

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

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TO: Budget and Finance Sub-Committee
FROM: Budget and Legislative Analyst 
SUBJECT: July 20, 2016 Budget and Finance Sub-Committee Meeting

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Item 1 File 16-0747	Department: Health Service System (HSS)
EXECUTIVE SUMMARY	
<p style="text-align: center;">Legislative Objectives</p> <ul style="list-style-type: none"> • The proposed ordinance would approve the Health Service System’s health, vision, and dental plans and contribution rates for calendar year 2017 and amend the City’s Administrative Code Section 16.703 to remove rates from the Code. <p style="text-align: center;">Key Points</p> <ul style="list-style-type: none"> • In accordance with the City’s Charter, the Health Service Board is required to conduct a survey of the ten most populous California counties each year to determine the average of the health premium contributions made by these counties. Based on this survey, the average 2017 contribution is \$604.84 per member per month, which is \$25.60 or 4.4 percent more than the 10-county average monthly contribution of \$579.24 in 2016. • Effective January 1, 2015, collective bargaining agreements eliminated the 10-county average survey as the method for calculating monthly premiums for active employees. Instead, the City and most unions elected to use a percentage-based employee premium contribution models. The 10-county survey is still used to calculate retiree premiums. • The total 2017 monthly health premiums for active employees-only coverage is proposed to be (a) \$802.40 for the City Plan, a 6.04 percent increase from 2016, (b) \$582.54 for Kaiser, a 5.5 percent increase from 2016, and (c) \$752.25 for Blue Shield, a 4.26 percent increase from 2016. <p style="text-align: center;">Fiscal Impacts</p> <ul style="list-style-type: none"> • The total estimated City, employee, and retiree costs for health, vision, and dental plans, as well as long-term disability and life insurance plans, is \$653,375,067 in 2017, which is a \$29,862,936 or 4.79 percent increase from \$623,512,131 in 2016. • Regarding just the City’s estimated costs, the total for the health, vision, and dental plans, and long-term disability and life insurance plans in 2017 is \$581,013,572, which is a \$24,282,943, or 4.36 percent increase from \$556,730,628 in 2016. • The balance of \$72,361,495 (\$653,375,067 total 2017 costs less \$581,013,572 City 2017 costs) is paid by employees and retirees. • Health premium contributions in 2017 are based on cost-sharing agreements that were negotiated between the City and various labor unions which became effective on January 1, 2015. Under these cost-sharing agreements, with the exception of Kaiser, the City pays more than under the 10-county survey average amount of \$604.84. <p style="text-align: center;">Recommendation</p> <ul style="list-style-type: none"> • Approve the proposed ordinance. 	

MANDATE STATEMENT

City Charter Section A8.423 states that the Health Service Board is required to conduct a survey of the ten most populous California counties, excluding San Francisco, to determine the average contribution made by each county toward health plan premiums for employees, excluding dental or optical plan premiums. The Health Service Board is then required to certify to the Board of Supervisors the average contribution as determined by this survey. City Charter Section A8.428 also requires the City to contribute to the Health Service System Trust Fund to pay the costs of health plan premiums.

BACKGROUND

The Health Service Board oversees the Health Service System (HSS). The HSS administers non-pension benefits, including health, vision, dental and other benefits, such as life and long-term disability insurance. The Health Service Board adopts the annual health, vision, dental and other insurance plans, and the respective plan premiums and premium equivalents to be paid by HSS employers and members.

- HSS employers include the City and County of San Francisco (City), the San Francisco Unified School District (SFUSD), the San Francisco Community College District (SFCCD), and the San Francisco Superior Court (Superior Court).
- HSS members are active and retired employees of the above noted employers, their dependents, and members of eligible boards and commissions. Dependents include children, spouses, domestic partners, surviving spouses of deceased members, and other legal dependents.

City and Employee Contribution Models

Effective January 1, 2015, in accordance with most Memorandum of Understanding (MOUs) between the City and respective labor unions, the 10-county survey average was eliminated as the method for calculating employer contributions to the monthly health plan premiums for active employees. Instead, the City and most labor unions elected to use one of the following three percentage-based employee premium contribution models¹.

- Under the '93/93/83 Contribution Model', the City contributes up to 93 percent of the monthly premium for employee-only and employee plus one dependent coverage, capped at 93 percent of the second-highest cost plan. The City also contributes up to 83 percent of the monthly premium for employees with two or more dependents, capped at 83 percent of the second-highest cost plan.

¹ HSS advises that the 93/93/83 and the 100/96/83 Contribution Models are the most commonly used.

- Under the '100/96/83 Contribution Model', the City contributes 100 percent of monthly premiums for employee-only coverage. The City contributes up to 96 percent of the monthly premiums for employees with one dependent, capped at 96 percent of the second-highest cost plan. The City also contributes up to 83 percent of the monthly premium for employees with two or more dependents, capped at 83 percent of the second-highest cost plan.
- Under the '90/10 Contribution Model', the City contributes 90 percent of the monthly premium, capped at the second highest cost plan, provided that the City's premium contribution cannot fall below the lesser of the 10-county average survey. The calculation of the employee contribution for employee plus one or more dependents is determined by the specific MOUs.

10-County Survey Average

The 10-county survey average is still used as a basis for calculating the employer contribution to the monthly health plan premium for all retirees. Based on the survey, the 10-county average employer contribution for calendar year 2017 is \$604.84 per member per month. The \$604.84 per member per month is \$25.60 or 4.4 percent more than the 10-county average monthly contribution of \$579.24 in 2016.

Health Service System Trust Fund

Under Charter Section A8.428, employer and HSS member contributions to health plan premiums are deposited in the Health Service System Trust Fund. As of June 30, 2015, the Health Service System Trust Fund balance was \$81,529,757.

DETAILS OF PROPOSED LEGISLATION

The proposed ordinance would (a) approve the Health Service System's health, vision, and dental plans as well as life insurance and long-term disability insurance plans and contribution rates for calendar year 2017 and (b) amend Administrative Code Section 16.703 to remove rates from the Code.

