

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: October 14, 2015 Budget and Finance Committee Meeting

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Item 2 File 15-0831	Department: Department of Public Health (DPH)
EXECUTIVE SUMMARY	
<p style="text-align: center;">Legislative Objectives</p> <p>The proposed resolution would approve the second amendment to the contract between the DPH and the Bayview Hunters Point Foundation to (i) increase the total not-exceed amount by \$17,215,286 from \$29,250,463 to \$46,465,749, and (ii) extend the agreement termination date by two years from December 31, 2015 to December 31, 2017.</p> <p style="text-align: center;">Key Points</p> <ul style="list-style-type: none"> • In December 2010, the Board of Supervisors retroactively approved the extension of 22 contracts between the Department of Public Health (DPH) and 19 non-profit organizations, including the Bayview Hunters Point Foundation for Community Improvement, Inc. (Bayview Hunters Point Foundation), for the provision of behavioral health services from July 1, 2010 through December 31, 2015. In June 2015, the Board of Supervisors approved the first amendment to the contract between DPH and Bayview Hunters Point Foundation to increase the not-to-exceed amount by \$1,798,606 from \$27,451,857 to \$29,250,463, without any changes to the contract term. • To meet the requirements of the Affordable Care Act, DPH has been involved in a planning process to optimize and integrate contracted community based services into DPH's San Francisco Health Network, an integrated service delivery system. In June 2015, DPH informed the Board of Supervisors of their intention to request two-year contract extensions for 21 behavioral health services contracts, including the Bayview Hunters Point Foundation. <p style="text-align: center;">Fiscal Impact</p> <ul style="list-style-type: none"> • Based on actual and projected expenditures from July 1, 2010 through December 31, 2017, the requested not-to-exceed amount of \$46,465,749 should be reduced by \$4,816,043, to a total not-to-exceed amount of \$41,649,706. <p style="text-align: center;">Policy Consideration</p> <ul style="list-style-type: none"> • DPH is now in the process of determining how to best align contracted services with the requirements of the Affordable Care Act and the State Department of Health Care Services 1115 demonstration, and plans to issue Requests for Proposals (RFP) in approximately March 2016. DPH considers the two-year contract extension to be necessary in order to prepare multiple RFPs for behavioral health services, stagger the timing of the issuance of these RFPs, and award new contracts, while preventing any break in service delivery. <p style="text-align: center;">Recommendations</p> <ul style="list-style-type: none"> • Amend the proposed resolution to reduce the requested not-to-exceed contract amount by \$4,816,043 from \$46,465,749 to \$41,649,706. • Approve the proposed resolution as amended. 	

MANDATE STATEMENT

City Charter Section 9.118(b) requires approval by the Board of Supervisors for contracts or agreements entered into by a Department, Board, or Commission having a term of excess of ten years, or requiring anticipated expenditures by the City and County of \$10 million, or the modification or amendments to such agreements having a cost of more than \$500,000.

BACKGROUND

In December 2010, the Board of Supervisors retroactively approved the extension of 22 contracts between the Department of Public Health (DPH) and 19 non-profit organizations, including the Bayview Hunters Point Foundation for Community Improvement, Inc. (Bayview Hunters Point Foundation), for the provision of behavioral health services from July 1, 2010 through December 31, 2015, following either a competitive Request for Proposals (RFP) process or an approval for sole source contracts to provide these services (File 10-0927).

The contract extension between DPH and Bayview Hunters Point Foundation was approved for a not-to-exceed amount of \$27,451,857 for a term of five years and six months through December 31, 2015. Under the contract, the Bayview Hunters Point Foundation provides methadone maintenance, and mental health substance abuse treatment and prevention services for adults, children, youth and their families.¹

In June 2015, the Board of Supervisors approved the first amendment to the contract between DPH and Bayview Hunters Point Foundation to increase the not-to-exceed amount by \$1,798,606 from \$27,451,857 to \$29,250,463, without any changes to the contract term of July 1, 2010 through December 2015 (File 15-0402).

To meet the requirements of the Affordable Care Act, DPH has been involved in a planning process to optimize and integrate contracted community based services into DPH's San Francisco Health Network, an integrated service delivery system. In June 2015, DPH informed the Board of Supervisors of their intention to request two-year contract extensions for 21 behavioral health services contracts, including the Bayview Hunters Point Foundation. This would allow DPH to have sufficient time to complete the planning process and issue a new RFP, and award new contracts.

