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: February 5, 2025 Budget and Finance Committee Meeting

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Item 1 **File 25-0041** *(Continued from 1/29/25 meeting)*	**Department:** Municipal Transportation Agency

EXECUTIVE SUMMARY

Legislative Objectives

- The proposed ordinance would allocate $526,000 from the General Reserve to the Municipal Transportation Agency (MTA) to subsidize free parking at Portsmouth Square Parking Garage and free Muni service for the 2025 Chinese New Year celebrations.

Key Points

- The 2025 celebrations are scheduled from January 29 through March 2, with major events centered around Chinatown, including an opening ceremony, parade, community street fair, and a Lunar New Year run. These activities are expected to draw large crowds to the Chinatown area.
- Free two-hour parking would be offered at Portsmouth Square Parking Garage from January 28 to February 28, 2025, and transit fare relief for Muni buses and light rail (excluding cable cars) would apply on February 15 and 16.

Fiscal Impact

- The ordinance appropriates $526,000 from the General Reserve, which has a current balance of approximately $142.7 million. Under City policy, any funds used from the General Reserve must be replenished in the following fiscal year.
- MTA estimates that free parking would cost $234,000 and free Muni service $292,000, totaling $526,000.

Recommendation

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

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.

BACKGROUND

Lunar New Year Parade

The 2025 Chinese New Year celebrations in San Francisco are scheduled from January 29 to March 2. Key events include the Chinese New Year Opening Ceremony on January 29, 2025, the Lunar New Year Parade on February 15, 2025, Community Street Fair on February 15th and 16th, and the Chinatown Lunar New Year Run on March 2, 2025. These events are expected to attract large crowds to Chinatown and surrounding areas.

In previous years, the General Fund subsidized parking at the Portsmouth Square Parking Garage during February, as well as transit fares and community ambassadors on the day of the parade, to facilitate community involvement in these events.

DETAILS OF PROPOSED LEGISLATION

The proposed ordinance would appropriate $526,000 from the General Reserve to the Municipal Transportation Agency (MTA) Operating Fund. The purpose of the funding is to: (1) subsidize free two-hour parking at the Portsmouth Square Parking Garage from January 28, 2025, through February 28, 2025, and (2) subsidize Citywide free transit February 15 and February 16, 2025.

Subsidized Free Parking at Portsmouth Square Parking Garage

Between January 28 and February 28, 2025, visitors to Portsmouth Square Parking Garage, near the end of the Chinese New Year Parade route, would receive up to two hours of free parking per transient parking ticket. This subsidy aims to improve access to Chinatown during Lunar New Year activities.

According to MTA, the City's last two-hour free parking program at Portsmouth Square Garage in February 2022 resulted in daily foregone revenue totaling approximately $180,000 for the month. In February 2023, when no free parking subsidy was offered, the garage logged 22,487 transient parking sessions, while in February 2024, with a two-hour free parking promotion, the garage saw 32,973 transient parking sessions—a 47 percent increase. Based on these past usage patterns, MTA estimates the cost of free parking in February 2025 at about $234,000, although actual costs could vary if garage usage differs.

Transit Fare Relief

During the weekend of February 15–16, 2025, transit fare relief would be offered for all Muni buses and light rail vehicles, excluding cable cars. According to MTA, the foregone revenue estimate of $291,888 is based on February 2024 single-ride revenue data, adjusted by a 5 percent ridership increase and a 10 percent fare increase. In February 2024, MTA reported average daily single-ride revenue of approximately $126,273, which, after applying projected ridership and fare escalations for fiscal year 2025, produces the two-day total of $292,000. MTA notes that actual amounts could differ if factors such as monthly pass usage, discounted fares, or overall ridership variance from the assumptions used in these projections.

Amended Ordinance

The original ordinance proposed a $250,000 draw from the General Reserve to cover one month of free parking at Portsmouth Square Garage, two days of free transit, and two days of community ambassadors. At its meeting on January 29, 2025, the Budget & Finance Committee amended the ordinance to increase the draw from the General Reserve to $526,000 and delete language pertaining to community ambassadors. The proposed ordinance is now sized for to cover one month of free parking at Portsmouth Square Garage and two days of free transit.

FISCAL IMPACT

The ordinance would appropriate $526,000 from the General Reserve to the Municipal Transportation Agency.

MTA has estimated that free parking for the month and free Muni fares for that weekend would total approximately $526,000. These costs are summarized below in Exhibit 1.

Exhibit 1: Lunar New Year Transportation-Related Costs

Cost Component	Estimated Cost
Free Parking (Month)	$234,000
Transit Fare Relief (Weekend)	292,000
Total Estimated Costs	**$526,000**

Source: MTA

General Reserve

The General Reserve balance for the current fiscal year is approximately $142.7 million. The proposed $526,000 appropriation from the General Reserve would reduce that balance accordingly, and any amounts used from the General Reserve in the current fiscal year must be replenished in the following fiscal year pursuant to the City's reserve policies.

RECOMMENDATION

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

Item 3 **File 25-0021**	**Department:** Airport

EXECUTIVE SUMMARY

Legislative Objectives

- The proposed resolution would approve the third amendment to the lease between the San Francisco International Airport and the San Francisco Bay Area Rapid Transit (BART) system to provide a rent credit to BART under its existing lease of airport property for its actual costs, fees, and expenses incurred in connection with the installation of new fare gates for a maximum not-to-exceed amount of $3,150,000.

Key Points

- The BART system is undertaking installation of new fare gates throughout its network, including the BART station at the San Francisco Airport, to improve the customer experience, boost safety, and enhance access for people in wheelchairs and those who bring bikes and strollers on BART.
- The Airport Commission approved the original lease agreement between the airport and BART in 1997, which allowed for the construction and operation of a BART station at the Airport. At the time, the Airport Commission authorized and approved up to $220 million in bonds to finance the construction, acquisition, equipping and development of the BART station at the Airport to meet the goals of Proposition I (approved by voters in 1994) to extend BART to the airport terminal area.

Fiscal Impact

- The lease amendment gives BART the right to withhold all monthly payments of annual rent (totaling $2.5 million per year) until the withheld amount equals no more than $3,150,000—upon completion of the installation of the new fare gates (installed as of October 26, 2024).
- The proposed lease amendment requires final review and approval by Airport staff of all invoices, receipts and other documentation showing the total costs and expenses of the project in order to enable a final rent credit amount to be determined. BART is in the process of finalizing its invoices, receipts, and other documentation, according to Airport staff.

Recommendation

- Approve the proposed resolution.

MANDATE STATEMENT

City Charter Section 9.118(c) states that any lease, 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

The San Francisco Bay Area Rapid Transit (BART) system is undertaking installation of Next Generation Fare Gates at stations throughout its network, including the BART station at the San Francisco Airport. According to BART's public statements, the new fare gates will reduce fare evasion due to the tall swing barriers that make it difficult to push through, jump over, or maneuver under; enhance accessibility for people in wheelchairs and those with luggage, strollers, or bikes through advanced sensors to detect these users and LED lighting to assist visually impaired riders; optimize the reliability and maintenance needs of the fare gates; and provide new payment options. The first prototype gates went into service at the West Oakland BART station in December 2023 and the San Francisco International Airport (SFO) was among the first 12 stations to get new fare gates, which were installed as of October 26, 2024, per BART's website. All 50 BART stations will be completed by the end of 2025.

In 1991, the Airport Commission authorized the issuance of revenue bonds for any lawful purpose. In 1994, voters approved Proposition I, a policy statement supporting the extension of BART to the Airport. In 1997, the Airport Commission awarded BART a lease, use, and operating agreement for the Airport BART Station and related facilities and an easement[1] at the Airport to operate the BART station. In 1997, the Airport and Board of Supervisors authorized and approved up to $220 million in bonds to finance the construction, acquisition, equipping and development of the BART station at the Airport.

Prior Lease Amendments

The lease was first amended in 2010 to: (1) limit the BART premium fare (surcharge) for non-airline Airport employees to $1.50 each way for the remainder of the lease; (2) remove the BART faithful performance deposit requirement; (3) permit monthly rent payment by BART of the annual rent in lieu of advance annual payment; (4) allow advertising by BART in the Airport-BART Station; and (5) include administrative updates to the lease. In 2019, the lease was amended a second time to update operational and conforming insurance requirements, which did not require formal approval by the Airport Commission or Board of Supervisors. In November 2024, the Airport Commission approved the third lease amendment that provides for a rent abatement to cover BART's costs for installing the new fare gates.

[1] A nonpossessory right to use and/or enter onto the real property of another without possessing it.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would approve the third amendment to the lease, use, and operating agreement between the San Francisco International Airport and BART. The amendment would provide a rent credit to BART for its actual costs, fees, and expenses incurred in connection with the installation of the new fare gates for a maximum not-to-exceed amount of $3,150,000. The amendment does not change the 50-year lease term of June 22, 2003 through June 21, 2053.

Lease Agreement

The lease outlines the terms between the San Francisco Airport Commission and BART for the use and operation of a BART station and related facilities at the Airport. The Airport Commission approved the agreement in 1997, which allowed for the construction and operation of a BART station at the Airport, with operation beginning on June 22, 2003. Under the lease, BART pays the Airport $2,500,000 per year.

Exhibit 1: Key Terms of Existing Lease

Lease Term	50 years, June 22, 2003 through June 21, 2053
Premises	Airport terminal area
Annual Rent	$2,500,000 (no escalation)
Utilities and Repairs	BART is responsible for utility costs and repair/maintenance for power and mechanical, train control, track and structures, plant support, communications and fare collection.
Janitorial services	Maintained by City with 50% of costs shared by BART.
Capital Improvements	BART maintains obligations for BART operating systems, including the initial City-owned systems (traction power system, train control systems, etc.); City maintains obligations for certain areas, such as escalators, fire extinguishers, and lighting.
Taxes	BART pays all applicable property taxes.
Insurance	BART to maintain workers' compensation insurance, commercial general liability insurance, business automobile liability insurance, and property insurance.

