

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

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

July 16, 2015


TO: Budget and Finance Sub-Committee
FROM: Budget and Legislative Analyst 
SUBJECT: July 22, 2015 Budget and Finance Sub-Committee Meeting

TABLE OF CONTENTS

| Item | File | Page |
|-------------|--|-------------|
| 1 | 15-0597 Hearing – Reserved Funds – Arts Commission - \$50,000 | 1 |
| 3 | 15-0740 Accept and Expend Grant – California Department of Water Resources – Recycled Water Facility – San Francisco International Airport Mel Leong Wastewater Treatment Plant - \$750,000..... | 4 |
| 5 | 15-0699 Agreement – California Department of Health Care Services – County Children’s Health Initiative Program – Up to \$397,405 | 7 |
| 6 | 15-0669 Bookstore Lease – Books, Inc. - \$575,000 Minimum Annual Guarantee..... | 11 |
| 8 | 15-0670 Lease Amendment – Bayport Concessions, LLC – San Francisco International Airport - \$127,465 Minimum Annual Guarantee..... | 14 |
| 9 | 15-0671 Lease Amendment – Gotham Enterprise, LLC – San Francisco International Airport - \$26,892 Minimum Annual Guarantee..... | 18 |

TABLE OF CONTENTS (continued)

| Item | File | | Page |
|-------------|-------------|---|-------------|
| 10 | 15-0700 | Real Property Acquisition – Easements from the Kaiser Foundation Hospitals – Regional Groundwater Storage and Recovery Project, San Mateo County - \$53,900 | 21 |
| 11 | 15-0734 | Real Property Acquisition – 490 South Van Ness Avenue – South Van Ness 490, LP, Benicia Lake LLC, and Maurice Casey - \$18,500,000 | 25 |
| 13 | 15-0673 | Emergency Contracts – Cotton, Shires and Associates, Inc.; ARUP North America Limited; and GeoStabilization International – Not to Exceed \$6,094,016..... | 30 |
| 14 | 15-0727 | Appropriation and De-Appropriation – Surplus Expenditures of \$4,150,023 Supporting Increased Overtime Expenditures – FY 2014-2015 | 36 |

| | |
|--|---|
| <p>Item 1 File 15-0597</p> | <p>Department: Arts Commission (ART)</p> |
|--|---|

EXECUTIVE SUMMARY

Legislative Objective

- The Arts Commission is requesting the release of \$50,000 placed on reserve by the Budget and Finance Committee during the FY2014-15 budget review.

Key Points

- On June 25, 2014, the Budget and Finance Committee placed \$50,000, appropriated to the Arts Commission’s relocation to the War Memorial’s Veterans Building in September 2015, on Budget and Finance Committee reserve, pending details on the need for such expenditures.
- The Arts Commission’s budget for the relocation to the War Memorial’s Veterans Building has increased by \$266,455, or 23 percent, from the original budget of \$1,148,218 in FY 2014-15 to the revised budget of \$1,414,671. The increase in costs is due to (a) actual costs being higher than estimated costs, and (b) identification of new costs not included in the original estimates.
- The Department’s revised budget for construction and infrastructure has increased by 46 percent, and the revised budget for furniture has decreased by 26 percent. The Department’s revised budget includes new costs for professional services and a 10.7 percent contingency. According to the Arts Commission, the professional services are necessary to pay for temporary registrar and conservator positions to oversee the relocation of the art work; and the contingency is necessary in the event of unforeseen construction and infrastructure work due to the renovation of an historic building.

Fiscal Impact

- The Arts Commission plans to spend the requested \$50,000 in FY15-16 on the build-out of a basement storage space, including art storage furniture, labor needed to move the collection into the new space, and other costs related to the Department’s move to the Veterans Building at the War Memorial.
- The total amount of funds currently available to the Arts Commission for costs related to their move to the War Memorial, including the subject reserved funds of \$50,000, is \$1,389,487, leaving an unfunded balance of \$25,184, which will be absorbed by the contingency funds, if needed.

Recommendation

- Approve the release of \$50,000 on Budget and Finance Committee Reserve.

MANDATE STATEMENT

Section 3.3 of the City’s Administrative Code provides that the committee of the Board of Supervisors that has jurisdiction over the budget (i.e., Budget and Finance Committee) may place requested expenditures on reserve, which are then subject to release by the Budget and Finance Committee.

BACKGROUND

On June 25, 2014, the Budget and Finance Committee placed \$50,000, appropriated to the Arts Commission’s relocation to the War Memorial’s Veterans Building in September 2015, on Budget and Finance Committee reserve, pending details on the need for such expenditures.

DETAILS OF PROPOSED LEGISLATION

The Arts Commission is requesting the release of \$50,000 placed on reserve by the Budget and Finance Committee during the FY2014-15 budget review.

FISCAL IMPACT

The Arts Commission’s budget for the relocation to the War Memorial’s Veterans Building has increased by \$266,455, or 23 percent, from the original budget of \$1,148,218 in FY 2014-15 to the revised budget of \$1,414,671. According to Ms. Rebekah Krell, Deputy Director of the Arts Commission, the increase in costs is due to (a) actual costs being higher than estimated costs, and (b) identification of new costs not included in the original estimates.

Table 1 below shows the Arts Commission’s original and revised budget.

Table 1: Detail of Arts Commission Budget for FY214-15 and FY2015-2016

| | Original Budget | Revised Budget | Increase/ (Decrease) | Percent Change |
|------------------------------|------------------------|-----------------------|-----------------------------|-----------------------|
| Construction/ Infrastructure | \$405,016 | \$590,447 | \$185,431 | 46% |
| Furniture | 597,468 | 443,374 | (154,094) | (26%) |
| Moving | 141,734 | 144,733 | 2,999 | 2% |
| Professional Services | | 75,600 | 75,600 | n/a |
| Equipment | | 1,679 | 1,679 | n/a |
| Miscellaneous | 4,000 | 7,000 | 3,000 | 75% |
| Contingency (10.7%) | | \$151,838 | \$151,838 | n/a |
| Total | \$1,148,218 | \$1,414,671 | \$266,453 | 23% |

As shown in Table 1 above, the Department’s revised budget for construction and infrastructure has increased by 46 percent, and the revised budget for furniture has decreased by 26 percent. The Department’s revised budget includes new costs for professional services and a 10.7 percent contingency. According to Ms. Krell, the professional services are necessary to pay for temporary registrar and conservator positions to oversee the relocation of the art work; and the contingency is necessary in the event of unforeseen construction and infrastructure work due to the renovation of a historic building.

The sources and uses of the funds for the Arts Commission’s move to the War Memorial’s Veterans Building are shown in Table 2 below.

Table 2: Arts Commission Budget for Move to War Memorial’s Veterans Building

| Sources | Amount |
|--------------------------------------|--------------------|
| FY2014-15 Arts Commission Budget | \$900,000 |
| FY2015-16 Arts Commission Budget | 300,000 |
| Department of Technology work order | 139,487 |
| Subtotal | 1,339,487 |
| Budget and Finance Committee Reserve | 50,000 |
| Total Sources | \$1,389,487 |

| Uses | Amount |
|---|--------------------|
| Construction/Building Infrastructure ¹ | \$590,447 |
| Furniture | 443,374 |
| Moving | 144,733 |
| Professional Services | 75,600 |
| Equipment | 1,679 |
| Miscellaneous | 7,000 |
| Contingency | 151,838 |
| Total Uses | \$1,414,671 |
| Unfunded | (\$25,184) |

Source: Arts Commission

¹ Includes requested \$50,000 on Budget and Finance Committee Reserve

As shown in Table 2 above, the total amount of funds currently available to the Arts Commission for costs related to their move to the War Memorial, including the subject reserved funds of \$50,000, is \$1,389,487, leaving an unfunded balance of \$25,184, which will be absorbed by the contingency funds, if needed.

According to Ms. Krell, the Department will use the requested \$50,000 specifically towards costs associated with the build-out of a basement storage space and related move costs for the City’s civic art collection.

RECOMMENDATION

Approve the release of \$50,000 on Budget and Finance Committee Reserve.

| | |
|---|---|
| Item 3 File 15-0740 | 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 authorize the Airport to accept and expend a \$750,000 grant. <p style="text-align: center;">Key Points</p> <ul style="list-style-type: none"> • In July 2014, the California Department of Water Resources (DWR) awarded a \$20,000,000 grant to the Association of Bay Area Governments (ABAG) to fund water projects across the State. ABAG has awarded the Airport a \$750,000 grant from the State DWR funds to help fund an upgrade to the Mel Leong Water Treatment Plant at the Airport. • The upgraded plant will produce disinfected recycled water for unrestricted non-potable uses throughout the Airport, including landscape irrigation and toilet flushing. <p style="text-align: center;">Fiscal Impact</p> <ul style="list-style-type: none"> • The total estimated cost of the water treatment plant upgrade is \$6,035,847. • Of the \$6,035,847, \$750,000 or 12.4 percent would be funded by the proposed grant and the balance of \$5,285,847 would be paid for by Airport revenue bonds. <p style="text-align: center;">Recommendation</p> <ul style="list-style-type: none"> • Approve the proposed resolution. | |

