Item 10 **File 17-0874**	**Department:** Port

EXECUTIVE SUMMARY

Legislative Objective

- Resolution approving and authorizing the Executive Director of the Port of San Francisco to execute a professional services agreement with CH2M Hill Engineers, Inc. for planning, engineering and environmental services for the Seawall Resiliency Project, for an amount not to exceed $39,984,714 and a term of ten years to commence on the later of October 2, 2017, or the effect date through October 1, 2027, with one one-year option to extend.

Key Points

- The City's current seawall was constructed over 100 years ago between 1879 and 1916. The seawall has eroded and deteriorated and needs to be upgraded to protect critical infrastructure from both sea level rise and seismic vulnerabilities.
- Initiated in 2015, the Port Commission approved the Seawall Resiliency Project, to initially focus on planning, program development, designing and constructing the most critical seismic and flood protection improvements by 2026, at an estimated cost of $500 million.
- Based on a recent Request for Proposal (RFP) process conducted by the Port, CH2M HILL Engineers, Inc. was the highest ranked team to provide planning, engineering and environmental services for the Seawall Resiliency Project.

Fiscal Impact

- The total 180,938 hours and $36,349,740 cost of the CH2M contract reflects an average rate of $201 per hour. An additional ten percent contingency of $3,634,974 results in a total not to exceed contract of $39,984,714. Detailed tasks are shown in the Attachment.
- Funding sources for the $39,984,714 contract include General Fund, Port capital budget, San Francisco Municipal Transportation Agency, Planning Department and other sources. To date, the project has received $9,600,000, with $5,600,000 dedicated to the contract. This leaves a remaining unfunded balance of $34,384,714. A Seawall Finance Work Group is currently pursuing various funding strategies to fully fund the Seawall Resiliency Project, estimated to cost $500 million.

Policy Consideration

- CH2M Hill Engineers may merge with Jacobs Engineering, which is based in Texas. Section 12X of the City's Administrative Code restricts City departments from entering into contracts with firms based in states that have anti-LGBTQ laws, such as Texas. The City Attorney has determined that Section 12X does not apply to the subject contract as CH2M HILL is based in Colorado, which does not have anti-LGBTQ laws.

Recommendations

- Amend the proposed resolution to delete the language on page 1, lines 7 and 8 regarding one one-year option to extend the term of the proposed agreement.
- Approve the proposed resolution as amended.

MANDATE STATEMENT

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

BACKGROUND

The City's current seawall, which extends for more than three miles on the Port's waterfront from Fisherman's Wharf to Mission Creek, was constructed over 100 years ago between 1879 and 1916. The current seawall has eroded and deteriorated and needs to be upgraded and improved to protect critical infrastructure from both sea level rise and seismic vulnerabilities. The Port is the lead agency for the restoration of the City's seawall.

Initiated in 2015, the Port's Seawall Resiliency Project is a major City and Port effort to improve the earthquake safety and performance of the City's seawall, provide near-term flood protection and plan for long-term resilience and adaptation of the northern waterfront. The northern waterfront extends from Fisherman's Wharf to Mission Creek/AT&T Park. The Port Commission has approved two major phases to this Project: (a) Phase I focuses on master planning, program development, designing and constructing the most critical seismic and flood protection improvements by 2026, which is anticipated to cost approximately $500 million; and (b) Phase II would complete improvements and/or replacement of the remainder of the seawall, including all seismic and sea level rise adaptation measures addressing infrastructure, wharves, buildings, open space, utilities, and multi-modal transportation, estimated to take more than 20 years to complete and cost $2 billion to $5 billion.

Professional Services Contract

On March 14, 2017, the Port Commission authorized a Request for Proposals (RFP) to solicit and select a multi-disciplinary architecture and engineering team to provide planning, engineering and environmental services for the Seawall Resiliency Project for a not to exceed $40,000,000. On April 24, 2017, Port staff issued the RFP. On June 2, 2017, the Port received five proposals from (1) AECOM Technical Services, Inc., (2) CH2M HILL Engineers, Inc., (3) Parsons Transportation Group, Inc., (4) Seawall Innovations (A Tetra Tech/GHD, Inc. Joint Venture), and (5) Stantec Consulting, Inc.

An evaluation panel scored the proposals and held oral interviews and found CH2M HILL Engineers, Inc. to be the highest ranked team based on their qualifications and proposal, which included a 21% commitment for Local Business Enterprise (LBE) subcontractor participation[1].