Source: Lease Agreement

Proposed Lease Amendment

The proposed lease amendment provides for a rent credit for BART's costs to install the new fare gates at the Airport BART station, up to $3,150,000, which was completed as of October 26, 2024. According to the proposed lease, the Airport is paying for the project because it believes it will add to Airport security and the passenger experience.

FISCAL IMPACT

The annual rent abatement for the actual cost of the new fare gates would only apply to BART's obligation to make monthly payments of annual rent (totaling $2.5 million per year) and would not apply to BART's obligation to make other payments, such as taxes. The lease amendment gives BART the right to withhold all monthly payments of annual rent until the withheld amount equals $3,150,000 upon completion of the installation of the new fare gates. According to Airport staff, $1 million is for labor and $2.15 million is for materials and services. The proposed lease amendment requires final review and approval by Airport staff of all invoices, receipts and other documentation showing the total costs and expenses of the project in order to enable a final rent credit amount to be determined. BART is in the process of finalizing its invoices, receipts, and other documentation, according to Airport staff.

RECOMMENDATION

Approve the proposed resolution.

Item 4 **File 25-0020**	**Department:** Public Utilities Commission (PUC)

EXECUTIVE SUMMARY

Legislative Objectives

- The proposed resolution would approve a program management consulting services contract between San Francisco Public Utilities Commission (SFPUC) and HDR Stantec JV to support the Water Enterprise and Hetch Hetchy Water Capital Improvement Projects and the Water System Improvement Program for a term of 10 years from April 2025 through March 2035 and an amount not to exceed $80,000,000.

Key Points

- SFPUC's Water Enterprise and Hetch Hetchy Water 2024-34 10-Year Capital Plans total approximately $4.5 billion. In June 2024, SFPUC released a Request for Proposals (RFP) to award a water capital program management contract. HDR Stantec was deemed the highest scoring proposal and was awarded a contract.
- Under the proposed contract, HDR Stantec would perform program management to establish and manage the capital plan management program, strategic capital planning to improve delivery of water capital projects, including on-time and on-budget delivery of projects, program delivery to support delivery of the overall capital improvement programs, and project technical support to support delivery of specific projects.
- SFPUC staff would track deliverables and performance metrics, which will be developed by the contractor under the contract, on a quarterly and annual basis to evaluate delivery of the capital improvement program and conduct an annual performance review of the contractor. HDR Stantec has committed to $1,045,000 in financial contributions and $166,500 in volunteer hours for its Social Impact Partnership (SIP) commitment, for a total contribution of $1,211,500.

Fiscal Impact

- The proposed contract would have a total amount not to exceed $80,000,000 over the 10-year contract term. This amount reflects less than two percent of the total water capital improvement program costs and is consistent with industry standards and other program management contracts, including contracts for the Water System Improvement Program and Wastewater Capital Program.
- SFPUC estimates that 46 percent of expenditures would be funded by Water Enterprise Regional Capital Funds, 30 percent would be funded by Water Enterprise Local Capital Funds, and 23 percent would be funded by Hetch Hetchy Water Enterprise Capital Funds

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) requires a modification of more than $500,000 is subject to Board of Supervisors approval.

BACKGROUND

In February 2024, the San Francisco Public Utilities Commission (SFPUC) adopted its FY 2024-34 10-Year Capital Plan, which included the Water Enterprise Capital Plan, totaling approximately $3.0 billion over 10 years, and the Hetch Hetchy Water Capital Plan, totaling approximately $1.5 billion. In June 2024, the SFPUC released a Request for Proposals (RFP) to award a water capital program management contract. SFPUC received three proposals and an evaluation panel scored them, as shown in Exhibit 1 below.[1]

Exhibit 1: Proposers and Scores from RFP

Proposers	Written Proposal Score (out of 645 Points)	Diversity, Equity, & Inclusion (DEI) Score (out of 5 Points)	Oral Interview Score (out of 350 Points)	Social Impact Partnership (SIP) Bonus Score (out of 49.75 Points)	Total Score (out of 1049.75 Points)
HDR Stantec, JV	573.505	5.000	273.088	47.072	898.664
Parsons/GEI, JV	567.425	5.000	271.388	40.013	883.825
GHD, Inc.	539.573	5.000	236.638	36.522	817.732

Source: SFPUC

HDR Stantec, JV was deemed the highest scoring proposer and was awarded a contract. In December 2024, the SFPUC Commission approved the contract.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would approve a program management consulting services contract between SFPUC and HDR Stantec JV to support the Water Enterprise and Hetch Hetchy Water Capital Improvement Projects and the Water System Improvement Program for a term of 10 years from April 2025 through March 2035, with one five-year option to extend the term through March 2040, and an amount not to exceed $80,000,000.

Under the contract, HDR Stantec would perform the following services:

- **Program management** to establish and manage the capital plan management program (includes contract management for subcontracts, development of a program

[1] The technical evaluation panel consisted of a Director of Operations and Maintenance from the East Bay Municipal Utility District, a Deputy Manager from the SFPUC Project Management Bureau, a Regional Liaison from SFPUC Water Enterprise, and a Hydraulic Engineering Section Manager from the Department of Public Works. The SIP evaluation panel consisted of a Court Alternative Specialist from the San Francisco Public Defender's Office, a retired San Francisco Police Department Captain / Commissioner for the SF Retiree Health Trust Board, and a Public Service Aide from SFPUC.

management charter to establish objectives of the contract, development of a program management plan, document management, and quality management);

- **Strategic capital planning** to improve delivery of water capital projects, including on-time and on-budget delivery of projects (includes program review and alignment, long-range capital planning and delivery, adaptive management process to continuously refine the programs, and asset management integration);
- **Program delivery** to support delivery of the overall capital improvement programs (includes pre-construction program safety, program performance metrics and lessons learned, risk management, facilities integration plan, project labor agreement support, DEI support, quality control, communications and reporting support, cost estimating, operations coordination, and program delivery review); and
- **Project technical support** to support delivery of specific projects (includes project delivery review, project planning support, specific project planning support, seismic evaluation, hydraulic modeling and systems engineering, evaluation of climate change, seismic resiliency, and other drivers that impact system resiliency, design standards review and recommendations, technology transfer, training, and professional development, emerging technologies review and utility expertise, value engineering, independent technical reviews and input, and building information modeling and asset digitization).

As mentioned above, HDR Stantec would provide these services for the projects in the 10-year Water Enterprise Capital Plan and Hetch Hetchy Water Capital Plan, with a combined budget of approximately $4.5 billion. Additionally, there are two remaining projects in the Water System Improvement Program (WSIP) that would also be supported by this contract: the Regional Groundwater Storage and Recovery Project (total budget of approximately $158 million, with a target completion date of December 2027), and the Alameda Creek Recapture Project (total project budget of approximately $49 million, with a target completion date of June 2032).

The list of HDR Stantec's proposed subcontractors is shown in Attachment 1 to this report.

Community Benefits Commitments

HDR Stantec has committed to $1,045,000 in financial contributions and $166,500 in volunteer hours for its Social Impact Partnership (SIP) commitment, for a total contribution of $1,211,500. SIP programs are in the areas of job exposure, training, and internships, small business support, public education, and environment and community health. Within 60 days of receiving the Notice of Contract Award (after Board approval and expected in April 2025), HDR Stantec would have to submit an SIP work plan to SFPUC, which would identify the organizations receiving these contributions.

Performance Monitoring

According to Adolfo Gonzalez Valle, SFPUC Policy and Government Affairs, SFPUC uses an invoicing system to track contract expenditures and time spent on tasks. SFPUC would issue work on a task order basis with scopes, schedules, and budgets that would be reviewed by Task Order Managers. SFPUC staff would track deliverables and performance metrics, which will be developed by the contractor under the contract, on a quarterly and annual basis to evaluate delivery of the capital improvement program and conduct an annual performance review of the contractor.

FISCAL IMPACT

The proposed contract would have a total amount not to exceed $80,000,000 over the 10-year contract term. The projected contract expenditures by year are shown in Exhibit 2 below.

Exhibit 2: Projected Contract Expenditures by Year

Contract Year	Program-Level Tasks[2]	Project-Level Tasks[3]	Total Expenditures
Year 1	$3,233,333	$5,335,000	$8,568,333
Year 2	4,683,333	7,850,000	12,533,333
Year 3	3,983,333	8,000,000	11,983,333
Year 4	3,983,333	5,550,000	9,533,333
Year 5	3,483,333	4,000,000	7,483,333
Year 6	3,233,333	3,600,000	6,833,333
Year 7	3,133,333	2,950,000	6,083,333
Year 8	3,083,333	3,050,000	6,133,333
Year 9	2,913,333	2,550,000	5,463,333
Year 10	2,943,333	2,500,000	5,443,333
Total	**$34,673,330**	**$45,385,000**	**$80,058,330**

Source: SFPUC

According to SFPUC staff, the $80 million not to exceed amount, which reflects the amount in the RFP, was based on a budget for tasks similar to the program management structure for the delivery of the Water Capital Plan that is already in place. The not-to-exceed amount of $80 million is less than two percent of the total water capital improvement program costs and, according to SFPUC, when combined with SFPUC staff resources, the total capital program management budget is consistent with industry standards.[4] SFPUC anticipates that the $80 million amount would be sufficient for the full 10-year term of the contract because new processes developed by HDR Stantec would eventually be transferred to SFPUC staff.

The budget by task is shown in Exhibit 3 below.

[2] Program level tasks include program contract management, program charter management, program management planning, document management, quality management, program review and alignment, long-range capital planning, adaptive management process, asset management integration, pre-construction program safety, performance metrics and lessons learned, risk management, facilities integration planning, project labor agreement support, diversity, equity, and inclusion, quality control, communications and reporting s upport, cost estimating, operations coordination, and program deliverability review.

