

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

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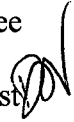
TO: Budget and Finance Committee
FROM: Budget and Legislative Analyst 
SUBJECT: December 4, 2013 Budget and Finance Committee Meeting

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Item 1 File 13-1022	Department: Human Services Agency (HSA)
EXECUTIVE SUMMARY	
<p>Note: The Budget and Finance Committee (1) approved the two-month extension of the existing contract between the Human Services Agency (HSA) and Guardsmark LLC at the November 20, 2013 Budget and Finance Committee meeting, and (2) continued the resolution to approve an increase in the contract not-to-exceed amount by \$1,900,000 to the December 4, 2013 Budget and Finance Committee meeting.</p>	
Legislative Objectives	
<ul style="list-style-type: none"> • The proposed resolution would (1) extend the current security guard contract between the Human Services Agency (HSA) and Guardsmark LLC (Guardsmark) by two months from December 1, 2013 to January 31, 2014, and (2) increase the contract amount by \$1,900,000, from a not-to-exceed amount of \$19,326,260 to a not-to-exceed amount of \$21,226,260. 	
Key Points	
<ul style="list-style-type: none"> • In April 2008, the Board of Supervisors approved the original security guard contract between HSA and Guardsmark for security guard services at 19 HSA facilities throughout the City for a five-year term from May 1, 2008 through April 30, 2013, and a not-to-exceed amount of \$21,100,370. The Board of Supervisors approved the revised contract in November 2008 subsequent to a bid protest, which revised the contract term for one year from December 1, 2008 through November 30, 2009, with four one-year options to extend the term through November 30, 2013. The contract amount was reduced from \$21,100,370 to \$19,326,260 due to projected reductions in security guard service hours. • However, since December 1, 2008, HSA has increased the security guard service hours at many of the facilities, which increased the annual costs above what was initially budgeted. Additionally, HSA is requesting to increase the contract term by two months from December 1, 2013 through January 31, 2014, pending award and execution of a new security guard contract on January 1, 2014 through a competitive Request for Proposals (RFP) process. Consequently, HSA does not have sufficient remaining expenditure authority to pay for security guard services through January 31, 2014. 	
Fiscal Impact	
<ul style="list-style-type: none"> • HSA is requesting an increase of \$1,900,000 in the contract amount to pay for (1) \$1,786,560 in security guard services from September 1, 2013 through January 31, 2014, and (2) a contingency of \$113,440, which is sufficient to pay for any unanticipated increase in security guard service hours. 	
Recommendation	
<ul style="list-style-type: none"> • Approve the proposed resolution. 	

MANDATE STATEMENT / BACKGROUND**Mandate Statement**

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

Background

The Human Services Agency (HSA) contracts for security services at 19 facilities throughout the City including client service centers, employee offices, homeless shelters, medical facilities and parking lots.

On April 22, 2008 the Board of Supervisors approved a contract between HSA and Guardsmark LLC (Guardsmark) for Guardsmark to provide security services for HSA at 19 facilities operated by HSA throughout the City for a five-year period from May 1, 2008 through April 30, 2013, in an amount not-to-exceed \$21,100,370, based on a competitive Request for Proposals (RFP) process.

Due to litigation by an unsuccessful bidder and further negotiations, the Board of Supervisors approved ordinance 306-08 (File 08-1346) on November 19, 2008 that amended the contract to:

- Change the effective term from May 1, 2008 through April 30, 2013 to December 1, 2008 through November 30, 2013.
- Change the structure of the contract from a five-year contract to a one-year contract with four one-year options to extend that did not require further Board of Supervisors approval.
- Reduce the not-to-exceed amount by \$1,774,110 from \$21,100,370 to \$19,326,260 by reducing the number of security guard hours by 37,000 from 750,000 to 713,000 hours.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would (1) extend the current security guard contract by two months from December 1, 2013 to January 31, 2014, and (2) increase the contract amount by

\$1,900,000, from a not-to-exceed amount of \$19,326,260 to a not-to-exceed amount of \$21,226,260.

According to Mr. David Curto, HSA Director of Contracts and Facilities, when the initial contract was awarded, HSA and Guardsmark assumed that the number of security guard hours would gradually decrease when HSA implemented technological or facility improvements such as electronic card-readers at entrances. While some of these efficiencies were realized, Mr. Curto advises that the security conditions at some of the facilities became increasingly dangerous, including instances of physical assaults on both clients and HSA staff at HSA homeless shelters. Also, there was one homicide at an HSA drop-in center. In response to requests by shelter and facility managers to increase security at the HSA facilities, HSA implemented 24-hour security presence at all of the shelters and at many of the drop-in facilities, which increased the number of security guard hours and costs (see Fiscal Impact Section below).

HSA issued a new RFP for security guard services on August 2, 2013 and is currently reviewing competitive proposals for a new security guard contract that will begin on February 1, 2014. Therefore, HSA is requesting a two-month extension of the existing contract with Guardsmark pending award and execution of a new security guard contract.

FISCAL IMPACT

The proposed resolution would increase the not-to-exceed contract amount by \$1,900,000, or 9.8 percent of the total contract, from \$19,326,260 to \$21,226,260. HSA spent \$19,102,220 of the budgeted not-to-exceed amount of \$19,326,360 from December 1, 2008 through August 31, 2013, resulting in a balance of \$224,040.

The HSA projected need for the \$1,900,000 increase in security services is shown in Table 1 below.

Table 1: Requested Increase in Contract Not-to-Exceed Amount

	Request
September ¹	\$380,660
October ¹	363,760
November ²	477,966
December ³	392,941
January) ³	395,273
Monthly Subtotal	2,010,600
Less Unexpended Balance	(224,040)
Subtotal	1,786,560
Contingency ⁴	113,440
Total	\$1,900,000

¹ September and October are actual expenditures.