¹ Bayview Hunters Point Foundation supports ten programs including, the Balboa Teen Health Center, Children's Behavioral Health Program, Dimensions LGBT Outpatient, HIV Opt-Out Testing, Jail Methadone Courtesy Dosing Program for incarcerated clients, Jelani Family Program, Jelani House Residential Program, Methadone Maintenance for San Francisco residents, Youth Moving Forward, and Youth Services Primary Prevention.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would approve the second amendment to the contract between the DPH and the Bayview Hunters Point Foundation to (i) increase the total not-exceed amount by \$17,215,286 from \$29,250,463 to \$46,465,749, and (ii) extend the agreement termination date by two years from December 31, 2015 to December 31, 2017.

In addition to meeting new requirements for the Affordable Care Act, DPH must also comply with the State Department of Health Care Services 1115 demonstration waiver regarding MediCal organized drug delivery system, which was approved in August 2015. Ms. Michelle Ruggels, Director of the DPH Business Office, explained that DPH will need to make significant changes to the current substance abuse delivery system and in some cases, create new service models. DPH is now in the process of determining how to best align contracted services with the requirements of the Affordable Care Act and the State Department of Health Care Services 1115 demonstration waiver.

FISCAL IMPACT

Based on actual and projected expenditures from July 1, 2010 through December 31, 2017, the requested not-to-exceed amount of \$46,465,749 should be reduced by \$4,816,043, to a total not-to-exceed amount of \$41,649,706, as shown in Table 1 below.

Table 1. Actual and Projected Contract Expenditures

Year	Amount
Actual Expenditures	
FY 2010-11	\$4,568,550
FY 2011-12	5,038,746
FY 2012-13	5,740,619
FY 2013-14	5,229,210
FY 2014-15	5,284,631
Total Actual Expenditures	\$25,861,756
Projected Expenditures	
FY 2015-16	\$5,623,082
FY 2016-17	5,791,774
July 1, 2017 - December 31, 2017	2,982,764
Contingency (12%)*	1,390,330
Total Projected Expenditures	\$15,787,950
Grand Total	\$41,649,706

Source: Department of Public Health staff.

*The projected contingency funds are 12 percent of the estimated expenditures during the two-year extension period.

POLICY CONSIDERATION

Ms. Ruggels advised that the purpose of extending the current contract period by two years until December 31, 2017 is to allow the Department to:

- (a) Complete its planning process to identify any service model changes necessary to better meet the needs of the Department's integrated service delivery system, the San Francisco Health Network, in response to the implementation of the Affordable Care Act;
- (b) Finalize its plan for addressing the new requirements of the State Department of Health Care Services 1115 demonstration waiver (Drug MediCal Organized Delivery System) approved August 2015, which will require significant changes to the current substance abuse delivery system, including entirely new service models; and
- (c) Prepare multiple RFPs for behavioral health services, stagger the timing of the issuance of these RFPs, and award new contracts, while preventing any break in service delivery.

DPH will finalize its RFP schedule, which is estimated to be completed by March 2016, pending the completion of departmental discussions on community-based services that meet the requirements of the Affordable Care Act and the State's 1115 demonstration waiver.

According to Ms. Ruggels, the Department will prepare a schedule for the issuance of the multiple RFPs for behavioral health services that includes the timeline of the issuance of the RFPs, as well as the effective date of the new services. DPH will submit the new contracts to the Board of Supervisors for approval in accordance with Charter Section 9.118(b).

RECOMMENDATIONS

1. Amend the proposed resolution to reduce the requested not-to-exceed contract amount by \$4,816,043 from \$46,465,749 to \$41,649,706.
2. Approve the proposed resolution as amended.

