3	10 %	443.7

Airport staff determined WCME JV to be the highest ranked respondent and entered into negotiations.

On February 16, 2016, the Airport Commission awarded a contract to WCME JV in an amount of \$8,100,000 for one year from April 4, 2016 through April 3, 2017 to provide project management services to the Terminal 3 West Modernization Project. At that time, staff estimated the total cost of the contract over 5½ years to be \$48,000,000. The Airport Commission approved the initial contract for one year, which would be renewed each year based on the Airport's evaluation of WCME JV's quality of work and performance. According to Ms. Geri Rayca, Manager of the Contract Management Unit at the Airport, the Airport's practice is to authorize project management services contracts on an annual basis.

On March 21, 2017, the Commission approved Modification No. 1 to the project management services contract to renew the contract for the second year of services through April 3, 2018 with no increase in the contract amount. On October 1, 2017, the Airport Director executed Modification No. 2 administratively to update labor charges with no changes to the contract term or amount.

On March 6, 2018, the Airport Commission approved Modification No. 3 and Modification No. 4 to renew the contract for the third year. Modification No. 3 increased the contract not to exceed amount to \$9,990,000 for services through August 30, 2018, which is \$10,000 less than the threshold amount of \$10,000,000 requiring Board of Supervisors approval. Modification No. 4 increased the contract not to exceed amount to \$14,000,000 for services from September 1, 2018 through April 4, 2019; the increase in the contract amount to \$14,000,000 requires Board of Supervisors approval in accordance with Charter Section 9.118. According to the memorandum to the Airport Commission on March 6, 2018, the Airport staff presented two modifications to renew the contract for the third year simultaneously to allow services to

continue while the Airport sought Board of Supervisors approval for the remainder of the third year contract amount.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would approve Modification No. 4 to the contract between WCME JV and the Airport for project management services for the Terminal 3 West Modernization Project, (a) increasing the contract amount by \$4,010,000 from \$9,990,000 to \$14,000,000 and (b) extending the contract term by seven months for a total three year term from April 4, 2016 to April 4, 2019.

The proposed resolution would also authorize the Airport to enter into future contract modifications with WCME JV without Board of Supervisors approval to increase the contract amount from \$14,000,000 to \$60,000,000 and extend the contract term through April 4, 2023. According to Ms. Geri Rayca, Airport Contract Management Unit Manager, the Airport is requesting to increase the contract amount and extend the contract term without Board of Supervisors approval because the Airport anticipates further annual modifications for WCME JV to complete construction management work for the Terminal 3 West Modernization.

FISCAL IMPACT

Summary budget details for the contract not-to-exceed amount of \$14,000,000 are shown in Table 2 below.

Table 2: Contract Budget Services April 4, 2016 through April 4, 2019

Expenditure	Amount
Labor	\$13,290,000
Mark-up on sub-consultant labor costs ^a	<u>80,000</u>
Subtotal, labor costs	13,370,000
Other direct costs ^b	130,000
Mobilization ^c	500,000
Total	\$14,000,000

^a The contract between WCME JV and the Airport provides for approximately 30 percent of the total costs of \$14 million to be provided by sub-consultants, of which approximately 41 percent to be provided by Local Business Enterprise (LBE) sub-consultants. The Contract allows a markup by the prime consultant of 2 percent of sub-consultant labor costs, equal to approximately \$80,000.

^b Other direct costs consist of, but not limited to, facilitated partnering, staff badging, and supplies.

^c Mobilization covers the contractor's initial costs to onboard project staff.

Of the \$14,000,000 contract not to exceed amount, \$13,370,000 are labor costs, including LBE sub-consultants, who will be working across 10 tasks, as shown in Table 3 below.

Table 3: Labor Costs by Task paid by the Airport to WCME JV April 4, 2016 to April 4, 2019

	Approximate Average Rate per Hour	Hours	Total
Overall Project Management	\$230	7,000	\$1,610,000
Design Management	\$170	8,000	1,360,000
Construction Management	\$150	8,000	1,200,000
System Specialization*	\$200	8,000	1,600,000
Project Controls	\$145	10,000	1,450,000
Document Control	\$85	10,000	850,000
Estimating	\$175	10,000	1,750,000
Inspection	\$155	3,000	465,000
Scheduling	\$185	3,000	555,000
Program Management	\$200	12,650	2,530,000
Total	\$167.86 (average)	79,650	\$13,370,000

*System specialization is performed by individual team members with expertise in (1) mechanical, electrical and plumbing; (2) airport special systems, (3) airfield and aircraft systems and (4) baggage handling systems.

According to Ms. Rayca, the Airport negotiated the hourly rates to ensure fair costs for appropriate level of staff for this project.

The proposed project management services contract with WCME JV will be funded through the Airport's Ascent Capital Program. As of June 30, 2018, the Airport has paid WCME JV \$6,736,553 for services, with projected expenditures of approximately \$9,600,000 through August 30, 2018.

The total approved budget for the Terminal 3 West Modernization Project is \$786,800,000, including the \$14,000,000 contract with WCME JV for project management services, is detailed in Table 4 below.

Table 4: Project Total

Activity	Approved Budget
Airport Design, Engineering, Permitting, and Other Soft Costs	\$19,800,000
Design-Build Contract (Designer Portion)	41,000,000
Design-Build Contract (Builder Portion)	594,000,000
Design-Build Contingency	84,000,000
Project Management	48,000,000
Total	\$786,800,000

To date, the Airport has spent \$13,270,034 and has encumbered an additional \$2,987,595 for a total of \$16,257,629 out of \$786,800,000. The Airport plans to spend the remaining \$770,542,371 by the end of the project in 2019.

POLICY CONSIDERATION

The original budget for contracted project management services for the Terminal 3 West Modification Project was \$48 million and the estimated contract term was 5½ years from

approximately April 2016 to September 2021. According to Ms. Rayca, the Airport extended the end date for the Terminal 3 West Modification Project by approximately 19 months to April 2023, and increased the contract budget for project management services to \$60 million, an increase of \$12 million or 25 percent, to account for changes to the Terminal 3 West Modification project. These changes include feedback from airlines, new Federal Aviation Administration regulations, and operational restrictions. According to Ms. Rayca, the project follows the Airport's reporting practices, which track budget, forecast, trends and changes on a monthly basis. The Airport has staff dedicated to cost and schedule tracking and reporting to prevent cost overruns. The details by fiscal year for the revised project management services contract budget of \$60,000,000 are shown in Table 5 below.