MANDATE STATEMENT / BACKGROUND**Mandate Statement**

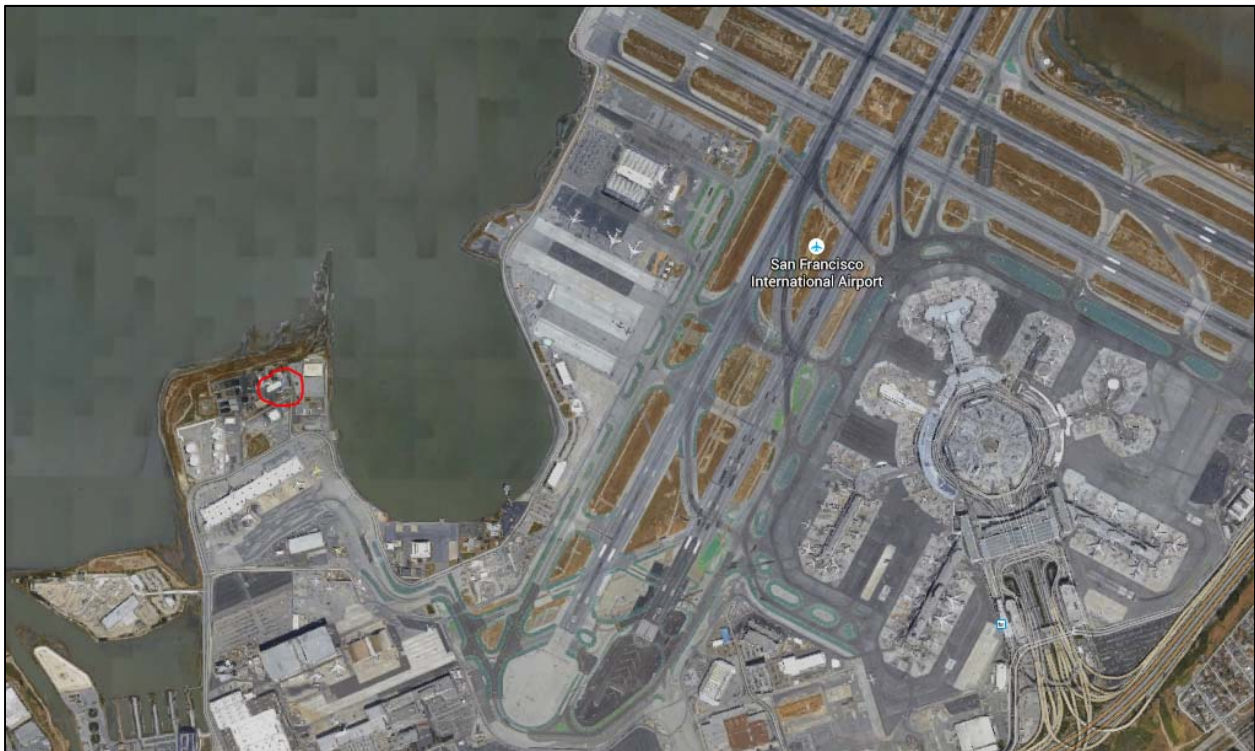
The City's Administrative Code Section 10.170-1 states that the acceptance and expenditure of grant funds greater than \$100,000 are subject to approval by the Board of Supervisors.

Background

In July 2014, the California Department of Water Resources (DWR) awarded a \$20,000,000 grant to the Association of Bay Area Governments (ABAG) to fund water projects across the State. ABAG has awarded the Airport a \$750,000 grant from the State DWR funds to help fund an upgrade to the Mel Leong Water Treatment Plant at the Airport. The upgraded plant will produce disinfected recycled water for unrestricted non-potable uses throughout the Airport, including landscape irrigation and toilet flushing. The upgrade includes constructing new pipes, pumps, and water storage tanks in order to store the water onsite.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would authorize the Airport to accept and expend a \$750,000 grant from ABAG/State DWR. The \$750,000 grant would offset the cost of the treatment plant upgrade. Map 1 below shows the location of the treatment plant upgrade at the Airport.

Map 1: Location of the Water Treatment Plant

Source: Airport

FISCAL IMPACT

As shown in Table 1 below, the total estimated cost of the water treatment plant upgrade is \$6,035,847. Of the \$6,035,847, \$750,000 or 12.4 percent would be funded by the proposed grant and the balance of \$5,285,847 would be paid for by Airport revenue bonds.

The subject grant requires a match of funds of at least 25 percent of the total project cost. As shown below in Table 1, the Airport's matching funds total \$5,285,847 or 87.6 percent of the total project cost of \$6,035,847.

Table 1: Water Treatment Plant Upgrade Budget

| | Grant Amount | Airport Cost | Total Estimated Cost |
|--|---------------------|---------------------|-----------------------------|
| Direct Project Administration | \$0 | \$53,800 | \$53,800 |
| Planning/Design/Engineering/Environmental Documentation | 0 | 43,600 | 43,600 |
| Construction/Implementation | 750,000 | 5,188,447 | 5,938,447 |
| Total Estimated Cost | \$750,000 | \$5,285,847 | \$6,035,847 |

Source: Airport

The Airport plans to award a contract to perform all design and construction services for the total \$6,035,847 estimated project cost. According to Airport staff, the successful firm will be determined to be the firm providing the "best value" for the required services as allowed under the Design-Build Ordinance Section 6.61 (F) of the Administrative Code.¹ The Airport will award one contract for multiple projects at the Airport for a total estimated contract amount of \$50,000,000, subject to Board of Supervisors' approval. The request for proposals will be advertised in August 2015. Construction is expected to begin in the first quarter of 2016 and is expected to be complete no later than December 1, 2018.

RECOMMENDATION

Approve the proposed resolution.

¹ According to Administrative Code Section 6.61 (F), if the department head determines that it is in the public's best interest to consider qualifications and/or other subjective criteria as part of the final selection process, the department head shall issue requests for proposals inviting pre-qualified design-builders to submit design-build proposals, which will be evaluated based upon qualifications and project and/or financing costs.

| | |
|--|---|
| Item 5 File 15-0699 | Department: Department of Public Health (DPH) |
| EXECUTIVE SUMMARY | |
| <p style="text-align: center;">Legislative Objective</p> <ul style="list-style-type: none"> • The proposed resolution would retroactively authorize the Department of Public Health (DPH) to enter into a six-month agreement with the California Department of Health Care Services (DHCS) to receive federal funding for eligible children enrolled in the Healthy Kids program from January 1, 2015 to June 30, 2015 in the amount of up to \$397,405. <p style="text-align: center;">Key Points</p> <ul style="list-style-type: none"> • The County Children’s Health Initiative Program (C-CHIP) provides federal reimbursement to counties for the cost of health care provided to eligible children by allowing counties to draw down unused federal funds from the State Children’s Health Insurance Program. In 2006, DPH signed a contract with the Managed Risk Medical Insurance Board (MRMIB) to administer San Francisco’s participation in C-CHIP. • On July 1, 2014, MRMIB ceased operations as a result of the Budget Act of 2014. All MRMIB programs, including C-CHIP, transitioned to DHCS. • On March 4, 2015, DHCS proposed a six-month contract with DPH to cover the January 1, 2015 to June 30, 2015 time period. For the proposed six-month agreement period, DHCS will expend funds to DPH in an amount of up to \$397,405. • The agreement may be renewed for periods beyond June 30, 2015 depending on the availability of federal funding for California. <p style="text-align: center;">Fiscal Impact</p> <ul style="list-style-type: none"> • Under the proposed agreement between DHCS and DPH, DPH receives reimbursement for eligible children enrolled in Healthy Kids, less the 35 percent County contribution and administrative fees. The estimated revenue to be reimbursed by the State to DPH for the six-month period from January 2015 to June 2015 is \$119,443. <p style="text-align: center;">Recommendation</p> <ul style="list-style-type: none"> • Approve the proposed resolution. | |

MANDATE STATEMENT / BACKGROUND**Mandate Statement**

City Administrative Code Section 10.170-1 states that accepting Federal, State, or third-party grant funds in the amount of \$100,000 or more, including any City matching funds required by the grant, is subject to Board of Supervisors approval.

Background

San Francisco Health Plan's Healthy Kids program is funded by the City and County of San Francisco and is available to resident children who are uninsured and ineligible for other publicly-funded health insurance programs. According to Ms. Kathleen Abanilla, Program Officer in the Office of Managed Care at the Department of Public Health's (DPH) San Francisco Health Network, as of June 2015 there are 1,980 children enrolled in the Healthy Kids program.

The County Children's Health Initiative Program (C-CHIP), also known as the County Health Initiative Matching Fund, was established in the California Insurance Code. C-CHIP provides federal reimbursement to counties for the cost of health care provided to eligible children by allowing counties to draw down unused federal funds from the State Children's Health Insurance Program.

Approximately 298 children, or 15 percent of 1,980 children enrolled in Healthy Kids, are eligible for federal reimbursement through C-CHIP by meeting the following criteria:

- The child is a documented U.S. citizen or Legal Permanent Resident
- The child is under 19 years of age
- The child's family income is between 266 and 322 percent of the federal poverty level¹
- The child resides in the City & County of San Francisco

Table 1 below shows the net revenue from federal funds drawn down through C-CHIP from July 1, 2012 through December 31, 2014. Net revenues to DPH consist of the reimbursement rate per eligible child enrolled in Healthy Kids, less the 35 percent County share of costs and the administrative fee.²

¹ The 2015 Federal Poverty Level (FPL) for a family of four is \$24,250 annually. Effective April 1, 2015, the family income for eligible children ranges from \$64,512 (266 percent of FPL) to \$78,096 (322 percent of FPL) annually.

² Administrative fees are \$10,692 per month to cover State and County administrative costs.

Table 1: Net Revenue to DPH from C-CHIP, July 2012–December 2014

| | FY 2012-13 | FY 2013-14 | FY 2014-15 (July–Dec.) | Total |
|---|------------------|------------------|---------------------------|------------------|
| Reimbursement Rate for Eligible Children Enrolled in Healthy Kids | \$846,908 | \$722,730 | \$282,454 | \$1,852,092 |
| County Share of Costs (35%) | (\$296,418) | (\$252,956) | (\$98,859) | (\$648,233) |
| Administrative Fee | (\$128,304) | (\$128,304) | (\$64,152) | (\$320,760) |
| Net Reimbursement to County | \$422,186 | \$341,471 | \$119,443 | \$883,100 |

Source: Department of Public Health

C-CHIP Participation Administration

In 2006, DPH signed a contract with the State Managed Risk Medical Insurance Board (MRMIB) to administer San Francisco’s participation in C-CHIP. The contract was renewed annually through December 31, 2014 with amendments to extend the contract period to allow DPH to continue to draw down federal funds. Under the agreement with MRMIB, DPH was responsible for contributing 35 percent of the expected federal reimbursement amount in order to draw down the matching federal funds.