Item 3 File 15-0867	Department: Municipal Transportation Agency (MTA)
EXECUTIVE SUMMARY	
<p style="text-align: center;">Legislative Objectives</p> <ul style="list-style-type: none"> • The proposed resolution would approve the third amendment to the Memorandum of Understanding (MOU) between Metropolitan Transportation Commission, and all participating Bay Area transit agencies, including the San Francisco Municipal Transportation Agency (MTA), to (i) extend the MOU by approximately 5 years and 8 months in order to have the MOU in effect through June 30, 2025, (ii) establish a Clipper Executive Board, (iii) authorize a Clipper Executive Director position, and (iv) revise the cost-allocation formula between the Metropolitan Transportation Commission and participating Bay Area transit agencies. <p style="text-align: center;">Key Points</p> <ul style="list-style-type: none"> • In November 2011, the Metropolitan Transportation Commission and seven participating Bay Area transit agencies, including the MTA, adopted an MOU to outline the responsibilities of all parties in the operation and maintenance of the Clipper Fare Collection System (Clipper program) through November 2, 2019. Under the MOU, the Metropolitan Transportation Commission plans for and manages the Clipper program and manages the contract with Cubic Transportation Systems, Inc. to administer the Clipper smart-card system. The participating transit agencies pay a share of the costs for the Clipper program. • Under the proposed third amendment to the MOU, the new Clipper Executive Board, consisting of the Metropolitan Transportation Commission and representatives from the participating transit agencies would (a) manage the program, (b) hire an Executive Director, and (c) select a contracting agency from the participating transit agencies to manage the contract for Clipper smart-card system administration. • The proposed third amendment also revises the cost-sharing formula for the participating transit agencies and adds new costs for credit card processing and the new Executive Director position. <p style="text-align: center;">Fiscal Impact</p> <ul style="list-style-type: none"> • The Clipper program administrative costs paid by MTA from FY 2010-11 through FY 2014-15 were \$28.1 million. • Under the proposed third amendment, MTA estimates that their share of the Clipper program costs allocated to the participating transit agencies will decrease by 0.2 percent, from the current cost share of 33.3 percent to the new cost share of 33.1 percent. Because the proposed third amendment adds new costs to the cost allocation formula as noted above, MTA estimates that their actual costs will increase by \$2.4 million from July 1, 2015 through June 30, 2019. <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) requires approval by the Board of Supervisors for contracts or agreements entered into by a Department, Board, or Commission having a term in excess of ten years, or requiring anticipated expenditures by the City and County of \$10 million, or the modification or amendments to such contract or agreement having an impact of more than \$500,000.

BACKGROUND

In November 2011, the Metropolitan Transportation Commission and seven participating Bay Area transit agencies, including the Municipal Transportation Agency (MTA), adopted a Memorandum of Understanding (MOU) to outline the responsibilities of all parties in the operation and maintenance of the Clipper Fare Collection System (Clipper program) through November 2, 2019.¹ Any new Bay Area transit agencies that subsequently joined the Clipper program were required to agree to the MOU terms prior to implementing the Clipper program.

The Clipper program is a regional smart-card-based fare collection system common to all participating Bay Area transit agencies. The Clipper program allows transit passengers to use the Clipper Card as a single form of payment for all participating transit agencies.²

Under the original MOU, the Metropolitan Transportation Commission:

1. Funds a portion of the administrative and maintenance costs of the Clipper program as defined by cost and revenue allocation formulas included in the MOU;
2. Manages Bay Area transit agencies to ensure compliance with the operating rules; and
3. As the contracting agency for the Clipper program, hired Cubic Transportation Systems, Inc. to oversee and administer the Clipper program through the end of the MOU term on November 2, 2019.³

Participating Bay Area transit agencies are required to implement the Clipper program in accordance with the operating rules, and fund their share of costs associated with the program.

Through a series of meetings in 2015, the Metropolitan Transportation Commission staff and participating Bay Area transit agencies, including MTA, evaluated the program achievements

¹ The six other participating Bay Area transit agencies, named in the original MOU, included the Alameda-Contra Costa Transit District (AC Transit), Golden Gate Bridge Highway and Transportation District (GGBHTD), the Bay Area Rapid Transit District (BART), the San Mateo County Transit District (SamTrans), the Santa Clara Valley Transportation Authority (VTA), and the Peninsula Corridor Joint Powers Board (Caltrain).

² There are now 21 participating Bay Area transit agencies. The additional 14 include Central Contra Costa Transit Authority; City of Fairfield, as the operator of Fairfield and Suisun Transit; City of Petaluma; Eastern Contra Costa Transit Authority; Livermore/Amador Valley Transit Authority; Marin County Transit District; Napa County Transportation and Planning Agency; Solano County Transit; Sonoma County Transit; Sonoma-Marina Area Rail Transit; Vacaville City Coach; Western Contra Costa Transit Authority; San Francisco Bay Area Water Emergency Transportation Authority; City of Santa Rosa; and City of Union City.