Table 5: Contract Budget Services by year from April 4, 2016 through April 4, 2023

Expenditure	2016-2019	2019-2020	2020-2021	2021-2022	2022-2023	Total
Labor	\$13,290,000	\$12,094,587	\$12,946,842	\$13,232,189	\$7,130,811	\$58,694,429
Mark-up on sub-consultant labor	80,000	67,318	72,143	73,738	39,172	332,371
Subtotal, labor costs	13,370,000	12,161,905	13,018,985	13,305,927	7,169,983	\$59,026,800
Other direct costs	130,000	85,800	85,800	85,800	85,800	473,200
Mobilization	500,000	0	0	0	0	500,000
Total	\$14,000,000	12,247,705	13,104,785	13,391,727	7,255,783	\$60,000,000

Ms. Rayca states that the total Terminal 3 West Modification project budget has not increased from the budget of \$786.8 million shown in Table 4 above. According to Ms. Rayca, although the contract with WCME JV has increased, the total project budget has not increased. The \$12,000,000 contract increase is covered by the project contingency. The contingency can still be used to pay for corresponding increases in other components, if necessary.

The Budget and Analyst recommends approval of Modification No. 4 to the contract between WCME JV and the Airport for project management services for the Terminal 3 West Modernization Project, (a) increasing the contract amount by \$4,010,000 from \$9,990,000 to \$14,000,000 and (b) extending the contract term by seven months for a total three year term from April 4, 2016 to April 4, 2019.

Approval of future modifications of the contract to increase the contract amount by \$46,000,000 to \$60,000,000, and extend the contract term by four years to April 4, 2023 without further Board of Supervisors is a policy matter for the Board of Supervisors.

RECOMMENDATIONS

1. Approve the proposed Modification No. 4.
2. Approval of future contract modifications without further Board of Supervisors approval is a policy matter for the Board.

Item 3 File 18-0379	Department: San Francisco International Airport (Airport)
EXECUTIVE SUMMARY	
<p style="text-align: center;">Legislative Objectives</p> <ul style="list-style-type: none"> • The proposed resolution would approve the sixth modification to the existing professional services contract between Faith Group, LLC, and the Airport to (a) extend the contract from August 15, 2018 to December 31, 2019, (b) increase the contract non-to-exceed from \$9,820,795 to \$14,629,565, and (c) approve a future contract modification to increase the contract from \$14,629,546 to a not-to-exceed amount of \$15,600,000. <p style="text-align: center;">Key Points</p> <ul style="list-style-type: none"> • In 2015, the Airport Commission approved a competitively-bid professional services contract between the Faith Group, LLC, and the Airport, for a not-to-exceed amount of \$2,671,000, with total contract duration of 12 months, from October 19, 2015 through October 18, 2016. The contract was modified five times, increasing the not-to-exceed amount to \$9,820,795 and extending services through August 15, 2018. • The sixth modification to the contract will provide continuation of program management, including construction management, cost and scheduling services, document control, construction and special inspections, and administrative support functions. <p style="text-align: center;">Fiscal Impact</p> <ul style="list-style-type: none"> • The Airport expects to spend only \$8,932,550 through August 15, 2018, leaving a remaining authorized contract balance of \$888,245. Therefore, the Budget and Legislative Analyst recommends reducing the proposed resolution by \$888,245 for a new total not to exceed amount of \$13,741,320. • The total budget approved for the Security Infrastructure Program is \$206,870,358. To date, the Airport has spent or encumbered \$104,692,540 out of the \$206,870,358. The Airport plans on spending the rest of the money by December 2019, although current projections show the project to be completed \$9,000,000 under budget. <p style="text-align: center;">Policy Consideration</p> <ul style="list-style-type: none"> • The resolution allows the Airport to enter into future contract negotiations with Faith Group LLC to increase the contract amount for a total not-to-exceed amount of \$15,600,000 terminating on April 19, 2020. The Budget and Legislative Analyst considers this a policy matter for the Board of Supervisors. <p style="text-align: center;">Recommendations</p> <ul style="list-style-type: none"> • Amend the proposed resolution to reduce the not to exceed amount (a) under the proposed sixth modification by \$888,245 from \$14,629,565 to \$13,741,320, and (b) for further modifications through April, 19, 2020 by \$888,245 from \$15,600,000 to \$14,711,755. • Approve the proposed sixth modification. • Approval of future contract modifications without further Board of Supervisors approval is a policy matter for the Board. 	

MANDATE STATEMENT

City Charter Section 9.118(b) provides an agreement entered into by a department, board or commission requiring a term of more than 10 years or anticipated expenditures by the City of ten million dollars or more, and modifications to such contracts of more than \$500,000, shall be subject to approval of the Board of Supervisors by resolution.

BACKGROUND

In 2015, the San Francisco International Airport (Airport) hired consultants to develop a Security Implementation Master Plan. The Security Implementation Master Plan provided a series of recommendations to improve security; some recommendations, such as checkpoint improvements, have already been constructed by the Airport.

Based on the Security Implementation Master Plan, the Airport decided to (1) migrate to a singular access control system, (2) add camera systems to areas throughout the Airport, and (3) provide a security network infrastructure system for future implementation of security systems. The Airport decided to combine these improvements into one program, the Security Infrastructure Program.

In March 2015, the Airport issued a request for proposals (RFP) for a professional services contract to provide program management support services to the Airport Security Infrastructure Program. The scope of work for the contract included design and construction management services, project controls, contract administration, cost estimating services and field inspection.

On April 30, 2015, the Airport received four proposals in response for program management support services. One of the respondents, The Burns Group, was deemed non-responsive as the Group failed to meet the "good faith outreach" requirement. The remaining three proposals were evaluated: Faith Group LLC, AECOM Technical Services, Inc., and Birdi/CM West/Dabri, A Joint Venture. The Airport convened a four-member Selection Panel comprised of one retired Airport Project Management Director, an Airport Project Manager, and San Francisco Public Utilities Commission Project Manager, and San Jose Airport Operations Manager. The selection criteria included four categories: (1) Technical Proposal, (2) Oral Interview, (3) Evaluation, and (4) Local Business Enterprise (LBE) Bonus Rating. The results of the call for proposals are summarized in Table 1 below.

Table 1: Call for Proposals Respondents and Final Scores

Proposer	Faith Group, LLC	AECOM Technical Services, Inc.	Birdi/CM West/Dabri, A Joint Venture
Technical Proposal	281	273	263.75
Oral Interview	149.75	155	129.50
Evaluation (max. 550)	430.75	428	393.25
LBE Bonus Rating	0	0	7.5%
Final Score	430.75	428	422.74

Initial Contract Provisions

The Airport determined that Faith Group, LLC was the highest-ranked proposer and began negotiations. On September 1, 2015, the Airport Commission approved the professional services contract between the Faith Group, LLC, and the Airport, for a not-to-exceed amount of \$2,671,000, with total contract duration of 12 months, from October 19, 2015 through October 18, 2016.