On July 1, 2014, MRMIB ceased operations as a result of California’s Budget Act of 2014. All MRMIB programs, including C-CHIP, transitioned to the California Department of Health Care Services (DHCS). As a result, DPH is able to contract with DHCS and collect federal reimbursement funds from DHCS for eligible Healthy Kids enrollees as of January 1, 2015.

On March 4, 2015, DHCS proposed a six-month contract with DPH to cover the January 1, 2015 to June 30, 2015 time period.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would retroactively authorize DPH to enter into a six-month agreement with the California Department of Health Care Services (DHCS) from January 1, 2015 to June 30, 2015, in which DHCS will reimburse DPH, which manages the Healthy Kids program, for up to \$397,405 in health insurance premiums for eligible children enrolled in Healthy Kids.

The agreement between DHCS and DPH may be renewed for periods beyond June 30, 2015 depending on the availability of federal funding for California. According to Ms. Abanilla, extending the existing agreement beyond June 30, 2015 would not be subject to Board of Supervisors approval.

FISCAL IMPACT

Under the proposed agreement between DHCS and DPH, DPH receives reimbursement for eligible children enrolled in Healthy Kids, less the 35 percent County contribution and administrative fees. The estimated revenue to be reimbursed by the State to DPH for the six-month period from January 2015 to June 2015 is \$119,443 and shown in Table 2 below.

Table 2: Projected Net Revenue from C-CHIP, January–June 2015

| | January–June 2015 |
|---|--------------------------|
| County Reimbursements for Healthy Kids Enrollees | \$282,454 |
| County Share of Costs (35%) | (\$98,859) |
| Administrative Fee | (\$64,152) |
| Net Reimbursement to County | \$119,443 |

RECOMMENDATION

Approve the proposed resolution.

| | |
|--|---|
| Item 6 File 15-0669 | Department: San Francisco International Airport (Airport) |
| EXECUTIVE SUMMARY | |
| <p>Legislative Objectives</p> <ul style="list-style-type: none"> • The proposed resolution would approve a new lease between the Airport Commission (Airport) and Books, Inc. to lease and operate a bookstore in Terminal 3 for a lease term of five years. <p>Key Points</p> <ul style="list-style-type: none"> • The Airport awarded a new lease to Books, Inc. in April 2015 following a competitive Request for Proposals (RFP) process. The lease is for 2,469 square feet of space in Terminal 3 and for a five-year term from July 2015 through June 2020. The lease has two one-year options to extend the term through June 2022. • Rent to the Airport is the greater of percentage rent based on gross revenues or the Minimum Annual Guarantee of \$575,000 in the first year, adjusted annually by the Consumer Price Index. <p>Fiscal Impact</p> <ul style="list-style-type: none"> • Based on the MAG of \$575,000, the minimum rent paid by Books, Inc. to the Airport over the five-year term of the lease is \$2,875,000, excluding CPI adjustments. <p>Recommendation</p> <ul style="list-style-type: none"> • Approve the proposed resolution. | |

MANDATE STATEMENT / BACKGROUND

Mandate Statement

City Charter Section 9.118(a) states that agreements entered into by a department, board or commission that will generate revenue in excess of \$1 million or any modification of that agreement is subject to Board of Supervisors approval.

Background

In 2014, the Airport issued a competitive Request for Proposals (RFP) for a retail store to be provided at a post-security location near Boarding Areas E and F in Terminal 3.

Two vendors, listed in Table 1 below, submitted proposals which were evaluated by a three-member scoring panel comprised of two Airport employees and one retired Airport employee. The proposals were evaluated using five criteria: proposed concept, design intent and capital investments, customer service and quality control, business plan, and Minimum Annual Guarantee (MAG) offer. The panel determined that Books, Inc. earned the highest score.

Table 1: Vendor Proposals and Final Scores

| No. | Proposer | Concept Name | MAG Offer | Final Score |
|-----|-----------------------------|---------------|-----------|-------------|
| 1 | Books, Inc. | Compass Books | \$575,000 | 88.27 |
| 2 | Pacific Gateway Concessions | Aviator Books | \$480,000 | 77.81 |

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would approve a five-year lease between the Airport and Books, Inc. to operate a Compass Books bookstore at a post-security location near Boarding Areas E and F in Terminal 3 effective July 2015. Table 2 below summarizes the provisions of the subject lease.

Table 2: Summary of Lease Provisions

| | |
|---------------------------------------|--|
| Term | Five years from approximately July 2015 through June 2020 |
| Options to Extend | Two (2) one-year options to extend exercisable at the sole discretion of the Airport Commission |
| Premises | Approximately 2,469 square feet of post-security space near Boarding Areas E and F of Terminal 3 |
| Rent | Greater of Minimum Annual Guarantee or Percentage Rent |
| Minimum Annual Guarantee (MAG) | \$232.89 per square foot - \$575,000 |
| MAG Adjustment | Adjusted annually based on the Consumer Price Index (CPI) |
| Percentage Rent | 8 percent of gross revenues up to and including \$2,000,000 Plus 10 percent of revenues above \$2,000,000 |
| Promotional Fee | \$1 per square foot - \$2,469 per year |
| Deposit Amount | 50 percent of the MAG in effect when the lease commences, equal to \$287,500 |
| Minimum Initial Investment | \$350 per square foot – equal to \$864,150. |

The proposed resolution should be amended to retroactively approve the lease start date of July 1, 2015.

FISCAL IMPACT

Under the subject lease, Books, Inc. is required to pay the Airport the greater of the initial MAG amount of \$575,000 or percentage rent as shown in Table 2 above. The subject lease will generate MAG revenues payable by Books, Inc. to the Airport of at least \$2,875,000 over the five year lease term, excluding annual CPI adjustments.

RECOMMENDATION

Approve the proposed resolution.

| | |
|---|---|
| Item 8 File 15-0670 | Department: San Francisco International Airport (Airport) |
| EXECUTIVE SUMMARY | |
| Legislative Objectives | |
| <ul style="list-style-type: none"> • The proposed resolution approves the second amendment to the existing lease between Bayport and the Airport to relocate the two Willow Creek Woodfire Pizza concessions to new locations in Terminals 1 and Terminal 3. | |
| Key Points | |
| <ul style="list-style-type: none"> • In December 2003, the Board of Supervisors approved a lease agreement between the San Francisco International Airport (Airport) and Bayport Concessions, LLC (Bayport) for the operation of two Willow Creek Woodfire Pizza concessions in Terminals 1 and 3. The lease term was for ten years from the rent commencement date in 2005 through 2015. In May 2009, the Airport approved the two-year lease extension through March 2017. • In January 2015, the Board of Supervisors authorized an amendment to Bayport’s lease for (a) a new premise to replace its concession location in Terminal 3 that was scheduled for demolition as part of the Terminal 3 East Renovation Project and (b) a new ten-year lease for the Willow Creed Woodfire Pizza concession in Terminal 3. The Airport has since determined that the location that it planned to grant Bayport is no longer available due to further changes to Terminal 3 East’s design. • The Airport has further determined that, due to additional Airport renovations, it needs to relocate Bayport’s facility in Terminal 1. • The proposed second amendment approves (a) relocation of the two concessions to new locations in Terminal 1 and Terminal 3 and increases the total square footage for the two concession locations from 2,073 square feet to 2,287; and (b) modifies the lease term for the Terminal 3 location and extends the lease term for the Terminal 1 location by approximately two years and five months. According to the Airport, the Airport proposes to extend the existing lease term for the Willow Creek Woodfire Pizza concession in Terminal 1 by two years and five months without undergoing a competitive process because the Airport anticipates closing the new location in approximately September 2019 due to construction as part of the Terminal 1 Renovation Program. | |
| Fiscal Impact | |
| <ul style="list-style-type: none"> • The Airport estimates that Bayport will pay percentage rent to the Airport of \$407,260 in 2015. • The Airport will reimburse Bayport for the renovation of the new location in Terminal 1 at an estimated cost to the Airport of \$889,500, or \$593 per square foot for the 1,500 square foot location. | |
| Recommendations | |
| <ul style="list-style-type: none"> • Amend the proposed resolution to delete reference to the new MAG of \$127,465 because the second amendment does not modify the MAG. • Approve the proposed resolution, as amended. | |

MANDATE STATEMENT

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

BACKGROUND

In December 2003, the Board of Supervisors approved a lease agreement between the San Francisco International Airport (Airport) and Bayport Concessions, LLC (Bayport) for the operation of two Willow Creek Woodfire Pizza concessions in Terminals 1 and 3, together totaling 2,073 square feet. The lease term was for ten years from the rent commencement date in 2005 through 2015 and provided one two-year option to extend the lease through 2017. In May 2009, the Airport approved the two-year lease extension through March 2017.

Willow Creek Woodfire Pizza in Terminal 3

The Airport began a 22-month renovation of Terminal 3 from February 2014 to November 2015 as part of the Terminal 3 East Renovation Project. As part of the renovation, the Airport closed the existing Willow Creek Woodfire Pizza concession and planned for the relocation of the concession to a new location in Terminal 3 after completion of the renovation.

The Board of Supervisors approved the first amendment to the existing lease between Bayport and the Airport in January 2015 (File 14-0946), suspending the MAG during the renovation period and providing a new ten-year lease term. The lease term for the Willow Creek Woodfire Pizza concession in Terminal 3 is from approximately January 2016, when the location is scheduled to open, to January 2026.

The Airport has since determined that Willow Creek Woodfire Pizza's intended replacement space in Terminal 3 is no longer available due to further changes in the Terminal 3 East Renovation Project. The Airport has identified a new Willow Creek Woodfire Pizza replacement space in Terminal 3 Boarding Area F, which will be available in September 2015. The Airport anticipates the Willow Creek Woodfire Pizza concession to open in this space in January 2016. The Airport suspended payment required for this space until Bayport opens the concession.