Currently, Section 16.703 of the City's Administrative Code states that contribution rates adopted by the Health Service Board for the Health Service System plans for specific calendar years, such as for calendar year 2016, are approved on a specified date. In prior years, the Board of Supervisors would amend this section of the Administrative Code and separately approve a resolution setting the employer's average contribution rates. The proposed ordinance would delete Section 16.703 of the Administrative Code. Instead, as in the proposed ordinance, the Board of Supervisors would approve Health Service System plans and contribution rates through an uncodified ordinance.

On June 21, 2016, the Health Service Board approved the following health, vision, dental, life and long-term disability insurance plans and premiums for the period from January 1, 2017 through December 31, 2017.

Health Plans

Kaiser and Blue Shield Health Maintenance Organizations (HMO)²

Consistent with the 2016 plan year, two HMOs will be offered to HSS members for the 2017 plan year: either Blue Shield of California or Kaiser Permanente. The Health Service Board added an acupuncture benefit and a third tier of copays for specialty drugs, excluding HIV drugs, to the Kaiser HMO Plan. No plan design changes were adopted for active and non-Medicare retirees in the Blue Shield HMO; however, the Health Service Board proposes to eliminate Blue Shield HMO for Medicare retirees due to a 10.2% proposed rate increase and offer Medicare retirees a choice between Kaiser's Medicare Advantage HMO or United Healthcare Medicare Advantage PPO, a New City Plan.

City Plan Preferred Provider Organization (PPO)³

The City Plan is a self-funded plan administered by United HealthCare (UHC). The Health Service Board adopted no plan design changes for the City Plan for active and early retirees in 2017. The previous City Plan Medicare coverage will no longer be available, such that Medicare retirees will be covered under a New City Plan, which has a wider coverage area.

New City Plan

In 2017, Medicare retirees will be offered coverage under the United Healthcare fully funded Medicare Advantage PPO called the New City Plan, formerly known as the United Health Care Medicare Advantage National PPO in 2016. The New City Plan has lower copays than the Blue Shield HMO for Medicare retirees.

Health Plan Premiums

Blue Shield Premiums in 2017

The Blue Shield HMO plan is a flex-funded plan for active and non-Medicare retiree members.⁴ The Blue Shield monthly premium will increase in 2017 compared to 2016 by 4.26 percent for active employees and non-Medicare retirees.

² A HMO (Health Maintenance Organization) offers care through a closed panel of providers, in which members select a primary care physician, who manages their care. The HMOs pay the medical groups on a per capita basis.

³ Under a PPO, physicians, hospitals, and other providers are in network and paid by the purchaser (through a third party administrator) on a fee for service basis based on negotiated contracts.

⁴ The Health Service Board adopted the flex-funded plan in 2012. The flex-funded plan differs from the fully-insured plan in that (1) under the fully insured plan, Blue Shield pays all covered claims, while (2) under the flex-funded plan HSS is responsible for paying both the per capita rate and the hospital claim costs. Blue Shield acts as a

Kaiser Premiums in 2017

The Kaiser Permanente premium rates for active employees, non-Medicare retirees and Medicare retirees in 2017 will increase by 5.46% from the 2016 rate.

City Plan Premiums in 2017

The City Plan is a self-funded plan in which overall monthly premiums are set based upon projected claims experience. The City Plan monthly premiums will result in overall increases of 16.65 percent, which includes active employees, non-Medicare retirees and the New City Plan. The Health Service Board approved a one-time buy-down of \$3.79 million applied to active employees and non-Medicare retiree premiums to reduce their monthly rates and include administrative fee increase of 3% from 2016 to 2017. The New City Plan premium for a single Medicare retiree is 5.8 percent higher than the 2016 premium and 6 percent lower than the 2017 Kaiser Medicare rates.

Vision Plan

Members enrolled in one of the health plans receive vision benefits through Vision Service Plan (VSP), a third party insurer and a fully-funded plan. The cost of the vision plan is included in the cost of the medical plan for all monthly health plan premiums. VSP rates will decrease by 2.0% in plan year 2017 and are guaranteed through 2019.

Dental Plans

The Health Service System offers three dental plans, including one PPO (Delta Dental PPO) and two HMOs (Delta Care USA and United Healthcare Dental, formerly Pacific Union). United Healthcare will offer additional procedures in 2017. There are no plan changes in the other two dental plans. The City contributes part of the monthly premium for active employees. The City does not contribute to the monthly dental premium for retired employees.

- Premiums for 2017 for the Delta Care USA and United Healthcare Dental plans for active employees and retirees are unchanged from the 2016 plan year.
- Premiums for the self-funded Delta Dental PPO plan for active employees and early retirees will increase by 0.8 percent in 2017. Premiums for Delta Dental PPO for retirees are unchanged.

Life and Long-Term Disability (LSD) Insurance

The Health Service System will continue its contract with Aetna Life Insurance Company to provide life and long-term disability insurance in 2017. Premiums for long-term disability plans will decrease by 7.1% from 2016 rates and are guaranteed through 2019. Rates for

third party administrator negotiating capitation rates and hospital rates. If the claims experience exceeds 125% of premiums, Blue Shield pays the balance.

supplemental life insurance premiums paid by employees in 2017 will be split into tobacco and non-tobacco users, with premium decreases of 7.5% for non-tobacco users and varying increases by age for tobacco users. In 2017, supplemental life insurance will be offered to all City employees, resulting in higher costs.

Second Opinion Benefit Added

The Health Service Board approved a new medical second opinion benefit at a cost of \$1.40 per member per month to enable covered members and dependents to contact a second opinion vendor, Best Doctors, an organization that has nationally renowned experts with extensive and specific medical expertise. This second opinion benefit should ensure that diagnosis and treatment plans are appropriate, cost-effective and least invasive based on clinical evidence.

Federal Affordable Care Act Requirements

According to the City's actuarial consultant, Aon Hewitt's June 28, 2016 memorandum to the Board of Supervisors, the Affordable Care Act previously imposed two direct fees and one tax on health plans, but only one fee is incorporated in the 2017 premiums, as discussed below.