² November expenditures are based on actual expenditures through November 16, 2013 and estimated expenditures from November 17, 2013 through November 30, 2013. The expenditure estimate for November is higher than the average monthly expenditure because it includes a fifth week as well as the Thanksgiving holiday.

³ The expenditure estimates for December and January include higher than the average monthly expenditure because they include the Christmas and New Year holidays.

⁴ The contingency of \$113,440 equals 9 percent of estimated expenditures of \$1,266,180 from November 1, 2013 through January 31, 2013.

According to Mr. Curto, HSA is requesting the contingency of \$113,440, or 9 percent of expenditures from November 1, 2013 through January 31, 2014, to give HSA sufficient authority to pay for security guard services in the event that the 19 HSA facilities require increased services during the remaining two months of the contract. The Budget and Legislative Analyst's Office reviewed the weekly expenditure estimates submitted by HSA and finds that HSA's estimates, combined with the proposed contingency funding, should provide sufficient additional contract authority to pay for the contract expenditures of \$1,786,560 and provide a contingency amount of \$113,440, resulting in the requested \$1,900,000 increase in the contract authorization through January 31, 2013.

Under the California State Department of Social Services (CDSS) County Welfare Department Cost Allocation Plan, HSA is eligible to receive Federal Financial Participation (FFP) funds for certain programs supported by Federal fund sources. Mr. Curto advises that approximately 62 percent, or \$1,178,000 of the proposed increase in the contract amount of \$1,900,000, would be reimbursed by the CDSS with the remaining 38 percent, or \$722,000, coming from the City General Fund.

RECOMMENDATION

Approve the proposed resolution.

Item 3 File 13-0879	Department: San Francisco International Airport (Airport)
EXECUTIVE SUMMARY	
<p style="text-align: center;">Legislative Objectives</p> <ul style="list-style-type: none"> • The proposed resolution would amend the existing agreement between the San Francisco International Airport (Airport) and Bombardier Transportation (Holdings) USA, Inc. (Bombardier) for the operation and maintenance of the AirTrain System, (a) exercising the first option to extend for a period of three years from March 1, 2014 through February 28, 2017, and (b) increasing the not-to-exceed amount of \$56,500,000 by \$42,200,000 for a total not-to-exceed amount of \$98,700,000. <p style="text-align: center;">Key Points</p> <ul style="list-style-type: none"> • On November 18, 2008 the Board of Supervisors (a) approved the existing agreement between the Airport and Bombardier for the continued operation and maintenance of the Airport's AirTrain System, for a not-to-exceed amount of \$56,500,000 for an initial five-year term, from March 1, 2009 through February 28, 2014, with one three-year options to extend and two one-year options to extend through February 28, 2019; and (b) granted the Airport Commission waiver of the competitive bidding requirements of Administrative Code Chapter 21 due to the propriety aspects of the AirTrain system, as well as the results of the negotiated settlement of the lawsuit. • However, the actual projected five-year agreement costs total \$59,700,000, which is \$3,200,000 more than the authorized budget of \$56,500,000 under the existing agreement that ends on February 28, 2014. • The projected \$3,200,000 shortfall is due to: (1) increases related to escalation on labor and material, (2) bonuses paid based on system performance, and (3) change orders for the replacement and/or upgrade of obsolete/inoperable equipment as per agreement requirements. <p style="text-align: center;">Fiscal Impact</p> <ul style="list-style-type: none"> • The budget for the proposed amended agreement with Bombardier is \$42,199,978 and includes: (1) \$38,999,978 for base operations, maintenance, escalations, and bonuses for the three-year extended term, and (2) \$3,200,000 to cover the shortfall of the existing budget for the initial five-year term of the agreement. • Under the proposed amendment, the estimated annual costs increase in FY 2014-15 by 3.0 percent, in FY 2015-16 by 3.4 percent, and in FY 2016-17 (eight months) by 4.8 percent. • Funds to pay for the proposed amended agreement will be provided from the Airport's Operating budget. <p style="text-align: center;">Recommendation</p> <ul style="list-style-type: none"> • Approve the proposed resolution. 	

MANDATE STATEMENT / BACKGROUND**Mandate Statement**

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

Background

Based on a competitive Request for Proposal process, the San Francisco International Airport (Airport) awarded an agreement (Airport Contract No. 5703.A) with Bombardier Transportation (Holdings) USA, Inc. (Bombardier), for a total amount of \$116,626,759, which began in March 1998. The agreement was approved by the Board of Supervisors. Phase One of the agreement totaled \$104,238,450 and was for Bombardier to design, construct, and install the light rail air train system (the "AirTrain") at the San Francisco International Airport. Phase Two of the agreement totaled \$12,388,309 and was for Bombardier to operate and maintain the AirTrain until February 24, 2009.

On August 4, 2002, during Phase One testing of the system, the system malfunctioned, resulting in two trains colliding, causing property damage and delays in making the system available for public use. Bombardier subsequently corrected the problem, and the AirTrain has operated safely since it was opened to the public. However, on December 15, 2004, the City filed a lawsuit against Bombardier for general Phase One contract delays and property damage resulting from the accident. The City also named Factory Mutual Insurance Company ("FMIC") as a defendant in the lawsuit, alleging that FMIC had not adequately adjusted the City's claim following the accident. Bombardier and FMIC filed cross-complaints against the City in the same lawsuit.

On April 8, 2008, the City, Bombardier and FMIC agreed to settle the lawsuit. One of the terms of the settlement that compensated the City for its loss resulting from the accident provided that Bombardier and the City enter into an agreement for Bombardier to continue to operate and maintain the AirTrain following the expiration of Bombardier's Operations and Maintenance agreement on February 24, 2009.

