

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

1390 Market Street, Suite 1150, San Francisco, CA 94102 (415) 552-9292
FAX (415) 252-0461

April 21, 2017

TO: Budget and Finance Sub-Committee

FROM: Budget and Legislative Analyst



SUBJECT: April 27, 2017 Budget and Finance Sub-Committee Meeting

TABLE OF CONTENTS

Item	File		Page
2	17-0274	Accept and Expend Grant – Federal Emergency Management Agency – Adequate Fire and Emergency Response Grant Program – Amend the Annual Salary Ordinance - \$8,533,872	1
4	17-0344	Planning and Engineering Services Agreement – Brown and Caldwell – Southeast Plant Biosolids Digester Facilities – Not to Exceed \$153,500,000.....	4
6	17-0243	Real Property Lease Renewal – WCPI Commercial, LLC – 1449 Webster Street - \$157,300 in Initial Year	9

<p>Item 2 File 17-0274</p>	<p>Department: Fire Department (Fire)</p>
<p>EXECUTIVE SUMMARY</p>	
<p style="text-align: center;">Legislative Objectives</p> <p>The proposed ordinance would retroactively authorize the San Francisco Fire Department (SFFD) to accept and expend a Federal Emergency Management Agency (FEMA) Staffing for Adequate Fire and Emergency Response (SAFER) grant in the amount of \$8,533,872 to fund the addition of 36 full-time-equivalent (FTE) Class H-2 Firefighters in FYs 2016-17 and 2017-18. The proposed ordinance would also amend the FY 2016-17 and FY 2017-18 Annual Salary Ordinance (ASO) to reflect the addition of 36 FTEs in each of the two fiscal years.</p> <p style="text-align: center;">Key Points</p> <ul style="list-style-type: none"> • SFFD moved up hiring of 36 new H-2 Firefighter positions and conducted one additional fire academy in FY 2016-17, using budgeted General Fund monies that will be reimbursed by the grant funds. <p style="text-align: center;">Fiscal Impact</p> <ul style="list-style-type: none"> • The \$8,533,872 grant funds will pay for salaries and benefits for 36 H-2 Firefighters over two years. SFFD will request that the Board of Supervisors fund the 36 new Firefighters’ salaries and benefits from the General Fund when the grant terminates in two years. These 36 new firefighters do not represent additional General Fund costs to the Department but rather will backfill positions that become vacant due to retirement and other separations and will count toward the Department’s minimum staffing requirements. • The grant funds do not cover the expenses associated with the fire academy, such as the expenses for instructors for the academy, and non-salary costs for new personnel, such as personal protective equipment, uniforms, health examinations, etc. According to SFFD, these expenses will be funded by savings in overtime expenditures. <p style="text-align: center;">Recommendations</p> <ul style="list-style-type: none"> • The proposed ordinance should be amended to reflect the amended grant award period of December 19, 2016 through December 18, 2018. • Approve the proposed ordinance, as amended. 	

MANDATE STATEMENT

City Administrative Code Section 10.170-1 states that accepting Federal, State, or third-party grant funds in the amount of \$100,000 or more, including any City matching funds required by the grant, is subject to Board of Supervisors approval.

BACKGROUND

In August 2016, the Federal Emergency Management Agency (FEMA) awarded the San Francisco Fire Department (SFFD) a Staffing for Adequate Fire and Emergency Response (SAFER) grant in the amount of \$8,533,872 to hire 36 new firefighters. The grant award does not require matching funds. According to Mr. Mark Corso, SFFD Chief Financial Officer, SFFD submitted an ordinance to approve the grant award in November 2016, but due to administrative delays, the proposed ordinance was resubmitted to the Board of Supervisors in March 2017.

DETAILS OF PROPOSED LEGISLATION

The proposed ordinance would retroactively authorize SFFD to accept and expend a grant in the amount of \$8,533,872 from the FEMA SAFER Grant Program to fund the addition of 36 full-time-equivalent (FTE) Class H-2 Firefighters in FYs 2016-17 and 2017-18. The proposed ordinance would also amend the FY 2016-17 and FY 2017-18 Annual Salary Ordinance (ASO) to reflect the addition of 36 FTEs in each of the two fiscal years.