- The Patient Centered Outcomes Research Institute Fee (PCORI) is a per enrollee per year fee assessed to health plans to fund health care research. This fee will remain at \$2.25 in 2017 and is included in the projected 2017 premiums.
- The Transitional Reinsurance Fee (TRF) subsidizes reinsurance in the individual market, to lower the cost of health insurance for higher-risk individuals. The fee in 2016 was \$27 per enrollee per year, except for Medicare enrollees. This fee is eliminated in 2017, such that no costs are assumed for 2017.
- The Health Insurance Tax (HIT) is applied to all fully insured or flex-funded plans, including vision and dental plans offered by HSS. The Federal Consolidated Appropriations Act of 2016 suspended collection of HIT for the 2017 calendar year. Therefore, no costs are assumed for 2017.

FISCAL IMPACT

Stabilization Reserve

HSS sets aside a portion of the Health Service System Trust Fund balance to stabilize the self-funded City Plan. The City Plan had a revenue surplus of \$10,900,000 in 2014 that was deposited into the Stabilization Reserve, for a \$25,800,000 balance. For 2015, \$8,617,000, or one-third of the balance of \$25,800,000, was allocated to lower City Plan premium rates, resulting in a remaining balance of \$17,183,000. In 2016, \$5,400,000 was transferred from the Stabilization Reserve to subsidize City and member contributions to the City Plan for active employees and non-Medicare retirees, further reducing this reserve to \$11,783,000.

For 2017, based on Aon Hewitt's recommendations, the Health Service Board approved a \$404,000 transfer from the Reserve to the Trust Fund reducing the balance to \$11,379,000. In accordance with the Health Service Board's Self-Fund Plans' Stabilization Policy, one-third of the \$11,379,000 balance or \$3,790,000 was allocated to reduce active and early retiree City Plan member premiums. An additional one-time buy-down of \$3,790,000 was approved by the Health Service Board to further reduce City Plan active employees and early retiree premiums. These 2017 transfers will result in a \$3,799,000 remaining balance in the Stabilization Reserve.

2017 Total City Costs

As shown in Table 1 below, the total estimated City and member costs for health, vision, and dental plans, as well as long-term disability and life insurance, is \$653,375,067 in 2017, which is a \$29,862,936 or 4.79 percent increase from \$623,512,131 in 2016.⁵ The total estimated costs for the health, vision, and dental plans, as well as long-term disability and life insurance, for the City in 2017 is \$581,013,572 which is a \$24,282,943 or 4.36 percent increase from \$556,730,628 in 2016.

Table 1: Total Plan Costs for the City, Employees and Retirees in 2017 Compared to 2016

	2016	2017	Increase/ (Decrease)	Percent
City Costs Only				
Kaiser HMO	\$233,753,492	\$246,554,108	\$12,800,615	5.48%
Blue Shield HMO	241,768,265	247,884,794	6,116,529	2.53%
City Plan	30,109,753	34,905,753	4,796,000	15.93%
Subtotal Health and Vision Plan	505,631,510	529,344,655	23,713,145	4.69%
Dental	43,499,118	43,858,917	359,798	0.83%
Long Term Disability and Life Insurance	7,600,000	7,810,000	210,000	2.76%
Total City Costs	\$556,730,628	\$581,013,572	24,282,943	4.36%
Employee and Retiree Costs Only				
Kaiser HMO	27,683,334	29,168,857	1,485,523	5.37%
Blue Shield HMO	31,314,362	32,250,007	935,645	2.99%
City Plan	3,977,127	4,855,951	878,825	22.10%
Subtotal Health and Vision Plan	62,974,823	66,274,816	3,299,993	5.24%
Dental	3,586,680	3,586,680	0	0.0%
Long Term Disability and Life Insurance	220,000	2,500,000	2,280,000	1,036.36%
Total Employee and Retiree Costs	\$66,781,503	\$72,361,496	\$5,570,993	8.36%
Total Costs				
Kaiser HMO	261,436,827	275,722,965	14,286,138	5.46%
Blue Shield HMO	273,082,626	280,134,801	7,052,175	2.58%
City Plan	34,086,879	39,761,705	5,674,825	16.65%
Subtotal Health and Vision Plans	568,606,333	595,619,471	27,013,138	4.75%
Dental	47,085,798	47,445,597	359,798	0.76%
Long Term Disability and Life Insurance	7,820,000	10,310,000	2,490,000	31.84%
Total Costs	\$623,512,131	\$653,375,067	\$29,862,936	4.79%

Source: Health Service System

⁵ Differences between the 2016 estimates included here and those used in the Budget and Legislative Analyst's report in July 2015 are due to updated Census figures (as of June, 2016) used by the Health Service System to produce their estimates of how many members will enroll in each plan.

The employer contribution amounts shown in Table 1 above are included in the FY 2016-17 and FY 2017-18 budgets currently pending before the Board of Supervisors.

The balance of \$72,361,496 (\$653,375,067 total 2017 City and member costs less \$581,013,572 City 2017 costs) is paid by employees and retirees. The Attachment to this report shows the City and employee monthly premium contributions for the '93/93/83 Contribution Model' and '100/96/83 Contribution Model' noted above. As shown in the Attachment, with the exception of Kaiser, under both contribution models negotiated as part of the MOUs, the City pays more for the employer contribution than under the 10-county survey average amount of \$604.84.

RECOMMENDATION

Approve the proposed ordinance.