On November 18, 2008 the Board of Supervisors approved Ordinance 266-08 that (a) authorized an agreement (Airport Contract No. 8838) between the Airport and Bombardier for the continued operation and maintenance of the Airport's AirTrain System, for a not-to-exceed amount of \$56,500,000 for an initial five-year term, from March 1, 2009, through February 28, 2014, with one three-year option to extend and two one-year options to extend through

February 28, 2019; and (b) granted the Airport Commission waiver of the competitive bidding requirements of Administrative Code Chapter 21 due to the propriety aspects of the AirTrain system, as well as the results of the negotiated settlement of the lawsuit.

As shown in Table 1 below, the actual projected five-year agreement costs total \$59,700,000, which is \$3,200,000 more than the authorized budget of \$56,500,000 under the existing agreement.

**Table 1: Existing AirTrain Agreement Budget
March 1, 2009 through February 28, 2014**

	FY 2008-09 (March 1, 2009 - June 30, 2009, 4 months)	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14 (July 1, 2013 - February 28, 2014, 8 months)	Five-Year Total
Base Operations & Maintenance (O&M)	\$3,766,667	\$11,300,000	\$11,300,000	\$11,300,000	\$11,300,000	\$7,533,333	\$56,500,000
O&M Escalation		39,896	129,709	238,093	547,740	526,175	1,481,613
Change Orders	51,402	569,943	834,262	135,500	83,865	50,000	1,724,972
Bonuses ¹	9,417	47,707	38,166	38,166	19,857	80,758	234,071
Penalties ¹	(20,126)	(50,803)	(57,579)	(39,173)	(47,975)	(25,000)	(240,656)
Annual Totals	\$3,807,360	\$11,906,744	\$12,244,558	\$11,672,586	\$11,903,486	\$8,165,266	\$59,700,000
Approved Five-Year Budget							56,500,000
Existing Budget Shortfall							(\$3,200,000)

According to Mr. Lee Mitchell, AirTrain Project Manager, Airport, the projected \$3,200,000 shortfall is due to: (1) increases related to escalation on labor and material, (2) bonuses paid based on system performance, and (3) change orders for the replacement and/or upgrade of obsolete/inoperable equipment as per agreement requirements. Mr. Mitchell reports that when negotiating the initial terms of the agreement, it was decided to submit a request to the Board of Supervisors for the appropriation of the additional amount at the end of the five-year term as it is not possible to accurately predict the actual annual increases of escalation, bonuses and change orders.

Under the provisions of the existing agreement, the three-year option to extend the agreement on March 1, 2014 is dependent on Bombardier meeting a set of pre-defined performance

¹ Per the current and subject amended agreement, bonuses and penalties are based on system performance and are determined as follows: for any calendar month that the AirTrain System Service Availability falls below ninety-nine and one-half percent (99.50%) or exceeds ninety-nine and seventy-nine one hundredths percent (99.79%), a bonus payment factor shall be applied to Bombardier's Average Monthly Payment for that month. Increases shall be incentives for improved service whereas decreases shall be penalties for liquidated damages for not providing the required service, recognizing that demand for services during such times may have been denied or delayed and cannot be made up.

standards, including (1) system availability ratings, (2) an inventory and verification that all Airport owned spares, tools and equipment are in good working condition, (3) training certifications are up-to-date for appropriate Bombardier staff, and (4) the on-time preventative maintenance program meets or exceeds agreement requirements.

According to Mr. Mitchell, Bombardier has met the performance standards required for the three-year extension, including: (1) maintaining a 99.5% or higher average annual performance of system availability ratings, as shown in Table 2 below; (2) a sampling of the inventory of all tools and equipment is performed annually; (3) technician training certifications are verified on a monthly basis; and (4) maintaining an on-time preventative maintenance program, which is audited monthly.

Table 2: Average Annual Performance of System Availability Ratings

Year	Average Annual Performance Rating
2009	99.688%
2010	99.726%
2011	99.747%
2012	99.700%
2013	Year to date 99.638%

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would amend the existing agreement between the Airport and Bombardier for the operation and maintenance of the AirTrain System, (a) exercising the first option to extend for a period of three years from March 1, 2014, through February 28, 2017, and (b) increasing the not-to-exceed amount of \$56,500,000 by \$42,200,000 for a total not-to-exceed amount of \$98,700,000, which includes the \$3,200,000 additional amount needed to cover the shortfall of the existing budget for the initial five-year agreement.

FISCAL IMPACT

As shown in Table 3 below, the budget for the requested increased authorization of \$42,200,000 for the three-year extended period under the agreement with Bombardier is \$42,199,978. This amount includes: (1) \$38,999,978 for base operations, maintenance, escalations, and bonuses for the three-year extended term, and (2) \$3,200,000 to cover the shortfall of the existing budget for the initial five-year term of the agreement.

**Table 3: AirTrain Proposed Amended Agreement Budget
March 1, 2014 through February 28, 2017**

	FY 2013-14 (March 1, 2014 - June 30, 2014)	FY 2014-15	FY 2015-16	FY 2016-17 (July 1, 2016 - February 28, 2017)	Three-Year Total
Base Operations & Maintenance (O&M)	\$3,766,666	\$11,300,000	\$11,300,000	\$7,533,334	\$33,900,000
O&M Escalation/ Change Orders	295,895	1,257,040	1,678,769	1,547,398	\$4,779,102
Bonuses	42,720	103,428	108,083	66,645	\$320,876
Annual Totals	\$4,105,281	\$12,660,468	\$13,086,852	\$9,147,377	\$38,999,978
Existing Budget Shortfall					3,200,000
Total Three-Year Budget					\$42,199,978

Under the proposed amendment, the estimated annual costs increase in FY 2014-15 by 3.0 percent, in FY 2015-16 by 3.4 percent, and in FY 2016-17 (eight months) by 4.8 percent. According to Mr. Mitchell, the estimated annual cost increases are based on the provision of annual escalations on labor, materials, and incentive bonuses based on system performance over the past 10 years of operation and the age of the system.