[3] Project level tasks include project delivery review, project planning support, special evaluations of dams, dams oversight, seismic evaluations and standards, hydraulic modeling and system engineering, climate change and resiliency, design standards review, technology transfer and training, emerging technologies, value engineering, independent technical review, and building information modeling and asset digitization.

[4] SFPUC reports that the Construction Management Association of America and the Project Management Institute report that program management costs can be approximately five to 11 percent of total program costs.

Exhibit 3: Contract Budget by Task

Task	Amount	% of Total
Task 1: Program Management	**$8,043,330**	**10%**
Program Contract Management (3%)	3,333,330	4%
Program Management Charter	900,000	1%
Program Management Plan	1,000,000	1%
Document Management	610,000	1%
Quality Management	2,200,000	3%
Task 2: Strategic Capital Planning	**5,570,000**	**7%**
Program Review & Alignment	2,500,000	3%
Long-Range Capital Planning	1,500,000	2%
Adaptive Management Process	710,000	1%
Asset Management Integration	860,000	1%
Task 3: Program Delivery	**21,060,000**	**26%**
Pre-Construction Program Safety	1,000,000	1%
Perf Metrics, Lessons Learned	3,550,000	4%
Risk Management	1,950,000	2%
Facilities Integration Plan	1,050,000	1%
Project Labor Agreement Support	900,000	1%
Diversity, Equity and Inclusion	1,750,000	2%
Quality Control (Planning and Design)	2,500,000	3%
Communications and Reporting Support	980,000	1%
Cost Estimating	2,000,000	2%
Operations Coordination	4,700,000	6%
Program Deliverability Review	680,000	1%
Task 4: Project Technical Support	**45,385,000**	**57%**
Project Delivery Review	1,875,000	2%
Project Planning Support	3,250,000	4%
Special Evaluations (Calaveras)	6,600,000	8%
Special Evaluations (AWS)	9,300,000	12%
Special Evaluations - other (TBD)	4,600,000	6%
Dams Oversight	3,850,000	5%
Seismic Evaluation/Standards	840,000	1%
Hydraulic Modeling and System Engineering	1,070,000	1%
Climate Change and Resiliency	2,000,000	2%
Design Standards Review	1,200,000	1%
Technology Transfer and Training	2,000,000	2%
Emerging Technologies	1,800,000	2%
Value Engineering	2,000,000	2%
Independent Technical Review	4,200,000	5%
BIM and Asset Digitization	800,000	1%
Total	**$80,058,330**	**100%**

Source: SFPUC

Billing Rates

Under the proposed contract, the billing rates for HDR Stantec JV and their subcontractors range from $94 per hour up to $300 per hour. The maximum billing rate for key/lead staff and any Technical Advisory Panel members is $300 per hour, for all other staff the maximum billing rate is $270 per hour. The contractor will only be allowed to escalate billing rates based on the annual change of the Consumer Price Index for the San Francisco Bay Area for Urban Wage Earners and Clerical Workers.

Funding Source

SFPUC estimates that approximately 46 percent of expenditures would be funded by Water Enterprise Regional Capital Funds, 30 percent would be funded by Water Enterprise Local Capital Funds, and 23 percent would be funded by Hetch Hetchy Water Enterprise Capital Funds. Capital plan costs are recovered from Water Enterprise and Hetch Hetchy Water Enterprise ratepayers.

RECOMMENDATION

Approve the proposed resolution.

Attachment 1: Proposed HDR Stantec Subcontractors

Local Business Enterprise (LBE) Subcontractors

Firm	Service	Contract Participation
Chaves & Associates	Management/Storage, Database	0.63%
Climate Adaptive Systems, LLC	Civil/Water Resources Engineers	1.50%
Coord LLC	Urban/Regional Planning	1.00%
Effective Management Services, LLC	Construction Management, Administrative Services	2.50%
Galen CM, Inc.	Construction Management (Staff Augmentation)	1.25%
Hollins Consulting	Construction Management (Utilities)	0.38%
Incommon, LLC	Community Relationships/Public Affairs (DEI)	0.38%
InterEthnica	Community Relationships/Public Affairs, Translating Services	0.94%
Joe Hill Consulting & Engineering Corp.	Civil/Water Resources Engineers, Construction Management	2.50%
M Lee Corporation	Value/Quality Engineering, Database Development/Analysis, Construction Management	2.50%
McGovern McDonald Engineers	Civil/Water Resources Engineering, Regulatory Compliance Financial Services	1.00%
Pathways Climate Institute, LLC	Urban/Regulatory Plan, Environmental Advisory	0.75%
Smith & Associates	Construction Management (Safety)	1.00%
SRT Consultants	Civil/Water Resources Engineering	2.50%
Westland Management Solutions, Inc.	Database Development/Analysis, Computer System Services	2.00%
LBE Subtotal		**20.83%**

Non-LBE Subcontractors

Firm	Service	Contract Participation
Data Sciences Group	Asset Management Support	0.31%
Katz & Associates	Program Communications Lead	2.00%
Law Office of Julian Gross	Project Labor Agreement (PLA) Support	0.25%
Northwest Hydraulic Consultants	Northwest Hydraulic Consultants	0.25%
Non-LBE Subtotal		**2.81%**
Total Subcontractor Participation		**23.64%**

Source: Contract Monitoring Division

Note: HDR Stantec's proposed 20.83% LBE participation rate exceeds the 15% requirement stated in the RFP.

Item 5 **File 25-0042**	**Department:** Homelessness and Supportive Housing (HSH)

EXECUTIVE SUMMARY

Legislative Objectives

- The proposed resolution would approve the fourth amendment to the grant agreement between HSH and the nonprofit Catholic Charities for rapid rehousing and five slots of flexible housing subsidy program services, extending the term by 16 months from February 28, 2025, to June 30, 2026, and increasing the not-to-exceed amount by $4,736,070 from $9,797,503 to $14,533,573.

Key Points

- Catholic Charities has operated SF HOME, one of the City's family rapid rehousing programs, since 2018 under an existing grant agreement.
- This rapid rehousing program provides time-limited rental subsidies for families that are formerly homeless or at risk of homelessness, and meet income eligibility requirements, to secure and maintain permanent housing in the private market.
- The proposed fourth amendment includes funding for Catholic Charities to expand its services to additional households under Mayor Breed's Safe Families Plan, from a minimum of 32 families in FY 2023-24 to 66 families annually by FY 2025-26.
- In FY 2023-24, Catholic Charities provided rental assistance to 42 families, exceeding its goal of 32 families for that year. Catholic Charities is expected to serve 62 families in FY 2024-25 and 66 families in FY 2025-26 with the additional funding.

Fiscal Impact

- The proposed amendment would add approximately $4.7 million to the existing contract for the 16-month extension. Between FY 2023-24 and FY 2025-26 direct assistance for families is budgeted to increase from $1.0 million to $2.3 million due to an increase in the number of families served during the extension period and a one-year extension of subsidies for clients that would otherwise exit the program in FY 2024-25.
- The proposed contract extension will be funded by the General Fund (48 percent) and Our City, Our Home (Proposition C) funds (52 percent).

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) requires a modification of more than $500,000 is subject to Board of Supervisors approval.

BACKGROUND

Rapid Rehousing

The Department of Homelessness and Supportive Housing's (HSH) Rapid Rehousing (RRH) program provides time-limited rental subsidies for people who are homeless or at risk of homelessness to secure and maintain permanent housing in the private market. Program participants sign their own lease agreement and have tenant rights. Participants pay a portion of the monthly rent, and the subsidy covers the remaining rent due. The nonprofit organization Catholic Charities has operated SF HOME, one of the City's family Rapid Rehousing programs, since 2018. The original agreement required that Catholic Charities serve a minimum of 32 families with minor children annually.

In 2022, Catholic Charities received additional funding from HSH to administer up to 12-month extensions beyond the standard 24-month period with the intention to provide families additional time to secure financial self-sufficiency and prevent a return to homelessness. At this time Catholic Charities also received funding from a Board addback to serve five additional households through the Flexible Housing Subsidy (FHSP) program.

In 2024, then Mayor Breed announced the Safer Families Plan, to expand HSH's system of care for families by 115 shelter hotel vouchers, 180 rapid rehousing subsidies, and 35 shallow subsidies. The proposed grant amendment includes funding for Catholic Charities to expand its services to an additional 29 households (starting with 25 in FY 2024-25 and 29 in FY 2025-26) to support this initiative. The proposed fourth amendment to the Rapid Rehousing grant agreement would support Catholic Charities to serve a minimum of 66 total families annually.[1]

The City's Rapid Rehousing programs typically provide subsidy terms of between one to three years. However, in December 2024, the Board of Supervisors amended Chapter 20 of the Administrative Code to make it City policy to provide up to five years of rapid rehousing for eligible family households, if HSH determines that the family is at risk of returning to homelessness (File 24-1038).

[1] 61 families through rapid rehousing and 5 families through the Flexible Housing Subsidy Pool.

Procurement

In April 2018, HSH issued a Request for Proposals (RFP) for two elements of HSH's Homelessness Response System: 1) Homelessness Prevention Assistance, and 2) Rapid Rehousing. Proposers were invited to apply for one or both components and to provide separate proposals for each.

In June 2018, HSH received and scored five proposals from qualified proposers, each of whom were incumbent agencies currently providing these services through existing HSH grants. A panel reviewed and scored the submitted proposals,[2] with the following evaluation criteria:

- Organizational Capacity (25 points)
- Program Narrative and Alignment with Strategic Framework (50 points)
- Fiscal Capacity (25 points)

All five proposers met the minimum qualifications and were eligible for grant awards. HSH awarded grants to all five of the proposers for a combined budget of $7.6 million per year, all with initial three-year terms and extension options not to exceed ten years.