[1] The CH2M HILL Engineers LBE subcontractors include Telamon Engineering for civil engineering and surveying, Structus Inc. for structural engineering, Hollins Consulting Inc. for construction management, Geotechnical Consultants Inc. for geotechnical engineering, Civic Edge Consulting for community relations, Saylor Consulting Group for value/quality engineering, AGS Inc. for environmental advisory services, RDJ Enterpises for strategic advising and community outreach, BAYCAT for arts and technology, Sedway Consulting Inc. for real estate appraisals and Square One Productions for architectural illustrations.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would approve and authorize the Executive Director of the Port of San Francisco to execute a professional services agreement with CH2M Hill Engineers, Inc. for planning, engineering and environmental services for the Seawall Resiliency Project, for an amount not to exceed $39,984,714 and a term of ten years to commence on the later of October 2, 2017 or the effective date of the agreement through October 1, 2027, with one one-year option to extend.

Mr. Carlos Colon, Seawall Project Administrator for the Port, advises that the Port intends to remove the option to extend the term of the proposed agreement for one year. Therefore, the proposed resolution should be amended to delete this language on page 1, lines 7 and 8.

Under the proposed professional services agreement, CH2M Hill Engineers and their subcontractors will:

- Complete planning studies,
- Develop and assess alternatives,
- Select and define a preferred alternative,
- Complete engineering and design to 35 percent,
- Complete California Environmental Quality Act (CEQA) and National Environmental Policy Act (NEPA) approvals,
- Advance environmental and other permitting documents for construction,
- Develop and recommend final design and construction project delivery methods, and
- Assist with managing and reviewing final design and construction of the project.

The actual final design, construction and construction management of the seawall project will be handled under separate contracts.

On August 8, 2017, the Port Commission approved a resolution (Port Resolution No. 17-36) authorizing the Port Executive Director to execute an agreement with CH2M HILL Engineers, Inc. for planning, engineering and environmental services for the Seawall Resiliency Project for a not to exceed $39,984,714, which includes a 10% contingency, for ten years, subject to Board of Supervisors approval.

FISCAL IMPACT

Table 1 below shows the total projected 180,938 hours and budget of $36,349,740 for the CH2M HILL contract, divided into three phases of work. These costs reflect an overall average rate of $201 per hour. In addition, the Port is requesting a ten percent contingency equal to $3,634,974 for this contract, for a total not to exceed amount of $39,984,714. The Attachment to this report provides the detailed tasks for each phase of the contract work.

Table 1: CH2M HILL Contract

Phases	Number of Hours	Proposed Budget
Phase 1-Planning	46,626	$10,239,424
Phase 2-Design/Entitlements	99,849	18,505,154
Phase 3- Construction Management	34,463	7,605,162
Subtotal Contract	180,938	$36,349,740
Contingency (10%)		3,634,974
Total Not to Exceed Contract		**$39,984,714**

Project Funding

Funds for the total not to exceed $39,984,714 contract between the Port and CH2M Hill are anticipated to come from a combination of General Fund, Port capital budget and contributions from the San Francisco Municipal Transportation Agency (SFMTA) and the Planning Department as well as other sources. To date, the project has received $9,600,000 of funding from these sources, as shown in Table 2 below, with $5,600,000 dedicated to the contract.

Table 2: Funding Sources Available (millions)

Sources	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	Total
Port Capital	$1.60	$2.00	-	-	$3.60
City General Fund	-	1.00	$3.00	-	4.00
SFMTA Contributions	-	0.50	0.50	-	1.00
Planning Contributions	-	0.50	0.25	$0.25	1.00
Total	**$1.60**	**$4.00**	**$4.00**	**$0.25**	**$9.60**

Given that the Port has budgeted $5,600,000 of the total $39,984,714 not to exceed contract amount, there is a remaining unfunded balance of $34,384,714.

Given the current shortfall in available funding, Mr. Colon advises that cost controls will be implemented during the ten-year term of this contract to insure that specific contract project tasks and task order scopes of work will not be authorized in excess of available funding.

Future Potential Funding Sources

The proposed resolution states that the remaining funding is subject to future funding sources that the Port is currently pursuing, including a potential 2018 Seawall General Obligation Bond. According to Mr. Colon, a Seawall Finance Work Group was formed, which recently issued a report[2] and is currently pursuing various potential funding strategies.

[2] Fortifying San Francisco's Great Seawall: Strategies for Funding the Seawall Resiliency Project. A report to the Capital Planning Committee and the Seawall Executive Steering Committee by the Seawall Finance Work Group, July 2017.

Future primary funding strategies include:

(a) a $350 million Seawall Fortification General Obligation Bond in the City's 10-Year Capital Plan,

(b) a Community Facilities District (CFD),

(c) local Property Tax Increment revenue generated from an Infrastructure Finance District (IFD),

(d) State Property Tax Increment revenue generated from an IFD through State legislation,

(e) State General Obligation bond through State legislation, and

(f) Federal U.S. Army Corps of Engineers Funding Program.

Secondary funding strategies include:

(g) $6-$9 million Port Capital over next ten years,

(h) local Sales Tax Increase revenues, and

(i) additional tourism and hotel funding sources, such as a Hotel Assessment District or Transient Occupancy Tax.