93/93/83 Contribution Model

	City Plan			Kaiser			Blue Shield		
	Employee	Employee + 1 Dependent	Employee +2 or More Dependents	Employee	Employee + 1 Dependent	Employee +2 or More Dependents	Employee	Employee + 1 Dependent	Employee +2 or More Dependents
Members									
Plan Year 2016	\$85.65	\$144.72	\$414.13	\$38.78	\$77.42	\$265.91	\$50.51	\$100.87	\$346.50
Plan Year 2017	\$102.81	\$166.01	\$430.34	\$40.78	\$81.25	\$278.90	\$52.66	\$105.01	\$360.53
\$ Increase/ (Decrease)	\$17.16	\$21.29	\$16.21	\$2.00	\$3.83	\$12.99	\$2.15	\$4.14	\$14.03
% Increase/ (Decrease)	20.04%	14.71%	3.91%	5.16%	4.95%	4.89%	4.26%	4.10%	4.05%
Employer									
Plan Year 2016	\$671.02	\$1,340.20	\$1,691.74	\$515.24	\$1,028.59	\$1,298.25	\$671.02	\$1,340.20	\$1,691.74
Plan Year 2017	\$699.59	\$1,395.08	\$1,760.23	\$541.76	\$1,079.45	\$1,361.67	\$699.59	\$1,395.08	\$1,760.23
\$ Increase/ (Decrease)	\$28.57	\$54.88	\$68.49	\$26.52	\$50.86	\$63.42	\$28.57	\$54.88	\$68.49
% Increase/ (Decrease)	4.26%	4.09%	4.05%	5.15%	4.94%	4.89%	4.26%	4.09%	4.05%
Total									
Plan Year 2016	\$756.67	\$1,484.92	\$2,105.87	\$554.02	\$1,106.01	\$1,564.16	\$721.53	\$1,441.07	\$2,038.24
Plan Year 2017	\$802.40	\$1,561.09	\$2,190.57	\$582.54	\$1,160.70	\$1,640.57	\$752.25	\$1,500.09	\$2,120.76
\$ Increase/ (Decrease)	\$45.73	\$76.17	\$84.70	\$28.52	\$54.69	\$76.41	\$30.72	\$59.02	\$82.52
% Increase/ (Decrease)	6.04%	5.13%	4.02%	5.15%	4.94%	4.89%	4.26%	4.10%	4.05%

100/96/83 Contribution Model

	City Plan			Kaiser			Blue Shield		
	Employee	Employee + 1 Dependent	Employee +2 or More Dependents	Employee	Employee + 1 Dependent	Employee +2 or More Dependents	Employee	Employee + 1 Dependent	Employee +2 or More Dependents
Members									
Plan Year 2016	\$0.00	\$101.49	\$414.13	\$0.00	\$44.24	\$265.91	\$0.00	\$57.64	\$346.50
Plan Year 2017	\$0.00	\$121.00	\$430.34	\$0.00	\$46.43	\$278.90	\$0.00	\$60.00	\$360.53
\$ Increase/ (Decrease)	\$0.00	\$19.51	\$16.21	\$0.00	\$2.19	\$12.99	\$0.00	\$2.36	\$14.03
% Increase/ (Decrease)		19.22%	3.91%	0.00%	4.95%	4.89%	0.00%	4.09%	4.05%
Employer									
Plan Year 2016	\$756.67	\$1,383.43	\$1,691.74	\$554.02	\$1,061.77	\$1,298.25	\$721.53	\$1,383.43	\$1,691.74
Plan Year 2017	\$802.40	\$1,440.09	\$1,760.23	\$582.54	\$1,114.27	\$1,361.67	\$752.25	\$1,440.09	\$1,760.23
\$ Increase/ (Decrease)	\$45.73	\$56.66	\$68.49	\$28.52	\$52.50	\$63.42	\$30.72	\$56.66	\$68.49
% Increase/ (Decrease)	6.04%	4.10%	4.05%	5.15%	4.94%	4.89%	4.26%	4.10%	4.05%
Total									
Plan Year 2016	\$756.67	\$1,484.92	\$2,105.87	\$554.02	\$1,106.01	\$1,564.16	\$721.53	\$1,441.07	\$2,038.24
Plan Year 2017	\$802.40	\$1,561.09	\$2,190.57	\$582.54	\$1,160.70	\$1,640.57	\$752.25	\$1,500.09	\$2,120.76
\$ Increase/ (Decrease)	\$45.73	\$76.17	\$84.70	\$28.52	\$54.69	\$76.41	\$30.72	\$59.02	\$82.52
% Increase/ (Decrease)	6.04%	5.13%	4.02%	5.15%	4.94%	4.89%	4.26%	4.10%	4.05%

Item 4 File 16-0752	Department: Municipal Transportation Agency (MTA)
EXECUTIVE SUMMARY	
<p>Legislative Objectives</p> <ul style="list-style-type: none"> • The proposed resolution would approve an agreement between the MTA and Genfare, a division of SPX Corporation (SPX Genfare). The initial agreement term includes an installation period of approximately 245 days, beginning in approximately August 2016 to April 2017 and a warranty and maintenance period of five years from approximately April 2017 to March 2022. The agreement amount for the initial term is not-to-exceed amount \$30,000,000. There would also be two five-year options to extend the warranty and maintenance agreement to approximately March 2032. <p>Key Points</p> <ul style="list-style-type: none"> • In 2008, the Board of Supervisors approved a sole source agreement between the San Francisco Municipal Transportation Agency (MTA) and Cubic Transportation Systems, Inc. for a total not-to-exceed amount of \$19 million for a term of 26 months from September 2008 to October 2010. • Under this agreement, Cubic Transportation Systems, Inc. refurbished fareboxes on all MTA revenue vehicles, equipment, and software for the purposes of tracking fare collection revenues and managing the fareboxes. Cubic Transportation Systems, Inc. also provided support for MTA staff. These fareboxes dated back to 1991. • The original agreement was amended as of February 2009 to extend the term by three months through January 2010 and to reduce the total not-to-exceed amount by \$1,500,777 from \$19 million to \$17,499,223. • In September 2015, MTA issued a new Request for Proposals (RFP) for the installation and maintenance of new fareboxes on all MTA revenue vehicles of the Transit Vehicle Farebox System. <p>Fiscal Impact</p> <ul style="list-style-type: none"> • The MTA's budget for the proposed agreement is \$29,264,755 for the base farebox system, maintenance costs, and other expenses, which is \$735,245 less than the agreement not-to-exceed amount of \$30,000,000. <p>Recommendations</p> <ul style="list-style-type: none"> • Amend the proposed resolution to reduce the requested not-to-exceed amount by \$735,245 from \$30,000,000 to \$29,264,755. • Approve the proposed resolution as amended. 	