According to Mr. Mitchell, the existing agreement's shortfall of \$3,200,000 was initially calculated to be \$3,216,265 to cover bonuses through February 2014. However, it has been determined that only \$3,200,000, as is included in the proposed amendment, will be needed as Bombardier did not reach the level of service required to obtain the bonus in the last two months.

Mr. Mitchell reports that the funding for the proposed amended agreement will be provided from the Airport's Operating budget.

RECOMMENDATION

Approve the proposed resolution.

File 8 Item 13-1111	Department: Adult Probation Department (Adult Probation)
EXECUTIVE SUMMARY	
<p style="text-align: center;">Legislative Objectives</p> <ul style="list-style-type: none"> • The Adult Probation Department is requesting the release of \$514,350 in State AB 109 realignment funds previously placed on reserve by the Budget and Finance Committee in the FY 2013-14 budget to increase funding for two agreements with (1) San Francisco Forensics Institute (SFFI) to provide Containment Model case-management services and (2) Tenderloin Housing Clinic to provide housing services for homeless registered sex offenders. <p style="text-align: center;">Key Points</p> <ul style="list-style-type: none"> • AB 1844 (Chelsea’s Law), approved on September 9, 2010, mandated that registered sex offenders participate in the Containment Model, a comprehensive and collaborative case-management program. The Adult Probation Department will also provide housing services to homeless registered sex offenders enrolled in the Containment Model program. • On May 1, 2013, the Adult Probation Department entered into an agreement with SFFI for a not-to-exceed \$188,403 to provide Containment Model services. • Adult Probation is currently finalizing an agreement with the Tenderloin Housing Clinic to provide rental subsidies to registered sex offenders in the Containment Model program. • The Board of Supervisors appropriated a total of \$702,753 in State AB 109 realignment funds, including \$188,403 that was not placed on reserve and \$514,350 that was placed on Budget and Finance Committee reserve pending submission of the final agreements with the SFFI and the Tenderloin Housing Clinic and related final budget details. <p style="text-align: center;">Fiscal Impact</p> <ul style="list-style-type: none"> • The Adult Probation Department is requesting the release of \$514,350. However the Budget and Legislative Analyst estimates that \$268,653 should be sufficient to provide Containment Model program services and housing services to registered sex offenders enrolled in the program through the end of FY 2013-14. <p style="text-align: center;">Recommendations</p> <ul style="list-style-type: none"> • Release \$268,653 of the appropriated and reserved \$514,350 of State AB 109 realignment funds currently on Budget and Finance Committee reserve. • Continue to reserve \$245,697 (\$514,350 less \$268,653). 	

MANDATE STATEMENT / BACKGROUND**Mandate Statement**

City Administrative Code Section 3.3(e) states that the Budget and Finance Committee of the Board of Supervisors has jurisdiction over the City's budget and may reserve proposed expenditures subject to Board of Supervisors approval. Such expenditures may be released by the Budget and Finance Committee.

Background***Chelsea's Law***

On September 9, 2010, Assembly Bill (AB) 1844 (Chelsea's Law) was approved. Chelsea's Law, named for Chelsea King who was murdered by a registered sex offender in a park, changed various provisions of the State penal code including:

- Increased penalties for specific violent sexual offenses;
- Increased penalties for and expanded the definition of the State's "One-Strike" law, which prior to Chelsea's Law required that offenders, convicted of specific violent sex crimes (including first-time offenders), be imprisoned for up to 25 years;
- Made it a misdemeanor for registered sex offenders convicted of a felony to enter a park where children gather regularly; and
- Mandated that high-risk sexual offenders participate in a sex-offender management program (Containment Model).

Containment Model

The Containment Model is a comprehensive case-management program that combines assessment and treatment by using a team of service providers to manage individual sex offender cases. The team of service providers would provide the following services:

- Client evaluation using a State-determined risk-assessment tool;
- Psychosexual assessment after which the therapist will make recommendations about treatments and the level and duration of supervision;
- A minimum of two polygraph examinations with additional examinations as may be required by the Containment Model team;
- Weekly group therapy sessions;
- Weekly individual therapy sessions;

- A “Child Assessment” using State-determined risk-assessment tools to identify if the offender poses a risk to children; and
- In-depth personality trait, psychopathy, and mental illness assessments using multiple scales and tools.

The Adult Probation Department issued a Request for Proposals (RFP) for an outside contractor to provide Containment Model services to high-risk sexual offenders on October 12, 2012¹. Adult Probation awarded the agreement for a not-to-exceed amount of \$188,403 to the San Francisco Forensics Institute (SFFI) on May 1, 2013. Per the agreement, SFFI will provide Containment Model services from May 1, 2013 through June 30, 2014 with one, one-year option to extend the agreement at the sole discretion of the Adult Probation Department.

Chelsea’s Law requires that Adult Probation use a State-determined risk-assessment tool to identify those registered sex offenders that are high-risk to reoffend. Adult Probation applied this risk-assessment tool and initially identified 27 registered sex offenders on probation to enroll in the Containment Model program. To date, 19 of the 27 registered sex offenders are receiving Containment Model services.