³ The Metropolitan Transportation Commission will serve as the Contracting Agency through November 2, 2019.

and opportunities for improvement of the Clipper program, and proposed modification of the existing Memorandum of Understanding to enhance the Clipper program.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would approve the third amendment to the MOU between Metropolitan Transportation Commission, and all participating Bay Area transit agencies, including MTA, to (i) extend the MOU by approximately 5 years and 8 months in order to have the MOU in effect through June 30, 2025, (ii) establish a Clipper Executive Board, (iii) authorize a Clipper Executive Director position, and (iv) revise the cost-allocation formula between the Metropolitan Transportation Commission and participating Bay Area transit agencies.

Establishment of Clipper Executive Board

Currently, the MOU identifies the Metropolitan Transportation Commission as the sole authority on planning and policy decisions related to the Clipper program. The proposed third amendment to the MOU would transfer responsibility for the Clipper program from the Metropolitan Transportation Commission to a new Clipper Executive Board, consisting of representatives from the Metropolitan Transportation Agency and the participating transit agencies.⁴ The Clipper Executive Board would be responsible for developing and evaluating performance goals, adopting a detailed biennial work plan and budget, designating the contracting agency, and approving any business matters that could have a fiscal or operational impact on the Clipper program. The new Executive Board would create a formal structure to enable transit agencies to influence planning and policy decisions.

New Definition of Contracting Agency

Currently, under the MOU, the role of contracting agency is held by the Metropolitan Transportation Commission. The proposed third amendment to the MOU would enable other transit agencies to assume this role, upon approval of the proposed Executive Board, and the governing bodies of the participating agencies.

New Executive Director Position

The proposed third amendment to the MOU would also authorize a new Clipper Executive Director position, which would be hired by the contracting agency and approved by the Clipper Executive Board. The Clipper Executive Director would be accountable to the Clipper Executive Board and to the contracting agency.

Revision of Cost-Allocation Formula

Currently, the Metropolitan Transportation Commission pays all fixed costs of the Clipper clearinghouse and equipment maintenance services, as well as specific variable costs and capital expense items as outlined in the MOU. The balance of the Clipper program administrative costs not paid by the Metropolitan Transportation Commission are allocated

⁴ The Executive Board would have nine members including one representative each from MTA, BART, Caltrain/SamTrans, AC Transit, Santa Clara Valley Transportation Agency, the Golden Gate Bridge District, and Metropolitan Transportation Commission, and two additional positions to represent all other participating Bay Area transit agencies.

among the participating transit agencies as follows: 1/3 of Clipper program administrative costs are allocated based on each agency's share of revenues, and 2/3 of Clipper program administrative costs are allocated based on each agency's share of total fee payment transactions. The proposed third amendment to the MOU revises the formula to allocate costs among the participating Bay Area transit agencies, as discussed in the Fiscal Impact Section below.

Performance Measures

Currently, the MOU does not contain performance measures. The proposed third amendment to the MOU includes performance standards and goals, including expanding electronic payments to all modes of transportation, increasing access points for customers to add value to smart cards, standardizing fare categories and discounts, and improving integration options for the smart card system.

Extension of the MOU Term

The current contract between the Metropolitan Transportation Commission and Cubic Transportation Systems, Inc. to administer the Clipper smart-card system ends in November 2019. According to Ms. Diana Hammons, MTA Senior Manager of Revenue Collection and Sales, any new Clipper smart-card system contractor selected by the contracting agency and Executive Board after the expiration of the current contract with Cubic Transportation Systems, Inc. in November 2019 is subject to the revised terms of the proposed third amendment.

FISCAL IMPACT

Under the proposed third amendment to the MOU, the Metropolitan Transportation Commission will continue to fund all fixed costs of the Clipper clearinghouse and equipment maintenance services, as well as specific variable costs and capital expense items as outlined in the proposed third amendment to the MOU. The proposed third amendment revises the existing formula for allocating the balance of administrative costs not paid by the Metropolitan Transportation Commission among the 21 participating transit agencies. As noted above, under the existing formula, administrative costs are allocated based on each participating agency's share of revenues (1/3 of the cost allocation) and fee payment transactions (2/3 of the cost allocation). The new cost allocation formula will be implemented in three phases:

Phase 1 through June 30, 2016: The cost allocation formula remains unchanged.