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

Former Agreement

In 2008, the Board of Supervisors approved a sole source agreement between the San Francisco Municipal Transportation Agency (MTA) and Cubic Transportation Systems, Inc. for a total not-to-exceed amount of \$19 million for a term of 26 months from September 2008 to October 2010. Under this agreement, Cubic Transportation Systems, Inc. refurbished fareboxes on all MTA revenue vehicles, equipment, and software for the purposes of tracking fare collection revenues and managing the fareboxes. Cubic Transportation Systems, Inc. also provided support services for MTA staff.¹ These fareboxes dated back to 1991.

The agreement was issued on a sole-source basis because the technology used in the farebox system was proprietary to Cubic Transportation Systems, Inc. and Cubic Transportation Systems, Inc. was the only respondent to the Request for Proposals (RFP) issued by the MTA. The \$19 million was funded from the FY 2007-08 Public Transportation Modernization, Improvement, and Service Enhancement Account funds from the State of California as approved by the Board of Supervisors in March 2008.

The original agreement was amended as of February 2009 to extend the term by three months through January 2010 and to reduce the total not-to-exceed amount by \$1,500,777 from \$19 million to \$17,499,223. An MTA Revenue Service/Farebox Repair group consisting of in-house electronic maintenance technicians maintains the farebox system as one component of their duties.

New Request for Proposals Process

In September 2015, MTA issued a new Request for Proposals (RFP) for the installation and maintenance of new fareboxes on all MTA revenue vehicles under the Transit Vehicle Farebox System. MTA received four proposals, including Genfare, a division of SPX Corporation (SPX Genfare), LECIP, Scheidt & Bachmann, and Trapeze. An evaluation panel comprised of MTA and AC Transit personnel with expertise in farebox technology and related services ranked SPX Genfare as the highest scoring firm.

¹ 15 months of the 26-month agreement term were used for the installation of the refurbished fareboxes, while the remainder of the agreement term was used for post-installation training to support the system.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would approve an agreement between the MTA and Genfare, a division of SPX Corporation (SPX Genfare) for the installation and maintenance of new fareboxes on all MTA revenue vehicles. The initial agreement term includes an installation period of approximately 245 days, beginning in approximately August 2016 to April 2017 and a warranty and maintenance period of five years from approximately April 2017 to March 2022. The agreement amount for the initial term is not-to-exceed amount \$30,000,000. There would also be two five-year options to extend the warranty and maintenance agreement to approximately March 2032. Including the two five-year options, the total agreement term is approximately 15 years and 245 days.

Under the proposed agreement, SPX Genfare would provide services related to the procurement, installation, and maintenance of a Transit Vehicle Farebox System, which includes fareboxes, a revenue transfer and collection system, a data collection and reporting system, and a computer aided dispatch/automatic vehicle location system integration.

MTA, under the authority delegated by the Planning Department, has determined that the Transit Vehicle Farebox System Procurement item is not a “project” for purposes of environmental review under the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines, sections 15060(c) and 15378(b).

FISCAL IMPACT

The MTA’s budget for the proposed agreement is \$29,264,755 for the base farebox system, maintenance costs, and related expenses as shown in Table 1 below, which is \$735,245 less than the agreement not-to-exceed amount of \$30,000,000. Therefore, the proposed resolution should be amended to reduce the agreement not-to-exceed amount from \$30,000,000 to \$29,264,755.

The agreement budget of \$29,264,755 includes the purchase of 1,286 new fareboxes for installation and 50 spare fareboxes. According to Mr. Jason Lee, MTA Project Manager, the source of funds to pay for the agreement is the MTA’s operating budget for FY 2016-17.

Table 1. Total Costs for Farebox Base System and Associated Costs

Item Description	Total Cost
Base Farebox System Costs	
Farebox Equipment and Installation	\$15,932,700
Licensed Software, Equipment and Services	3,656,226
Computer Aided Dispatch(CAD)/Automatic Vehicle Location System Integration	623,869
Transfer/Fare Receipt (initial 20 million order)	290,000
Odyssey Farebox Spare Kit	1,144,122
Additional Spare Parts	<u>254,676</u>
<i>Subtotal</i>	<i>21,901,593</i>
Contingency funds for base farebox system (5%)	<u>1,098,407</u>
Total Base Farebox System Costs	\$23,000,000
Preventive Maintenance, Supplies, Adjustments	
Preventative Maintenance Services	\$ 2,829,200
Transfer and Ticket Stock	1,450,000
Farebox Height Adjustment	<u>262,048</u>
Total Preventive Maintenance, Supplies, Adjustments	\$4,541,248
Optional Costs	
Preventative Maintenance Facility and Transportation (Optional)	\$1,082,227
Smart Card Acceptance – Hardware (Optional)	<u>641,280</u>
Total Optional	\$1,723,507
Grand Total	\$29,264,755

Source: Municipal Transportation Agency staff.

During the implementation phase, the MTA and SPX Genfare would validate the number of fareboxes and spare parts needed and make price adjustments as necessary. However, the total cost of the farebox base system cannot exceed \$23,000,000, as stated in the proposed agreement and as shown in the Table 1 budget above.

\$4,541,248 would be budgeted for ongoing maintenance, transfer and ticket stock, and any height adjustments to fareboxes to comply with the American with Disabilities Act.

Optional Costs

The agreement provides for the option of having the vendor lease a facility to complete preventative maintenance tasks for an estimated \$1,082,227.

In addition, according to Mr. Lee, the Metropolitan Transportation Commission is currently considering a new Clipper Card system, which might include new card readers embedded in fareboxes or as stand-alone units, as it currently the case. In the event that the new card readers are embedded in fareboxes, the MTA has included \$641,280 for hardware and software development costs in the agreement amount.

RECOMMENDATIONS

1. Amend the proposed resolution to reduce the requested not-to-exceed amount by \$735,245 from \$30,000,000 to \$29,264,755.
2. Approve the proposed resolution as amended.