In addition to the contracted Containment Model program services listed above, the Adult Probation Department will also amend two existing agreements to provide the following housing services to homeless registered sex offenders:

- Long-term rental housing subsidies through the Tenderloin Housing Clinic; and
- Access to stabilization units, which are temporary housing units, to homeless registered sex offenders through the Department of Public Health (DPH).

Regarding the long-term rental housing subsidies, Ms. Jennifer Scaife, Adult Probation Department Reentry Division Acting Director, advises that Adult Probation is currently finalizing a new agreement effective from December 1, 2013 through June 30, 2015 in the not-to-exceed amount of \$705,341 with the Tenderloin Housing Clinic for these subsidies. This agreement does not currently include estimates for Containment Model program participants and will be amended subsequent to the subject release of the reserves.

Regarding the stabilization units, Ms. Scaife further advises that the Adult Probation Department will provide access to these units to homeless registered sex offenders by amending an existing work-order agreement with DPH that has an effective term of July 1, 2013 through June 30, 2014.

¹ The RFP was first issued on May 21, 2012 but was reissued on October 12, 2012.

Budgetary Reserve

The Board of Supervisors appropriated a total of \$702,753 in State AB 109 realignment funds including \$188,403 that was not placed on reserve and \$514,350 that was placed on Budget and Finance Committee reserve to fund (1) the existing agreement with SFFI for Containment Model services and (2) the existing agreement with the Tenderloin Housing Clinic for rental housing subsidies for high-risk sexual offenders. The Budget and Finance Committee placed \$514,350 on reserve pending submission of the final agreements with SFFI and the Tenderloin Housing Clinic and final budget details.

DETAILS OF PROPOSED LEGISLATION

Adult Probation is requesting the release of \$514,350, which was previously appropriated and reserved by the Budget and Finance Committee in the Adult Probation Department's FY 2013-14 budget for the existing agreements with SFFI and the Tenderloin Housing Clinic to continue to provide Containment Model case-management services and housing services to registered sex offenders in San Francisco for FY 2013-14.

FISCAL IMPACT

Adult Probation staff advises that, in order to preserve the current unreserved budget of \$188,403 through the end of FY 2013-14, they have been enrolling probationers at a slower than budgeted rate and have been providing limited services. To date, Adult Probation has enrolled 19 of the identified 27 registered sex offenders in the Containment Model program. Ms. Wendy Still, Chief Adult Probation Officer, advises that Adult Probation plans to increase the number of participants to 21 probationers in December 2013 and to 32 probationers in January 2014 and then to add approximately three new probationers each subsequent month going forward for an FY 2013-14 total of 47 probationers.

Based on actual expenditures of \$20,746 from May 1, 2013 through September 30, 2013, as shown in the Table below, and based on Adult Probation's projected estimates of enrollment and monthly costs, the Budget and Legislative Analyst's Office estimates that Adult Probation will require a total of \$457,056 in FY 2013-14 to supplement the existing agreements with the San Francisco Forensics Institute and the Tenderloin Housing Clinic. Including the previously unreserved budgeted amount of \$188,403 in FY 2013-14, the Budget and Legislative Analyst recommends that the Budget and Finance Committee (a) approve the release of \$268,653 of the requested \$514,350 of reserved AB 109 realignment funds and (b) continue to reserve the remaining \$245,697 (\$514,350 less \$268,653).

Table: Revised Estimate of Containment Model Program Participation and Costs

	Number of Clients	Actual and Projected SFFI Containment Model Services Costs	Actual and Projected Tenderloin Housing Clinic Services Costs ¹	Total Budgeted Costs
Actual and Projected Expenditures				
In 2013				
May - September (Actuals)	17	\$20,746	-	\$20,746
October (Estimate)	18	19,390	-	19,390
November (Estimate)	19	20,970	-	20,970
December (Estimate)	21	25,580	\$10,380	35,960
In 2014				
January (Estimate)	32	63,360	10,380	73,740
February (Estimate)	35	41,100	10,380	51,480
March (Estimate)	38	43,390	10,380	53,770
April (Estimate)	41	46,030	10,380	56,410
May (Estimate)	44	49,020	10,380	59,400
June (Estimate)	47	54,810	10,380	65,190
Expenditures Subtotal		\$384,396	\$72,660	\$457,056
Previously Allocated Funds				(188,403)
Award of Reserved Funds				\$268,653

¹ The budgeted Tenderloin Housing Clinic costs includes a total of \$25,350 for stabilization unit housing, the funding for which is provided by the Adult Probation Department to the Department of Public Health through a work-order agreement. The Tenderloin Housing Clinic staff will administer and oversee the housing services including the stabilization units.

RECOMMENDATIONS

1. Release \$268,653 of the appropriated and reserved \$514,350 of AB 109 realignment funds currently on Budget and Finance Committee reserve.
2. Continue to reserve \$245,697 (\$514,350 less \$268,653).