Willow Creek Woodfire Pizza in Terminal 1

The Airport has also determined that it needs to permanently close the Willow Creek Woodfire Pizza location in Terminal 1 Boarding Area B in approximately June 2016 due to the Terminal 1 Renovation Project. The Airport has identified a Willow Creek Woodfire Pizza replacement space in Terminal 1 Boarding Area B, which will be available in June 2016.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution approves the second amendment to the existing lease between Bayport and the Airport to relocate the two Willow Creek Woodfire Pizza concessions to new locations in Terminals 1 and Terminal 3, respectively. The total leased space would increase by 214 square feet, from 2,073 square feet to 2,287 square feet, as shown in Table 1 below.

Table 1: Changes to Willow Creek Woodfire Pizza Square Feet

| | Current | Proposed | Increase |
|--------------|--------------|--------------|------------|
| Terminal 1 | 1,440 | 1,500 | 60 |
| Terminal 3 | 633 | 787 | 154 |
| Total | 2,073 | 2,287 | 214 |

The proposed second amendment increases the total lease term for each of the two Willow Creek Woodfire Pizza concessions in Terminal 1 and Terminal 3, as shown in Table 2 below.

Table 2: Lease Terms under Proposed Second Amendment

| | Willow Creek Grill Location in Terminal 1 | Willow Creek Grill Location in Terminal 3 |
|--|--|--|
| Rent Commencement Date | May 2005 | March 2005 |
| Current Termination Date | March 2017 | January 2026 ¹ |
| Total Current Lease Term | 11 years 10 months | 20 years 10 months |
| Second Amendment Termination Date | September 2019 | January 2023 |
| Options to Extend | none | Three 1-year options to January 2026 |
| Total Second Amendment Lease Term | Approximately 14 years 5 months | 20 years 10 months |

¹ Previously approved by the Board of Supervisors in January 2015.

Lease Termination Date for Willow Creek Woodfire Pizza in Terminal 1

Under the proposed second amendment, the lease termination date for the Willow Creek Woodfire Pizza concession in Terminal 1 is extended by two years and five months from March 2017 to September 2019 without undergoing a new competitive process. According to Mr. Tomasi Toki, Principal Property Manager for Revenue Development and Management, the Airport proposes to extend the existing lease term for the Willow Creek Woodfire Pizza concession in Terminal 1 by two years and five months without undergoing a competitive process because the Airport anticipates closing the new location in approximately September 2019 due to construction as part of the Terminal 1 Renovation Program. Mr. Toki states that it would not be possible to undergo a competitive process to select a new tenant for this concession location for the two year and five month period prior to the beginning of Airport construction.

FISCAL IMPACT

Under the original lease, Bayport Concessions, LLC, pays the Airport the greater of (1) percentage rent based on gross revenues of the two Willow Creek locations, or (2) the Minimum Annual Guarantee (MAG), adjusted annually by the Consumer Price Index (CPI).

In 2014, the two locations generated \$5,571,560 in gross revenues and Bayport paid the Airport percentage rent of \$394,482.

The Airport estimates that Bayport will pay percentage rent to the Airport of \$407,260 in 2015. This estimate is based on revenues generated by the Willow Creek Woodfire Pizza concession in Terminal 1 in 2014 and the increase in square footage in 2015 under the second amendment.

The Airport is responsible for reimbursing Bayport for the costs of renovating the Terminal 1 location because the Airport requested relocation of the Willow Creek Woodfire Pizza concession in Terminal 1. According to Mr. Toki, the estimated costs to the Airport for this renovation are \$889,500, or \$593 per square foot of the 1,500 square foot location.

Although the proposed resolution states that the second amendment provides for a “new Minimum Annual Guarantee of \$127,465”, the second amendment does not revise the MAG provisions contained in the original lease. Therefore, the resolution should be amended to delete reference to the new MAG of \$127,465.

RECOMMENDATIONS

1. Amend the proposed resolution to delete reference to the new MAG of \$127,465.
2. Approve the proposed resolution as amended.

| | |
|--|---|
| Item 18 File 15-0671 | Department: San Francisco International Airport (Airport) |
| EXECUTIVE SUMMARY | |
| <p>Legislative Objectives</p> <ul style="list-style-type: none"> • The proposed resolution approves the first amendment to the existing lease between the Airport and Gotham Enterprises, LLC (Gotham) to (a) relocate the coffee concession in Terminal 1 Boarding Area B, consisting of 502 square feet of space, to another location in Terminal 1 of the same square footage, and (b) extend the lease termination date by one year and ten months from the current termination date of November 2017 to the new termination date of September 2019. <p>Key Points</p> <ul style="list-style-type: none"> • In December 2003, the Airport awarded a lease to Gotham to operate three specialty coffee concessions at the airport, including a 502 square foot facility in Terminal 1 Boarding Area B. In May 2009, the Airport approved the early exercise of the option to extend the term of the lease through November 2017. • The Terminal 1 Redevelopment Program requires the permanent closure of facilities in a designated portion of Terminal 1, Boarding Area B on or around June 2016, including one of Gotham's Peet's Coffee concession. • In April 2015, the Airport approved new replacement premises in Terminal 1 for Gotham's location, which will become available on or around June 2016, as well as an extension of its lease term through September 2019 or until the Airport closes the remaining portions of Terminal 1 Boarding Area B. The Airport proposes to extend the existing lease term for the coffee concession in Terminal 1 by one year and ten months without undergoing a new competitive process because the Airport anticipates closing the new location in approximately September 2019 due to construction as part of the Terminal 1 Renovation Program. <p>Fiscal Impact</p> <ul style="list-style-type: none"> • Under the existing lease, Gotham pays the Airport the greater of (1) percentage rent based on gross revenues or (2) the Minimum Annual Guarantee (MAG) of \$126,800. • Based on gross revenues in calendar year 2014, the Airport estimates Gotham Enterprises will pay percentage rent of \$1,048,335. • The Airport is responsible for reimbursing Gotham for the costs of renovating its Terminal 1 location. The Airport estimates the cost to be \$369,974, or \$737 per square foot for the 502 square foot location. <p>Recommendations</p> <ul style="list-style-type: none"> • Amend the proposed resolution to delete reference to the MAG of \$26,892 because the first amendment to the lease does not revise the MAG provisions of the original lease. • Approve the proposed resolution as amended. | |

MANDATE STATEMENT

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

BACKGROUND

In December 2003, the Board of Supervisors approved a lease agreement between the San Francisco International Airport (Airport) and Gotham Enterprises, LLC (Gotham) for the operation of three specialty coffee concessions at the airport, totaling 2,367 square feet. The lease term was for eleven years and two months from the lease commencement date in September 2004 to November 2015. The lease included an option for the Airport to extend the term by two years. In May 2009, the Airport approved an early exercise of the option, extending the lease to November 2017.

The Terminal 1 Redevelopment Program requires the closure of Gotham's coffee concession in Terminal 1 Boarding Area B, consisting of 502 square feet, on or around June 2016. The Airport has identified a replacement location in Terminal 1, consisting of 502 square feet, which will become available on or around June 2016.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution approves the first amendment to the existing lease between the Airport and Gotham to (a) relocate the coffee concession in Terminal 1 Boarding Area B, consisting of 502 square feet of space, to another location in Terminal 1 of the same square footage, and (b) extend the lease termination date by one year and ten months from the current termination date of November 2017 to the new termination date of September 2019.

According to Mr. Tomasi Toki, Principal Property Manager for Revenue Development and Management, the Airport proposes to extend the existing lease term for the coffee concession in Terminal 1 by one year and ten months without undergoing a new competitive process because the Airport anticipates closing the new location in approximately September 2019 due to construction as part of the Terminal 1 Renovation Program. Mr. Toki states that it would not be possible to undergo a competitive process to select a new tenant for this concession location for the one year and ten month period prior to the beginning of Airport construction.

FISCAL IMPACT

Under the existing lease, Gotham Enterprises, LLC, pays the Airport the greater of (1) percentage rent based on gross revenues of the three concession locations, or (2) the Minimum Annual Guarantee (MAG), adjusted annually by the Consumer Price Index (CPI).

According to the Airport, Gotham's three concession locations generated \$9,094,455 in gross revenues in the calendar year 2014. Gotham paid the Airport percentage rent of \$962,974, which was \$838,603 more than the 2014 MAG of \$124,371. The Airport estimates that Gotham

will pay \$1,048,335 in rent to the Airport in 2015, \$921,535 more than the 2015 MAG of \$126,800.

The Airport is responsible for reimbursing Gotham for the costs of renovating its Terminal 1 location because the Airport requested the relocation. According to Mr. Toki, the estimated costs to the Airport for this renovation are \$369,974, or \$737 per square foot of the 502 square foot location.

Although the proposed resolution states that the first amendment provides for “any adjustment to the Minimum Annual Guarantee of \$26,892”, the first amendment does not revise the MAG provisions contained in the original lease. Therefore, the resolution should be amended to delete reference to the MAG of \$26,892.

RECOMMENDATIONS

1. Amend the proposed resolution to delete reference to the adjustment to the MAG of \$26,892.
2. Approve the proposed resolution as amended.

| | |
|---|---|
| Item 10 File 15-0700 | Department: Public Utilities Commission (PUC) |
| EXECUTIVE SUMMARY | |
| <p>Legislative Objectives</p> <p>The proposed resolution would (1) approve a Purchase and Sale Agreement between the City and County of San Francisco and the Kaiser Foundation Hospitals for the acquisition of two easements located in San Mateo County and owned by the Kaiser Foundation Hospitals for \$53,900 to be used for the San Francisco Public Utilities Commission’s Regional Groundwater Storage and Recovery Project; and (2) adopt findings that the purchase of the Easements is consistent with the City’s General Plan and the eight priority policies of San Francisco Planning Code, Section 101.1.</p> <p>Key Points</p> <ul style="list-style-type: none"> • In 2012, the San Francisco Public Utilities Commission initiated the Regional Groundwater Storage and Recovery Project (Project). The Project consists of the construction of 16 groundwater wells and well stations with total capacity of 7.2 million gallons of water to be used as a regional dry-year water supply. The estimated Project cost is \$133,580,000, and is scheduled to be completed in July 2018. • Construction for the Project requires that the City and County of San Francisco acquire two easements across portions of property owned by the Kaiser Foundation Hospitals, located in San Mateo County. • Under the Purchase and Sale Agreement, the City would purchase two Easements, including one temporary construction easement and one permanent telephone and electrical easement, at a total cost of \$53,900 from the Kaiser Foundation Hospitals for use by the San Francisco Public Utilities Commission for its Regional Groundwater Storage and Recovery Project. <p>Fiscal Impact</p> <ul style="list-style-type: none"> • Funding for the \$53,900 was previously appropriated by the Board of Supervisors under the Water System Improvement Program. <p>Recommendation</p> <ul style="list-style-type: none"> • Approve the proposed resolution. | |

MANDATE STATEMENT

Administrative Code Section 23.4 provides that acquisitions of real property are subject to Board of Supervisors approval.