Item 5 File 16-0744	Department: Public Utilities Commission (PUC)
EXECUTIVE SUMMARY	
<p style="text-align: center;">Legislative Objectives</p> <ul style="list-style-type: none"> • The Board of Supervisors appropriated \$120,827,000 in Water Enterprise Revenue Bond funds to the Westside Recycled Water Project in April 2010 (Ordinance 92-10) and November 2011 (Ordinance 230-11) and placed these funds on Budget and Finance Committee Reserve. The SFPUC General Manager is now requesting release of \$120,827,000 from Budget and Finance Committee Reserve for the Westside Recycled Water Project. <p style="text-align: center;">Key Points</p> <ul style="list-style-type: none"> • The San Francisco Westside Recycled Water Project (Project) is a component of the San Francisco Public Utilities Commission's (SFPUC) Water System Improvement Program (WSIP). The primary purpose of the Project is to reduce San Francisco's reliance on potable water for nonpotable uses, such as irrigation, through the production and distribution of highly treated recycled water. The Project will bring recycled water from the recycled water treatment facility, to be constructed at the Oceanside Water Pollution Control Plant, to Golden Gate Park, Lincoln Park Golf Course, the Presidio Golf Course and the National Cemetery to be used for irrigation. • Environmental review for the Project began in 2006, and the Final Environmental Impact Report (FEIR) was certified by the Planning Commission in September 2015. A resolution adopting findings under the California Environmental Quality Act, including the adoption of a mitigation monitoring and reporting program and a statement of overriding considerations related to the San Francisco Westside Recycled Water Project, is calendared at the July 20, 2016 Budget and Finance Committee (File 16-0720). • Completion of the Project, including the recycled water pipeline, recycled water treatment facility at the Oceanside Water Pollution Control Plan, and recycled water pump station and underground reservoir in Golden Gate Park, is anticipated in September 2020. <p style="text-align: center;">Fiscal Impact</p> <ul style="list-style-type: none"> • The total Waterside Recycled Water Project budget is \$186,220,000, which includes \$120,827,000 on Budget and Finance Committee Reserve. <p style="text-align: center;">Recommendation</p> <ul style="list-style-type: none"> • Approve the requested release of reserves. 	

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 to be released at a later date subject to Board of Supervisors approval.

BACKGROUND

The San Francisco Westside Recycled Water Project (Project) is a component of the San Francisco Public Utilities Commission's (SFPUC) Water System Improvement Program (WSIP). The primary purpose of the Project is to reduce San Francisco's reliance on potable water for nonpotable uses, such as irrigation, through the production and distribution of highly treated recycled water. The Project will bring recycled water from the recycled water treatment facility, to be constructed at the Oceanside Water Pollution Control Plant, to Golden Gate Park, Lincoln Park Golf Course, the Presidio Golf Course and the National Cemetery to be used for irrigation.

The Project will construct the following facilities:

- A recycled water treatment facility at the Oceanside Water Pollution Control Plant;
- A new pump station and underground recycled water storage reservoir at Golden Gate Park's existing Central Reservoir; and
- New recycled water distribution pipelines.

The Public Utilities Commission approved a Memorandum of Understanding between the SFPUC and the Recreation and Park Department at the June 14, 2016 Commission meeting, describing each departments' responsibilities for construction and operation of the recycled water, storage and distribution facilities on Recreation and Park Department properties.

LEGISLATION

The Board of Supervisors appropriated \$120,827,000 in Water Enterprise Revenue Bond funds, to the Westside Recycled Water Project in April 2010 (Ordinance 92-10) and November 2011 (Ordinance 230-11) and placed these funds on Budget and Finance Committee Reserve. The SFPUC General Manager is now requesting release of \$120,827,000 from Budget and Finance Committee Reserve for the Westside Recycled Water Project.

Project Planning, Environmental Review and Design

According to Ms. Barbara Palacios, SFPUC Project Manager, planning for the Westside Recycled Water Project was started in 2003 as part of the updating of the Recycled Water Master Plan.

Environmental review for the Project began in 2006, and the Final Environmental Impact Report (FEIR) was certified by the Planning Commission in September 2015. A resolution adopting findings under the California Environmental Quality Act, including the adoption of a mitigation monitoring and reporting program and a statement of overriding considerations related to the San Francisco Westside Recycled Water Project, is calendared at the July 20, 2016 Budget and Finance Committee (File 16-0720).

Project design was begun in 2009. Design of the recycled water pipeline was completed in June 2016. Design of the recycled water treatment facility at the Oceanside Water Pollution Control Plant is scheduled to be completed in August 2016. The design of the recycled water pump station and reservoir in Golden Gate Park is scheduled to be completed in December 2016.

Project Construction

Construction of the Project is scheduled to begin in April 2017 with the construction of the recycled water pipeline. Completion of the Project, including the recycled water pipeline, recycled water treatment facility at the Oceanside Water Pollution Control Plan, and recycled water pump station and underground reservoir in Golden Gate Park, is anticipated in September 2020, with final close out in March 2021.

FISCAL IMPACT

The total Waterside Recycled Water Project budget is \$186,220,000, which includes \$120,827,000 on Budget and Finance Committee Reserve, as shown in the Table below.

Table: Westside Recycled Water Project Budget

Sources of Funds	Appropriation	Budget and Finance Committee Reserve
<u>Water Enterprise Revenue Bonds</u>		
Ordinance 53-08	\$3,457,718	
Ordinance 311-08	14,217,812	
Ordinance 92-10	110,146,222	\$91,608,000
Ordinance 230-11	\$29,219,000	29,219,000
Subtotal, Water Enterprise Revenue Bonds	\$157,040,752	\$120,827,000
<u>Budget Appropriations</u>		
FY 2016-17 Budget	\$21,306,000	
FY 2017-18 Budget	6,500,000	
FY 2018-19 Budget	1,373,248	
Subtotal, Budget Appropriations	\$29,179,248	
Total	\$186,220,000	\$120,827,000
<u>Uses of Funds</u>		
Project Management	\$8,910,031	
Planning	3,895,169	
Environmental	3,897,000	
Right of Way	438,000	
Design + Bid/Award	16,503,000	
Construction Management	15,718,000	
Construction ¹	136,858,800	
Total Project Budget	\$186,220,000	

Source: SFPUC Finance

¹ Construction budget includes \$123,478,000 in construction "base bid", \$12,347,800 in construction contingency (10%) contingency. The remaining costs are for construction-related environmental monitoring and mitigation.