Item 16 File 13-1123	Department: San Francisco Municipal Transportation Authority (SFMTA)
EXECUTIVE SUMMARY	
Legislative Objectives	
<ul style="list-style-type: none"> The proposed ordinance appropriates \$4,388,000 in Area Plan development impact fees to fund various pedestrian, bicycle, streetscape, open space and associated project costs. 	
Key Points	
<ul style="list-style-type: none"> The Planning Code establishes Area Plans to guide land use in certain City neighborhoods, and authorizes the City to charge development impact fees to developers to fund public improvements in the respective Plan Areas. The proposed ordinance would appropriate Area Plan development impact fees of \$4,388,000 as shown in Table 1 and described in detail below. 	
<ul style="list-style-type: none"> The proposed ordinance would appropriate \$3,588,000 to Eastern Neighborhoods, Market and Octavia, and Rincon Hill Area Plan projects, which are included in the City's 2014-2023 Capital Plan from FY 2013-14 through FY 2016-17. SFMTA is requesting the appropriation of the entire \$3,588,000 in FY 2013-14 because more development is in progress in these Plan Areas than previously anticipated, resulting in higher than anticipated development impact fee revenues. 	
<ul style="list-style-type: none"> The proposed ordinance would appropriate \$800,000 to two Transit Center District projects, which were not included in the City's 2014-2023 Capital Plan because information on Transit Center District Plan projects was not available when the City's 2014-2023 Capital Plan was approved by the Capital Planning Committee in February 2013. The November 18, 2013 Capital Planning Committee determined that the two proposed Transit Center District projects are consistent with the Transit Center District Plan as described in the Capital Plan, and recommended their approval. 	
Fiscal Impact	
<ul style="list-style-type: none"> The total fund balance for the Eastern Neighborhoods, Market and Octavia, and Rincon Hill development impact fees as of November 21, 2013 was \$13,537,197. Appropriation of the requested \$3,588,000 would result in a remaining fund balance of \$9,949,197. 	
<ul style="list-style-type: none"> Construction of the new Transbay Transit Center at First and Mission Streets and two smaller Transit Center District development projects are estimated to generate \$6,000,000 in development impact fees, which the City has not yet received. Therefore, the proposed ordinance should be amended to place the requested appropriation of \$800,000 on Controller's reserve pending receipt of the revenues. 	
Recommendations	
<ul style="list-style-type: none"> Amend the proposed ordinance to place \$500,000 in Transit Center District Open Space Impact Fees and \$300,000 in Transit Center District Transportation and Street Improvement Impact Fees, totaling \$800,000, on Controller's reserve pending receipt of the impact fee revenues. 	
<ul style="list-style-type: none"> Approve the proposed ordinance as amended. 	

MANDATE STATEMENT

Charter Section 9.105 provides that (a) amendments to the Annual Appropriation Ordinance, as finally adopted, are to be adopted in the same manner as other ordinances and (b) no amendment to the Annual Appropriation Ordinance may be adopted unless the Controller certifies the availability of funds.

BACKGROUND

Area Plan Development Impact Fees

Area Plans are components of the City's General Plan that guide land use, design, infrastructure and area specific issues by providing objectives and policies for specific City neighborhoods or areas. The City's Planning Code requires developers to pay development impact fees specific to Area Plans in order to mitigate the impacts of commercial and residential development in the area.

The Interagency Plan Implementation Committee

The Interagency Plan Implementation Committee (IPIC) was created by the Board of Supervisors in 2006 to formalize interagency coordination of community improvements identified in the Area Plans. The IPIC is chaired by the Planning Department and includes representatives from the San Francisco Municipal Transportation Agency (SFMTA), Department of Public Works (DPW), Recreation and Park Department, San Francisco County Transportation Authority (SFCTA), the Public Library, Human Services Agency (HSA), and Capital Planning Committee.

The IPIC coordinates with the Area Plans' Citizen Advisory Committees, recommends Area Plans' capital projects, and produces an annual report that includes an assessment of development impact fee revenues and priority projects to be funded by these revenues.

DETAILS OF PROPOSED LEGISLATION

The proposed ordinance appropriates \$4,388,000 in Area Plan development impact fees to fund various pedestrian, bicycle, streetscape, open space and associated project costs as shown in Table 1 below.

Table 1: Proposed Sources and Uses of Funds

Sources	
Transit Center District Open Space Impact Fee	\$500,000
Transit Center District Transportation and Street Improvement Impact Fee	300,000
Subtotal, Transit Center District Impact Fees	800,000
Eastern Neighborhoods Impact Fee	1,095,000
Market and Octavia Community Infrastructure Impact Fee	1,920,000
Rincon Hill Community Infrastructure Impact Fee	573,000
Subtotal, Area Plans Impact Fees	3,588,000
Total Sources	\$4,388,000
Uses	
<i>Transit Center District Impact Fees</i>	
Central Subway Plaza - Chinatown	\$500,000
Transit Center streetscape plan	300,000
Subtotal, Transit Center District Impact Fees	800,000
<i>Eastern Neighborhoods Impact Fee</i>	
16th Street conceptual engineering	845,000
Folsom Street Improvements	<u>250,000</u>
Subtotal, Eastern Neighborhoods	1,095,000
<i>Market and Octavia Community Infrastructure Impact Fee</i>	
Haight Street two-way transportation and streetscape	210,000
Polk Street northbound bicycle improvements	50,000
Upper Market Street pedestrian improvements	1,160,000
Franklin and Gough Street pedestrian improvements	<u>500,000</u>
Subtotal, Market and Octavia	1,920,000
<i>Rincon Hill Community Infrastructure Impact Fee</i>	
Rincon Hill early design work	573,000
Subtotal, Area Plans Impact Fees	3,588,000
Total Uses	\$4,388,000

The Attachment to this report describes the subject development impact fees.

Descriptions of the requested expenditures of \$4,388,000 are provided below.

Transit Center District Plan

Central Subway Plaza – Chinatown (\$500,000)

The Central Subway Plaza will be located at the Chinatown Station, at Stockton and Washington Streets. According to the SFMTA report to the November 18, 2013 Capital Planning Committee, the requested \$500,000 in funds will be used to design the plaza through a change order to the existing contract between SFMTA and the Central Subway Design Group¹ for design and engineering services for the Chinatown Station. According to Ms. Sonali Bose, SFMTA Chief Financial Officer, the existing contract, which was awarded through a competitive Request for Proposals (RFP) process, is for \$39,949,959. SFMTA did not include design of the plaza in the initial contract because the site was not part of the original Chinatown Station.