Under the initial contract, Faith Group, LLC was to provide program management support services to the Airport Security Infrastructure Program, including three projects:

- (1) Access Control System Improvements Project: the Airport introduced a new access control system during Terminal 2 construction to replace the aging legacy system, and all subsequent construction projects at the Airport included installation of this system. The Access Control Systems Improvement Project will remove the remaining legacy nodes and replace them with the new system devices.
- (2) Internet Protocol Camera Coverage Project: the Airport will add over 450 cameras to provide coverage in areas of known deficiency, largely within Terminal spaces and perimeter areas.
- (3) The Perimeter Intrusion Detection System: the Airport is implementing a new radar perimeter system to create a virtual fence line offshore from our waterside perimeter.

The Perimeter Intrusion Detection System (PIDS) was divided into two phases, Phase I consisting of the telecommunication duct bank survey and Phase II consisting of all-program level management services and project management services for the project. Phase II work would not proceed until any required environmental review for the project was completed, at which time the Airport would modify the initial professional services contract to allow for Phase II. The Airport divided the project into two phases to allow for work to proceed during environmental review.

On February 2, 2016, the Airport Commission approved the first modification to the contract to authorize Faith Group, LLC to proceed with Phase II of the Perimeter Intrusion Detection Project after completion of environmental review.

On March 2, 2016, the Airport administratively approved the second modification to the contract to update labor classifications. This included amending the calculation of charges to

add new subcontractors and redistribute position classifications, and had no impact to time or contract amount.

On July 19, 2016, the Airport Commission approved the third modification to the contract to increase the not-to-exceed amount by \$2,989,142 from \$2,671,000 to \$5,660,142 and extend services through October 15, 2017.

On June 20, 2017, the Airport Commission approved the fourth modification to the contract to increase the not-to-exceed amount by \$4,160,653 from \$5,660,142 to \$9,820,795 and extend services through August 15, 2018. The contract was modified a fifth time in September, 2017, to add new sub-consultants.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would approve the sixth modification to the existing professional services contract between Faith Group, LLC, and the Airport to (a) extend the contract from August 15, 2018 to December 31, 2019, (b) increase the contract non-to-exceed amount by \$4,808,770 from \$9,820,795 to \$14,629,565, and (c) approve a future contract modification to increase the contract by \$970,435 from \$14,629,546 to a not-to-exceed amount of \$15,600,000.

The sixth modification to the contract will provide continuation of program management for the Airport. The services include construction management, cost and scheduling services, document control, construction and special inspections, and administrative support functions.

According to Mr. Quoc Truong, Contract Analyst at the Airport, the program is 30 percent complete and construction is on schedule. The program is expected to be completed by the end of 2019. The proposed resolution provides for a future contract modification to extend the contract through April 19, 2020, and increase the contract amount by \$970,435, as noted above, which would be subject to Airport Commission but not Board of Supervisors approval. According to Mr. Truong, although the Airport expects to complete the project by November 2019, the Airport is requesting Board of Supervisors approval of the future modification at this time to allow the Airport flexibility to extend the contract if project completion is delayed.

FISCAL IMPACT

Contract Amount

The proposed resolution would increase the contract amount \$4,808,770 from \$9,820,795 to \$14,629,565. However, according to data provided by the Airport, the Airport expects to spend only \$8,932,550 through August 15, 2018, leaving a remaining authorized contract balance of \$888,245. Therefore, the Budget and Legislative Analyst recommends reducing the proposed resolution by \$888,245 for a new total not to exceed amount of \$13,741,320, as shown in Table 2 below.

Table 2: Budget and Legislative Analyst Recommended Reduction

Expenditures	
Actual: October 19, 2015 to June 24, 2018	\$8,407,550
Projected: June 24, 2018 to August 15, 2018	525,000
Modification 6: August 15, 2018 to December 31, 2019	4,808,770
Total	13,741,320
Not to Exceed Amount	14,629,565
Balance	888,245

The total budget approved for the Security Infrastructure Program of \$206,870,358, including the \$14,629,565 contract with Faith Group LLC for professional services, is shown in Table 3 below.

Table 3: Project Total

Activity	Approved Budget
Project Management	\$5,617,666
Planning	793,980
Design	8,528,306
Construction	177,300,841
Construction Management (8% of Construction Costs)	14,629,565
Total	\$206,870,358

To date, the Airport has spent \$42,953,724 and has encumbered \$61,738,816, for a total of \$104,692,540 out of \$206,870,358. The Airport plans on spending the rest of the money by December 2019, although current projections show the project to be completed \$9,000,000 under budget, for a project total of approximately \$197,870,358.

POLICY CONSIDERATION

The Airport professional services contract with Faith Group, LLC is for a not-to-exceed amount of \$14,629,565 until December 31, 2019. However, the resolution allows the Airport to enter into future contract negotiations with Faith Group LLC to increase the contract amount by \$970,435 for a total not-to-exceed amount of \$15,600,000 terminating on April 19, 2020. According to Mr. Truong, the remaining \$970,435 will be used only if needed for closeout and documentation of the contract if necessary. The Airport based the \$970,435 in potential costs to Faith Group, based on the current monthly expenditures to date.

According to Mr. Truong, the Airport Commission's policy is to renew construction management services agreements on an annual basis. As noted above, although the Airport expects to complete the project by November 2019, the Airport is requesting Board of Supervisors approval of the future modification at this time to allow the Airport flexibility to extend the contract if project completion is delayed, which the Budget and Legislative Analyst considers to be a policy matter for the Board of Supervisors.

RECOMMENDATIONS

1. Amend the proposed resolution to reduce the not to exceed amount (a) under the proposed sixth modification by \$888,245 from \$14,629,565 to \$13,741,320, and (b) for further modifications through April, 19, 2020 by \$888,245 from \$15,600,000 to \$14,711,755.
2. Approve the proposed sixth modification.
3. Approval of future contract modifications without further Board of Supervisors approval is a policy matter for the Board.