Phase 2 July 1 through December 31, 2016: New costs will be added to the cost allocation formula, including a portion of (a) credit card fees currently paid by BART and VTA that are attributable to the other participating transit agencies and (b) the Executive Director's salary.

Phase 3 beginning January 1, 2014: The cost allocation formula will be revised based on 11 fee categories and each participating transit agency's share of costs for each category.

The Clipper program administrative costs paid by MTA from FY 2010-11 through FY 2014-15 were \$28.1 million, as shown in Table 1 below.

Table 1: MTA's Annual Clipper Program Administrative Costs, FY 2010-11 through FY 2014-15

Actual Expenditures	
FY 2010-11	\$2,922,739
FY 2011-12	4,992,164
FY 2012-13	6,810,780
FY 2013-14	6,709,130
FY 2014-15	6,635,986
Total	\$28,070,800

Source: MTA

Under the proposed third amendment, MTA estimates that their share of the Clipper program administrative costs allocated to the participating transit agencies will decrease by 0.2 percent, from the current cost share of 33.3 percent to the new cost share of 33.1 percent. Because the proposed third amendment adds new costs to the cost allocation formula as noted above, MTA estimates that their actual costs will increase by \$2.4 million, or from \$28.1 million to \$30.5 million, from July 1, 2015 through June 30, 2019, as shown in Table 2 below.

Table 2: MTA's Annual Clipper Projected Program Administrative Costs, FY 2015-16 through FY 2018-19

	Estimated Costs		
	Current MOU ^a	Proposed Third Amendment	Increase
FY 2015-16	\$6,768,706	\$6,768,706	\$0
FY 2016-17	6,904,080	7,703,280	799,200
FY 2017-18	7,111,203	7,905,603	794,400
FY 2018-19	7,324,539	8,118,939	794,400
Total	\$28,108,528	\$30,496,528	\$2,388,000

Source: MTA

^a Assumes 2 percent per year increase in costs.

According to Ms. Hammons, these estimates are subject to change as MTA spending will depend on customer utilization of the regional transit fare payment system. According to Ms. Hammons, MTA is unable to estimate costs for the proposed MOU extension term from FY 2019-20 through FY 2024-25 due to the planned implementation of a new Clipper smart card systems contract in 2019, which will result in a new Clipper program contract and cost structure.

RECOMMENDATION

Approve the proposed resolution.

Item 5 File 15-0832	Departments: Sheriff's Department Department of Public Works
EXECUTIVE SUMMARY	
<p>Legislative Objectives</p> <ul style="list-style-type: none"> • Resolution approving three emergency public works contracts under Administrative Code Section 6.60 with (a) Alta Consulting Services, (b) Sierra Detention Systems and (c) Siemens Industry, Inc. to design, repair and upgrade the electronic security system for County Jails # 1 and #2, with total contract amounts not to exceed \$1,116,047. <p>Key Points</p> <ul style="list-style-type: none"> • On August 11, 2014, the main security system control board in Jails #1 and #2 short-circuited, which caused the main intercom system and security cameras to fail. • On November 21, 2014, the Director of the Department of Public Works declared an emergency to allow the immediate repair and modernization of the electronic security system at County Jails #1 and #2. The over three-month delay between August 11, 2015 and November 21, 2015, occurred due to a misunderstanding regarding the City's emergency contract procedures. <p>Fiscal Impact</p> <ul style="list-style-type: none"> • The work was completed by August 18, 2015, such that Public Works will pay the three emergency contracts with (a) Alta Consulting Services for \$93,963, (b) Sierra Detention Systems for \$956,447 and (c) Siemens Industry, Inc. for \$65,637, for a total a not to exceed \$1,116,047. • The source of funding is a work order from the Sheriff's Department, using General Funds from the Sheriff's budgeted FY 2014-15 maintenance and project funds. <p>Policy Consideration</p> <ul style="list-style-type: none"> • Section 6.60 of the Administrative Code now requires resolutions to approve emergency determination be submitted to the Board of Supervisors within 60 days of the department head's emergency declaration. This resolution was submitted over nine months after Public Works made its declaration of the emergency. • This is the third emergency resolution in the past year delayed due to City department misunderstandings regarding who has jurisdiction for procuring emergency contracts. <p>Recommendations</p> <ul style="list-style-type: none"> • Amend the resolution to urge the Department of Public Works to work with the City Attorney's Office to immediately issue a memorandum to all City departments under its jurisdiction regarding the specific procedures to follow if an emergency arises in the future. • Approve the proposed resolution, as amended. 	

