

CITY AND COUNTY OF SAN FRANCISCO

BOARD OF SUPERVISORS

BUDGET AND LEGISLATIVE ANALYST

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TO: Budget and Finance Committee
FROM: Budget and Legislative Analyst 
SUBJECT: April 17, 2024 Budget and Finance Committee Meeting

TABLE OF CONTENTS

Item	File	Page
3	24-0285 Contract Agreement - Retroactive - Health Advocates LLC - Uncompensated Care Reimbursement Recovery Services - Not to Exceed \$11,391,540	1
4	24-0223 Airport Professional Services Agreement Modification - KONE Inc. - Escalator and Electric Walk Maintenance Services - Not to Exceed \$42,780,241	4
5	24-0191 Agreement Amendment - Kennedy Jenks Consultants, Inc./Brahman Sheikh Water Reuse Consulting/Water Resources Engineering, Inc. - Westside Recycled Water Project - Not to Exceed \$10,950,000.....	8
7	24-0272 Transfer of Personal Property - Energy Center San Francisco, LLC - Steam Loop Emergency Repair - Not To Exceed \$3,100,000.....	12
8	24-0347 Real Property Lease - TRINITY CENTER, LLC - 1145 Market Street - Initial Base Rent of \$1,368,445.45	16
9	24-0312 Lease Agreement - Hudson 1455 Market, LLC - 1455 Market Street - \$0 Base Rent Initial Year - \$6,474,744.80 Annual Base Rent Beginning Year 2.....	20
10	24-0229 Grant Agreement Amendment - Abode Services - Flexible Housing Subsidy Pool - Not to Exceed \$17,918,683	25

TABLE OF CONTENTS

Item	File	Page
11 & 12	24-0198 Development Agreement Amendment - Treasure Island Community Development, LLC - Treasure Island	
	24-0202 Amended and Restated Disposition and Development Agreement - Treasure Island and Yerba Buena Island.....	31

Item 5 File 24-0191	Department: Public Utilities Commission (SFPUC)
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EXECUTIVE SUMMARY

Legislative Objectives

The proposed resolution would approve the fifth amendment to the existing contract between the SFPUC and Kennedy Jenks Consultants, Inc./Brahman Sheikh Water Reuse Consulting/Water Resources Engineering, Inc., a joint venture (KJ/Sheikh/WRE, JV), to (i) extend the contract term by three years from the original end date of May 31, 2024 for a total contract term from December 1, 2010 through May 31, 2027, and (ii) increase the total not-to-exceed amount by \$1,000,000, from \$9,950,000 to \$10,950,000.

Key Points

- The Westside Enhanced Water Recycling Project is an ongoing PUC capital project to create a new recycled water supply for irrigation in western San Francisco, including Golden Gate Park and Lincoln Park golf course. The total cost of the project is \$230.4 million.
- In October 2010, following a competitive solicitation, the SFPUC awarded a contract to KJ/Sheikh/WRE, JV, for specialized engineering services for recycled water projects, including the Westside Enhanced Water Recycling Project. The contract has been amended four times.
- The proposed three-year contract extension is based on the estimated timeline for completing the construction of a new water treatment facility. Premature failure of the facility has extended the project timeline from October 2021 to December 2026.

Fiscal Impact

- The proposed \$1 million contract increase is funded by Water Revenue Bonds and a Water State Revolving Fund Loan.

Recommendation

- Approve the proposed resolution.

MANDATE STATEMENT

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

BACKGROUND

Westside Enhanced Water Recycling Project

The Westside Enhanced Water Recycling Project is a part of the San Francisco Public Utilities Commission’s (SFPUC) Water Enterprise Capital Improvement Local Water Program. The purpose of the project is to create a new recycled water supply for irrigation in western San Francisco, including Golden Gate Park and Lincoln Park golf course. The project includes the construction of a new recycled water treatment facility at SFPUC's Oceanside Plant, an 800,000-gallon recycled water storage reservoir and pump station in Golden Gate Park, and approximately eight miles of new pipelines.

Specialized Engineering Contract

In October 2010, the SFPUC awarded a contract to Kennedy Jenks Consultants, Inc./Bahman Sheikh Water Reuse Consulting/Water Resources Engineering, Inc., a Joint Venture (KJ/Sheikh/WRE, JV) following a competitive Request for Proposals¹ (RFP) process for specialized engineering services for the recycled water projects, including the Westside Enhanced Water Recycling project. The initial contract was for a period of six years, from December 2010 through November 2016 and had a not-to-exceed amount of \$3,700,000. In December 2015, the SFPUC approved the first amendment to the contract, increasing the amount to \$5,500,000 and extending the term to November 2019. In January 2018, the Board of Supervisors approved the second amendment to the contract to extend the term to November 2022 and increase the amount to \$8,000,000 (File 17-1216). The second amendment required Board approval because the term exceeded ten years.