<p>Items 4, 5 and 6 Files 18-0381, 18-0382 & 18-0383</p>	<p>Department: Office of Contract Administration (OCA)</p>
<p>EXECUTIVE SUMMARY</p>	
<p style="text-align: center;">Legislative Objectives</p>	
<ul style="list-style-type: none"> • The proposed resolutions would approve amendments to three Technology Marketplace contracts between the City and Central Computers, Inc. (Central Computers), InterVision Systems, LLC (Intervision), and Xtech JV (Intervision). 	
<p style="text-align: center;">Key Points</p>	
<ul style="list-style-type: none"> • The Office of Contract Administration (OCA) selects information technology firms through a competitive Request for Proposals (RFP) process to provide goods and services through the Technology Marketplace. City departments may purchase technology products and specialized services through the Technology Marketplace on an as-needed basis. • OCA entered into contracts with Central Computers, InterVision, and Xtech based on a competitive Request for Proposals (RFP) process, for a three-year term from October 1, 2014 through September 30, 2017, with two one-year options to extend the contract through September 30, 2019. The initial not-to-exceed amount of each contract was \$12,000,000. • The Xtech and InterVision contracts have each been amended four times, extending the term of each contract to September 30, 2018, and increasing the not-to-exceed amount to \$94,000,000 for the Xtech contract, and \$30,000,000 for the InterVision contract. The Computer Central contract was amended once to extend the term through September 30, 2018. • OCA plans on rebidding these Technology Marketplace contracts and a new RFP will be issued in the summer of 2018. 	
<p style="text-align: center;">Fiscal Impact</p>	
<ul style="list-style-type: none"> • The proposed resolutions would increase the contract with (a) Central Computers from \$12 million to \$14 million; (b) Intervision from \$30 million to \$32 million; and (c) Xtech from \$94 million to \$109 million. • The combined contract amounts would be \$155 million or approximately \$2.4 million more than projected expenditures of \$152.6 million. The \$2.4 million in additional contract authority (or \$800,000 per contract) is to allow sufficient spending authority for Airport technology purchases. 	
<p style="text-align: center;">Recommendation</p>	
<ul style="list-style-type: none"> • Approve the proposed resolutions. 	

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 Office of Contract Administration (OCA) selects information technology firms through a competitive Request for Proposals (RFP) process to provide goods and services through the Technology Marketplace. City departments may purchase technology products and specialized services through the Technology Marketplace on an as-needed basis.

The Technology Marketplace offers technology products and services through the following three tiers of contracts. The Tier 1 contracts have amounts of more than \$10 million and require the technology company to provide a wide selection of products, professional services, maintenance, and training for City departments. Tier 1 contracts consist of Tier 1A, which offer general services, and Tier 1B, which offer specialized services. Tier 2 contracts are for amounts of less than \$10 million, and Tier 3 contracts are for services provided by Local Business Enterprises for amounts of \$400,000 or less.

The City has 13 active Tier 1 contracts, six of which are Tier 1A and seven of which are Tier 1B.¹

DETAILS OF PROPOSED LEGISLATION

File 18-0381 is a resolution to approve the second amendment to the Technology Marketplace Tier 1A contract between the City and Central Computers, Inc. (Central Computers).

File 18-0382 is a resolution to approve the fifth amendment to the Technology Marketplace Tier 1B contract between the City and InterVision Systems, LLC (InterVision).

File 18-0383 is a resolution to approve the fifth amendment to the Technology Marketplace Tier 1A contract between the City and Xtech JV (Xtech).

Technology Marketplace Contracts

OCA entered into contracts with Central Computers, InterVision, and Xtech based on a competitive RFP process, for a three-year term from October 1, 2014 through September 30, 2017, with two one-year options to extend the contract through September 30, 2019. The initial not-to-exceed amount of each contract was \$12,000,000.

The Xtech and InterVision contracts have each been amended four times, extending the term of each contract to September 30, 2018, and increasing the not-to-exceed amount to \$94,000,000

¹ The six Tier 1A technology companies are Central Computers, Inc., ComputerLand of Silicon Valley, En Pointe Technologies Sales, Inc., Technology Integration Group, World Wide Technology, Inc., and Xtech JV. The seven Tier 1B technology companies are InterVision Systems Technologies, Inc., Robert Half Technology, Stellar Services, Inc., CornerStone Technology, Learn iT!, SoftNet Solutions, Inc., and United Layer.

for the Xtech contract, and \$30,000,000 for the InterVision contract.² The Computer Central contract was amended once to extend the term through September 30, 2018.

FISCAL IMPACT

The proposed resolutions would increase the not-to-exceed contract amount for each of the three contracts, as shown in Table 1 below.

Table 1. Proposed Increase in Contract Not-to-Exceed Amount

Contract	Amendment	Current	Proposed	Increase
Central Computers (File 18-0381)	#2	\$12,000,000	\$14,000,000	\$2,000,000
InterVision (File 18-0382)	#5	30,000,000	32,000,000	2,000,000
Xtech (File 18-0383)	#5	94,000,000	109,000,000	15,000,000
Total		\$136,000,000	\$155,000,000	\$19,000,000

Source: Office of Contract Administration (OCA)

As noted above, the Office of Contract Administration has the option to extend each of the three contracts for an additional year through September 2019. The Office of Contract Administration plans to extend these three contracts through December 31, 2018. According to the April 6, 2018 letter to the Clerk of the Board, the Office of Contract Administration will solicit new Technology Marketplace contracts through a competitive process prior to the end of 2018.

The Office of Contract Administration estimates total actual and projected contract expenditures for the three contracts through December 31, 2018 of \$152,589,282, as shown in Table 2 below.

² The Board of Supervisors approved the first, second, and third amendments to the contract with Xtech to increase the not-to-exceed amount from \$12 million to \$94 million. The Board of Supervisors approved the first amendment to the contract with InterVision to increase the not-to-exceed amount from \$12 million to \$15 million; the Office of Contract Administration entered into the second amendment to increase the not-to-exceed amount to \$15,499,000 (\$1,000 less than the \$500,000 threshold requiring Board of Supervisors approval); and the Board of Supervisors approved the third amendment to increase the not-to-exceed amount to \$30 million. The Office of Contract Administration entered into the fourth amendments to the contracts with Xtech and InterVision to extend the terms to September 30, 2018.