MANDATE STATEMENT

Administrative Code Section 6.60 provides that City contracts entered into for emergency work may be executed in the most expeditious manner. However, emergency contracts in the amount of \$250,000 or more are subject to Board of Supervisors approval. Section 6.60(d) also states that if the emergency does not permit approvals of the emergency determination before work is commenced or the contracts entered into, such approvals shall be obtained as soon as possible, with the proposed resolution approving the emergency determination submitted to the Board of Supervisors within 60 days of the department head's emergency declaration.

BACKGROUND

The Sheriff's Department operates County Jail #1 and #2 at 425 7th Street. County Jail #1 provides prisoner processing services and can hold up to 298 inmates in the various stages of booking, intake, holding and release. County Jail #2 can hold up to 392 inmates, including two units for women, two units for men and one re-entry unit for the medical, psych, clinic and dental wards.

On August 11, 2014, the main security systems control board at Jails #1 and #2 short-circuited, which caused a failure of the main intercom system and froze the security camera views in their last setting. As a result, intercom communications and camera views to observe inmate movements and control door responses were disabled in Jails #1 and #2. On August 20, 2014, the Sheriff notified the Mayor's Office regarding the failure of the electronic security systems at Jails #1 and #2.

On November 21, 2014, the Director of the Department of Public Works declared an emergency to allow the immediate repair and modernization of the electronic security systems at County Jails #1 and #2. The over three-month delay between August 11, 2015, when the Jail's security systems failed and November 21, 2015, when the emergency was officially declared, occurred due to a misunderstanding regarding the correct procedures required to proceed with such emergency work, according to Mr. Sung Kim, Assistant Division Manager for the Department of Public Works (Public Works). However, Mr. Kim advises that during this time, the Sheriff's maintenance staff completed minor initial repairs to maintain code compliance, developed scopes of work for further contractual repairs and identified potential vendors who had previous experience with jail-related security systems to address the required repair and upgrade of the Jail's security systems.

In accordance with Section 6.60 of the Administrative Code, emergency contracts may be executed in the most expeditious manner, such that normal competitive bidding procedures are not required. The Sheriff's staff identified contractors that had previous direct experience

with similar security systems and/or had worked on similar projects with the Sheriff's Department. Alta Consulting Services, Inc. was selected based on their prior experience with such security systems with both the Sheriff's Department and the San Francisco Municipal Transportation Authority. Sierra Detention Systems was selected because they are a nationally recognized vendor for installing detention facility security systems. Siemens Industry, Inc. was selected because they are the existing maintenance contractor for the Jails #1 and #2 security system and therefore familiar with the existing Jail's security system requirements.

On December 11, 2014, Public Works entered into an emergency six-month agreement with Alta Consulting Services, Inc. to provide security system planning and design services for a not to exceed \$93,963. These planning and design services included (a) developing a model of the existing integrated security systems, (b) preparing a description of the operational functionality of the door/gate control and monitoring, detention/cell intercom system and surveillance/recording systems, (c) developing recommendations for alternatives, and costs for both short-term and long-term replacement and (d) construction monitoring and review of the contractor's work.

On December 24, 2014, Public Works entered into an emergency six-month agreement with Sierra Detention Systems for construction services to repair and upgrade Jail #1 and #2's central control intercom and electronic security systems for a not-to-exceed \$914,462. These repair and upgrade services included (a) replacement of the central control panel, including software upgrades to enhance the Jail's intercom and camera recording network systems, (b) upgrade and replacement of various cameras, and (c) improved digital storage to significantly expand the video storage capacity. On August 10, 2015, Public Works approved a contract change order request to increase the original Sierra Detention Systems contract by \$41,985, from \$914,462 to \$956,447, and extend the term by six weeks from June 28, 2015 through August 12, 2015 in order to provide backup components for data storage and upgrade the master power source.

On December 24, 2014, Public Works entered into an emergency six-month agreement with Siemens Industry, Inc. to provide support services to both the design and installation construction firms, including technical field assessments for a not to exceed \$65,637.

According to Mr. Kim, all work was completed by August 18, 2015.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would approve three emergency public works contracts between the City and County of San Francisco and Alta Consulting Services, Sierra Detention Systems and Siemens Industry, Inc. for the design, repair and upgrade and the related support services for the electronic security systems for County Jails #1 and #2, with total contract amounts not to exceed \$1,116,047.