BACKGROUND

Groundwater Storage and Recovery Project

In 2012, the San Francisco Public Utilities Commission (SFPUC) initiated the Regional Groundwater Storage and Recovery Project (Project). The Project consists of the construction of 16 groundwater wells and well stations with total capacity of 7.2 million gallons of water to be used as a regional dry-year water supply. The wells will connect the SFPUC's water transition system to water systems of Daly City, the City of San Bruno and the California Water Service Company. The estimated Project cost is \$133,580,000, and is scheduled to be completed in July 2018. The Project is part of the SFPUC's Water System Improvement Program (WSIP), a \$4.8 billion program to repair, replace, and seismically upgrade SFPUC's water infrastructure.

The Board of Supervisors previously appropriated \$113,580,000 in Water Revenue Bonds for the Project¹. In October 2014, the Board of Supervisors adopted findings related to the California Environmental Quality Act (CEQA) and the San Francisco Planning Commission's General Plan findings for the Project (File No. 14-0945).

Acquisition of Easements

Construction for the Project requires that the City and County of San Francisco acquire two easements (Easements) across portions of property owned by Kaiser Foundation Hospitals, located San Mateo County. The Real Estate Division retained Associated Right of Way Services, Inc., to appraise the acquisition of the Easements. Associated Right of Way Services, Inc. is a consulting firm specializing in acquisition of property for public projects². On August 12, 2014, the SFPUC approved the proposed acquisition of the Easements.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would (1) approve a Purchase and Sale Agreement between the City and County of San Francisco and the Kaiser Foundation Hospitals for the acquisition of two Easements located in San Mateo County and owned by the Kaiser Foundation Hospitals for \$53,900 to be used for the SFPUC's Regional Groundwater Storage and Recovery Project; (2)

¹ Files 10-0337, 11-1031, 13-0483 appropriated funds for the Project, and additional monies were funded from previous WSIP appropriations in files 92-10, 104-03, 65-04, 54-05, 196-05, 89-06, 22-07, 53-08, 247-08, 311-08, 37-09, and 230-11.

² The appraisal value was determined by comparing four sales of similar properties throughout the Bay Area. The price for these sales ranged from \$21.42 to \$74.51 per square foot. Value of the subject property was determined to be \$60 per square foot at its highest and best use. However, the subject property is currently used as a hospital, which limits its future use, thus reducing its value to an average price of \$5.16 per square foot.

adopt findings that the purchase of the Easements is consistent with the City's General Plan and the eight priority policies of San Francisco Planning Code, Section 101.1³.

CEQA Findings and City's General Plan

As stated previously, the Board of Supervisors adopted CEQA findings and the San Francisco Planning Commission's General Plan Findings for the Project in October 2014. The proposed resolution would find that the acquisition of the Easements is within the scope of the Project analyzed in the CEQA findings and the Planning Commission's findings that the Project is consistent with the City's General Plan and Planning Code. According to Mr. Joshua Keene, Project Manager at the Real Estate Department, easements were considered to be the appropriate transaction to secure rights to use the subject property because they are irrevocable, unlike a lease which does not confer the same level of protection. Mr. Keene further states that the use of easements is standard for construction projects, which require high fixed costs of capital, and require a higher level of protection for a project to move forward.

FISCAL IMPACT

Purchase and Sale Agreement for Easements

Under the Purchase and Sale Agreement, the City would purchase two easements, including one temporary construction easement and one permanent telephone and electrical easement, at a total cost of \$53,900 from the Kaiser Foundation Hospitals for use by the SFPUC for its Regional Groundwater Storage and Recovery Project. Table 1 below summarizes the two easements to be purchased.

Table 1: Purchase of Easements

| Easement | Square Feet | Approximate Price per Square Foot | Amount |
|---|--------------------|--|-----------------------------|
| Temporary Construction Easement | 9,525 | \$4.48 | \$42,691 |
| Permanent Telephone and Electrical Easement | 930 | \$12.00 | 11,160 |
| Total | 10,455 | \$5.16* | \$53,900⁴ |

*Average per square foot cost

³ The Eight Priorities of City Planning Code Section 101.1 include: (1) Existing neighborhood-serving retail uses must be preserved and enhanced, and future opportunities for resident employment in and ownership of such businesses enhanced; (2) existing housing and neighborhood character be conserved and protected in order to preserve the cultural and economic diversity of our neighborhoods; (3) the City's supply of affordable housing be preserved and enhanced; (4) commuter traffic not impede Muni transit service or overburden our streets or neighborhood parking; (5) that a diverse economic base be maintained by protecting our industrial and service sectors from displacement due to commercial office development, and that future opportunities for resident employment and ownership in these sectors be enhanced; (6) the City achieve the greatest possible preparedness to protect against injury and loss of life in an earthquake; (7) that landmarks and historic buildings be preserved; and (8) parks and open space and their access to sunlight and vistas be protected from development.

⁴ The total purchase price of all seven easements is \$53,851. However, the negotiated sale price was rounded up to \$53,900.

As shown in Table 1 above, based on 10,455 square feet at an average cost of \$5.16 per square foot, as determined by an appraisal firm, the cost of acquiring the easements is \$53,900. Funding for the \$53,900 was previously appropriated by the Board of Supervisors under the Water System Improvement Program.

The temporary construction easement expires after nine months, and the SFPUC has the option to extend the term for an additional six months on a month-to-month basis, for a total term of fifteen months. SFPUC will continue to pay the same rate for the easement during the extension period. Mr. Carlos Jacobo, Budget Director for SFPUC, states that any additional cost to extend the term for the construction easement is included in the Project budget.

RECOMMENDATION

Approve the proposed resolution.

Item 11
File 15-0734

Department:
 Administrative Services, Real Estate Division

EXECUTIVE SUMMARY

Legislative Objectives

- Resolution authorizing the acquisition of real property located near the intersection of South Van Ness Avenue and 16th Street for \$18,500,000; adopting findings under the California Environmental Quality Act (CEQA); and adopting findings that the acquisition is consistent with the City's General Plan and Eight Priority Policies of City Planning Code Section 101.1.

Key Points

- The existing private owners have fully entitled the property with the environmental reviews, remediation plan, and required demolition and site permits. In October 2014, the site was approved by the Planning Commission for development of a seven-story mixed use 72-unit housing project, including ground floor commercial space and a below-ground parking garage (Motion No. 19250).
- The City's purchase of this property would enable the development of 72 units of 100% affordable rental housing for families who make no more than 50% of the Area Median Income (AMI).

Fiscal Impact

- As of June 29, 2015, an appraisal determined the fair market value for the subject 490 South Van Ness property ranges from \$16,685,000 to \$18,500,000.
- The purchase price of \$18,500,000 will be reduced by \$462,500, the amount of the City's real estate property transfer tax that would otherwise be due on the transaction, because the City is exempt from payment of this tax. Therefore, the City's adjusted cost to purchase 490 South Van Ness is \$18,037,500 (\$18,500,000 less \$462,500).
- The City's Affordable Housing Fund would provide funding for the purchase of 490 South Van Ness, which receives impact fees from developers that pay into this Fund in-lieu of constructing affordable housing on-site and Jobs Housing Linkage Program fees. This Fund currently has an unencumbered balance of approximately \$47 million.

Policy Consideration

- The City's current affordable housing policies include increasing production of housing available to very low and low-income households by targeting investments to maximize leveraging of outside funds and accelerating affordable housing production by investing in "shovel-ready" projects, which is consistent with the proposed acquisition and development of the 490 South Van Ness property.

Recommendations

- Amend the proposed resolution to reflect an \$18,500,000 purchase price, with a credit to reflect the City's exemption from paying the City's real estate property transfer tax, resulting in an adjusted City cost of \$18,037,500.
- Approve the proposed resolution as amended.

MANDATE STATEMENT**Mandate Statement**

City Charter Section 9.118(b) requires that contracts or agreements entered into by a City or County department, board or commission requiring anticipated expenditures of \$10,000,000 or more be subject to approval by the Board of Supervisors.

City Administrative Code Sections 2A.110 and 23.1 require that all City departments conduct all negotiations through the Director of Property, that the Director of Property be in charge of the acquisition, sale or lease of any real property for the City and County of San Francisco, and in the acquisition of property, the Director of Property make preliminary appraisals of the value of the property to be acquired. Administrative Code Section 23.4 provides that the Director or Assistant Director of Property be authorized to accept and consent to deeds or other instruments of real property to the City that are approved by the Board of Supervisors.

BACKGROUND

On April 27, 2015, Mayor Lee, Supervisor Campos, Mr. Olson Lee, Director of the Mayor's Office of Housing and Community Development (MOHCD), Mr. John Updike, Director of Real Estate, community stakeholders and other City officials, took a walk in the Mission District to identify potential sites for the City to develop affordable housing. During this walk, 490 South Van Ness was identified as a potential site for the development of City affordable housing. The 490 South Van Ness site, near the intersection with 16th Street in the Mission District, contains approximately 14,250 square feet of space.