RECOMMENDATION

Approve the requested release of reserves.

Item 7 File 16-0711	Department: San Francisco Public Utilities Commission (SFPUC)
EXECUTIVE SUMMARY	
<p style="text-align: center;">Legislative Objective</p> <ul style="list-style-type: none"> • The proposed resolution authorizes an amendment to the lease between the SFPUC and Orchard Supply Hardware (OSH) to reduce the size of the site leased by OSH from SFPUC for needed space for the SFPUC’s Regional Groundwater Storage and Recovery Project. In compensation for OSH relinquishing space to the SFPUC, SFPUC has agreed to pay OSH \$460,673. The resolution would also adopt environmental findings under the California Environmental Quality Act (CEQA) and findings of consistency under the City’s General Plan and eight priority policies of the Planning Code, Section 101.1. Finally, this resolution would authorize the Director of Property and/or the SFPUC General Manager to take any needed actions in furtherance of this resolution. <p style="text-align: center;">Key Points</p> <ul style="list-style-type: none"> • The Regional Groundwater Storage and Recovery Project (Project) consists of the construction of 16 groundwater wells and well stations with total capacity of 7.2 million gallons of water to be used as a regional dry-year water supply. The wells will connect the SFPUC’s water transition system to the water systems of Daly City, the City of San Bruno and the California Water Service Company. • OSH leases a 206,932 square foot property owned by SFPUC in the city of Millbrae in San Mateo County. The original lease was for 30 years from 1984 to 2014 with two ten-year extensions. OSH exercised the first extension from 2015 through 2024. • The proposed lease amendment would temporarily reduce the total square footage of the OSH lease by 25,398 square feet from 206,932 square feet to 181,534 square feet during the Regional Groundwater Storage and Recovery Project construction phase of 27 months. The amendment would permanently reduce the total square footage by 13,623 square feet from 206,932 square feet to 193,309 after construction has been completed. <p style="text-align: center;">Fiscal Impact</p> <ul style="list-style-type: none"> • The SFPUC obtained an appraisal report in January 2015 from Associated Right of Way Services, Inc., selected through a competitive process, to calculate the compensation to be paid to OSH for the temporary and permanent reduction in the lease site. Based on the appraisal, the net present value of the temporary and permanent reduction in the lease site payable by the SFPUC to OSH was \$460,673. <p style="text-align: center;">Recommendation</p> <ul style="list-style-type: none"> • Approve the proposed resolution. 	

MANDATE STATEMENT

City Charter Section 9.118(c) states that any modification, amendment or termination of a lease that had an initial term of ten years or more, including options to extend, or that had anticipated revenues of \$1 million or more is subject to Board of Supervisors approval.

BACKGROUND

Regional Groundwater Storage and Recovery Project

In 2012, the San Francisco Public Utilities Commission (SFPUC) initiated the Regional Groundwater Storage and Recovery Project (Project). The Project consists of the construction of 16 groundwater wells and well stations with total capacity of 7.2 million gallons of water to be used as a regional dry-year water supply. The wells will connect the SFPUC's water transition system to the water systems of Daly City, the City of San Bruno and the California Water Service Company. The estimated Project cost is \$133,580,000, and is scheduled to be completed in July 2018. The Project is part of the SFPUC's Water System Improvement Program (WSIP), a \$4.8 billion program to repair, replace, and seismically upgrade SFPUC's water infrastructure.

In October 2014, the Board of Supervisors adopted findings related to the California Environmental Quality Act (CEQA) and the San Francisco Planning Commission's General Plan findings for the Project (File No. 14-0945).

Orchard Supply Hardware Lease

In 1984, the Grace Retail Corporation (now Orchard Supply Company, LLC, referred to as OSH) entered into a lease with the City and County of San Francisco for a 206,932 square foot property owned by SFPUC in the City of Millbrae in San Mateo County. The term of the lease was for thirty years with two ten-year options to extend the lease through 2034. OSH exercised the first ten-year option to extend the lease through 2024.

The current annual rent paid by OSH to the SFPUC is \$1,117,432. The annual rent amount was determined by appraisers for both the SFPUC and OSH, and was arbitrated by an additional third party appraisal firm.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution authorizes an amendment to the lease between the SFPUC and Orchard Supply Hardware (OSH) to reduce the size of the leased premises for needed space for the SFPUC's Regional Groundwater Storage and Recovery Project. In compensation for OSH relinquishing space to the SFPUC, SFPUC has agreed to pay OSH \$460,673. The resolution would also adopt environmental findings under the California Environmental Quality Act (CEQA) and findings of consistency under the City's General Plan and eight priority policies of the Planning

Code, Section 101.1¹. Finally, this resolution would authorize the Director of Property and/or the SFPUC General Manager to take any needed actions in furtherance of this resolution.

Lease Amendment

The proposed lease amendment would temporarily reduce the total square footage by 25,398 square feet from 206,932 square feet to 181,534 square feet during the SFPUC's Regional Groundwater Storage and Recovery Project construction phase of 27 months. The amendment would permanently reduce the total square footage by 13,623 square feet from 206,932 square feet to 193,309 after construction has been completed.

The proposed amendment would authorize the SFPUC to pay OSH \$460,673 as compensation for (1) permanently reducing the lease space by 13,623 square feet; (2) temporarily reducing the lease space by 25,398 square feet during construction; (3) temporary use of space to install new utility lines; and (4) permanent subsurface use of space for the utility lines.

California Environmental Quality Act (CEQA) Findings and City's General Plan

The Board of Supervisors adopted CEQA findings and the San Francisco Planning Commission's General Plan Findings for the SFPUC's Regional Groundwater & Storage Project in October 2014. The proposed resolution would find that lease amendment is within the scope of the Project analyzed in the CEQA findings and the Planning Commission's findings that the Project is consistent with the City's General Plan and Planning Code.

FISCAL IMPACT

The SFPUC obtained an appraisal report in January 2015 from Associated Right of Way Services, Inc., selected through a competitive process, to calculate the compensation to be paid to OSH for the temporary and permanent reduction in the lease site.² Based on the appraisal, the net present value of the temporary and permanent reduction in the lease site payable by the SFPUC to OSH was \$460,673, as shown in Table 2 below.