FISCAL IMPACT

Table 1 below shows a breakdown of the total costs to design, repair, upgrade and provide the related support services for the electronic security systems at Jails #1 and #2. According to Mr. Kim, Public Works is currently in the process of paying the total \$1,116,047 to the three contractors. Mr. Kim advises that funds to pay the three contractors were provided through a work order from the Sheriff's Department, from the Sheriff's budgeted General Fund FY 2014-15 maintenance and capital project funds, previously appropriated by the Board of Supervisors.

Table 1: Cost to Design, Repair and Upgrade Jail #1 and #2 Security Systems

By Contractor and Project Element	Cost
Alta Consulting Services, Inc.	
Planning & Study Phase	\$35,244
Design Review Phase	18,022
Construction Oversight Phase	<u>40,698</u>
<i>Alta Consulting Services, Inc. Total</i>	<i>\$93,963</i>
Sierra Detention Systems	
Central Control System	\$642,786
Video System	92,292
Intercom System	179,384
Backup Components & Power Source	41,985
<i>Sierra Detention Systems Total</i>	<i>\$956,447</i>
Siemens Industry	
Technical Field Assessment	\$49,920
After Hours Technical Support	9,750
Overhead	<u>5,967</u>
<i>Siemens Industry Total</i>	<i>\$65,637</i>
Grand Total	\$1,116,047

POLICY CONSIDERATION

On June 23, 2015, the Board of Supervisors approved amendments to Chapter 6 of the Administrative Code, including Section 6.60 regarding emergency contracts, which became effective on August 1, 2015 (File 15-0175; Ordinance No. 108-15). Under the new provisions, the department head responsible for addressing the emergency may declare an emergency with immediate notice to the Board of Supervisors, the Mayor, Controller and board or commission having jurisdiction over the emergency. In addition, if the estimated cost of the

emergency exceeds \$250,000, the proposed resolution approving the emergency determination must be submitted to the Board of Supervisors within 60 days of the department head's emergency declaration.

The electronic security systems in Jails #1 and #2 failed on August 11, 2014. The Director of the Department of Public Works declared an emergency on November 21, 2014. However, the proposed resolution seeking such authorization was not introduced to the Board of Supervisors until September 8, 2015, over a year after the security systems failed, and over nine months after Public Works made its declaration of the emergency.

The intent of seeking authorization from the Board of Supervisors within 60 days of the department head's emergency declaration is so that the Board of Supervisors may review the emergency nature of the contracts shortly after the emergency is declared. Such a significant delay between the emergency declaration and the approval from the Board of Supervisors denies the Board of Supervisors its authority to approve such contracts on a timely basis. Given that all of the work under these three emergency contracts has already been completed, the Board of Supervisors should approve the proposed resolution. However, in the future, Public Works should submit emergency resolutions within 60 days to the Board of Supervisors as now required in Section 6.60 of the Administrative Code.

In addition, this is the third emergency resolution in the past year¹ that was delayed due to misunderstandings on the part of other City departments and agencies regarding who has jurisdiction for declaring an emergency and procuring the necessary emergency contracts. In all three cases, other City departments did not know to immediately notify the Department of Public Works regarding their emergencies. Therefore, the Budget and Legislative Analyst recommends that the Board of Supervisors urge the Department of Public Works to work with the City Attorney's Office to immediately issue a memorandum to all City departments under its jurisdiction regarding the specific procedures to follow if an emergency arises in the future.

RECOMMENDATIONS

1. Amend the resolution to urge the Department of Public Works to work with the City Attorney's Office to immediately issue a memorandum to all City departments under its jurisdiction regarding the specific procedures to follow if an emergency arises in the future.
2. Approve the proposed resolution, as amended.

¹ File 15-0067 was an emergency resolution for a new Fire Department facility on Treasure Island and File 15-0718 was an emergency resolution for the Human Services Agency, both of which were delayed being forwarded to Public Works due to confusion regarding who could procure the necessary emergency contracts for each of these City departments.