This property was previously used as a gasoline station, and is currently vacant, other than an approximately 450 square foot single story auto repair shop, with gas station canopy and footings. On March 21, 2013, the Department of Public Health (DPH) issued a completion certificate to the current owners regarding the required corrective action to remove the eight underground storage tanks formerly located on the site. The existing private owners have now fully entitled this property with the necessary environmental reviews, remediation plan, and required demolition and site permits. In October 2014, the site was approved by the Planning Commission for development of a seven-story mixed use 72-unit housing project, including ground floor commercial space and a below-ground parking garage (Motion No. 19250).

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would authorize the City's acquisition through a Purchase and Sale Agreement of real property located at 490 South Van Ness Avenue near the intersection with 16th Street for \$18,500,000; adopt findings under the California Environmental Quality Act (CEQA); and adopt findings that the acquisition is consistent with the City's General Plan and Eight Priority Policies of City Planning Code Section 101.1.

Under the proposed resolution, the Board of Supervisors would authorize the City, through the Real Estate Division, to purchase the real property at 490 South Van Ness (Assessor's Block 3553, Lot 008), from LP, Benicia Lake LLC and Maurice Casey, the current owners of the

property, for a purchase price of \$18,500,000, for the development of affordable housing. The proposed resolution authorizes the Director of Property to execute a Purchase and Sale Agreement on behalf of the City, and any related documents to complete the purchase transaction of 490 South Van Ness.

The 490 South Van Ness Avenue property would be used to develop a City-owned seven story, 72-unit residential development including 655 square feet of ground floor retail space. According to Mr. Kevin Kitchingham, Project Manager in MOHCD, the residential development would include 72 apartment units which would be 100% affordable rental housing for families who make no more than 50% of the Area Median Income (AMI). Mr. Kitchingham advises that 20% of the housing units would be set aside for homeless families making less than 30% AMI.

If the proposed resolution is approved, Mr. Kitchingham estimates the acquisition of the property would be completed by the end of August 2015. The City, through the MOHCD, then anticipates issuing a Request for Proposals (RFP) in the fall of 2015 to non-profit organizations to develop and manage the site for affordable housing. Under this arrangement, the City would own the land, a non-profit housing developer would construct and manage the property, and in order to fully develop the site for affordable housing private tax credit investment partnerships would likely fund the cost of the development and hold the deed to the property.

Construction is projected to begin in the spring of 2016 and estimated to take 18-21 months to complete. Occupancy of this new affordable housing project is anticipated to occur by the end of 2017.

CEQA and Planning Approvals

On June 30, 2015, the Planning Department determined that the purchase of 490 South Van Ness Avenue is categorically exempt from the California Environmental Quality Act (CEQA) and is consistent with the City's General Plan and the eight priority policies of Planning Code Section 101.1. Under the proposed resolution the Board of Supervisors would adopt the findings contained in the June 30, 2015 Planning Department documents regarding CEQA, the City's General Plan and Planning Code Section 101.1.

FISCAL IMPACT

Appraisal Value of Property

In June, 2015, the Real Estate Division retained Clifford Advisory, LLC¹, to conduct an independent appraisal of the 490 South Van Ness property. The appraisal determined the fair market value for the subject property at 490 South Van Ness as of June 29, 2015 ranges from \$16,685,000 to \$18,500,000. As noted above, the proposed resolution would approve the sale of 490 South Van Ness for \$18,500,000.

¹ The Real Estate Division retained Clifford Advisory, LLC to complete six appraisal reports for six potential acquisition properties in the Mission District for a total cost of \$13,000.

Transfer Tax

The Purchase and Sale Agreement specifies that the purchase price of \$18,500,000 will be reduced by a credit of \$462,500, the amount of the City's real estate property transfer tax that would otherwise be due on the transaction, pursuant to Section 1105 of the City's Business and Tax Regulations Code. Section 1105 of the City's Business and Tax Regulations Code exempts payment of the City's transfer tax for the purchase of private property by the City and County of San Francisco. As a result, the City's General Fund will not receive the \$462,500 transfer tax revenues for this transaction.

The adjusted purchase price for 490 South Van Ness is \$18,037,500 (\$18,500,000 less \$462,500). The proposed resolution should therefore be amended to reflect that although the purchase price is \$18,500,000, the City will receive a credit of \$462,500 based on the City's exemption from paying the transfer tax, which will result in an adjusted cost of \$18,037,500 to the City.

Other Potential Costs

The City would be responsible for paying costs of a survey (if necessary), title insurance and escrow and recording fees, which Mr. John Updike, Director of the Real Estate Division estimates would cost up to \$16,000.

Source of Funding for Acquisition of Property

Mr. Kitchingham advises that the City's source of the \$18,037,500 to purchase the subject site would be the City's Affordable Housing Fund, which receives impact fees from developers that pay into this Fund in-lieu of constructing affordable housing on-site of their developments. The Affordable Housing Fund also includes Jobs Housing Linkage Program proceeds, another set of impact fees paid by developers. Mr. Benjamin McCloskey, Deputy Director of the MOHCD advises that the current unencumbered balance in the City's Affordable Housing Fund is approximately \$47 million.

Costs and Sources of Funding for Total Project Development

According to Mr. Kitchingham, the estimated total project cost for the subject 490 South Van Ness 72-unit affordable housing project would be approximately \$64 million. Of the total estimated \$64 million, approximately \$30 million, which includes the proposed \$18.5 million for the purchase of the site, would be funded by the City, through various available affordable housing funds. The balance of the \$34 million cost is projected to be primarily funded through (a) State Affordable Housing for Sustainable Communities financing, available from cap and trade proceeds², (b) Federal Low Income Housing Tax Credit Program, a well-established financing mechanism which provides tax credit equity funds for affordable housing projects, and (c) Federal Home Loan Bank's Affordable Housing Program.

² The California Department of Housing and Community Development recently announced the availability of approximately \$120 million for the Affordable Housing and Sustainable Communities Program, by investing in projects that reduce greenhouse gas emissions that support compact, infill development, encourage transportation and transit use and reduce sprawl. Funding for this new Program would be provided from the Greenhouse Gas Reduction Fund, an account established to receive Cap-and-Trade auction proceeds.

POLICY CONSIDERATION

Mr. Kitchingham advises that the City's current affordable housing policies include:

- Increasing the production of housing available to very low and low-income households in order to make progress toward meeting the City's goals established by the Association of Bay Area Governments in its Regional Housing Needs Assessment;
- Targeting housing investments in neighborhoods, such as the Mission District, that are experiencing rapidly rising housing costs in order to stabilize communities and minimize displacement;
- Leveraging City funds by maximizing the use of federal, state and private funds; and
- Accelerating affordable housing production by investing in "shovel-ready" projects.

The proposed acquisition and subsequent development of the subject 490 South Van Ness property addresses the above-noted City's affordable housing policies, by providing 72 family-sized residential apartments to households earning up to 50% of the Area Median Income, including 20% to formerly homeless families, within an expedited timeframe, in a neighborhood experiencing rapidly rising housing costs.

RECOMMENDATIONS

1. Amend the proposed resolution to reflect an \$18,500,000 purchase price, with a credit to reflect the City's exemption from paying the City's real estate property transfer tax, resulting in an adjusted City cost of \$18,037,500.
2. Approve the proposed resolution as amended.

| | |
|--|---|
| Item 13 File 15-0673 | Department: General Services Agency - Department of Public Works (DPW) |
| EXECUTIVE SUMMARY | |
| <p style="text-align: center;">Legislative Objectives</p> <ul style="list-style-type: none"> • The proposed resolution would approve three emergency public works contracts under Administrative Code Section 6.60 with Cotton, Shires and Associates, Inc., ARUP North America Limited, and GeoStabilization International for the Telegraph Hill Rock Slope Improvement Project, with a total aggregate amount not to exceed \$6,094,016. <p style="text-align: center;">Key Points</p> <ul style="list-style-type: none"> • The Department of Public Works (Public Works) developed the Telegraph Hill Rock Slope Improvement Project as an emergency project to stabilize Telegraph Hill, which in January 2012 experienced a 200-ton rockslide. • In July 2014 Public Works declared an emergency to expedite the work on the affected area of Telegraph Hill so that work could begin prior to the 2014 rainy season. • Public Works subsequently entered into three emergency contracts with Cotton, Shires and Associates, Inc., ARUP North America Limited, and GeoStabilization International to complete the project for a total aggregate amount not to exceed \$5,920,709. • The Telegraph Hill Rock Slope Improvement Project was completed on June 19, 2015. <p style="text-align: center;">Fiscal Impact</p> <ul style="list-style-type: none"> • The total estimated cost for the Telegraph Hill Rock Slope Improvement Project is \$6,550,445, of which approximately \$6,000,000 is for the three emergency contracts, \$350,000 is for internal labor, and \$200,445 is for other costs. <p style="text-align: center;">Policy Considerations</p> <ul style="list-style-type: none"> • On June 23, 2015, the Board of Supervisors approved Ordinance No. 108-15 stating that if the estimated cost of the emergency exceeds \$250,000, the proposed resolution approving the emergency determination must be submitted to the Board of Supervisors within 60 days of the department head's emergency declaration. <p style="text-align: center;">Recommendations</p> <ul style="list-style-type: none"> • Amend the proposed resolution to delete the incorrect contract amount of \$336,771 with Cotton, Shires and Associates, Inc. and add the correct contract amount of \$501,255. • Amend the proposed resolution to delete the incorrect contract amount of \$4,441,609 with GeoStabilization International and add the correct contract amount of \$5,093,165. • Amend the proposed resolution to delete the incorrect not-to-exceed amount of \$6,094,016 and add the correct not-to-exceed amount of \$5,920,709. • Approve the resolution as amended. | |

MANDATE STATEMENT / BACKGROUND**Mandate Statement**

Administrative Code Section 6.60(D) states that contracts entered into for emergency work in the amount of \$250,000 or more are subject to Board of Supervisors approval. Section 6.60(D) currently states that if the emergency does not permit approvals prior to undertaking the emergency work, department heads may enter into agreement(s), and seek approval from the Board of Supervisors as soon thereafter as possible.