In FY 2016-17, SFFD is authorized for 935 FTE H-2 Firefighter positions, of which 851 positions are currently filled. Therefore, the 36 FTE firefighters hired with the proposed 2016 SAFER grant funds represent an approximately 4 percent increase in SFFD's H-2 Firefighter staffing. The proposed ordinance amends the FY 2016-17 and FY 2017-18 ASO to add 36 grant-funded positions.

According to Mr. Corso, SFFD moved up hiring of 36 new H-2 Firefighter positions and conducted one additional fire academy¹ in FY 2016-17, using budgeted General Fund monies that will be reimbursed by the grant funds.

According to Mr. Corso, FEMA amended the award period to extend the grant from December 19, 2016, to December 18, 2018. Therefore, the grant award will cover salary and fringe benefit expenses for 36 FTE firefighters for the first two years of their employment by SFFD. On December 19, 2018, the funding source for the 36 Firefighter positions will shift from the grant award to the City's General Fund, subject to future Board of Supervisors appropriation approval.

¹According to Mr. Corso, because each fire academy is 20 weeks, SFFD can complete up to two academies each fiscal year. In FY 2016-17, SFFD graduated one fire academy in November 2016 and one fire academy in April 2017. Because the Department received the grant funds, SFFD will begin a third academy in FY 2016-17 at the end of April 2017.

FISCAL IMPACT

Grant Award for Salary and Benefits

The \$8,533,872 grant funds will pay for salaries and benefits for 36 H-2 Firefighters over two years, as shown in Table 1 below.

Table 1: Salary and Benefits for 36 Firefighters

	Year 1	Year 2	Total
Salary	\$2,965,716	\$3,126,888	\$6,092,604
Benefits	1,171,908	1,269,360	2,441,268
Total	\$4,137,624	\$4,396,248	\$8,533,872

As noted above, SFFD will request that the Board of Supervisors fund the 36 new Firefighters' salaries and benefits from the General Fund when the grant terminates in two years. Mr. Corso notes that these 36 new Firefighters do not represent additional General Fund costs to the Department but rather will backfill positions that become vacant due to retirement and other separations and will count toward the Department's minimum staffing requirements.

Training Academy Expenditures

As noted above, SFFD implemented a third fire academy in FY 2016-17 due to the receipt of the grant funds. The grant funds were used for the salaries and benefits of 36 new firefighters, but do not cover the expenses associated with the fire academy, such as the expenses for instructors for the academy, and non-salary costs for new personnel, such as personal protective equipment, uniforms, health examinations, etc. According to Mr. Corso, these expenses will be funded by savings in overtime expenditures. Mr. Corso states that the 36 new firefighters who completed the fire academy in April 2017 will count toward the Department's minimum staffing requirements, thus reducing overtime expenditures to meet minimum staffing requirements.

RECOMMENDATIONS

1. Amend the proposed ordinance to reflect the amended grant award period of December 19, 2016 through December 18, 2018.
2. Approve the proposed ordinance, as amended.

Item 4 File 17-0344	Department: Public Utilities Commission (PUC)
EXECUTIVE SUMMARY	
<p style="text-align: center;">Legislative Objectives</p> <p>The proposed resolution would authorize the General Manager of the SFPUC to execute Amendment No. 1 to the contract between the City and Brown and Caldwell in order to continue to provide specialized design and engineering services for the proposed new Southeast Water Pollution Control Plant Biosolids Digester Facilities Project. The amendment would increase the contract not-to-exceed amount by \$73,500,000 from \$80,000,000 to \$153,500,000, and would extend the contract term by two years and five months through December 31, 2025, for a total contract term of twelve and one half years.</p> <p style="text-align: center;">Key Points</p> <ul style="list-style-type: none"> • The Southeast Water Pollution Control Plant Biosolids Digester Facilities Project (BDFP) would replace the existing solids handling and treatment facilities located at 750 Phelps Street in Bayview-Hunters Point. The current project budget for the BDFP is \$1,276,447,000. • The original contract between SFPUC and Brown and Caldwell consisted of preliminary design and engineering for the Southeast Water Pollution Control Plant Biosolids Digester Facilities Project (“Project”). Additionally, Brown and Caldwell was to provide detailed design work, development of the RFP to select the contractor to construct the Project, and engineering construction support services for the Project, depending on the project delivery method selected by SFPUC. In June 2016, SFPUC staff SFPUC selected Construction Management/General Contractor as the preferred project delivery method. The original contract amount of not-to-exceed \$80,000,000 was based on the estimated costs for Brown and Caldwell to provide design and engineering services to the Project based on a Design-Build contractor rather than a Construction Management/General Contractor. Use of the Construction Management/General Contractor project delivery method requires more design and engineering work by Brown and Caldwell. Therefore, SFPUC is requesting to increase the contract amount by \$73,500,000, from \$80,000,000 to \$153,500,000. <p style="text-align: center;">Fiscal Impact</p> <ul style="list-style-type: none"> • Additional funds of \$73,500,000 are included in the Biosolids Digester Facilities Project budget, funded by Wastewater Revenue bonds, previously authorized by the Board of Supervisors. <p style="text-align: center;">Recommendation</p> <ul style="list-style-type: none"> • 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