Exhibit 1: Qualified Proposals and Scores from RFP #HSH2018-111:

Proposer	Met Minimum Qualifications (Y/N)	Homelessness Prevention Assistance Score (Average) Out of 100 Points	Rapid Rehousing Score (Average) Out of 100 Points
Catholic Charities	Y	93	93
Compass Family Services	Y	92.3	94.7
Eviction Defense Collaborative	Y	89.7	N/A*
Hamilton Families	Y	94.7	93
Homeless Prenatal Program	Y	93.3	N/A*

*N/A means the agency did not apply for the component.

Source: HSH

HSH Contract with Catholic Charities

In July 2018, HSH entered into an agreement with Catholic Charities for family rapid rehousing services. The original agreement was for a not-to exceed amount of $5,086,953, with a term ending on June 30, 2021, and an option to extend two years to July 2023. The original contract has been modified three times, as shown below in Exhibit 2. The Board of Supervisors has not approved any prior modification because the not-to-exceed amount has always been under $10 million and the term has been less than ten years, which are triggers for Board approval.

The proposed fourth modification, which is what this resolution would approve, is for an increase to the contract of $4,736,070 for a total not-to-exceed amount of $14,533,573 and extends the term by 16 months to June 30, 2026.

[2] The evaluation panel for the RFP consisted of a Grants Manager at MOHCD, a Family Permanent Supportive Housing Manager from HSH, and an Integrated Intake Director at Department of Aging and Adult Services at HSA.

Exhibit 2: Catholic Charities Contract Amendments (this is the 4th Amendment)

Modification No.	Date	Description	Not-to-Exceed Amount
Original	7/1/2018	HSH entered into a grant agreement with Catholic Charities for short-to-medium term family Rapid Rehousing, which includes housing search and placement, housing-focused case management, and one-time homelessness prevention assistance. The grant agreement was for a term of three years, from July 1, 2018, to June 30, 2021, plus options to extend the term up to two years to July 1, 2023.	$5,086,953
1	9/9/2019	The first amendment to the grant agreement increased the not-to-exceed amount by $2,626,250 and added options to extend the term through June 2028.	$7,713,203
2	7/1/2021	The second amendment to the grant agreement extended the grant by three years to June 30, 2024, and increased the not-to-exceed amount by $2,084,300. The second amendment also removed the homelessness prevention scope of the contract (HSH entered into a separate agreement with Catholic Charities for this) and reduced the scope of the contract to only rapid rehousing and 5 slots of flexible housing subsidy pool. The term of the grant was reduced to June 30, 2024.	$9,797,503
3	7/1/2024	The third amendment to the grant agreement extended the term by eight months to February 28, 2025, and did not change the not-to-exceed amount.	$9,797,503
4*	3/1/2025 *pending approval	The proposed fourth amendment to the grant agreement increases the grant amount by $4,736,070 and extends the contract by 16 months to June 30, 2026.	$14,533,573

Note: Contract Modification No. 4 is what this resolution would approve.

Note: Not-to-Exceed Amount includes the contingency amount.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would approve the fourth amendment to the grant agreement between HSH and Catholic Charities for rapid rehousing and five slots of flexible housing subsidy program services, extending the term by 16 months from February 28, 2025, to June 30, 2026, and increasing the not to exceed amount by $4,736,070 to $14,533,573.

Services Provided

Under the contract, Catholic Charities delivers rapid rehousing support to family households who are formerly homeless, at risk of homelessness, and meet income eligibility requirements. Catholic Charities provides housing-focused case management, housing location, housing coordination, landlord liaison services, and subsidy administration, as described below.

Prior to 2021, Catholic Charities provided homelessness prevention assistance, which is intended as a one-time payment for households who have recently experienced housing loss or are at imminent risk of housing loss in which the grantee (Catholic Charities, in this case) offers households assistance in paying back rent owed. However, according to HSH Senior Legislative Analyst Hailey Gil, the second amendment to the grant agreement severed the homelessness prevention assistance component of the grant, for which HSH entered into a separate agreement with Catholic Charities. Since that time, this grant agreement with Catholic Charities has only offered services for rapid rehousing and five slots of flexible housing subsidy program services.

Housing Focused Case Management Services

Catholic Charities assists families with getting the documentation they need to move into housing, including maintaining a Housing Stability Plan with each family to ensure participants can sustain housing when they transition to permanent housing at the end of the program.

Housing Location Services

Catholic Charities assists families to identify and secure market rate housing units, including establishing relationships with landlords, property owners, and property management companies.

Housing Coordination Services

Catholic Charities matches families to housing and provides education on tenancy rules and regulations.

Subsidy Administration Services

Catholic Charities completes initial and ongoing subsidy payments for families. This is most of the cost of the contract.

Landlord Liaison Services

Catholic Charities maintains communication with landlords and acts as a point of contact for landlords to ensure rapid response to any problems that may arise.

Program Performance

HSH conducts annual program monitoring of Catholic Charities. In its most recent Program Monitoring Results Letter for FY 2023-24, HSH identified three findings that required corrective action, which included consistency of data quality and not having lead-based paint addendums present in all the files. Catholic Charities has until February 2025 to respond to HSH.

Catholic Charities exceeded service requirements with 42 families actively housed through the SF HOME RRH program in FY 2023-24, surpassing its minimum requirement of 32 households, primarily due to subsidy turnover.

Exhibit 3 shows the SF HOME Rapid Rehousing program objectives (goals and actuals) for FY 2023-24.

Exhibit 3: Catholic Charities SF HOME RRH Objectives (Goals and Actuals) for FY 2023-24

Service / Program Objective	Goal	Actual	Achieved (Y/N)
At least 90% of enrolled households move into housing by move-in date	90%	94%	Y
Families spend less than or equal to 75 days homeless from program enrollment to housing move-in	75 days or less	65 days	Y
At least 90% of families maintain housing for 12 months or exit to permanent housing	90%	97%	Y

Source: HSH

According to HSH's FY 2023-24 Performance Monitoring Results Letter, Catholic Charities placed 14 new families into housing and provided rental assistance to 42 families in FY 2023-24, exceeding its 32-family goal for that year. Catholic Charities will be expected to serve 62 families in FY 2024-25 and 66 families in 2025-26 with its additional funding. The increase in families served is part of the Safer Families Initiative, described above.

Fiscal and Compliance Monitoring

In its FY 2023-24 financial monitoring report letter, HSH identified two findings for Catholic Charities that required corrective action.[3] According to HSH, Catholic Charities provided explanations for each finding and, although was not technically in compliance at the end of FY 2023-24, has since updated their processes to come into conformance with City standards.

FISCAL IMPACT

The proposed resolution would increase the not to exceed amount by $4,736,070 to $14,533,573, which includes a 15 percent contingency of $801,385 on the FY 2024-25 and FY 2025-26 amounts. Exhibit 4 below summarizes the sources and uses of the proposed contract spending.

[3] The corrective actions were related to submitting timely monthly invoices to departments within 60 days and notifying the general public of Board meetings at least 30 days in advance.

Exhibit 4: Catholic Charities SF HOME Rapid Rehousing Program Expenditures

	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25*	FY 2025-26*	Total
Salaries & Benefits	$472,102	$606,303	$667,113	$270,529	$328,314	$295,823	$416,600	$534,670	$3,591,454
Operating Expense	$107,884	$184,032	$211,668	$110,944	$114,331	$54,839	$120,601	$137,285	$1,041,584
Indirect Cost	$97,547	$133,999	$148,938	$62,360	$71,690	$57,308	$86,626	$105,251	$763,719
Other Expenses	$793,384	$916,593	$982,409	$217,772	$463,003	$1,020,729	$1,623,101	$2,318,436	$8,335,427
Total Expenditures	**$1,470,917**	**$1,840,927**	**$2,010,128**	**$661,605**	**$977,338**	**$1,428,699**	**$2,246,928**	**$3,095,642**	**$13,732,184**
Contingency (15% on FY24-25 and FY 25-26)									$801,385
Proposed Not to Exceed									**$14,533,573**

Source: Appendix B of the fourth amendment to the grant agreement

Note: Totals do not add due to rounding

*Proposed budget under the proposed fourth amendment to the grant agreement

In the budget shown above, operating expenses include Catholic Charities' own rent and utilities, office supplies, and building maintenance. Salaries and benefits support 5.93 full-time equivalents (FTEs) at Catholic Charities for FY 2024-25. According to Analyst Gil, HSH generally allows for a 15 percent indirect rate however, Catholic Charities negotiated higher indirect rates in prior years and negotiated a one-time 16.36 percent rate for FY 2024-25 and 15.65 percent in FY 2025-26 to support the administration of rental subsidies on a monthly basis.

Other expenses include the rental subsidies, which make up the majority of the cost, and direct assistance for families. These expenses are budgeted to increase to $1.6 million in FY 2024-25 and to $2.3 million in FY 2025-26 due to an increase in the number of families served during the extension period, continuation of existing subsidies, and providing a one-year extension of subsidies for clients that would otherwise exit the program in FY 2024-25.

Actual spending on the current grant agreement totaled $8.4 million through FY 2023-24, or approximately $1.4 million less than the current not to exceed amount of $9.8 million.

Funding Source

The proposed amendment would add $4.7 million to the existing contract, for an extension of 16 months (four months at the end of FY 2024-25 and all of FY 2025-26) for a total not to exceed amount of $14.5 million. This grant agreement extension will be funded with General Fund money (48 percent) and Our City, Our Home (Proposition C) funds (52 percent).

RECOMMENDATION

Approve the proposed resolution.

Item 6 **File 25-0015**	**Department:** Children, Youth, and Their Families

EXECUTIVE SUMMARY

Legislative Objectives

- The proposed resolution would retroactively approve a new five-year grant agreement between the Department of Children, Youth, and Their Families (DCYF) and Young Community Developers (YCD) for two programs: (1) Black to the Future and (2) School Site Mentoring. The grant has a not-to-exceed amount of $12,422,660 and a term from July 1, 2024, through June 30, 2029.