The Administrative Code defines an “actual emergency” as a sudden, unforeseeable, and unexpected occurrence involving a clear and imminent danger, demanding immediate action to prevent or mitigate loss of or damage to life, health, property, or essential public services. An actual emergency also means the discovery of any condition involving a clear and imminent danger to public health or safety, and demanding immediate action.

Background

For many years the sloped and unimproved portions of Lombard Street below Coit Tower and between Telegraph Hill Boulevard and Montgomery Street and adjacent properties have undergone erosion and rock slides. The City and adjacent private property owners have undertaken various efforts to stabilize portions of Telegraph Hill in this area, including the installation of a rock catchment fence, debris removal, and slope protection. Despite these efforts, the steeply sloped area continues to be problematic with occasional slides, although past winters’ drought conditions have contributed only minor saturation to Telegraph Hill.

In January 2012 during a period of continuous heavy rain, there was a 200-ton rockslide from the northwest slope of Telegraph Hill, above Lombard and Winthrop Streets and below Pioneer Park and Coit Tower, onto Lombard Street. The City took immediate measures to temporarily secure the area. Immediately after the rockslide, the Department of Public Works (Public Works) hired engineering consultants ARUP North America Limited on behalf of the Recreation and Park Department (RPD) to assess the geotechnical condition of the site. According to Ms. Julia Dawson, Deputy Director of Finance and Administration at Public Works, ARUP North America Limited finalized the engineering report in January 2013. Public Works then authorized them to develop construction plans to stabilize the hillside in 2014. According to Ms. Dawson, these plans were finished in July 2014.

Emergency Declaration and the Telegraph Hill Rock Slope Improvement Project

After the completion of the construction plans, Public Works, RPD, the Department of Building Inspection (DBI), and the geotechnical consultants agreed that the work to stabilize the most unstable portion of the hillside needed to begin as soon as possible, ideally before the start of the 2014 rainy season. On July 7, 2014 the Director of Public Works issued Public Works Order No. 1822776 declaring an emergency to expedite the stabilization work on the affected areas of Telegraph Hill. This emergency Telegraph Hill Rock Slope Improvement Project includes City property under the jurisdiction of RPD on the south side of Lombard Street, City property under

the jurisdiction of Public Works for the Lombard Street right-of-way, and private property under the jurisdiction of DBI located on the north side of Lombard Street at Block 0060/Lot 005.

Following the emergency declaration, Public Works entered into three emergency contracts with (1) Cotton, Shires and Associates, Inc. on July 7, 2014, (2) ARUP North America Limited on July 10, 2014, and (3) GeoStabilization International on October 27, 2014 to complete the Project.

- (1) Cotton, Shires and Associates, Inc., a geotechnical consultant, completed a design to stabilize the portion of the hillside on Block 0060/Lot 005 for 260 Lombard Street LLC, the private property owner, in May 2014. A Mitigation Work Agreement between the City and 260 Lombard Street LLC dated August 13, 2014 required Public Works to retain Cotton, Shires and Associates in the Telegraph Hill Rock Slope Improvement Project to provide construction support at Block 0060/Lot 005 to ensure the construction work on-site would be performed in accordance with the design paid for by the owner. Cotton, Shires and Associates, Inc. also provided engineering construction support in the northern Lombard Street right-of-way, which is under the jurisdiction of Public Works and adjacent to the private property.
- (2) ARUP North America Limited completed a design to stabilize the portion of the hillside under the jurisdiction of RPD and in the southern Lombard Street right-of-way in June 2014. ARUP North America Limited is a Public Works as-needed engineering consultant whose services were procured through a competitive process. Public Works negotiated an emergency contract to retain the firm to provide construction support based on time and materials, using the same rates in the ARUP North America Limited as-needed service contract.

Based on the designs developed in May and June of 2014 by ARUP North America Limited and Cotton, Shires and Associates, Inc., Public Works developed a construction specification document and solicited qualifications and cost proposals from nine qualified contractors to perform the geotechnical construction work to stabilize the hillside. Public Works received four proposals on August 8, 2014.

- (3) GeoStabilization International was one of the four contractors that submitted proposals to Public Works to perform the construction work. Public Works evaluated the proposals based on price, qualifications, safety record, and method of construction, and selected the highest-scoring contractor, GeoStabilization International. According to Mr. Rinaldi Wibowo, Project Manager at Public Works, GeoStabilization International's final negotiated contract price of \$3,870,039 was lower than any of the four original submitted proposals.

The emergency contract with GeoStabilization International was awarded on October 27, 2014, with the notice to proceed on November 13, 2014 for 180 days, or through May 19, 2015. The contract term was extended to June 19, 2015 due to work delays related to negotiations with an adjacent property owner at 268 Lombard Street. As a result, the contracts with ARUP North America Limited and Cotton, Shires and Associates were both extended to June 19, 2015 to provide additional construction support. On June 19, 2015, the Telegraph Hill Rock Slope

Improvement Project was completed. The rock face was reinforced by installing over 400 rock anchors, 30-foot-long wire mesh anchors, wire mesh along the majority of the cliff face, and shotcrete¹ at select locations.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would approve three emergency public works contracts under Administrative Code Section 6.60 for the Telegraph Hill Rock Slope Improvement Project with (1) Cotton, Shires and Associates, Inc. for design consulting and geotechnical monitoring work, (2) ARUP North America Limited for design consulting and geotechnical monitoring work, and (3) GeoStabilization International for the construction of the project, including: scaling the rock slope, installing shotcrete facing, installing rock anchors and wire mesh netting on the exposed rock face, and all appurtenant work in accordance with drawings and specifications, for a total aggregate amount not to exceed \$6,094,016 for the consulting and construction contracts.

FISCAL IMPACT

Public Works entered into three emergency contracts to complete the Project. As shown in Table 1 below, the three original contracts totaled \$4,363,073. However, all three contractors submitted change orders, which were subsequently approved by Public Works for a total revised amount of \$5,920,709. The actual expenditures of \$4,361,362 shown in Table 1 below are through June 30, 2015; according to Mr. Wibowo, once the construction contractor and two consultant invoices are processed, the invoices are projected to total the revised contract amount of \$5,920,709.

Table 1: Contract Expenditures for the Telegraph Hill Rock Slope Improvement Project through June 30, 2015

| Contract | Original Contract | Change Orders | Revised Contract | Actuals |
|--------------------------------|--------------------------|----------------------|-------------------------|--------------------|
| ARUP North America Limited | \$263,343 | \$62,946 | \$326,289 | \$200,134 |
| Cotton, Shires and Associates | 229,691 | 271,563 | 501,255 | 335,114 |
| GeoStabilization International | 3,870,039 | 1,223,125 | 5,093,165 | 3,826,114 |
| Subtotal | \$4,363,073 | \$1,557,634 | \$5,920,709 | \$4,361,362 |

Source: Department of Public Works

The proposed resolution states that the contract amount with Cotton, Shires and Associates was \$336,771. The correct contract amount is \$501,255. The proposed resolution states that the contract amount with GeoStabilization International was \$4,441,609. The correct contract amount is \$5,093,165. The proposed resolution states that the total contract amount for the three emergency contracts is \$6,094,016; as shown in Table 1 above, the total revised contract amount is \$5,920,709.

¹ Shotcrete is concrete that is pneumatically projected at high velocity through a hose. It is used to stabilize hills and cliffs because it can be sprayed onto any shape and type of surface, including vertical or overhead areas.

All work was completed by June 19, 2015. The total estimated cost for the Telegraph Hill Rock Slope Improvement Project is \$6,550,445, of which approximately \$6,000,000 is for the three emergency contracts noted above, \$350,000 is for internal labor, and \$200,445 is for other costs. Table 2 below summarizes the funding sources and uses.

Table 2: Sources and Uses for the Telegraph Hill Rock Slope Improvement Project

| Sources | Total Estimated Cost | Actuals through June 30, 2015 |
|--|-----------------------------|--|
| RPD Capital Improvement Program FY 13-14 | \$1,017,850 | \$955,598 |
| Public Works Capital Improvement Program FY 14-15 | 2,000,000 | 1,663,685 |
| Public Works Other Capital Improvement Program | 282,595 | 215,583 |
| DBI Repair and Demolition Fund FY 14-15 ² | 2,600,000 | 1,905,285 |
| Public Works Capital Improvement Program FY 15-16 | 650,000 | 0 |
| Total Sources | \$6,550,445 | \$4,740,151 |
| Uses | | |
| Internal Labor | \$350,000 | \$263,548 |
| Consulting and Construction Costs (see Table 1 above) | 6,000,000* | 4,361,362 |
| Other Costs | 200,445 | 85,241 |
| Total Uses | \$6,550,445 | \$4,710,151 |

*The revised amount is \$5,920,709 as shown in Table 1 above.

Source: Department of Public Works

POLICY CONSIDERATION

On June 23, 2015, the Board of Supervisors approved an ordinance (File 15-0175; Ordinance No. 108-15) amending Chapter 6 of the City's Administrative Code, including Section 6.60 regarding emergency repairs, work and contracts. Under the new provisions, the department head responsible for addressing the emergency may declare an emergency with immediate notice to the Board of Supervisors, the Mayor, Controller and board or commission having jurisdiction over the emergency. In addition, if the estimated cost of the emergency exceeds \$250,000, the proposed resolution approving the emergency determination must be submitted to the Board of Supervisors within 60 days of the department head's emergency declaration.

As discussed above, the Director of Public Works declared the emergency on July 7, 2014 and the proposed resolution approving the emergency determination was submitted to the Board of Supervisors on June 18, 2015, almost a year, or 346 days after the emergency was declared.