Table 2. Technology Marketplace Contracts Actual Expenditures and Encumbrances
(October 2014 through February 2018)

Contract	Actual Contract Expenditures (October 2014 through February 2018)	Total Projected Expenditures (October 2014 through December 2018)	Proposed Contract Not-to-Exceed Amount
Central Computers (File 18-0381)	\$10,726,847	\$13,343,275	\$14,000,000
InterVision (File 18-0382)	25,148,696	31,282,524	32,000,000
Xtech (File 18-0383)	86,794,172	107,963,483	109,000,000
Total	\$122,669,815	\$152,589,282	\$155,000,000

Source: Office of Contract Administration (OCA)

According to Robert Henning, Assistant Director at the Office of Contract Administration, the requested not-to-exceed amount of \$155 million is approximately \$2.4 million more than total projected expenditures of \$152.6 million for the three contracts to allow for an additional \$800,000 in each contract's spending authority to account for Airport technology investments. Because the Office of Contract Administration does not know from which contracts the Airport will purchase technology goods and services, the Office of Contract Administration considers the additional \$800,000 to be necessary to assure sufficient contract authority to meet the Airport's purchasing requirements.

According to Mr. Henning, the requested increase in the not-to-exceed amount of each of the three contracts is projected to be sufficient for estimated contract expenditures through the end December 2018. All expenditures under these contracts are subject to appropriation approval by the Board of Supervisors in the City department's annual budgets.

RECOMMENDATION

Approve the proposed resolution

Item 8 File 18-0688	Department Mayor's Office of Housing and Community Development
EXECUTIVE SUMMARY	
<p style="text-align: center;">Legislative Objectives</p> <ul style="list-style-type: none"> • The proposed resolution would: (a) approve a 75-year ground lease, with one 24-year option to extend, between the City as landlord and 490 SVN Housing Associates, L.P. as tenant for \$15,000 annual base rent to construct 80 units of multifamily rental housing for low-income people at 490 South Van Ness Street; (b) adopt findings that the Ground Lease is consistent with the California Environmental Quality Act (CEQA), the General Plan, and the eight priority policies of Planning Code Section 101.1; and (c) authorize the Acting Director of Real Estate and Director of the Mayor's Office of Housing and Community Development (MOHCD) to execute documents, make certain modifications, and take certain actions in furtherance of the resolution. <p style="text-align: center;">Key Points</p> <ul style="list-style-type: none"> • 490 South Van Ness Avenue is a 14,250 square foot property formerly used as a gas-station. MOHCD selected 490 SVN Housing Associates, L.P. (a partnership of Mission Neighborhood Development Corporation and BRIDGE Housing) following a competitive process to develop affordable housing on the property. • 490 SVN Housing Associates, L.P. will demolish the gas-station currently on the site to build an 80-unit multifamily rental housing development for low-income households at or below 60 percent of the Area Median Income (AMI). Total development costs for the housing at 490 South Van Ness Street are estimated to be \$60,594,048, financed by federal Low Income Housing Tax Credits, developer equity, a tax exempt revenue bond construction loan, and MOHCD gap financing (inclusionary housing fees, affordable housing jobs linkage fees). <p style="text-align: center;">Fiscal Impact</p> <ul style="list-style-type: none"> • Over the 75 year term of the lease, the City would receive \$1,125,000 in total base rent. Should the tenant agree to extend the lease for an additional 24 years, the City would receive an additional \$360,000. • The current appraised value of the property is \$18,500,000. Annual rent is 10 percent of the appraised fair market value of the property or \$1,850,000 and paid in two components: base rent and residual rent. Base rent is \$15,000 per year and is paid from project income. Residual rent is equal to annual rent minus base rent or \$1,835,000 and is paid from surplus cash. Should surplus cash be available from the tenant after payment of all operating expenses, the City may receive residual rent <p style="text-align: center;">Recommendation</p> <ul style="list-style-type: none"> • Approve the proposed resolution. 	

MANDATE STATEMENT

City Charter Section 9.118(c) states that any lease of real property for a period of ten years or more or that has revenue to the City of \$1 million or more is subject to Board of Supervisors approval.

BACKGROUND

In 2015, the Board of Supervisors approved the acquisition of the 14,250 square foot property at 490 South Van Ness Avenue from Benicia Lake LLC and Maurice Casey. In May 2016, MOHCD issued a Request for Proposals (RFP) to develop affordable housing on the South Van Ness site. Nonprofit housing developers Mission Housing Development Corporation and BRIDGE Housing submitted a joint response to the RFP and were deemed to be the most qualified proposer. The two groups formed 490 SVN Housing Associates, L.P. partnership and were selected to develop the property.

In June 2015, Clifford Advisory, LLC appraised the fair market value of the property at \$18,500,000.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would:

- (1) Approve and authorize a 75-year ground lease, with one 24-year option to extend, between the City as landlord and 490 SVN Housing Associates, L.P. as tenant for \$15,000 annual base rent to construct 80 units of multifamily rental housing for low-income people at 490 South Van Ness Street;
- (2) Adopt findings that the Ground Lease is consistent with the California Environmental Quality Act (CEQA), the General Plan, and the eight priority policies of Planning Code Section 101.1; and
- (3) Authorize the Acting Director of Real Estate and Director of MOHCD to execute documents, make certain modifications, and take certain actions in furtherance of the resolution, as defined therein.

Affordable Housing Project

490 SVN Housing Associates, L.P. will demolish the gas-station currently on the site to build an 80-unit multifamily rental housing development for low-income households. The mix of units will include two studios, 44 one bedroom units, 30 two bedroom units, and 4 three bedroom units. All of the units are reserved for individuals at or below 60 percent of the Area Median Income.¹

¹ 2018 Area Median Income for San Francisco for one person is \$82,900; therefore, 40 percent of AMI is \$33,150; 50 percent of AMI is \$41,450; 60 percent of AMI is \$49,750. For a family of four, 2018 Area Median Income is

Total development costs for the housing at 490 South Van Ness Street are estimated to be \$60,594,048, financed by federal Low Income Housing Tax Credits, developer equity, a tax exempt revenue bond construction loan, and MOHCD gap financing (inclusionary housing fees, affordable housing jobs linkage fees).

Ground Lease

The key provisions of the Ground Lease are shown in Table 1 below.

Table 1: Key Provisions of Ground Lease

Lease Terms: 490 Van Ness Avenue

Size of Property	14,250 square feet
Lease Period	75 years (approximately August 2019 through August 2094)
Options to extend lease	Tenant has one 24-year option to extend the lease through 2118 for a total lease term of 99 years
Base rent	\$15,000 per year
Adjustments to base rent	None
Residual rent	Up to \$1,835,000 per year ²
Adjustments to residual rent	10 percent of fair market value on the 15 th anniversary of the first rent payment and every 15 years thereafter
Taxes, insurance, maintenance, utilities	Paid by tenant
Appraised Value	18.5 Million; Appraised June 30, 2015
Number of Units	80 Multi-Family Rentals

Planning Department Determinations

In June 2015, the Planning Department determined that the project was consistent with the Eastern Neighborhoods Area Plan Environmental Impact Report (EIR). In the same review, the Planning Department determined that the project is consistent with the General Plan and the eight priority policies of Planning Code Section 101.1. In May 2017, the proposed affordable housing project received a Community Plan Exemption from California Environmental Quality Act. The Planning Department issued a Note to File on June 27, 2018, clarifying that previous findings apply, and that this project is in conformance with the General Plan as well as environmental standards.