Key Points

- YCD submitted proposals to DCYF's FY 2024–29 RFP and was awarded funding under "All Children and Youth Are Supported by Nurturing Families and Communities." Black to the Future focuses on family support, mental health, educational assistance, and workforce readiness for 180 youth. School Site Mentoring provides crisis intervention and violence prevention for 50 at-risk youth.
- DCYF reports that in FY 2023-24, Black to the Future served 24 percent of its target number of participants and that 68 percent participated more than four hours, below DCYF benchmarks. The School Site Mentoring program was previously a pilot and did not have assigned measures. The proposed grant reduces the Black the Future client target from 300 to 180 youth, with a corresponding decrease in the program budget.
- The Office of Economic and Workforce Development found that YCD had completed a financial audit for FY 2023-24 as of October 13, 2024. The finding will close when YCD submits its FY 2023-24 audit.

Fiscal Impact

- The grant's budget is $11,327,147 plus an approximate 10 percent contingency, totaling $12,422,660. DCYF funds program staffing, subcontractors, and administrative costs; 12 full-time equivalent staff positions (9 for Black to the Future, 3 for School Site Mentoring) are planned in FY 2024-25.
- The grant will be funded by the General Fund and the Children and Youth Fund.

Recommendation

- Approve the proposed resolution.

MANDATE STATEMENT

City Charter Section 9.118(b) requires Board of Supervisors approval for contracts exceeding $10 million, those with a term of more than ten years, or modifications exceeding $500,000.

BACKGROUND

Young Community Developers

Young Community Developers (YCD) is a nonprofit organization based in San Francisco that provides education, workforce, and affordable housing programs.

Procurement

On August 16, 2023, the Department of Children, Youth, and Their Families (DCYF) issued a Request for Proposals (RFP) for the FY 2024-29 funding cycle. YCD submitted proposals and was awarded funding for two programs under the RFP Result Area "All Children And Youth Are Supported By Nurturing Families And Communities." The programs are (1) Black to the Future and (2) School Site Mentoring. The RFP scoring and other procurement information is summarized in Exhibit 1. Proposals for the two programs were evaluated by separate scoring panels based on the service area and strategy of the program as defined in the RFP[1].

Proposals were evaluated in three phases. In Phase 1, proposals were evaluated based on four criteria: program overview (25 points), program design and implementation (55 points), program impact (10 points), and target population need (10 points), for a total possible score of 100 points. In Phase 2, proposers were evaluated based on strategy alignment, target population, past performance, and agency fiscal rating. In Phase 3, DCYF determined the funding allocations for the nonprofit providers based on results from Phase 2 as well as other factors, including community need, geographic coverage, location of services, service capacity, and existing services funded by other providers.

[1] The Black to the Future program scoring panel included a Senior Community Development Specialist I from the Mayor's Office, a Manager I from DCYF, and a Jail Population Manager from Camden County. The School Site Mentoring Program scoring panel included a Deputy Probation Officer from the Adult Probation Department, a Principal Administrative Analyst from the Juvenile Probation Department, and a Principal Administrative Analyst from DCYF.

Exhibit 1: Procurement Summary

Program	Black to the Future	School Site Mentoring
Phase 1 Summary		
Total Number of Proposals	15	6
Number of Proposals Awarded Funding	4	5
Average Score (out of 100)	83.1	94.1
Rank out of Total Proposals	2	2
Phase 2 Funding Recommendation	Yes	Yes*
Phase 3 Award	Yes	Yes

Source: DCYF

*Although not highly rated in Phase 2, School Site Mentoring was given a grant because it serves youth from DCYF's priority populations and has had satisfactory performance previously.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would retroactively approve a grant agreement between the Department of Children, Youth, and Their Families (DCYF) and Young Community Developers (YCD) for two programs: (1) Black to the Future and (2) School Site Mentoring. The grant has a five-year term starting July 1, 2024, through June 30, 2029, and a not-to-exceed amount of $12,422,660. According to DCYF staff, DCYF is seeking approval retroactively due to the delays in the contracting process, resulting from multiple rounds of funding augmentation following budget restoration by the Mayor and Board of Supervisors.

Scope of Services

1. Black to the Future: This program will deliver a variety of activities, including family support service referrals, mental health, education support, workforce development, and violence prevention for 180 youth ages 5-18.
    a. Subcontractors include:
        i. Westside: Therapist/clinician and group support
        ii. Bayview YMCA: Health and wellness referrals
        iii. Collective Impact: Triage and wrap-around services
        iv. Success Centers: Pre-job readiness training, barrier mitigation, and basic essentials for clients
        v. Girls Saturday Academy: Events and support for educational goals/success
        vi. Us4Us: Case management services for at-risk youth
        vii. Alive and Free: Violence prevention groups and incentives
2. School Site Mentoring: Young Community Developers will provide crisis intervention, implementation of prevention strategies, and responses to incidents of violence for 50 at-risk youth in San Francisco middle and high schools.

a. Subcontractors include:
    i. Us4Us: School crisis response and community crisis response

Performance

Under the proposed grant agreement, YCD is required to report activities noted above in the scope of work. To assess the impact of the programs, YCD is required to administer participant surveys or other program evaluation instruments to assess program quality. There are no specific quantifiable measures of program outcomes, as they are still under development. DCYF will provide a performance improvement plan if a grantee is found to not meet one or more performance standards, which may include participation in technical assistance, performance measure amendment, or other supportive measures.

Past Performance

Performance results for FY 2022-23 are presented in Exhibit 2 below. There are no performance results for School Site Mentoring because it was a pilot program during the last funding cycle and did not have any assigned performance measures.

Exhibit 2: Black to the Future FY 2023-24 Performance Measures

Measure	Target	Result
Number of participants served as a percentage of the program's projected number of participants (300).	**90%+**	24%
Percent of participants who participated in the program for 4+ hours.	**85%+**	68%

Source: DCYF

As shown above, in FY 2023-24, Black to Future served 24 percent of its budgeted program participants (or 72 out of 300) and 68 percent of those participants stayed in the program for more than four hours. According to DCYF staff, the Department will provide technical assistance with YCD to better market the program. The proposed grant reduces the budgeted participants for the Black to the Future program from 300 to 180.[2]

[2] Under the prior grant, the Black to the Future budget was $2,612,964. The proposed grant reduces this program's budget to $1,700,000 in FY 2024-25.

Fiscal and Compliance Monitoring

The Office of Economic and Workforce Development completed citywide fiscal and compliance monitoring of YCD for FY 2023-24. The Final Status Letter dated October 13, 2024, states YCD is not yet in conformance with "Category 5: Audited Financial Statements", with the finding to be closed upon receipt of FY23-24 Audit Report.

FISCAL IMPACT

The proposed grant agreement has a total budget of $11,293,360 for the five-year term, with an additional 10 percent contingency amount, resulting in a total not-to-exceed amount of $12,422,660. The grant agreement budget by fiscal year and program is shown in Exhibit 3 below.

Exhibit 3: Grant Agreement Not-to-Exceed Amount

Program	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	Total
Black to the Future	$1,660,000	$1,709,800	$1,761,094	$1,813,927	$1,868,345	$8,813,165
School Site Mentoring	473,520	487,726	502,357	517,428	532,951	2,513,982
Grant Budget	2,133,520	2,197,526	2,263,451	2,331,355	2,401,296	11,327,147
Contingency (10%)						1,095,513
Not-to-Exceed						**$12,422,660**

Source: DCYF

Note: The proposed budget differs from the underlying grant agreement budget. The figures above are the latest grant budgets for these programs, as provided by DCYF. Over the five-year term, the updated grant budget is $11,327,147 compared to the budget in the proposed grant of $11,293,360.

Use of Funding

Funding supports program staffing, materials, subcontractors, and administrative costs. The FY 2024-25 budget is $2,173,520, as shown in Exhibit 5 below.

According to DCYF, the new agreement will fund a total of 12.0 full-time equivalent (FTE) adult staff positions in FY 2024-25. Of these, 9.0 FTE positions will support Black to the Future and 3.0 FTE positions will support School Site Mentoring.

Exhibit 5: FY 2024-25 Budget

	Black to the Future	School Site Mentoring	Total
Administrative (20%)	$225,000	$54,450	$279,450
Adult Staff	657,880	227,228	885,108
Fringe Benefits	197,364	66,325	263,689
Materials & Supplies	10,000	2,217	12,217
Other Program Expenses	276,256	23,300	299,556
Subcontractors	303,500	100,000	403,500
Total	**$1,660,000**	**$473,520**	**$2,143,520**

Source: DCYF

Source of Funding

The proposed agreement would be funded by the General Fund and the Children and Youth Fund.

RECOMMENDATION

Approve the proposed resolution.

Item 7 **File 25-0016**	**Department:** Children, Youth, and Their Families

EXECUTIVE SUMMARY

Legislative Objectives

- The proposed resolution approves the first amendment to a five-year grant agreement between the Department of Children, Youth, and Their Families (DCYF) and Bay Area Community Resources (BACR) and increases the contract amount by $1,537,840, bringing the total not-to-exceed amount to $10,473,540 for the term from July 1, 2024, through June 30, 2029.