On March 29, 2011, the Board of Supervisors approved the City's Ten Year Capital Expenditure Plan for FY 2012-2021 (Resolution 151-11), which includes the San Francisco Public Utilities Commission (SFPUC) capital project to upgrade and replace the City's wastewater system, called the Sewer System Improvement Program (SSIP). The SSIP is anticipated to be completed in two phases over a period of 20 years, at an estimated cost of \$6.9 billion to be funded from increases in rates to PUC wastewater customers. Phase I includes planning and construction of sewer treatment facilities, at a total estimated cost of \$2.7 billion.

The largest project under Phase I of the SSIP is the Southeast Water Pollution Control Plant Biosolids Digester Facilities Project (BDFP), which would replace the existing solids handling and treatment facilities located at 750 Phelps Street in Bayview-Hunters Point.

The current project budget for the BDFP is \$1,276,447,000. This budget is \$90,447,000 greater than the original project budget in 2013 of \$1,186,000,000. According to the SFPUC General Manager's March 1, 2016 report on the Sewer System Improvement Program, subsequent to the issuance of the Biosolids Digester Facilities Project conceptual engineering report in August 2015, SFPUC staff re-evaluated the design criteria, level of redundancy and treatment processes and costs for the project, resulting in revised project budget of \$1,276,447,000, which was subsequently approved by the SFPUC in March 2016. The increase in the BDFP budget did not increase the overall budget of the SSIP. To date, \$77,122,752 of the funds for this project have been spent, and the SFPUC expects to spend the remaining amount of \$1,199,324,248 by May 2025.

Just like the current facility at the Southeast Water Pollution Control Plant, the new BDFP is designed to take wastewater and break it down into its least harmful components. Approximately two-thirds of the City's wastewater receives its final treatment at the Southeast Water Pollution Control Plant before being released into the Bay.

During the preliminary planning phase in 2012, the SFPUC identified the need for design and engineering expertise in biosolids treatment, odor control, and instrumentation in large treatment facilities. The SFPUC developed a Request for Proposal (RFP) for design and engineering support for the BDFP, including oversight of the actual construction phase to ensure plans are being implemented properly. On April 1, 2013, the PUC issued the RFP and received only one bid from a team composed of 24 firms, led by Brown and Caldwell, Inc. According to SFPUC May 28, 2013 meeting agenda, the lack of competitive bids was anticipated, as there are few firms with the background, experience, or technical expertise to design such a large wastewater treatment plant.

On May 28, 2013, the SFPUC authorized the General Manager to execute an agreement with Brown and Caldwell, Inc. for specialized design and engineering services for the proposed new BDFP for an amount not to exceed \$80,000,000 with a ten year term, concluding on August 21, 2023. The Board of Supervisors approved the contract on July 10, 2013.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would authorize the General Manager of the SFPUC to execute Amendment No. 1 to the contract between the City and Brown and Caldwell in order to continue to provide specialized design and engineering services for the proposed new Southeast Water Pollution Control Plant Biosolids Digester Facilities Project. The amendment would increase the contract not-to-exceed amount by \$73,500,000 from \$80,000,000 to \$153,500,000, and would extend the contract term by two years and five months through December 31, 2025, for a total contract term of twelve years and five months.