Item 6 File 15-1000	Department: Public Utilities Commission (PUC)
EXECUTIVE SUMMARY	
<p>Legislative Objectives</p> <ul style="list-style-type: none"> • The proposed ordinance would appropriate \$5,000,000 from the SFPUC Wastewater Enterprise's Designated for General Reserve to pay for future claims settlements, legal expenses, and related costs incurred as a result of the December 2014 storms in San Francisco. <p>Key Points</p> <ul style="list-style-type: none"> • The San Francisco Public Utilities Commission (SFPUC) Wastewater Enterprise operates a combined stormwater and sewer system. The December 2014 storms in San Francisco caused flooding and damage to private property throughout the City. • As of August 2015, 247 claims related to the December 2014 storms had been filed. Property owners have until December 2015 to file claims for property damage, so the number of claims may increase. • According to Mr. Carlos Jacobo, PUC Budget Manager, the Wastewater Enterprise's FY 2014-15 and FY 2015-16 budget of \$160,000 per year for claims and judgments has been fully expended. • Ms. Noreen Ambrose, Deputy City Attorney, commented that it was possible for more claims to be filed before the December 2015 deadline. <p>Fiscal Impact</p> <ul style="list-style-type: none"> • According to Ms. Ambrose, the Wastewater Enterprise has paid more than \$2.2 million in claims settlements related to the December 2014 storms in San Francisco as of August 2015. • The requested appropriation of \$5,000,000 would be dedicated to pay for the additional claim settlements, legal expenses, litigation, judgements, and other expenses related to the December 2014 storms. According to Mr. Carlos Jacobo, PUC Budget Manager, the Wastewater Enterprise's FY 2014-15 and FY 2015-16 budget of \$160,000 per year for claims and judgments has been fully expended. The requested appropriation of \$5,000,000 would decrease the Wastewater Enterprise's Designated for General Reserve from \$6,126,439 to \$1,126,439. <p>Recommendation</p> <ul style="list-style-type: none"> • Approve the proposed ordinance. 	

MANDATE STATEMENT

City Charter 9.105 states that amendments to the Annual Appropriation Ordinance are subject to Board of Supervisors approval by ordinance after the Controller certifies the availability of funds.

BACKGROUND

The San Francisco Public Utilities Commission (SFPUC) Wastewater Enterprise operates a combined stormwater and sewer system. The December 2014 storms in San Francisco caused flooding and damage to private property throughout the City. Property owners who suffered damage as a result of the flooding filed claims against the City for compensation. Claims are handled by the City Attorney's Office and paid from the operating budget of the Wastewater Enterprise. Claims of \$25,000 or more require Board of Supervisors approval.

The time limit to file claims is six months from the time of damage for personal property or approximately June 2015, and one year from the time of damage for real property or approximately December 2015. As of August 2015, 247 claims related to the December 2014 storms had been filed. Ms. Noreen Ambrose, Deputy City Attorney, commented that it was possible for more claims to be filed before the December 2015 deadline.

DETAILS OF PROPOSED LEGISLATION

The proposed ordinance would appropriate \$5,000,000 from the SFPUC Wastewater Enterprise's Designated for General Reserve to pay for future claims settlements, legal expenses, and related costs incurred as a result of allegations arising from the December 2014 storms in San Francisco or related to the Wastewater Enterprise.

Ms. Ambrose will provide a confidential memo to the Board of Supervisors detailing the estimated costs of these claims. The City Attorney's Office is unable to disclose the specific amounts of the pending claims due to the confidentiality of active legal cases.

FISCAL IMPACT

According to Ms. Ambrose, the Wastewater Enterprise has paid more than \$2.2 million in claims settlements related to the December 2014 storms in San Francisco as of August 2015. These claims settlements were paid from the Wastewater Enterprise's FY 2014-15 and FY 2015-16 operating budgets and \$1,750,000 in Wastewater Enterprise funds previously appropriated by the Board of Supervisors. According to Ms. Ambrose, many of the claims are still being investigated, adjusted and negotiated.

The requested appropriation of \$5,000,000 would be dedicated to pay for the additional claim settlements, legal expenses, litigation, judgements, and other expenses related to the December 2014 storms. The \$5,000,000 amount was based on the estimated costs to pay the

additional claim settlements and related expenses. According to Mr. Carlos Jacobo, PUC Budget Manager, the Wastewater Enterprise's FY 2014-15 and FY 2015-16 budget of \$160,000 per year for claims and judgments has been spent in full. The requested appropriation of \$5,000,000 would decrease the Wastewater Enterprise's Designated for General Reserve from \$6,126,439 to \$1,126,439.

RECOMMENDATION

Approve the proposed ordinance.