



*Protecting the Community, Serving Justice and
Changing Lives*

Karen L. Fletcher
Chief Adult Probation Officer

March 11, 2016

Honorable Board of Supervisors
City and County of San Francisco
City Hall, Room 244
1 Carlton B. Goodlett Place
San Francisco, CA 94102

Re: Lease – 564 6th Street 5th Amendment to CASC Contract

Dear Board Members:

Attached for your consideration are two Resolutions:

1. Resolution authorizing ADP to increase a professional services contract with Leaders in Community Alternatives (LCA), the reentry services provider at the San Francisco Adult Probation Department's (ADP) Community Assessment and Services Center (CASC) to \$11,490,153 thru June 30, 2017; and
2. Resolution authorizing a Lease agreement with PBV II, LLC at 564 6th Street for ten years beginning July 1, 2016, and a Sublease agreement for a portion of the space with Leaders in Community Alternatives thru June 30, 2017 to assure the continuation of ADP's, Community Assessment and Services Center (CASC) beyond June 30, 2017.

BACKGROUND

In 2011, California Criminal Justice Realignment was implemented. AB109, along with sister legislation SB678 created new pathways for addressing over-incarceration, underscored best criminal justice practices, and provided new funding for community supervision and corollary reentry services. In line with best practices, ADP upgraded its validated risk and needs assessment, required ADP staff to complete extensive training on strength based client engagement strategies, and launched an array of reentry services to aptly respond to identified needs.

ADP's Community Assessment and Services Center (CASC), located at 564 6th Street is the department's flagship client reentry, one-stop services center. The CASC co-locates ADP Deputy Probation Officers and Reentry staff, along with staff of the San Francisco Department of Public Health,

Human Services Agency and Department of Child Support Services who respectively provide behavioral health services, healthcare and income benefits enrollment, and child support services in close coordination with ADP staff and CASC reentry services partners. Other essential services include individualized case management, mental health and cognitive behavioral interventions, recovery and relapse prevention groups, a 5 Keys Charter High School, employment readiness and job placement, and housing placement assistance.

Initially CASC services were exclusively offered to clients under ADP probation supervision. In line with the evolution of a true, comprehensive, one-stop reentry services facility, and an expanded citywide vision to further reduce recidivism, and protect public safety, ADP will strengthen its partnership with the Sheriff's Department, Collaborative Courts, State Parole, Federal Probation, and other entities that directly serve criminal justice involved populations, and expand CASC eligibility to any San Francisco resident who is currently involved in the criminal justice system or who has a criminal history.

The CASC plays a pivotal role in citywide public safety objectives. The CASC offers justice involved people the opportunity to address and mitigate key drivers of crime; substance dependency, mental health, employment and income benefits, housing, and education, and to permanently exit the criminal justice system. As more people exit and are deterred from the criminal justice system, crime, recidivism rates, and criminal justice system costs are reduced, public safety is protected, and families and communities are strengthened. It is important to ensure a continuation of CASC services, and to preserve the CASC building at 564 6th Street beyond the current June 30, 2017 expiration date.

KEY POINTS

A. Professional Service Contract Overview and CASC vendor procurement

In February 2012, the Civil Service Commission approved Personal Services Contract (PSC) No 4077-11/12 for an amount of \$6,142,957. Through a competitive RFP, Leaders in Community Alternatives, Inc. (LCA) was selected to operate the CASC. Accordingly, LCA was awarded a contract with a not to exceed amount of \$6,142,957 for the term of May 1, 2012 – June 30, 2017. The original contract amount was not commensurate to meet the array of start-up CASC expenses. PSC No 4077-11/12 was modified to increase its total amount to \$9,213,957 and was administratively approved by the Department of Human Resources. Following, the Office of Contract Administration approved an amendment to the LCA contract, increasing it to the allowable \$9,213,957.

The initial PSC not to exceed amount represented ADP's best facility and reentry services estimate at the time. Through the RFP process ADP identified a qualified vendor who could deliver services at a reasonable price. ADP and LCA reviewed and vetted five possible CASC facilities before identifying

564 6th Street, which ended up being the most ideal location of all given the site's close proximity to the downtown jail, and criminal courts. The contract overages are the result of actual start up, tenant improvement and market rate SOMA lease costs that were not known at the time of PSC creation.

In accordance with the June 30, 2017 expiration of the current CASC service agreement, and CCSF procurement guidelines, a second RFP to identify an operator of the CASC for the period after July 1, 2017 will be conducted in the fall of 2016 with an anticipated award decision of around April 2017. The next CASC professional service contract will include reentry services costs exclusively.

B. Overview of 564 6th Street Lease and CASC Facility

LCA entered into a lease agreement with Presidio Bay Ventures (PBV), the owner of 564 6th Street. The initial lease was for a term of September 7, 2012 – June 30, 2017 at a cost of \$67,315.99 per month.