¹ The Central Subway Design Group is a joint venture between Parsons Brinckerhoff, Inc., Michael Willis Architects, and Kwan Henmi Architecture and Planning, Inc.

Transit Center Streetscape Plan (\$300,000)

The Transit Center District Plan provides for streetscape and open space improvements within the Plan Area between Mission and Harrison Streets, and Spear and Second Streets. These improvements include new public streets, alleys, rights of way, sidewalks, parks and other public improvements. According to the SFMTA report to the November 18, 2013 Capital Planning Committee, streetscape projects in the Transit Center District are estimated to cost \$24 million over the next two years; completion of the proposed streetscape plan is necessary prior to commencing detailed streetscape project work. According to Ms. Bose, the requested \$300,000 will pay for DPW staff costs to plan the streetscape element, conduct preliminary design, and develop estimates of design and construction costs.

Eastern Neighborhoods Area Plan

16th Street Conceptual Engineering (\$845,000)

According to the SFMTA report to the November 18, 2013 Capital Planning Committee, the requested \$845,000 would pay for a conceptual engineering report to determine the scope of the streetscape and transit improvements to the 16th Street corridor so that development of these improvements can be integrated with SFMTA's Transit Effectiveness Project². According to Ms. Bose, SFMTA staff will conduct the conceptual engineering in conjunction with outside consultants to be selected through a competitive RFP process.

Folsom Street Improvements (\$250,000)

According to the SFMTA report to the November 18, 2013 Capital Planning Committee, the Folsom Street improvements are intended to address bicycle safety concerns on Folsom Street. The requested \$250,000 would be used to (1) remove one travel lane on Folsom Street between 4th Street and 11th Street for 18 months and enhance the existing bicycle lane with painted buffers, and (2) study the impact of removing the one travel lane as part of the Environmental Impact Report (EIR) for the Central Corridor Plan, which includes Folsom Street. According to Ms. Bose, the removal of the travel lane and evaluation of the impact of the lane removal will be performed by SFMTA Sustainable Streets Division staff.

Market and Octavia Area Plan

Haight Street Two-Way Transportation and Streetscape (\$210,000)

The Haight Street transportation and streetscape project will return buses to Haight Street between Octavia and Market Streets, add pedestrian signals and bulb-outs, and enhance the crosswalks at the Market Street and Haight Street intersection. The total project costs of approximately \$5,900,000 are funded through San Francisco County Transportation Authority

² The Transit Effectiveness Project is an on-going program to improve Muni's service reliability, reduce travel time on transit, and improve service efficiency.

funds and a Metropolitan Transportation Commission grant. Environmental review was completed on March 28, 2011 and construction is expected to start in January 2014. The requested \$210,000 would serve as a match to the grant funds. According to Ms. Bose, planning and design for the proposed project will be conducted by SFMTA Capital Program staff, and construction work will be performed by A. Ruiz Construction, selected through a competitive bid process and approved by the SFMTA Board of Directors on November 5, 2013.

Polk Street Northbound Bicycle Improvements (\$50,000)

The *San Francisco Bicycle Plan* identifies potential bicycle projects in the Market and Octavia Plan Area; and an update to the *San Francisco Bicycle Plan* by the SFMTA identified bicycle lane improvements to Polk Street. According to the SFMTA report to the November 18, 2013 Capital Planning Committee, design for the Polk Street northbound bicycle lane is nearly complete and construction will begin by March 2014. The requested \$50,000 will serve as matching funds to a \$584,000 Metropolitan Transportation Commission grant to fund the construction, with total project costs of \$960,000, including the requested \$50,000 in development impact fees. According to Ms. Bose, the design and construction work will be performed by DPW staff and contractors selected by DPW as needed through a work order between SFMTA and DPW.

Upper Market Street Pedestrian Improvements (\$1,160,000)

The Planning Department developed conceptual designs for pedestrian improvements at a number of Market Street intersections as part of the Upper Market Community Plan. These intersections include Market and Dolores Streets; Market, Noe and 16th Streets; Market, Church and 14th Streets; and Buchanan and Market Streets.

The project has received \$100,000 in federal Priority Development Area grant funds for project planning; and the requested \$1,160,000 will pay for project construction in FY 2013-14 and FY 2014-15. According to Ms. Bose, construction work will be performed by DPW staff and contractors selected by DPW as needed through a work order between SFMTA and DPW.

Franklin and Gough Streets Pedestrian Improvements (\$500,000)

The proposed pedestrian safety improvements are intended to be constructed concurrently with DPW's repaving of Franklin and Gough Streets from now through the end of 2014. The pedestrian safety improvements consist of the installation of pedestrian countdown signals and other needed signal hardware (i.e. conduits) and could be constructed at any of the following intersections based on SFMTA's assessment of the need for the proposed pedestrian improvements: Gough and Page Streets; Gough and Grove Streets; Gough and Fulton Streets; Franklin and Fulton Streets; Franklin and Grove Streets; and Franklin and McAlister Streets. According to Ms. Bose, construction work will be performed by the DPW paving contractor through a work order between SFMTA and DPW.

Rincon Hill Area PlanRincon Hill Early Design Work (\$573,000)

The requested \$573,000 will be used to pay for DPW staff to develop detailed designs for specific street segments in Rincon Hill prior to construction of the capital improvements in FY 2014-15. The construction of the streetscape improvements would be funded through future appropriations of Rincon Hill Community Infrastructure Impact Fee revenues, and maintenance would be funded through the establishment of the Rincon Hill Community Benefit District.