118,400; therefore 30 percent of AMI is 35,000; 40 percent of AMI is \$47,350; 50 percent of AMI is \$59,200; and 60 percent of AMI is 71,050.

² 490 SVN Housing Associates, L.P. could pay total annual rent (base rent and residual rent) up to 10 percent of the appraised value of the property. As of June 2015, the appraised value is \$18,500,000; therefore, total annual rent is 1,850,000, and residual rent is up to \$1,835,000 (the difference between total annual rent and base rent of \$15,000).

FISCAL IMPACT

The City would receive \$15,000 annually in base rent, not adjusted for inflation, from 490 SVN Housing Associates, L.P. Over the 75 year term of the lease, the City would receive \$1,125,000 in total base rent. Should the tenant agree to extend the lease for an additional 24 years, the City would receive an additional \$360,000.

The current appraised value of the property is \$18,500,000. Annual rent is 10 percent of the appraised fair market value of the property or \$1,850,000 and paid in two components: base rent and residual rent. Base rent is \$15,000 per year and is paid from project income. Residual rent is equal to annual rent minus base rent or \$1,835,000 and is paid from surplus cash. Should surplus cash be available from the tenant after payment of all operating expenses, the City may receive residual rent. The annual rent would be amended every 15 years to reflect the updated fair market value of the company. Should the tenant not have enough project income to pay base rent or surplus cash to pay residual rent in a given year, it would need to provide written documentation to the City to verify the insufficiency. According to Ms. Joan McNamara, MOHCD Senior Project Manager, MOHCD does not expect to receive residual rent in the foreseeable future due to limited income as a result of serving households at and below 60 percent AMI and the high operating costs, including debt repayment obligations, associated with the housing.

RECOMMENDATION

Approve the proposed resolution.

<p>Item 9 File 18-0689</p>	<p>Department: Mayor’s Office of Housing and Community Development (MOHCD)</p>
<p>EXECUTIVE SUMMARY</p>	
<p style="text-align: center;">Legislative Objectives</p>	
<ul style="list-style-type: none"> • The proposed resolution authorizes the MOHCD to expend SoMa Community Stabilization Fund monies in the amount of \$1,249,999 to award 22 grants to non-profit organizations for projects located in SoMa from July 1, 2018 to June 30, 2019. The proposed resolution would authorize the second year of funding for the recommended projects in accordance with the purposes and goals defined in the Strategic Plan and Funding Recommendations approved by the SoMa Citizens Advisory Committee (CAC). 	
<p style="text-align: center;">Key Points</p>	
<ul style="list-style-type: none"> • Under the City’s Planning Code, developers constructing new residential development in the Rincon Hill Downtown Residential Mixed Use District pay development impact fees (South of Market Community Stabilization Fee) of \$10.95 per square foot. Fee revenues are deposited into the SoMa Community Stabilization Fund to be used for housing and economic and workforce development. The MOHCD administers the SoMa Community Stabilization Fund, and the Community Stabilization Fund Community Advisory Committee advises on the use of fees allocated to the SoMa Community Stabilization Fund, subject to Board of Supervisors approval. • On May 23, 2017, the Board of Supervisors approved a resolution authorizing the MOHCD to expend SoMa Community Stabilization Fund monies in the amount of \$1,249,999 to award 22 grants to non-profit organizations for projects located in SoMa from July 1, 2017 to June 30, 2018 (File 17-0488). According to MOHCD, all of the non-profit organizations awarded the grants in the first year of funding met expected performance goals for year one. The proposed grant funding to each non-profit organization in FY 2018-19 is the same as in FY 2017-18, previously approved by the Board of Supervisors. 	
<p style="text-align: center;">Fiscal Impact</p>	
<ul style="list-style-type: none"> • The SOMA Community Stabilization Fund currently has an available balance of \$3,836,930. If the Board of Supervisors approves the proposed \$1,249,999 in awards from this proposal, the remaining balance in the SOMA Community Stabilization Fund will be \$2,586,931. 	
<p style="text-align: center;">Recommendations</p>	
<ul style="list-style-type: none"> • Amend the proposed resolution for retroactive approval to July 1, 2018. • Approve the proposed resolution as amended. 	

MANDATE STATEMENT

In accordance with Planning Code Section 418.7, all monies in the South of Market Area (SoMa) Community Stabilization Fund are to be expended to address the effects of destabilization on residents and businesses in SoMa due to new residential development in the Rincon Hill Area. SoMa Community Stabilization Fund expenditures are administered by the Mayor's Office of Housing and Community Development (MOHCD), subject to approval by resolution of the Board of Supervisors.

BACKGROUND

The Board of Supervisors approved a new Section 418 in the City's Planning Code in 2005 which, among other provisions, (a) established the Rincon Hill Downtown Residential District¹, (b) imposed a Rincon Hill Community Infrastructure Fee, (c) created a Rincon Hill Community Improvement Fund for the deposit of the Rincon Hill Community Infrastructure Fees collected, (d) imposed a SoMa Community Stabilization Fee of \$14 per square foot (subsequently amended down to \$10.95 per square foot by the Board of Supervisors under Ordinance 270-10) on developers who build new residential development within the Rincon Hill Downtown Residential District, (e) created the SoMa Community Stabilization Fund for the deposit of SoMa Community Stabilization Fees collected, and (f) established a SoMa Community Stabilization Fund Community Advisory Committee (CAC) to advise the MOHCD and the Board of Supervisors on the uses of the SoMa Community Stabilization Fund (Ordinance 217-05).

The Planning Code stipulates that monies from the SoMa Community Stabilization Fund are to be expended to provide assistance to SoMa residents including affordable housing, community asset building, employment development, job growth and job placement, and other services to address impacts of destabilization.

The Board of Supervisors approved a resolution in 2008 (Resolution 0216-08) (a) approving the SoMa Community Stabilization Fund Strategic Plan, (b) authorizing MOHCD to administer the SoMa Community Stabilization Fund in accordance with this Strategic Plan, and (c) authorizing MOHCD to work with the SoMa Stabilization Fund Community Advisory Committee to issue Requests for Proposals (RFPs) for non-profit agencies to provide services addressing the effects of destabilization on residents and businesses in SoMa, consistent with the Community Stabilization Fund Strategic Plan.