These strategies would be used to fully fund this contract as well as the Port's overall Phase 1 of the Seawall Resiliency Project, estimated to cost approximately $500 million.

POLICY CONSIDERATION

CH2M HILL has notified the Port that the firm may merge with Jacobs Engineering Group Inc., which is based in Texas. Texas is a state that is currently prohibited by Section 12X of the City's Administrative Code, which restricts City departments from entering into agreements with firms that are based in states that have approved anti-LGBTQ laws. However, the City Attorney has determined that CH2M HILL, as the firm the Port is entering into the proposed contract which is based in Colorado, which has not approved anti-LGBTQ laws. Therefore, the City Attorney has determined that Section 12X does not apply to the subject contract. CH2M HILL has also agreed to incorporate in the subject contract language with the Port to preclude CH2M HILL staff located in 12X prohibited states from working on this project, to ensure that this Port contract does not result in new jobs being created in discriminatory states.

RECOMMENDATIONS

1. Amend the proposed resolution to delete the language on page 1, lines 7 and 8 regarding one one-year option to extend the term of the proposed agreement.
2. Approve the proposed resolution as amended.

Task		Task Name	Total Hours	Total Price
Phase 1	1.01.00	Management and Coordination of Services, Phase 1	10,020	$ 2,307,635
	1.02.00	Stakeholder Engagement, Phase 1	3,186	$ 548,308
	1.03.01	Data Collection and Review	1,795	$ 343,786
	1.03.02	Additional Investigations	940	$ 244,205
	1.03.03	Existing Conditions Report	642	$ 156,906
	1.04.01	Earthquake Risk Assessment	3,692	$ 719,683
	1.04.02	Flood Risk Assessment and Adaptation Plan	3,144	$ 587,903
	1.04.03	Utility Risk Assessment	1,370	$ 210,852
	1.04.04	Transportation Risk Assessment	388	$ 66,542
	1.04.05	Land Use Planning and Regulatory Assessment	840	$ 208,421
	1.04.06	Urban Design Assessment	1,799	$ 373,364
	1.04.07	Disaster Response and Recovery Assessment	756	$ 193,476
	1.04.08	Environmental Conditions and Opportunities	2,858	$ 433,022
	1.04.09	Economic Impact Assessment	1,040	$ 263,038
	1.04.10	MHRA Report	3,598	$ 901,407
	1.05.01	Design Criteria	1,102	$ 276,911
	1.05.02	Needs, Risks, and Aspirations	768	$ 188,852
	1.05.03	Alternative Formulation	2,450	$ 616,599
	1.05.04	Alternative Comparison and Ranking	2,018	$ 485,892
	1.05.05	Refine Design & Engineering of Highest Ranked Alternatives	1,482	$ 377,219
	1.05.06	Final Evaluation, Selection and Preferred Program	1,588	$ 435,925
	1.06.00	City Staff Training, Phase 1	200	$ 35,460
	1.07.00	Seismic Peer Review Panel, Phase 1	950	$ 264,017
		Subtotal Phase 1	46,626	$ 10,239,424
Phase 2	2.01.00	Management and Coordination of Services, Phase 2	14,867	$ 3,429,455
	2.02.00	Stakeholder Engagement, Phase 2	4,110	$ 700,414
	2.03.01	Design Basis Document (Initial Projects)	377	$ 86,049
	2.03.02	Detailed Investigations, Design Level (Initial Projects)	6,116	$ 1,140,997
	2.03.03	Preliminary Design, Engineering & Cost Est, General Plan (Initial Pro	6,860	$ 1,373,706
	2.03.04	Preliminary Design, Engineering & Cost Est, 15% (Initial Projects)	3,505	$ 640,929
	2.03.05	Preliminary Design, Engineering & Cost Est, 35% (Initial Projects)	2,600	$ 511,262
	2.03.06	Design/Build Contract Packages (Initial Projects)	1,880	$ 345,366
	2.04.00	Pilot Projects	3,396	$ 604,939
	2.05.00	Emergency Projects	20,384	$ 4,396,914
	2.06.01	CEQA	14,616	$ 2,136,042
	2.06.02	NEPA	14,208	$ 2,094,653
	2.06.03	Permitting	6,504	$ 956,295
	2.07.00	City Staff Training, Phase 2	300	$ 53,190
	2.08.00	Seismic Peer Review Panel, Phase 2	126	$ 34,944
		Subtotal Phase 2	99,849	$ 18,505,154
Phase 3	3.01.00	Management and Coordination of Services, Phase 3	31,980	$ 7,072,754
	3.02.00	Stakeholder Management, Phase 3	715	$ 161,440
	3.03.00	Value Engineering	1,008	$ 215,049
	3.04.00	Independent Design Review	760	$ 155,920
		Subtotal Phase 3	34,463	$ 7,605,162
Grand Total			**180,938**	**$ 36,349,740**