564 6th Street is 17,500 square feet divided into the following space plan:

- 5326 sq ft – ADP dedicated space for 31 ADP and 4 DPH staff
- 2085 sq ft – LCA dedicated space for 25 LCA and formal CASC partner staff.
- 10,089 sq ft - Shared program space (training rooms, counseling stations, etc)

Through the initial CASC contract, ADP made facility infrastructure investments inclusive of computer networks, a dedicated ADP network that is connected via fiber between the City's equipment in the building and the tower to the City's fiber network in the street, and separate network for CASC partners, multi-line phones, computers and related IT items, office and break room furnishings, new e-locks, heating, ventilation and fire safety improvements, and a full building alarm system and camera monitoring.

The proposed 564 6th Street Lease Resolution authorizes a Lease between the City and County of San Francisco (CCSF), as Tenant, and PBV II, LLC, as Landlord, of office space located at 564 6th Street, consisting of approximately 17,500 square feet from July 1, 2016 through June 30, 2026 for use by the Adult Probation Department at \$70,682.50 monthly; for \$848,190.00 rent in the initial year with annual three (3%) percent increases and four (4) five-year option to extend.

The proposed Resolution includes authorization for a Sublease agreement for the sharing of space between the City and LCA for the period of July 1, 2016 thru June 30, 2017, the continuation of which is subject to the outcome of a second RFP for CASC services. The proposed Lease and Sublease ensure a continuity of CASC services whether or not LCA or another services vendor is selected through the second RFP process.

ADP seeks to retain 564 6th Street as the dedicated CASC facility for a variety of reasons. The CASC provides a one stop service center for effective reentry services for people in the criminal justice system in a welcoming and therapeutic environment. From 564 6th Street, ADP, DPH, Human Services Agency, Child Support Services, LCA and other Community Based Organizations provide individualized and seamless comprehensive services to our clients. At 564 6th St. clients receive classroom training in computer literacy, GED Education and Credits, Parenting Skills, Nutrition, Anger Management, Cognitive Behavioral Training, AA Group support, and housing workshops on how to navigate through the system. Services include one on one job readiness and placement, links to housing and self- sufficiency services, mental health and medical counseling. The CASC is one block from ADP's main offices at the Hall of Justice allowing ADP to better monitor client activities and services. And practically, ADP seeks to take full advantage of initial facility and infrastructure investments, and avoid unnecessary and expensive transactional costs associated with locating and moving to a new building at the end of the LCA lease June 30, 2017

PROPOSED ACTIONS

1. The proposed Resolution authorizes ADP to increase the contract to a not to exceed amount of \$11,490,153, an amount that is needed to operate the CASC thru to the contract termination date of June 30, 2017.
2. The second proposed Resolution authorizes a new Lease agreement with PBV II, LLC at 564 6th Street. The proposed lease considers the expiration of the current lease between LCA and PBV II on June 30, 2017, the expiration of ADP's service agreement with LCA on June 30, 2017, a forthcoming second RFP to identify a CASC operator beyond June 30, 2017, and the possibilities that LCA or a new vendor may be selected through the competitive bid process.

RECOMMENDATION

ADP allocated substantial AB109 resources to launch the CASC services and 564 6th street, and seeks a seamless continuation of both CASC services and the 564 6th Street lease through these proposed resolutions. Attachment # 1 shows the current versus proposed lease terms and conditions. ADP recommends dual approval of the Resolutions approving the 5th Amendment to the CASC as well as the Lease between the City and County of San Francisco, as Tenant, and PBV II, LLC as Landlord and the Sublease with LCA, as subtenant.

If you have any questions regarding this matter, please contact me at (415) 553- 1687 or for questions regarding the Lease agreements, Charlie Dunn of the City's Real Estate Division at 554-9861.

Respectfully,

Karen L. Fletcher
Chief Adult Probation Officer
San Francisco Adult Probation Department

cc

Attachment #1
564 6th Street, San Francisco, CA

	Current	Proposed
Premises	17,500 sq. ft. total 5326 sq ft – ADP dedicated space 2085 sq ft – CASC operator dedicated space 10,089 sq ft - Shared program space	17,500 sq. ft. total 5326 sq ft – ADP dedicated space 2085 sq ft – CASC operator dedicated space 10,089 sq ft - Shared program space
Base Rent	\$67,315.99 per month (approximately \$46.16 per sq. ft. per year)	\$70,682.50 per month (approximately \$48.47 per sq. ft. per year)
Lease Administration Fees	\$10,097.40	\$0.00
Total City Rent Cost	\$77,413.39 per month (approximately \$53.08 per sq. ft. per year)	\$70,682.50 per month (approximately \$48.47 per sq. ft. per year)
Base Rent Paid By	LCA paid to Landlord and fully reimbursed by ADP through existing Service Agreement	ADP paid directly to Landlord
Base Year for Property Operating Expenses	2012	2016
Additional Tenant Paid Expenses	Utilities, janitorial, security, interior maintenance, and refuse removal (estimated to cost \$8,864.59 per month)	Utilities, janitorial, security, interior maintenance, and refuse removal (estimated to cost \$8,864.59 per month)
Lease Expiration	June 30, 2017	June 30, 2026