The SoMa Stabilization Fund Community Advisory Committee revised the Community Stabilization Fund Strategic Plan in 2011 to articulate four goals, which include:

- 1) Strengthen community cohesion
- 2) Support economic and workforce development for low-income residents and businesses that serve the SOMA community
- 3) Increase access to perpetually affordable housing opportunities for existing SOMA residents

¹ The Rincon Hill Downtown Residential District is the area bounded by Folsom Street, The Embarcadero, Bryant Street, and Essex Street.

4) Improve the infrastructure and physical environment

Request for Proposals Process

The SoMa CAC and MOHCD issued a Request for Proposals (RFP) on December 19, 2016, consistent with the Strategic Plan, for community-based organizations seeking grant assistance from the SoMa Community Stabilization Fund. The RFP allowed for project proposals in fourteen possible areas including: 1) Community Council; 2) Community Action Grants; 3) School Site Coordinator; 4) Neighborhood Arts and Culture Project; 5) College Preparatory Program; 6) Fund Development Consultant; 7) Nonprofit Leadership Development; 8) Organizational Capacity Building; 9) Access to Housing; 10) Eviction Defense and Housing Stabilization; 11) Financial Literacy; 12) Neighborhood and Business Coordination; 13) Event-Based Economic Development, and 14) Small Business Acceleration.

The RFP specified the following seven evaluation criteria to assess applicants for the grant awards:

- a. Successful history serving target population – 15%
- b. Meet objectives, activities and program description in RFP – 15%
- c. Measurable and realistic outcomes and best practices – 15%
- d. Robust evaluation methodology – 15%
- e. Staff experience and expertise – 15%
- f. Budget appropriate and feasible – 15%
- g. Leveraged and diversified funding – 10%

MOHCD received 39 proposals. To evaluate the proposals, MOHCD staff used the evaluation criteria specified in the RFP and made recommendations to the SoMa CAC. The CAC recommended 22 proposals for funding.

On May 23, 2017, the Board of Supervisors approved a resolution authorizing the MOHCD to expend SoMa Community Stabilization Fund monies in the amount of \$1,249,999 to award 22 grants to non-profit organizations for projects located in SoMa from July 1, 2017 to June 30, 2018 (File 17-0488). The funding is for projects that contribute to the first three goals of the Strategic Plan, to 1) strengthen community cohesion, 2) support economic and workforce development for low-income residents and businesses that serve the SOMA community, and 3) to increase access to perpetually affordable housing opportunities for existing SOMA residents.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution authorizes the MOHCD to expend SoMa Community Stabilization Fund monies in the amount of \$1,249,999 to award 22 grants to non-profit organizations for projects located in SoMa from July 1, 2018 to June 30, 2019. The proposed resolution would authorize the second year of funding² for the recommended projects in accordance with the purposes

²Per the May 11, 2017 BLA report, the MOHCD was expected to return to the Board of Supervisors to request authorization for a second year of funding, from July 1, 2018 through June 30, 2019, for the same projects as long as they have met acceptable performance goals for year one.

and goals defined in the Strategic Plan and Funding Recommendations approved by the SoMa CAC. According to Ms. Claudine del Rosario, MOHCD SoMa Fund Manager, all of the non-profit organizations awarded the grants in the first year of funding met expected performance goals for year one.³

According to Ms. del Rosario, administrative error resulted in the delay of the processing of grant funds for year two. Consequently, the proposed resolution should be amended for retroactive approval for the period of July 1, 2018 to June 30, 2019 for the SoMa Community Stabilization Fund monies to award 22 grants to non-profit organizations. No grant funds have currently been expended.

FISCAL IMPACT

The proposed resolution authorizes the MOHCD to expend SoMa Community Stabilization Fund monies in the amount of \$1,249,999 to award 22 grants to non-profit organizations for projects located in SoMa from July 1, 2018 to June 30, 2019. The proposed grant funding to each non-profit organization in FY 2018-19 is the same as in FY 2017-18, previously approved by the Board of Supervisors.

Table 1 lists the non-profit organizations, project descriptions and funding levels recommended by the CAC.

³ Each grantee submits written narrative and quantitative reports on their completed activities and outcomes.

Table 1: Funding Recommendations from SoMa Community Stabilization Fund

Non-profit organization	Project Description	1 Year Amount
Filipino American Development Foundation (FADF)	SoMa Community Council	\$50,000
Rebuilding Together	Community action grants	\$100,000
United Playaz	School site coordination of services infrastructure at Bessie Carmichael School	\$50,000
Kularts	Neighborhood art and culture project	\$20,000
Bindlestiff Studio	Neighborhood art and culture project	\$20,000
Kearny Street Workshop	Neighborhood art and culture project	\$20,000
Pilipino Senior Resource Center	Neighborhood art and culture project	\$20,000
West Bay Pilipino Multi-Service Center	College preparatory program	\$50,000
SF Study Center ⁴	Services to increase access to affordable housing	\$74,999
Asian Pacific Islander Legal Outreach	Eviction prevention and housing stabilization (legal services)	\$75,000
FADF/South of Market Community Action Network (SOMCAN)	Eviction prevention and housing stabilization (tenant outreach)	\$75,000
Balance	Financial literacy	\$50,000
United Playaz	Job skills and placement for transitional aged youth	\$50,000
Positive Resource Center	Job skills and placement for disabled population	\$75,000
FADF/SOMCAN	Outreach and job placement	\$75,000
Renaissance Entrepreneurship Center	Small business accelerator and incubation	\$75,000
Central Market Community Benefit District	Art walk on 6 th Street	\$40,000
FADF	Night market to promote SoMa Pilipinas and small businesses	\$75,000
Northern California Community Loan Fund	Organizational capacity building services	\$75,000
Rockwood	Organizational leadership development	\$50,000
SF Made	Fund development consulting	\$80,000
Kularts	Succession planning consultant	\$50,000
Total		\$1,249,999

Source: MOHCD

⁴ In FY17-18, \$74,999,000 was granted to Veterans Equity Center as the fiscal sponsor for the Bill Sorro Housing Program (BiSHoP) to provide services to increase access to affordable housing. For FY18-19, BiSHoP will be fiscally sponsored by the SF Study Center. The second year of the grant will be issued to the SF Study Center for the same project.