FISCAL IMPACT

The original contract between SFPUC and Brown and Caldwell consisted of preliminary design and engineering for the Southeast Water Pollution Control Plant Biosolids Digester Facilities Project (“Project”), including the conceptual engineering report, which was completed at the end of 2015. Additionally, Brown and Caldwell was to provide detailed design work, development of the RFP to select the contractor to construct the Biosolids Digester Facilities Project, and engineering construction support services for the Project. According to the original contract, the additional detailed design, RFP development, and engineering construction support to be provided by of Brown and Caldwell would depend on the project delivery method selected by SFPUC.

SFPUC considered two different project delivery methods for this Project: (a) Design-Build¹ and (b) Construction Manager/General Contractor² (CM/GC). In June 2016, the SFPUC staff and the SSIP’s Program Management Consultants, AECOM and Parsons International, evaluated the two project delivery methods, and SFPUC selected CM/GC as the preferred project delivery method. SFPUC evaluated the two project delivery methods based on the project cost, allocation of risk, SFPUC oversight and control, and other criteria.

According to Mr. Carlos Jacobo, SFPUC Budget Manager, the original contract amount of not-to-exceed \$80,000,000 was based on the estimated costs for Brown and Caldwell to (a) provide preliminary engineering services, including the conceptual engineering report, (b) provide

¹ Under the “Design-Build” project delivery method, Brown and Caldwell would design up to the 35 percent phase for the project and would then assist the SFPUC in the preparation of a separate RFP to select the Design-Build contractor. The selected Design-Build contractor would be responsible for completing project design and constructing the project. Brown and Caldwell would act as the SFPUC technical representative to the selected Design-Build contractor and supply engineering support to the selected Design-Build contractor during construction.

² Under the “Construction Manager/General Contractor” project delivery method, Brown and Caldwell would design the project and provide engineering support during construction. SFPUC would issue a separate RFP to select the Construction Manager/General Contractor to manage and construct the project.

design services up to the 35 percent design level, (c) prepare the RFP to procure a Design-Build contractor, (d) provide as-needed engineering support during construction, and (e) serve as SFPUC's technical representative on the project.

According to Mr. Jacobo, the contract not-to-exceed amount under the proposed first amendment increases by \$73,500,000, from \$80,000,000 to \$153,500,000 because Brown and Caldwell will provide more design and engineering services to the Biosolids Digester Facility Project under the Construction Manager/ General Contractor project delivery method than under the previously-anticipated Design-Build project delivery method. These services include design services up to 100 percent design completion (rather than 35 percent design completion), increased engineering support during construction, and assistance with new facility start-up, testing and commissioning.³ As noted above, it was contemplated under the original contract that the scope of work to be performed by Brown and Caldwell, Inc. would depend on the project delivery method.

Table 1 below shows the difference in the original Brown and Caldwell, Inc. contract amount of \$80,000,000, in which the SFPUC would have selected a Design-Build contractor to construct the Southeast Water Pollution Control Plant Biosolids Digester Facilities Project, compared to the proposed first amendment amount of \$153,500,000, in which SFPUC will select a Construction Manager/General Contractor to construct the Biosolids Digester Facilities Project.

³ Under the Design-Build project delivery method, the Design-Build contractor, rather than Brown and Caldwell, would have provided the additional design and engineering work.

Table 1: Comparison of Specialized Design and Engineering Contract Not-to-Exceed Amount under Original Contract and Proposed First Amendment

	Original 2013 Contract (Design Build Project Delivery)	Proposed First Amendment (Construction Manager/ General Contractor Project Delivery)	Increase/ (Decrease) in First Amendment Compared to Original Contract
Planning	\$36,611,165	\$36,611,165	\$ 0
Design			
To 35% Design	21,388,835	26,012,874	4,624,039
To 100% Design	---	60,557,570	60,557,570
RFP Documents	6,000,000	318,391	(5,681,609)
Engineering support as owners representative	8,000,000	---	(8,000,000)
Engineering support during construction	8,000,000	25,000,000	17,000,000
Facility start-up and commissioning	---	5,000,000	5,000,000
Total	\$80,000,000	\$153,500,000	\$73,500,000

According to Mr. Jacobo, the proposed contract extension of approximately 2 years and five months through 2025 with Brown and Caldwell is within the SFPUC 2016 approved project budget and schedule and will not increase the project budget or change the project schedule for the completion of the Southeast Water Pollution Control Plant Biosolids Digester Facilities Project. The extension will allow Brown and Caldwell, Inc. to continue to provide the needed services to complete the design of the new biosolids digester facilities at the Southeast Plant, and provide engineering support during construction and start-up. Therefore there will be no changes to the currently-planned bond financing or water rate charges for customers.