² The Telegraph Hill Rock Slope Improvement Project includes properties under the jurisdiction of DBI for the private property located on the north side of Lombard Street at Block 0060/Lot 005. In July 2014 the Board of Supervisors approved Ordinance No. 169-14 (File 14-0627) authorizing the use of DBI's Repair and Demolition Fund as defined in Building Code Section 102A.13 for the costs associated with the private property. DBI may use this Fund to remedy unsafe conditions when a responsible property owner fails or is unable to do so. Once the construction work is complete, the owner will donate the subject property to the City.

Although the recently approved ordinance is not yet effective, it is significant to note that the proposed resolution was submitted 286 days in excess of the recently approved 60 day limit. One of the major reasons for reducing the amount of time for departments to submit their emergency resolutions to the Board of Supervisors is to allow the Board to consider the emergency nature of the contracts, shortly after the emergency is declared.

However, given that the proposed resolution was submitted almost a year after the declaration of the emergency and that all of the emergency contractual work has now been completed, the proposed resolution should be approved.

RECOMMENDATIONS

1. Amend the proposed resolution to delete the incorrect contract amount of \$336,771 with Cotton, Shires and Associates, Inc. and add the correct contract amount of \$501,255.
2. Amend the proposed resolution to delete the incorrect contract amount of \$4,441,609 with GeoStabilization International and add the correct contract amount of \$5,093,165.
3. Amend the proposed resolution to delete the incorrect not-to-exceed total amount for the consulting and construction contracts of \$6,094,016 and add the correct not-to-exceed amount of \$5,920,709.
4. Approve the proposed resolution, as amended.

| | |
|---|--|
| <p>Item 14 File 15-0727</p> | <p>Department: Police, Public Utilities Commission (PUC), Sheriff</p> |
| <p>EXECUTIVE SUMMARY</p> | |
| <p style="text-align: center;">Legislative Objectives</p> | |
| <ul style="list-style-type: none"> • The proposed ordinance appropriates \$5,033,384 to overtime and de-appropriates \$5,033,384 from permanent salaries, premium pay, and fringe benefits in the Police Department, Public Utilities Commission, and Sheriff’s Department operating budgets in order to support the Departments’ actual increases in overtime in FY 2014-2015. | |
| <p style="text-align: center;">Key Points</p> | |
| <ul style="list-style-type: none"> • At the end of Fiscal Year 2014-15, the Police Department, Public Utilities Commission and Sheriff’s Department had overages in their overtime budgets of \$4,540,000, \$193,384, and \$294,000 respectively for total overspending on overtime of \$5,027,384. The proposed ordinance rounds the total overtime spending for the Sheriff’s Department to \$300,000, resulting in a total de-appropriation and re-appropriation of \$5,033,384. • Overspending on overtime in the Police and Sheriff Departments was due to the need for additional police presence at a number of events, including the Giants Post Season and World Series parade; the Warriors play-off and victory games; the hosting of the U.S. Conference of Mayors; the Pride Celebration; and the Centennial Celebration. • Overspending on overtime in the Sheriff’s Department was also due to the completion of advanced officer training as mandated by the Board of State and Community Corrections and the Commission on Peace Officer Standards and Training. • Overspending on overtime in the Public Utilities Commission’s Wastewater Enterprise was due to operational issues including vacancies within the Wastewater position inventory that are responsible for operating the treatment facilities and high levels of long-term leaves of absence granted to staff in critical classifications, among other issues. | |
| <p style="text-align: center;">Fiscal Impact</p> | |
| <ul style="list-style-type: none"> • In each of the three departments, funds will be de-appropriated from permanent salaries, premium pay and fringe benefits and re-appropriated to overtime salaries where the overage is anticipated to occur. | |
| <p style="text-align: center;">Recommendation</p> | |
| <ul style="list-style-type: none"> • Approve the proposed ordinance. | |

MANDATE STATEMENT / BACKGROUND**Mandate Statement**

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

Administrative Code Section 3.17, which was approved by the Board of Supervisors in September 2011, requires that the Annual Appropriation Ordinance contain a separate overtime appropriation within the operating budgets of the following eight City departments: San Francisco International Airport, Department of Emergency Management, Police Department, Department of Public Health, Public Utilities Commission, Department of Public Works, Recreation and Park Department, and the Sheriff.

Administrative Code Section 3.17(b) states that the eight City departments identified above must also request a supplemental appropriation ordinance for any overtime costs in excess of the overtime included in their annual operating budgets as previously appropriated by the Board of Supervisors. Such requested supplemental appropriation ordinances are subject to Board of Supervisors appropriation approval.

Of the eight departments listed above, the Police Department, Public Utilities Commission, and Sheriff's Department incurred overtime expenses in excess of the amounts appropriated by the Board of Supervisors in the FY 2014-15 budgets.

DETAILS OF PROPOSED LEGISLATION

The proposed ordinance would authorize a supplemental appropriation of \$5,033,384 to overtime and would de-appropriate \$5,033,384 from permanent salaries, premium pay, and fringe benefits in the Police Department, Public Utilities Commission, and Sheriff's Department FY 2014-15 operating budgets in order to support the Departments' actual increases in overtime in FY 2014-2015 in excess of the overtime amount previously appropriated by the Board of Supervisors.

At the end of Fiscal Year 2014-15, the Police Department, the Public Utilities Commission (PUC) and the Sheriff's Department had overages in their overtime budgets of \$4,540,000, \$193,384, and \$294,000 respectively, as shown in Table 1 below, for total additional overtime in excess of the budgeted overtime previously appropriated by the Board of Supervisors of \$5,027,384. The proposed ordinance rounds the total for the Sheriff's department to \$300,000, which results in a total appropriation of \$5,033,384.

Table 1: Overtime Overages by Department for FY 2014-15

| Department | Overtime Overage (FY 2014-15) |
|---|--|
| Police | \$4,540,000 |
| Public Utilities Commission, Wastewater Enterprise | \$193,384 |
| Sheriff | \$294,000* |
| Total | \$5,027,384 |

Source: Proposed Ordinance

*Rounded to \$300,000 in the proposed legislation.

Police Department

According to Ms. Maureen Gannon, Police Department Chief Financial Officer, overspending by the Police Department on overtime is due to several events that required adding officers and security, including but not limited to:

- The United States Ship America Commissioning during Fleet Week that was attended by several dignitaries including the President and Vice President of the United States;
- The Giants Post Season play-off and world series games and World Series Parade held in October;
- Gatherings in commemoration of the Ferguson and Staten Island events;
- An increased number of visits by dignitaries to the City, including the Vice President and President;
- The hosting of the National Mayor’s Conference in June, which was attended by the President of the United States; and
- Warriors Post Season Watch Parties that were held throughout the City in June.

Public Utilities Commission (PUC)

According to Ms. Yolanda Alcantar, PUC Manager, overspending on overtime by the Public Utilities Commission’s (PUC) Wastewater Enterprise was due to the following operational issues:

- Vacancies in Wastewater positions that are responsible for operating the treatment facilities;
- High levels of long-term leaves of absence granted to staff in critical classifications (there are currently 30 staff members on continuous long-term leave and 10 on intermittent leave);
- Scheduled shift overtime that is directed by labor agreements and built into staff schedules at the treatment facilities;

- Excessive rain events on December 3, 2014 and December 11, 2014, which caused significant flooding within the City; and
- Unanticipated staff responses to infrastructure incidents as a result of the aging collection and treatment systems.

Ms. Alcantar also reports that overspending on overtime was due to issues associated with the following programmatic projects at Treasure Island and 525 Golden Gate:

- Overtime in support of unscheduled and as needed maintenance related to the Water Treatment Plant, Wastewater Pump Station, Stormwater Pump Station and Wastewater Collection System, and to the unscheduled and as needed duties related to the operations of Treasure Island and Yerba Buena Island Sewer Treatment Plant and Pump Stations; and

The overtime expenditures related to the city-owned 525 Golden Gate Public Utilities Commission facility are needed to support maintenance and repair activities, such as touchup painting that cannot be performed during business hours, Monday through Friday.

Sheriff's Department

According to Ms. Bree Mawhorter, Sheriff's Department Chief Financial Officer, overspending in the Sheriff's Department on overtime was due to the following events:

- The U.S. Conference of Mayors;
- The U.N. Celebration and Ruling on Marriage Equality;
- The City Hall Centennial Celebration;
- The Warriors play-off games;
- The Pride Celebration;
- High security court proceedings; and
- Completion of advanced officer training as mandated by the State Board and Community Corrections and the Commission on Peace Officer Standards and Training.

FISCAL IMPACT

Table 2 below shows the sources of the funds by department to be de-appropriated and the uses of funds to be re-appropriated under the proposed ordinance totaling \$5,033,384.

Table 2: Sources and Uses of Funds by Department

| <i>Police Department</i> | | | |
|-----------------------------|----------------------|------------------------------|---------------------------|
| | Fund | Description | Amount |
| Sources of Funds | General Fund | Premium Pay – Uniform | \$ 2,840,000 |
| | General Fund | Dependent Coverage – Uniform | \$ 1,700,000 |
| | | <i>Total</i> | \$ 4,540,000 |
| Uses of Funds | General Fund | Salaries Overtime – Uniform | \$ 4,540,000 |
| | | | |
| <i>PUC Wastewater</i> | | | |
| | Fund | Description | Amount |
| Source of Funds | CWP - Operating Fund | Permanent Salaries – Misc. | \$ 193,384 |
| Uses of Funds | CWP - Operating Fund | Overtime – Misc. | \$ 106,555 |
| | CWP - Operating Fund | Overtime – Misc. | \$ 23,321 |
| | CWP - Operating Fund | Overtime – Misc. | \$ 16,041 |
| | CWP - Operating Fund | Overtime – Misc. | \$ 47,467 |
| | | <i>Total</i> | \$ 193,384 |
| | | | |
| <i>Sheriff's Department</i> | | | |
| | Fund | Description | Amount |
| Source of Funds | General Fund | Permanent Salaries – Uniform | \$ 300,000 |
| Use of Funds | General Fund | Salaries Overtime – Uniform | \$ 300,000 |
| | | | Total \$ 5,033,384 |

Source: Proposed Ordinance

RECOMMENDATION

Approve the proposed ordinance.