Key Points

- BACR was awarded this grant under DCYF's FY 2024–29 Request for Proposals. In July 2024, DCYF entered into an agreement with BACR for the programs for an amount not to exceed $8,935,700 and a five-year term through June 2029. This amendment adds $250,000 annually to the Career Pathways program and a one-time $70,400 Juvenile Probation Department workorder to the ReSET Justice Collaborative program.
- The grant funds four programs: (1) Sunset Media Wave engages high school students in project-based media production and youth-led publishing; (2) ReSET Justice Collaborative supports justice-involved youth with reentry planning, mental health services, and workforce readiness; (3) YouthLine Technology Pathway offers at-risk teens job training in augmented and virtual reality, plus internships and career coaching; and (4) Career Pathways for Undocumented Youth connects young adults with case management, job training, and paid work experiences.
- BACR's FY 2023-24 results show high participation rates in most programs but some deficits in meeting hour-based targets for justice-involved youth and financial literacy goals based on participant surveys. DCYF is removing hours-based performance measures in the current funding cycle and continuing to provide technical assistance to BACR.

Fiscal Impact

- The revised grant budget is $9,521,440 for program costs plus a 10 percent contingency ($952,100), totaling $10,473,540. The additional $1,537,840 covers the annual addback for Career Pathways, the one-time workorder for ReSET, and minor cost escalations. Approximately 10.8 FTE adult staff and 2.9 FTE youth staff will be supported in FY 2024–25.
- Funding is provided by the General Fund, the Children and Youth Fund, and $70,400 from the Juvenile Probation Department's State grants.

Recommendations

- Amend the proposed resolution to correctly state that the contract amount is increasing by $1,537,840 (not $2,350,140) and approve the proposed resolution as amended.

MANDATE STATEMENT

City Charter Section 9.118(b) requires Board of Supervisors approval for contracts exceeding $10 million, those with a term of more than ten years, or modifications exceeding $500,000.

BACKGROUND

Bay Area Community Resources

Bay Area Community Resources (BACR) is a nonprofit organization providing services in education, workforce development, mental health, and community engagement throughout the greater San Francisco Bay Area.

Procurement

On August 16, 2023, the Department of Children, Youth, and Their Families (DCYF) issued a Request for Proposals (RFP) for the FY 2024-29 funding cycle. BACR submitted proposals for eleven programs under the RFP Result Area “All Youth Are Ready For College, Work And Productive Adulthood” and were awarded funding for four programs. The programs BACR was awarded funding for include: (1) Sunset Media Wave, (2) ReSET Justice Collaborative, (3) YouthLine Technology Pathway, and (4) Career Pathways for Undocumented Youth. The RFP scoring and other procurement information is summarized in Exhibit 1 below. Proposals for the four programs were evaluated by separate scoring panels based on the service area and strategy of the program as defined in the RFP[1].

Proposals were evaluated in three phases. In Phase 1, proposals were evaluated based on four criteria: program overview (25 points), program design and implementation (55 points), program impact (10 points), and target population need (10 points), for a total possible score of 100 points. In Phase 2, proposers were evaluated based on strategy alignment, target population, past performance, and agency fiscal rating. In Phase 3, DCYF determined the funding allocations for the nonprofit providers based on results from Phase 2 as well as other factors, including community need, geographic coverage, location of services, service capacity, and existing services funded by other providers.

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[1] The Sunset Media Wave program scoring panel included a Community Development Specialist from DCYF, and former Senior Community Development Specialist from DCYF, and a Director of Programs and Organizing from RYSE Youth Center. The ReSET Justice Collaborative Program scoring panel included a Senior Community Development Specialist I from DCYF, a Unit Supervisor from Alameda County Juvenile Probation Department, and a Principal Administrative Analyst from DCYF. The YouthLine Technology Pathway Program scoring panel included a Program Officer from Clarence E. Heller Charitable Foundation, a Public Service Trainee from DCYF, and a Deputy Probation Officer III from Contra Costa County. The Career Pathways for Undocumented Youth Program scoring panel included a Corporate Citizenship Manager from VMware Foundation, a Public Service Trainee from DCYF, and a Coordinator from San Mateo County Office of Education.

Exhibit 1: Procurement Summary

Program	Sunset Media Wave	ReSET Justice Collaborative	YouthLine Technology Pathway	Career Pathways for Undocumented Youth
Phase 1 Summary				
Total Number of Proposals	31	13	40	44
Number of Proposals Awarded Funding	10	6	23	9
Average Score (out of 100)	83.8	73.7	82	93.7
Rank out of Total Proposals	17	12	23	1
Phase 2 Funding Recommendation	Yes	Yes*	Yes	Yes
Phase 3 Award	Yes	Yes	Yes	Yes

Source: DCYF

*Although not highly rated in Phase 2, the program has had good performance as a provider for the Juvenile Probation Department in the past.

According to DCYF staff, the Mayor restored some of the cuts DCYF made to its budget and provided additional funding for the new grant cycle during the Mayor phase of the budget process. With this additional funding, DCYF was able to increase funding for some of the initially funded programs and identify additional programs to fund, which is why the ranks for the programs often exceed the number of proposals originally awarded funding.

Original Agreement

In July 2024, DCYF entered into a grant agreement with BACR for the four programs shown in Exhibit 1 above. The original agreement has a five-year term from July 1, 2024, to June 30, 2029 and a not to exceed amount of $8,935,700.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would approve a first amendment to a grant agreement between the Department of Children, Youth, and Their Families (DCYF) and Bay Area Community Resources (BACR) for four programs: (1) Sunset Media Wave, (2) ReSET Justice Collaborative, (3) YouthLine Technology Pathway, and (4) Career Pathways for Undocumented Youth. The amendment increases the contract amount by $1,537,840, for a new total not-to-exceed $10,473,540. The grant term remains unchanged from July 1, 2024, through June 30, 2029.

We recommend that the Board of Supervisors amend the proposed resolution to correctly state that the contract amount is increasing by $1,537,840 (not $2,350,140) under the amendment.

Scope of Services

1. Sunset Media Wave: Programming in project-based learning to help youth develop skills in professional publishing. The program serves 45 youth ages 14 to 17 at the Sunset Neighborhood Beacon Center in the Outer Sunset. Youth attend workshops and create and publish student-led zines that feature writing, visual arts, film, music, and mixed media and receive $250 to $600 after completing the program.
2. ReSET Justice Collaborative: Programming for youth involved in the justice system to reduce recidivism rates, including case management and court advocacy, reentry planning, life coaching, behavior modification training, mental health and wellness, life skills training and other workforce and education services. The program serves 100 youth ages 14 to 24. The agreement provides $35,000 in funding to Sue Kuyper, a subcontractor, to provide wellness coaching sessions, conduct biweekly clinical supervision, meet with the Re-Entry Program Manager, and coordinate with involved parties.
3. YouthLine Technology Pathway: Job training and work experiences in technology careers, including augmented reality and virtual reality, for 12 at-risk youth aged 14 to 17. The program provides case management, academic support and career coaching, and permanent employment placement in addition to internships to use software and equipment to produce digital media, including a youth-produced television show and youth-led zines. Youth participants earn hourly wages ranging from $18 to $20, with incentives totaling approximately $200 per youth.
4. Career Pathways for Undocumented Youth: Workforce and education programming for 20 undocumented youth aged 18 to 24. The program provides case management, career coaching, and paid work experience. Youth participants earn hourly wages ranging from $20 to $22, with a flat incentive of $3,331 per participant for completing job training.

Reason for Contract Increase

According to DCYF staff, the proposed amendment adds two new funding elements to the grant agreement. First, an ongoing annual addback of $250,000 was allocated to the Career Pathways for Undocumented Youth program as part of the Board of Supervisors' $7.3 million addback designated for community-based organization program restoration. This addback will be used to support general programming needs. Second, a one-time workorder of $70,400 from the Juvenile Probation Department is included for the ReSET Justice Collaborative grant. These funds originate from two State grants (the Youth Offender Block Grant and the Juvenile Justice Realignment Block Grant) and will be used for operational and programmatic expenses.

Performance

The grant agreement includes performance measures aligned with those detailed in the RFP. To assess program impact, BACR must administer participant surveys or other evaluation instruments to measure program quality against these performance standards. If a grantee fails to meet one or more performance standards, DCYF may implement a performance improvement plan, which could include technical assistance, performance measure amendments, or other supportive measures. Exhibit 2 provides an overview of these measures.

Exhibit 2: Performance Measures in Proposed Grant Agreement

Performance Measure	Target	Sunset Media	ReSET Justice	YouthLink Tech	Career Pathways
Grantee participates in SEL trainings	Yes	x	x	x	x
Grantee identifies a plan for incorporating social-emotional learning into their programs and practices	Yes	x	x	x	x
Percent of surveyed participants or caregivers who report that participants have an adult in the program who understood and really cared about them	75%+	x	x	x	x
Fiscal health of grantee agency based on DCYF's Fiscal and Compliance Monitoring efforts	Strong	x	x	x	x
Number of participants served as a percentage of the program's projected number of participants	90%+	x		x	x
Grantee participates in Program Quality Assessment (PQA) process	Yes	x		x	x
Percent of surveyed participants who report having clearer goals and a more positive outlook on their future as a result of the program	75%+		x		
Percent of surveyed participants who report being connected to resources and supportive services, such as counseling, educational support, and transportation assistance, through the program	75%+		x		
Percent of surveyed participants who report a stronger sense of belonging to a community and/or increased comfort with their own personal identity as a result of the program	75%+		x		
Percent of surveyed participants who report that they developed education or career goals and understand the steps needed to achieve their goals as a result of the program	75%+		x	x	x
Percent of participants with completed transitions plans	90%+			x	x
Grantee staff attend training on WorkforceLinkSF	Yes			x	x
Percent of participants enrolled in WorkforceLinkSF	50%+			x	x
Number of actual work-based learning experiences provided compared to the program's projected number of work-based learning experiences.	85%+			x	x
Percent of surveyed participants who report developing financial literacy skills, such as opening a bank account and making a budget, as a result of the program.	75%+			x	x
Percent of surveyed participants who report developing job search skills, such as resume writing and interviewing, as a result of the program.	75%+			x	x
Percent of participants employed at the end of program participation.	75%+				x

Source: DCYF

Past Performance

Performance results for FY 2023-24 are presented in Exhibit 3 below. The proposed agreement does not include performance measures on the percent of participants who participated for the targeted number of hours because DCYF removed this requirement for all nonprofit grantees for the FY 2024-29 funding cycle. The measure was difficult for the nonprofits to accurately track.