RECOMMENDATION

Approve the proposed resolution.

<p>Item 6 File 17-0243</p>	<p>Department: Office of Economic Workforce Development (OEWD) Real Estate Division (RED)</p>
<p>EXECUTIVE SUMMARY</p>	
<p style="text-align: center;">Legislative Objectives</p>	
<ul style="list-style-type: none"> • The proposed resolution would (i) authorize the City’s exercise of an option to extend the lease of 3,900 square feet at 1449 Webster Street with WCPI Commercial, LLC, as landlord, for three years. The leased space is for the Office of Economic and Workforce Development’s Western Addition workforce development programs. Rent is \$13,000 monthly with annual increases between 2 percent and 5 percent, for a maximum rent of \$157,300 in the initial year of the lease extension term of September 1, 2017, through August 31, 2020; and (ii) add one further option to extend the term with the same terms and conditions for an additional three-year term through August 2023. 	
<p style="text-align: center;">Key Points</p>	
<ul style="list-style-type: none"> • The Board of Supervisors previously approved the original three-year lease in 2008 and exercised both of the three-year options to extend in 2011 and 2014. When the second lease extension was approved in 2014, the landlord agreed to a third option to extend the lease for an additional three years from September 1, 2017 through August 31, 2020, under the same terms except that the Base Monthly Rent is to be adjusted, initially, to 95 percent of the fair market rent with annual increases based on the Consumer Price Index. 	
<p style="text-align: center;">Fiscal Impact</p>	
<ul style="list-style-type: none"> • The current monthly rent for this lease is \$9,614.22, equal to \$29.58 per square foot per year. Under the proposed lease extension, the rent would increase to an annual rent rate of \$40.00 per square foot (effective as of September 1, 2017), an increase of 35.2 percent. • The annual rent rate of \$40.00 per square foot represents 95 percent of the current fair market rent established by comparisons with the rates offered on five commercial properties nearby. The annual rent increase of 2 to 5 percent per year, beginning on July 1, 2018, reflects current typical lease agreements in the commercial real estate market. • The total cost of the three-year lease, including rent and operating costs and assuming maximum rent increases, is estimated to be \$589,079. 	
<p style="text-align: center;">Recommendation</p>	
<ul style="list-style-type: none"> • Approve the proposed resolution. 	

MANDATE STATEMENT

Administrative Code Section 23.27 requires Board of Supervisors approval of leases that are longer than one year where the City is the tenant.