In July 2020, the SFPUC approved the third modification to increase the contract amount to \$9,950,000 with no change to the contract term. In May 2022, the SFPUC approved the fourth modification to extend the contract term to May 2024, with no change to the contract amount. The third and fourth amendments did not require Board approval because the contract did not exceed ten million dollars.

¹ Five firms responded to the RFP. Four firms were selected for interviews: Kennedy Jenks/Water Resources Engineering/Bahman Sheikh Joint Venture, 2) Corollo/SRT Joint Venture, 3) Montgomery Watson Harza/Hydroconsult Engineers, Joint Venture, and 4) Camp Dresser & McKee. KJ/Sheikh/WRE, JV received the highest score. The selection panel consisted of an SFPUC Senior Sanitary Engineer, a Mechanical Engineer from the San Francisco International Airport, and a Senior Electrical Engineer from the Department of Public Works.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would approve the fifth amendment to the existing contract between the SFPUC and Kennedy Jenks Consultants, Inc./Brahman Sheikh Water Reuse Consulting/Water Resources Engineering, Inc. a Joint Venture (KJ/Sheikh/WRE, JV) to (i) extend the contract term by three years from the original end date of May 31, 2024 for a total contract term from December 1, 2010 through May 31, 2027, and (ii) increase the total not-to-exceed amount by \$1,000,000, from \$9,950,000 to \$10,950,000.

According to the RFP, the SFPUC can extend the agreement term to a total of nine years. However, the Board of Supervisors may approve extensions beyond the term specified in the RFP.

Services Provided

Under the proposed contract, KJ/Sheikh/WRE, JV will provide services in the following areas:

- Engineering and design support and needs assessment services;
- Engineering support services during bidding and construction phases;
- Technical support in the assessment and conversion of irrigation systems to recycled water use;
- Supporting the cross-connection control testing of proposed recycled water customer sites;
- Supporting the regulatory permitting process;
- Providing an evaluation of alternative treatment technologies;
- Preparing operations plans and conducting technical training of SFPUC staff on the new recycled water treatment processes; and
- Providing technical and troubleshooting support during the recycled water system start-up and preliminary operations phases.

Performance Monitoring

According to SFPUC, performance reporting and evaluations are not required. According to the original agreement, SFPUC may or may not, at its sole discretion, conduct evaluations of the contractor's performance. According to Barbara Palacios, Project Manager for the Westside Enhanced Water Recycling Project, the contractor is performing satisfactorily.

Westside Enhanced Water Recycling Project Status

The most recent SFPUC Water Enterprise 10-year Capital Improvement Plan for FY 2025-34, which the SFPUC approved on February 13, 2024, and funding for which is subject to Board of Supervisors' approval, includes a \$230.4 million budget for the Westside Enhanced Water Recycling Project. The project budget includes the proposed contract. The budget is an increase of approximately \$17 million over the previously approved budget of \$213.3 million. According to SFPUC, the reason for the cost increase is the failure of critical electrical equipment in the new treatment facility that was discovered in July 2023. The premature failure of this equipment

occurred prior to the completion of the facility and is extending the project timeline from October 2021 to December 2026.

The proposed three-year contract extension is based on the estimated timeline to complete the construction and commissioning of the new treatment facility.

FISCAL IMPACT

The proposed amendment to the existing contract between SFPUC and KJ/Sheikh/WRE, JV increases the contract amount by \$1,000,000, from \$9,950,000 to not-to-exceed amount of \$10,950,000.

The estimated expenditures and encumbrances from December 2010 through March 2024 (\$9,677,579) are \$272,421 less than the current not-to-exceed contract amount of \$9,950,000. The contract spending plan includes this remaining balance (rounded to \$250,000) and the proposed increased amount of \$1,000,000. Exhibit 1 below shows each task and the anticipated delivery date for each task.

Exhibit 1: Proposed Project Budget for Fifth Amendment of KJ/Sheikh/WRE, JV Contract

Task	Delivery Date	Cost
Development and Documentation of the Recycled Water Conveyance System Operation and Maintenance Manual and Standard Operating Procedures	2025	\$190,000
Regulatory Permitting for San Francisco Zoo, Lower Great Highway, and Sunset Boulevard Customers	2026	180,000
San Francisco Zoo Water Quality Monitoring Protocol and Standard Operating Procedures	2026	160,000
Cross Connection Testing Support of Recycled Water Customer Sites	2027	300,000
Westside Recycled Water Treatment Facility Start-Up and Commissioning	2027	420,000
Total		\$1,250,000

Source: SFPUC

According to SFPUC, the Westside Enhanced Water Recycling Project is funded by various issuances of Water Revenue Bonds and a Water State Revolving Fund Loan.

RECOMMENDATION

Approve the proposed resolution.