Exhibit 3: FY 2023-24 Performance Measures

Program Name	Measure	Result	Target
Career Pathways Undocumented (CPU)	Number of participants served as a percentage of the program's projected number of participants (15).	100%	90%+
	Percent of participants who participated in the program for 88+ hours.*	100%	85%+
	Percent of participants who completed a work-based learning experience lasting at least one month.	100%	85%+
	Percent of participants who completed a work-based learning experience lasting at least one month and were provided with follow-up support for at least three months.	100%	85%+
	Percent of surveyed participants who report that an adult in the program understood and really cared about them.	77%	75%+
	Percent of surveyed participants who report developing education or career goals and understanding the steps needed to achieve their goals as a result of the program.	92%	75%+
	Percent of surveyed participants who report developing job search skills, such as resume writing and interviewing, as a result of the program.	100%	75%+
	Percent of surveyed participants who report developing financial literacy skills, such as opening a bank account and making a budget, as a result of the program.	77%	75%+
	Fiscal health of grantee agency based on DCYF's Fiscal and Compliance Monitoring efforts.	Strong	Strong
ReSET Justice Collaborative	Number of participants served as a percentage of the program's projected number of participants (100).	161%	90%+
	Percent of participants who participated in the program for 196+ hours during the summer.*	0%	85%+
	Percent of participants who participated in the program for 108+ hours during the school year.*	31%	85%+
	Percent of surveyed participants who report that an adult in the program understood and really cared about them.	97%	75%+
	Percent of surveyed participants who report being connected to resources and supportive services, such as counseling, educational support, and transportation assistance, through the program.	97%	75%+

Program Name	Measure	Result	Target
	Percent of surveyed participants who report having clearer goals and a more positive outlook on their future as a result of the program.	68%	75%+
	Fiscal health of grantee agency based on DCYF's Fiscal and Compliance Monitoring efforts.	Strong	Strong
Sunset Media Wave	Number of participants served as a percentage of the program's projected number of participants (45).	120%	90%+
	Percent of participants who participated in the program for 65+ hours during the summer.*	94%	85%+
	Percent of participants who participated in the program for 65+ hours during the school year.*	88%	85%+
	Percent of surveyed participants who report that an adult in the program understood and really cared about them.	98%	75%+
	Percent of surveyed participants who report involvement in program implementation and/or leadership opportunities.	100%	75%+
	Fiscal health of grantee agency based on DCYF's Fiscal and Compliance Monitoring efforts.	Strong	Strong
YouthLine Tech	Number of participants served as a percentage of the program's projected number of participants (13).	100%	90%+
	Percent of participants who participated in the program for 96+ hours.*	100%	85%+
	Percent of participants who completed a work-based learning experience lasting at least one month.	100%	85%+
	Percent of participants who completed a work-based learning experience lasting at least one month and were provided with follow-up support for at least three months.	100%	85%+
	Percent of surveyed participants who report that an adult in the program understood and really cared about them.	73%	75%+
	Percent of surveyed participants who report developing education or career goals and understanding the steps needed to achieve their goals as a result of the program.	82%	75%+
	Percent of surveyed participants who report developing job search skills, such as resume writing and interviewing, as a result of the program.	100%	75%+
	Percent of surveyed participants who report developing financial literacy skills, such as opening a bank account and making a budget, as a result of the program.	18%	75%+
	Fiscal health of grantee agency based on DCYF's Fiscal and Compliance Monitoring efforts.	Strong	Strong

Source: DCYF
Note: Shading indicates result below target or missing data
*Measures not included in the proposed grant agreement

As shown above, in FY 2023-24, the ReSET program did not meet its participation targets for time spent in the program. No participants met the standard of 196+ hours during the summer (out of a target of 85 percent), and only 31 percent of participants met the standard of 108+ hours during the school year (out of a target of 85 percent). According to DCYF staff, the program's structure and participants' varying support needs made it difficult to set and achieve specific participation hour goals, leading the Department to remove hours as a performance measure moving forward. Additionally, 68 percent of surveyed ReSET participants reported having clearer goals and a more positive outlook on their future due to the program, falling below the 75 percent target. DCYF notes that ReSET continues to engage with these youth to improve this outcome.

Similarly, in FY 2023-24, YouthLine Tech did not meet its target for financial literacy development, with only 18 percent of surveyed participants reporting improved financial literacy skills, compared to the 75 percent target. DCYF will provide technical assistance to BACR to improve performance in this area.

Fiscal and Compliance Monitoring

The Office of Economic and Workforce Development completed citywide fiscal and compliance monitoring of BACR for FY 2023-24. According to the Final Status Letter dated March 28, 2024, BARC was fully in compliance with fiscal and compliance monitoring standards.

FISCAL IMPACT

The proposed grant agreement has a total budget of $9,521,440 for the five-year term, with an additional 10 percent contingency amount, resulting in a total not-to-exceed amount of $10,473,540. The grant agreement budget by fiscal year and program is shown in Exhibit 4 below.

Exhibit 4: Grant Agreement Not-to-Exceed Amount

Program	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	Total
Sunset Media Wave	$200,000	$206,000	$212,200	$218,600	$225,200	$1,062,000
ReSET Justice Collaborative	700,740	648,900	668,400	688,500	709,200	3,415,740
YouthLine Technology Pathway	300,000	309,000	318,300	327,800	337,600	1,592,700
Career Pathways for Undocumented Youth	650,000	669,500	689,600	710,300	731,600	3,451,000
Total Budget	1,850,740	1,833,400	1,888,500	1,945,200	2,003,600	9,521,440
Contingency (10%)						952,100
Not-to-Exceed						**$10,473,540**

Source: DCYF Grant Agreement

Amendment Increase

The new funding includes a one-time $70,400 workorder for the ReSET Justice Collaborative program and a $250,000 annual addback for the Career Pathways program. These funds increase the cost of the contract by $1,320,400 with the remaining amount attributed to a budgeted three percent annual increase in contract years two through five (roughly $217,440). In total, these funding additions increase the original contract by $1,537,840.

Uses of Funds

Funding supports program staffing, materials, subcontractors, and administrative costs. The FY 2024-25 budget is $1,850,740, as shown in Exhibit 5 below.

According to DCYF, the new agreement will fund a total of approximately 10.8 full-time equivalent (FTE) adult staff and 2.9 FTE youth staff in FY 2024-25. Of these, about 1.4 adult FTE will support Sunset Media Wave, 4.5 adult FTE will be allocated to ReSET Justice Collaborative, 1.3 adult FTE and 1.5 youth FTE will be allocated to YouthLine Technology Pathway, and 3.6 adult FTE and 1.4 youth FTE will be allocated to Career Pathways for Undocumented Youth.

Exhibit 5: FY 2024-25 Budget

	Sunset Media Wave	ReSET Justice Collaborative	YouthLine Technology Pathway	Career Pathways for Undocumented Youth	Total
Admin 13%	$26,087	$91,400	$39,130	$84,783	$241,400
Adult Staff	91,506	309,473	89,460	232,669	723,108
Fringe Benefits	22,876	77,368	37,055	73,804	211,103
Materials & Supplies	5,000	5,000	2,872	4,642	17,514
Other Program Expenses	54,531	182,498	72,722	191,555	501,306
Subcontractors		35,000		62,547	97,547
Youth Staff			58,760		58,760
Total	**$200,000**	**$700,740**	**$300,000**	**$650,000**	**$1,850,740**

Source: DCYF

Source of Funds

The proposed agreement would be funded by the General Fund, the Children and Youth Fund, and a $70,400 one-time workorder from the Juvenile Probation Department. The workorder is supported by the Youth Offender Block Grant and the Juvenile Justice Realignment Block Grant.

RECOMMENDATIONS

1. Amend the proposed resolution to correctly state that the contract amount is increasing by $1,537,840 (not $2,350,140) under the amendment.
2. Approve the proposed resolution as amended.

Item 8 **File 25-0048**	**Department:** Recreation and Park

EXECUTIVE SUMMARY

Legislative Objectives

- The proposed resolution would adopt findings that the Marina Improvement and Remediation Project is fiscally feasible and responsible under Administrative Code, Chapter 29. This approval would allow the environmental review to begin.

Key Points

- In March of 2021, the Board of Supervisors approved a settlement with Pacific Gas & Electric Company (PG&E) to resolve a lawsuit brought by the City in 2001 over contamination at the Marina East Harbor, where PG&E previously operated a manufactured gas plant. Under the settlement agreement, PG&E and the City agreed to collaborate on mitigation and reconstruction efforts. In addition, PG&E will pay up to $190 million to fund mitigation and reconstruction efforts, with the Recreation and Park Department repaying up to $29.4 million from Marina revenues over 30 years without accruing interest.
- After a risk assessment, PG&E proposes dredging the upper basin of the East Harbor and placing an engineered cap over much of this area. This process is designed to physically and chemically isolate contaminants under the engineered cap.
- The development plan for the Marina includes upgrades to the East Harbor, the West Harbor, and public-serving areas.

Fiscal Impact

- The estimated overall project cost is $188 million, including an estimated $100 million in remediation costs and an estimated $88 million in improvements. Initial costs will be paid for by PG&E and REC's revenues from the Marina will be used to repay up to $29.4 million in project costs.

Policy Consideration

- Although cost estimates include contingencies for both the remediation efforts and the Marina upgrades, unforeseen costs that exceed these contingencies could result in a reduced scope of work or, if the Department and Board of Supervisors agree, additional City funding for the project.

Recommendation

- Approve the proposed resolution.