BACKGROUND

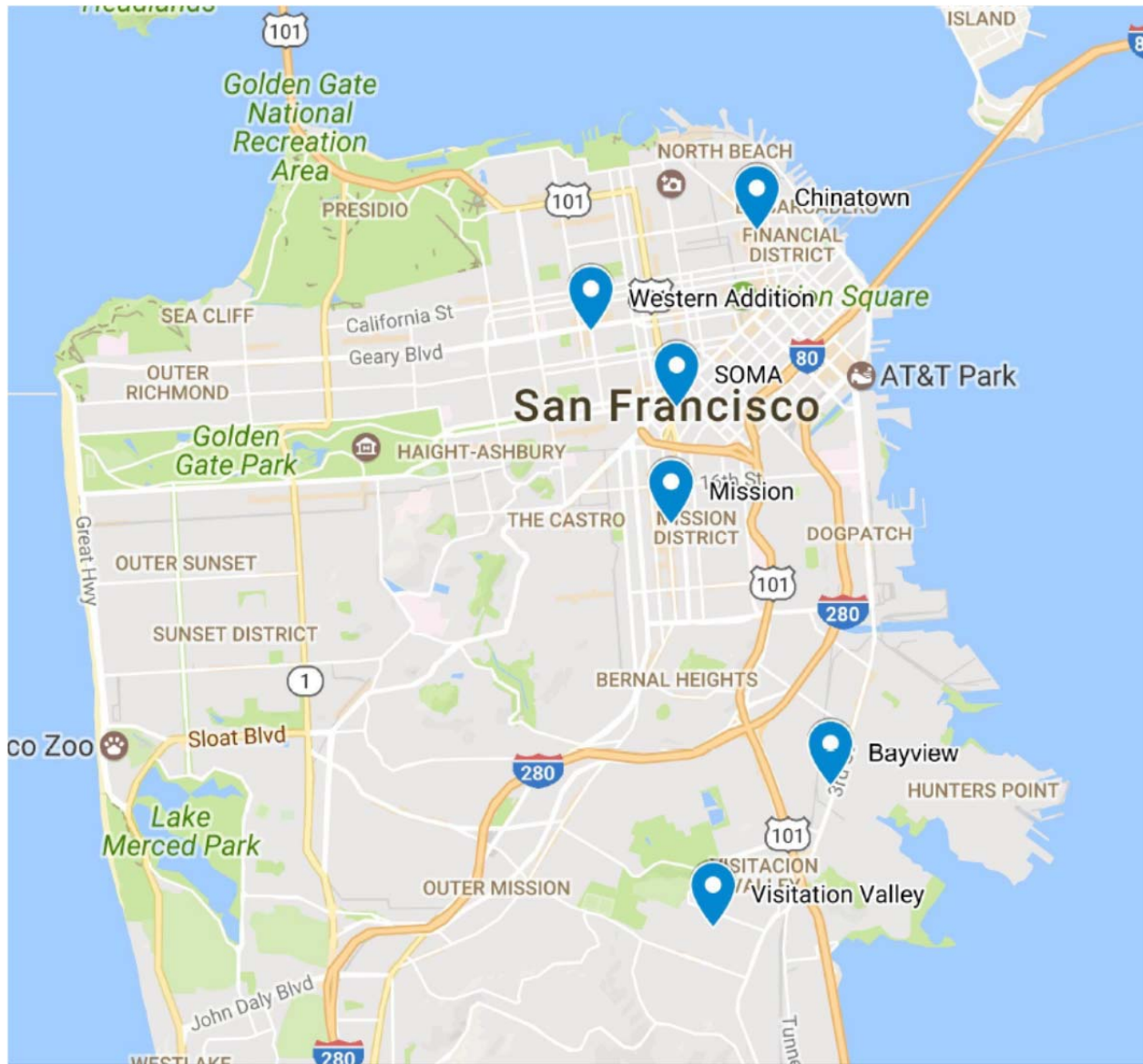
In July 2008, the Board of Supervisors approved a three-year lease (Resolution 354-09) from September 2, 2008 through August, 31, 2011, between the City and County of San Francisco, as tenant, and WCPI Commercial, LLC, as landlord, at 1449 Webster Street consisting of approximately 3,900 square feet on the ground floor. The lease was authorized for the purpose of providing a space for a comprehensive Neighborhood Workforce Center (now called Neighborhood Access Point) in the Western Addition under the Mayor's Office of Economic and Workforce Development (OEWD).

OEWD contracts with Collective Impact, a 501 (c) non-profit organization, to provide workforce development services at the Western Neighborhood Access Point at 1449 Webster Street. These services included job search services, readiness skills training, resume and interview coaching, job training and education services, access to public training funding, and coordination with supportive services such as childcare and transportation assistance.

The original lease included two options to extend for a term of three years each. The lease was extended under the first option from September 1, 2011, to August 30, 2014, by Board of Supervisors Resolution No. 178-11 and was extended, again under the second option from September 1, 2014, to August 31, 2017, by Board of Supervisors Resolution No. 115-14. When the second lease extension was approved in 2014, the landlord agreed to a third option to extend the lease for an additional three years from September 1, 2017 through August 31, 2020, under the same terms except that the Base Monthly Rent is to be adjusted, initially, to 95 percent of the fair market rent with annual increases based on the Consumer Price Index.

The Western Addition Neighborhood Access Point is one of six comprehensive workforce services facilities supported by OEWD across the City and County. There are also centers in Bayview, Chinatown, the Mission, the South of Market area and Visitation Valley, as shown in the map below.