The Interagency Plan Implementation Committee (IPIC) and Capital Planning Committee Recommendations

The projects noted above for the Eastern Neighborhoods Area Plan, Market and Octavia Area Plan, and Rincon Hill Area Plan were recommended by the IPIC and the City's Capital Planning Committee, and included in the City's 2014-2023 Capital Plan.

According to Mr. Brian Strong, Director of the Capital Planning Program, information on Transit Center District Plan projects was not available when the City's 2014-2023 Capital Plan was approved by the Capital Planning Committee in February 2013 and the Board of Supervisors in April 2013. As a result, while the Transit Center District Plan approved by the Board of Supervisors in August 2012 is discussed in the Capital Plan, the two specific projects to be funded by the requested appropriation of \$800,000 were not included. According to Mr. Strong, the November 18, 2013 Capital Planning Committee determined that the two proposed Transit Center District projects are consistent with the Transit Center District Plan as described in the Capital Plan, and recommended their approval.

FISCAL IMPACT

The proposed appropriation for the Eastern Neighborhoods Area Plan, Market and Octavia Area Plan and Rincon Hill Area Plan projects, totaling \$3,588,000, are included in the City's 2014-2023 Capital Plan, as shown in Table 2 below.

Table 2: 2014-2023 Capital Plan

Area Plan	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	Total
Eastern Neighborhoods					
16th Street conceptual engineering	\$845,000				\$845,000
Folsom Street improvements	250,000				250,000
Subtotal, Eastern Neighborhoods	1,095,000				1,095,000
Market and Octavia					
Haight Street transportation/streetscape	210,000				210,000
Polk Street northbound bicycle lanes	50,000				50,000
Upper Market Street pedestrian	430,000		230,000	500,000	1,160,000
Franklin and Gough Street pedestrian	0		500,000		500,000
Subtotal, Market and Octavia	690,000		730,000	500,000	1,920,000
Rincon Hill					
Rincon Hill early design work		573,000			573,000
Total Capital Plan Projects	\$1,785,000	\$573,000	\$730,000	\$500,000	\$3,588,000

As noted in Table 2 above, of the requested appropriation of \$3,588,000, the 2014-2023 Capital plan included \$1,785,000 for FY 2013-14 and \$1,803,000 for FY 2014-15 through FY 2016-17. According to Ms. Bose, SFMTA is requesting the appropriation of the entire \$3,588,000 in FY 2013-14 because more development is in progress in the Market and Octavia and Rincon Hill Plan Areas than previously anticipated, resulting in higher than anticipated development impact fee revenues.

Area Plan Impact Fee Revenues

As shown in Table 3 below, the total fund balance for the Eastern Neighborhoods Impact Fee, Market and Octavia Community Infrastructure Impact Fee, and Rincon Hill Community Infrastructure Impact Fee as of November 21, 2013 was \$13,537,197. Appropriation of the requested \$3,588,000 would result in a remaining fund balance of \$9,949,197, as shown in Table 3 below.

Table 3: Development Impact Fee Fund Balance

Development Impact Fee	Fund Balance as of October 31, 2013	Requested Appropriation	Fund Balance After Appropriation
Eastern Neighborhoods	\$1,989,817	(\$1,095,000)	\$894,817
Market and Octavia Community Infrastructure	3,510,245	(1,920,000)	1,590,245
Rincon Hill Community Infrastructure	8,037,135	(573,000)	7,464,135
Total	\$13,537,197	(\$3,588,000)	\$9,949,197

Transit Center District Impact Fee Revenues

According to Ms. Bose, construction of the new Transbay Transit Center at First and Mission Streets and two smaller Transit Center District development projects are estimated to generate \$1,500,000 in Transit Center District Open Space Impact Fees and \$4,500,000 in Transit Center District Transportation and Street Improvement Impact Fees, or a total of \$6,000,000, which the City has not yet received. Because the proposed ordinance appropriates \$800,000 in Transit Center District Impact Fee revenues that the City has not yet received, the Budget and Legislative Analyst recommends placing the requested \$800,000 appropriation of the Transit Center District Impact Fee revenues, detailed in Table 1 above, on Controller's reserve pending receipt of the revenues.

RECOMMENDATIONS

1. Amend the proposed ordinance to place \$500,000 in Transit Center District Open Space Impact Fees and \$300,000 in Transit Center District Transportation and Street Improvement Impact Fees, totaling \$800,000, on Controller's reserve pending receipt of the impact fee revenues.
2. Approve the proposed ordinance as amended.

Attachment

Area Plan	Type of Fee	Base Fee per Square Foot for Net Addition of Gross Square Foot		Planning Code Section	Fee Charged to New Development	Purpose
		Commercial	Residential			
Transit Center District	Open Space Impact Fee	\$2.50 to \$5.00 based on use	\$2.50	424.6	Commercial Residential	Acquire and/or improve new and existing public open spaces and recreational facilities in the Transit Center District
Transit Center District	Transportation and Street Improvement Impact Fee	\$2.05 to \$4.00 based on use	\$3.94	424.7	Commercial Residential	Improvements to accommodate regional transit and alternative transportation modes, including bicycling, walking and carpooling
Eastern Neighborhoods	Impact Fee	\$6.00 to \$14.00 based on type of development	\$8.00 to \$16.00 based on type of development	423	Commercial Residential	Acquire and/or develop public open space and recreational facilities; transit and streetscape improvements; community facilities such as libraries and childcare centers; and housing preservation
Market and Octavia	Community Infrastructure Impact Fee	\$3.40	\$9.00	421	Commercial Residential	Open spaces, pedestrian and streetscape improvements, and other facilities and services
Rincon Hill	Community Infrastructure Impact Fee	\$8.60	n/a	418	Residential	Open space, pedestrian, streetscape and other public improvements