According to Ms. del Rosario, MOHCD plans to issue a new RFP in FY 2019-20 for community-based organizations seeking grant assistance from the SoMa Community Stabilization Fund. The SOMA Community Stabilization Fund currently has an available balance of \$3,836,930. If the Board of Supervisors approves the proposed \$1,249,999 in awards from this proposal, the remaining balance in the SOMA Community Stabilization Fund will be \$2,586,931 as shown in Table 2 below.

Table 2: SoMa Community Stabilization Fund – Current and Projected Balance

Item	Amount
Current balance	\$15,853,675
FY 10-18 Unspent Encumbered Funds	(1,351,748)
FY17-18 Expenditures Approved by BOS but Unencumbered	(10,664,997)
Balance available	\$3,836,930
Authorizing Resolutions	
22 projects, File No. 18-0689	(1,249,999)
Remaining Balance	\$2,586,931

Source: MOHCD

RECOMMENDATIONS

1. Amend the proposed resolution for retroactive approval to July 1, 2018.
2. Approve the proposed resolution as amended.

<p>Item 14 File 18-0480</p>	<p>Department: Human Rights Commission</p>
<p>EXECUTIVE SUMMARY</p>	
<p style="text-align: center;">Legislative Objectives</p> <p>The proposed ordinance would amend the City’s Administrative Code to establish an Office of Sexual Harassment and Assault Response and Prevention (SHARP) and set rules governing the appointment of the Director and the qualifications and duties of the employees as a City department under the direction and oversight of the Human Rights Commission.</p> <p style="text-align: center;">Key Points</p> <ul style="list-style-type: none"> • Under existing law, survivors of sexual assault and sexual harassment are responsible for interacting, directly and individually, with City departments that they believe to be relevant to their cases of sexual assault and sexual harassment. • There is no centralized point of contact in City government to assist survivors of sexual assault and sexual harassment in navigating City government, or to advocate on their behalf. • The Office of SHARP would be responsible for receiving complaints concerning the manner in which any City department has responded or failed to respond to allegations of sexual assault or sexual harassment, and assisting complainants in navigating within City government to resolve those complaints, among other duties. <p style="text-align: center;">Fiscal Impact</p> <ul style="list-style-type: none"> • The Human Rights Commission intends to add three new permanent positions to staff the Office of SHARP in October 2018. The new positions are estimated to cost \$329,135 in FY 2018-19 and \$429,787 in FY 2019-20. • Funding for the three new positions is included in the FY 2018-19 and FY 2019-20 budget pending before the Board of Supervisors. <p style="text-align: center;">Recommendation</p> <ul style="list-style-type: none"> • Approval of the proposed ordinance is a policy matter for the Board of Supervisors. 	

MANDATE STATEMENT

City Charter Section 2.105 states that all legislative acts shall be by ordinance, approved by a majority of the members of the Board of Supervisors.

BACKGROUND

Under existing law, survivors of sexual assault and sexual harassment are responsible for interacting, directly and individually, with City departments that they believe to be relevant to their cases of sexual assault and sexual harassment. There is no centralized point of contact in City government to assist survivors of sexual assault and sexual harassment in navigating City government, or to advocate on their behalf.

DETAILS OF PROPOSED LEGISLATION

The proposed ordinance would add Section 12A.18 to the City's Administrative Code entitled "Office of Sexual Harassment and Assault Response and Prevention" (SHARP) to establish and set rules governing the appointment of the Director and the qualifications and duties of the employees as a City department under the direction and oversight of the Human Rights Commission.

The Office of SHARP shall be responsible for:

1. Receiving complaints concerning the manner in which any City department has responded or failed to respond to allegations of sexual assault or sexual harassment, and assisting complainants in navigating within City government to resolve those complaints;
2. Compelling the attendance of City officers or employees at meetings with complainants;
3. Notifying relevant City departments of any failure, in connection with a complaint of sexual assault or sexual harassment, to perform a duty imposed by law, or to perform a promised act, or to respond reasonably to the complainant's or Office's requests, or to otherwise fully and conscientiously respond to the complainant's or the Office's concerns, and reporting to the Mayor and the Board of Supervisors if any City department so notified fails to take timely and adequate corrective action;
4. In certain cases, referring City officers and employees to appropriate disciplinary authorities for possible professional or administrative discipline;
5. Requiring City departments to report aggregated or otherwise de-identified information concerning the department's handling of allegations of sexual assault and harassment;
6. Engaging with community members to develop recommendations for improving the City's efforts to combat sexual assault and harassment, and making related recommendations to City policymakers;

7. Making regular reports to the Human Rights Commission; and
8. Maintaining the confidentiality of information required by law to be kept confidential, and respecting complainants' wishes for confidentiality to the maximum extent permitted by law.

The Director of the Office would be appointed by the Human Rights Commission, with input from a three-member advisory committee composed of a sexual-assault survivor, a community-based advocate, and an academic with expertise on sexual assault or sexual harassment. Employees of the Office would be required to promptly receive sufficient education or training to qualify as a "sexual assault counselor" within the meaning of Section 1035.2 of the California Evidence Code, if they do not already qualify as sexual assault counselors at the time of appointment.

The proposed ordinance does not affect the City's existing, Charter-based procedures concerning complaints made by City employees interacting with the City in its capacity as an employer.

FISCAL IMPACT

According to Sheryl Davis, Executive Director of the Human Rights Commission, the department intends to add three new permanent positions to staff the Office of SHARP. Ms. Davis anticipates that the three new positions would be filled by October 2018. Based on the anticipated hiring date, the new positions are estimated to cost \$329,135 in FY 2018-19 and \$429,787 in FY 2019-20, as shown in Table 1 below.

**Table 1: Office of Sexual Harassment and Assault Response and Prevention
Salary and Benefits**

Position	FY 2018-19		FY 2019-20	
	FTE	Amount	FTE	Amount
2991 HRC Coordinator	0.77	\$132,355	1.00	\$172,634
1823 Senior Administrative Analyst	0.77	123,842	1.00	161,618
1406 Senior Clerk	0.77	72,938	1.00	95,535
Total	2.31	\$329,135	3.00	\$429,787

According to Ms. Davis, funding for the new Office of SHARP is included in the FY 2018-19 and FY 2019-20 budget pending before the Board of Supervisors.¹

RECOMMENDATION

Approval of the proposed ordinance is a policy matter for the Board of Supervisors.

¹ Funding for the 1823 Senior Administrative Analyst and 1406 Senior Clerk positions were initially included in the Mayor's budget for the Department of Public Health, and the Budget & Finance Committee reallocated the funding and positions to the Human Rights Commission. The Budget & Finance Committee added the 2991 HRC Coordinator position to the Human Rights Commission budget through the add-back process.