Exhibit: Neighborhood Access Points in San Francisco



Source: Google Maps

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would (i) authorize the exercise option by the City as tenant to extend the existing lease of 3,900 square feet at 1449 Webster Street with WCPI Commercial, LLC, as Landlord, for three years, subject to City’s right to terminate, for the Office of Economic and Workforce Development’s Western Addition workforce development services, for \$13,000 monthly with annual increases between 2 percent and 5 percent, based on the Consumer Price Index (CPI), for a maximum rent of \$157,300 in the initial year of the lease extension term of

September 1, 2017, through August 31, 2020; and (ii) add one further option to extend the term with the same terms and conditions for an additional three-year term through August 31, 2024.

The City shall also continue to pay for its own janitorial services and pro rata share of common area expenses such as utilities, refuse removal, common area maintenance and other typical tenant expenses at a current cost of \$2,500.00 per month (approximately \$0.64 per sq. ft. monthly).

Table 1 below summarizes the terms and conditions of the proposed lease extension.

Table 1. Terms and Conditions of Proposed Lease Extension

	Proposed Lease Extension
Premises	3,900 square feet and 10 Parking Spaces
Base Rent (monthly)	\$13,000 for the first year
Operating Expenses (monthly)	\$2,500 for utilities, janitorial services, refuse removal and common area maintenance
Base Rent Increase Date	Annually on July 1
Base Rent Increase Amount	Annually by the proportionate increase in the Consumer Price Index with a two percent (2%) minimum increase and a five (5%) maximum increase
Term	Three years from September 1, 2017 through August 31, 2020

Source: Real Estate Division

The lease will continue to include a provision allowing the City the unilateral right of early termination with 180 days advanced written notice.

FISCAL IMPACT

The current monthly rent for the existing lease is \$9,614.22, equal to \$29.58 per square foot per year. Under the proposed lease extension, the rent would increase to an annual rent rate of \$40.00 per square foot (effective as of September 1, 2017), an increase of 35.2 percent.

According to Mr. Charlie Dunn, Senior Real Property Officer of the Real Estate Division, the annual rent rate of \$40.00 per square foot is 95 percent of the current fair market rent. This was established by comparisons with five leases for nearby properties which offered between \$48.24 and \$67.32 per square foot per year.¹

Rents will be increased annually (on July 1 of each year) by a minimum of 2 percent to a maximum of 5 percent based on the Consumer Price Index. According to Mr. Dunn, this reflects

¹ The annual rent of \$40 per square foot is below the threshold rent of \$45 per square foot requiring a third party appraisal, in accordance with City Administrative Code Section 23.30.

current typical lease agreements in the commercial real estate market. Assuming the maximum increase of 5 percent per year, the rent is estimated to rise to \$42.00 per square foot from July 1, 2018 to June 30, 2019, and to \$44.10 per square foot from July 1, 2019 to June 30, 2020. Rent in the final two months of the lease from July 1, 2020 through August 31, 2020 will increase between two to five percent.

Table 2, below, shows the total estimated rent and operating costs of the lease extension by fiscal year. Assuming the maximum allowed rent increases of 5 percent per year, total rent to be paid by the Office of Economic and Workforce Development is \$495,888. Total operating costs are estimated at \$93,191, resulting in a total cost of \$589,079 over the three-year lease extension. This cost would be paid from the City's General Fund, subject to Board of Supervisors appropriation approval.

Table 2: Total Costs by Year under Proposed Lease Extension

Lease Year	Annual Rent ²	Annual Operating Costs ³	Total Cost
FY 2017-18 ⁴	\$130,000	\$25,000	\$155,000
FY 2018-19	163,800	30,900	194,7000
FY 2019-20	171,990	31,827	203,817
FY 2020-21 ⁵	30,098	5,464	35,562
Total	\$495,888	\$93,191	\$589,079

Source: Real Estate Division

RECOMMENDATION

Approve the proposed resolution.

² Assumes the maximum annual increase of 5 percent.

³ Assumes an annual increase of 3 percent.

⁴ Existing lease expires August 31, 2017; therefore, only 10 months of expenses are reflected in FY 2017-18.

⁵ Only includes the first two months of the fiscal year since the lease expires August 31, 2020.