MANDATE STATEMENT

Administrative Code Chapter 29 requires the Board of Supervisors to conduct a fiscal feasibility analysis of any project (1) that has a total cost exceeding $25,000,000, and (2) where the City is expected to incur costs related to project development in excess of $1,000,000. Chapter 29 requires consideration of five factors: (1) direct and indirect financial benefits to the City including the extent of applicable cost savings or new revenues, including tax revenues, generated by the proposed project; (2) cost of construction; (3) available funding for the project; (4) the long-term operating and maintenance cost of the project; and (5) debt load to be carried by the City or Department. A determination by the Board of Supervisors that a project is fiscally feasible only finds that the proposed project merits further evaluation and environmental review; a determination of fiscal feasibility does not include a determination the project should be approved.

BACKGROUND

Project Origin and Summary

In March of 2021, the Board of Supervisors approved a settlement with Pacific Gas & Electric Company (PG&E) to resolve a lawsuit brought by the City in 2001 over contamination at the Marina East Harbor, where PG&E previously operated former manufactured gas plants(File 21-0067). Under the settlement agreement PG&E and the City agreed to collaborate on mitigation and reconstruction efforts, with PG&E paying up to $190 million to fund these efforts and the Recreation and Park Department (the Department) repaying up to $29.4 million from Marina revenues over 30 years without accruing interest.

Remediation

The 2001 complaint filed by the City against PG&E related to sediments in the East Harbor from a former manufactured gas plant operation. After a risk assessment overseen by the San Francisco Bay Regional Water Quality Control Board (the lead agency overseeing the remediation) analyzing health and environmental risks from this sediment, and the incorporation of the City's planned Marina improvements, PG&E proposes dredging the upper (i.e., Northern) basin of the East Harbor and placing an engineered cap over much of this area. This process, known as sediment capping, is designed to physically and chemically isolate contaminants under the engineered cap. Based on the benefits and costs identified in the risk assessment, the project does not include dredging the lower (i.e. Southern) basin of the East Harbor, where an accumulated layer of natural sediment functions as a cap.

Marina Improvements

In the East Harbor, the development plan includes improving an existing breakwater, making a 420-foot dock publicly accessible, with fishing access and an Angel Island overlook; constructing an additional breakwater to enclose and protect the marina; creation of community and visitor docks; and dock renovation in the northern East Harbor resulting in a net gain of 27 slips from the number of currently available slips.

In the West Harbor, the development plan includes a new breakwater; a possible creation of a relocated fuel station; and reinstallation of slips for a net gain of 24 slips from the number of currently available slips. The proposed project design conforms to the ordinance approved by the Board of Supervisors in February 2024 that restricts expansion of the West Harbor Marina beyond the western edge of the Wave Organ (File 23-1191). As a result of that legislation, the Marina is losing berths and the associated revenue in the lower East Harbor, which, as noted above, is being converted to other recreation uses.

The development plan also includes upgrades to public-serving areas, including:

- Repurposing of a five-acre shallow water basin in lower East Harbor for kayaking, canoeing and other non-motorized water recreation
- Improvements to the Bay Trail;
- A viewing terrace; and
- A revitalized lawn for public use
- One or more volleyball courts
- Improved public restrooms

Project Status

The project is in the design phase. If the proposed resolution is approved, environmental review of the project design will proceed. Following environmental review, the Department anticipates that procurement for Marina improvements will begin in early 2027, with construction starting in June 2027 and lasting through December of 2029. Exhibit 1 below shows projected milestones.

Exhibit 1: Anticipated Project Timeline

Milestone	Date
PG&E Procures Remediation Contractors	2026
DPW advertises Marina Improvement Construction Project	Early 2027
DPW awards Marina Improvement Construction Project	Mid 2027
Remediation Construction	June 2027 - December 2028
West Harbor Improvements	June 2027 - December 2027
East Harbor Improvements	June 2028- December 2028
Marina Triangle and Shoreline Improvements	January 2029 - December 2029

Source: Recreation and Parks Department

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would adopt findings that the Marina Improvement and Remediation Project is fiscally feasible and responsible under Administrative Code Chapter 29. This approval would allow the environmental review to begin.

FISCAL FEASIBILITY

Chapter 29 of the San Francisco Administrative Code requires a fiscal feasibility analysis that includes consideration of (1) direct and indirect financial benefits to the City, including cost savings or new revenues, including tax revenues, generated by the proposed project; (2) cost of construction; (3) available funding for the project; (4) the long-term operating and maintenance cost of the project; and (5) debt load to be carried by the City or Department.

Financial Benefits to the City

The Department has not conducted a specific analysis of financial benefits from this project. It notes that park improvements are generally associated with:

a) Increased property values for nearby businesses and residences
b) Increased economic activity for local businesses
c) Decreases in health care spending from increased recreation

Cost of Construction and Available Funding

The estimated overall project cost is $188 million. This includes an estimated $100 million in remediation costs, including 17% in risk-based contingency, based on an estimate prepared by PG&E staff and three consulting firms: a remediation design engineer consultant, a construction quality assurance consultant, and a remedial construction contractor with PG&E dredging and capping experience. It also includes an estimated $88 million in improvements, including a 10% construction contingency, based on an estimate provided to the Department by outside consultants, with modifications from Department staff.

Through the settlement agreement, PG&E will pay up to $190 million in project costs, of which the Department will repay up to $29.4 million over 30 years, starting three years after project completion.[1]

[1] Under the settlement agreement, the City repays PG&E over thirty years without interest. The City repays PG&E nine percent of the first $160 million in project costs and fifty percent of the remaining $30 million in project costs.

Exhibit 2: Cost of Construction

Marina Costs	
West Harbor	
Docks	$6,000,000
Main Breakwater	$5,619,000
Subtotal	*$11,619,000*
East Harbor	
Docks	$24,000,000
Breakwater	$9,500,000
Fuel Dock Demolition	$166,000
Subtotal	*$33,666,000*
Park and Shoreline	
Park	$5,000,000
Water's edge	$10,000,000
Restroom	$750,000
Subtotal	*$15,750,000*
Improvements Subtotal	*$61,035,000*
Construction Contingency (10%)	$6,103,500
Soft Costs (Including Permitting/CEQA)	$21,000,000
Marina Total	**$88,138,500**
Remediation Costs	
Remediation Base	$73,264,000
Contingency and Escalation	$26,727,000
Remediation Total	**$99,991,000**
Joint Project Total	**$188,129,500**

Source: RPD

Long-Term Operating and Maintenance Costs

Under the settlement agreement, long-term operating and maintenance costs related to the remediation are the responsibility of PG&E, and long-term operating and maintenance costs resulting from the Marina improvements are the responsibility of the Recreation and Parks Department.

Following project completion, the Department projects decreased maintenance costs, due in part to a) a reduction in the frequency of required dredging due to the construction of breakwaters, and b) reduced maintenance costs due to the dock upgrades. These decreases are partially offset by new maintenance needs associated with the project, such as maintaining the volleyball courts. Overall, the Department's projections show that non-personnel operating costs are budgeted at $1.55 million in FY 2024-25 and are projected to be $1.48 million starting in FY 2031-32, the second year after construction. As a result, the project's slip renovation and expansion plus the assumed increase in fees for the East Harbor will cause the Marina to generate $0.5 million to $1.0 million in annual net income following completion of the proposed project, which can be used for future capital improvements for the Marina.

Debt Load to be Carried by the City or Department

Under the terms of the settlement agreement with PG&E, the Recreation and Parks Department will be responsible for repaying $29.4 million over the course of 30 years without interest, through Marina revenue, starting three years after project completion. The City repays PG&E nine percent of the first $160 million in project costs and fifty percent of the remaining $30 million in project costs. This translates to a maximum debt service of up to $980,000 annually.

In December of 2024, the Board of Supervisors approved berthing rate increases for most services in the Marina, a change designed to eliminate the need for a General Fund subsidy for Marina operations (File 24-0189). Following renovation of the East Harbor, Recreation and Parks Department staff plan to request Board of Supervisors approval of fee increases to match the fees for the West Harbor. Due to differences in amenities, rates for East Harbor berths are currently lower than West Harbor rates. In FY 2024-25, a 30' slip in the East Harbor costs $16.20 per linear foot per month and the same berth in the West Harbor costs $21.66.

As noted above, should the increase in East Harbor rates be approved, REC staff project that the Marina revenue collected by the Department will be sufficient to cover the costs of PG&E debt service as well as all Marina operating costs, resulting in approximately $0.5 million in annual net revenues in FY 2033-34 to provide for capital maintenance. If the East Harbor rates are not increased to match West Harbor rates, REC projections show that the Marina would break even and still not require a General Fund subsidy, however long-term capital needs would be more difficult to fund.[2]

POLICY CONSIDERATION

Although cost estimates include contingencies for both the remediation efforts and the Marina upgrades, unforeseen costs that exceed these contingencies could result in a reduced scope of work or, if the Department and Board of Supervisors agree, additional RPD expenditures. Through the settlement agreement, PG&E is responsible for paying up to $190 million in project costs. Should unforeseen costs increase projected costs beyond $190 million, the agreement calls for the Department and PG&E to work together to reduce the project scope in order to stay within a $190 million total budget. For example, should remediation or Marina upgrade costs exceed the current budget and contingency, the Department would work with PG&E to reduce the scope of the Project, in order to stay within the $190 million project budget. The settlement agreement also allows the Department and PG&E to modify the agreement to increase the

[2] REC's projections assume 90 percent occupancy in both West and East Harbor, consistent with current occupancy in the West Harbor. If actual occupancy in the East Harbor is less after project completion, the Marina would not be financially self-sufficient without East Harbor fees matching West Harbor fees.

project budget beyond $190 million, as long as both parties agree to such a modification. The parties would also need to mutually agree on cost-sharing in such a scenario.

RECOMMENDATION

Approve the proposed resolution.