¹ The Eight Priorities of City Planning Code Section 101.1 include: (1) existing neighborhood-serving retail uses be preserved and enhanced, and future opportunities for resident employment in and ownership of such businesses enhanced; (2) existing housing and neighborhood character be conserved and protected in order to preserve the cultural and economic diversity of our neighborhoods; (3) the City's supply of affordable housing be preserved and enhanced; (4) commuter traffic not impede Muni transit service or overburden our streets or neighborhood parking; (5) a diverse economic base be maintained by protecting our industrial and service sectors from displacement due to commercial office development, and that future opportunities for resident employment and ownership in these sectors be enhanced; (6) the City achieve the greatest possible preparedness to protect against injury and loss of life in an earthquake; (7) landmarks and historic buildings be preserved; and (8) parks and open space and their access to sunlight and vistas be protected from development.

² The final appraisal by Associated Right of Way Services was adjusted using the fee value used to determine fair market value of rent.

Table 2: Detail of Payment to OSH by SFPUC

Permanent Uses	
Building and Well Area	\$290,522
Well Water Area	55,651
Utilities	10,852
Subtotal Permanent	\$357,025
Temporary Uses	
Staging Area (18 months)	\$36,308
Construction Area (9 months)	67,341
Subtotal Temporary	\$103,648
Total	\$460,673

Source: Appraisal Report

According to Mr. Carlos Jacobo, Budget Director for the SFPUC, the payment of \$460,673 from the City to OSH is included in the SFPUC's budget for the Regional Groundwater Storage and Recovery Project, which was previously appropriated by the Board of Supervisors under the Water System Improvement Program.

RECOMMENDATION

Approve the proposed resolution.

Item 10 File 16-0712	Department: Department of Environment (DOE)
EXECUTIVE SUMMARY	
<p style="text-align: center;">Legislative Objectives</p> <p>The proposed resolution would approve an agreement between the Department of the Environment and Newcomb Anderson McCormick (NAM) for professional services related to SF Energy Watch and other energy and climate programs administered by the Department. The agreement is for an approximately five-year term to commence following Board of Supervisors approval through June 21, 2021, at a not-to-exceed cost of \$44,000,000, which includes up to \$14,000,000 in compensation to NAM for its services and up to \$30,000,000 in customer rebates that are to be paid out by NAM for energy-saving upgrades. The agreement is funded by a grant from PG&E.</p> <p style="text-align: center;">Key Points</p> <ul style="list-style-type: none"> • The Department of the Environment administers the SF Energy Watch program in collaboration with Pacific Gas & Electric (PG&E). The California Public Utilities Commission directed PG&E to form partnerships with local governments to implement SF Energy Watch and similar programs throughout PG&E's service area. SF Energy Watch offers energy efficiency services and financial incentives to commercial business and multifamily residential properties located in San Francisco that are currently PG&E customers • The Department has an existing contract with ICF Resources for SF Energy Watch services which extends through December 2016. The Department selected NAM through a competitive process to provide SF Energy Watch and other energy savings project services for a five year term through June 2021. The two contracts will overlap through December 2016. The Department of the Environment selected NAM as the highest ranked firm among the eight firms that responded to the RFP issued on July 23, 2015. <p style="text-align: center;">Fiscal Impact</p> <ul style="list-style-type: none"> • The total agreement not-to-exceed amount over five years is \$44,000,000, which includes \$14,000,000 in NAM services and \$30,000,000 in rebates to PG&E's residential and commercial customers for installing energy savings projects. The Department has grant funding from PG&E for SF Energy Watch through December 2016 and is currently negotiating grant funding from PG&E for the three-year period from 2017 through 2019. <p style="text-align: center;">Policy Consideration</p> <ul style="list-style-type: none"> • Under the proposed contract, payments to NAM are subject to availability of funding, as certified by the Controller. Therefore, although the level and the dates of availability of funding for the proposed contract are uncertain at this time, the Budget & Legislative Analyst recommends approval of the proposed contract because payments by the City are contingent upon funding availability. <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

The San Francisco Department of the Environment administers the SF Energy Watch program in collaboration with Pacific Gas & Electric (PG&E). The California Public Utilities Commission directed PG&E to form partnerships with local governments to implement SF Energy Watch and similar programs throughout PG&E's service area. SF Energy Watch offers energy efficiency services and financial incentives to commercial business and multifamily residential properties located in San Francisco that are currently PG&E customers.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would approve an agreement between the Department of the Environment and Newcomb Anderson McCormick (NAM) for professional services related to SF Energy Watch and other energy and climate programs administered by the Department of the Environment. The agreement is for an approximately five-year term to commence following Board of Supervisors approval through June 21, 2021, at a not-to-exceed cost to the City of \$44,000,000. The contract amount includes up to \$14,000,000 in compensation to NAM for its services and up to \$30,000,000 in customer rebates that are to be paid out by NAM to private property owners and local businesses for energy-saving upgrades.

The Department of the Environment selected NAM to provide professional services for SF Energy Watch and the Department's other energy savings programs that the Department plans to develop based on a competitive Request for Proposals (RFP) process. The Department of the Environment selected NAM as the highest ranked firm among the eight firms that responded to the RFP.

Existing Agreement for SF Energy Watch

The Department of the Environment has an existing agreement with ICF Resources for services related to City programs that address energy efficiency, renewable energy, and climate change, including SF Energy Watch. The original agreement was for four-years from July 1, 2010 through June 30, 2014 (File No. 10-0389). The agreement was amended four times and extended through December 31, 2016 for a total not-to-exceed amount of \$31,400,000 (File No. 12-1193).

The new agreement between the Department of the Environment and NAM will overlap with the existing agreement between the Department of the Environment and ICF Resources through December 31, 2016, when the ICF Resources agreement terminates.

PG&E Funding for SF Energy Watch

PG&E provided grants to the Department of the Environment from 2010 through 2015 for SF Energy Watch and other energy savings projects totaling \$33,175,972. In February 2016, the Board of Supervisors retroactively authorized the Department of the Environment to accept and expend a grant in the amount of \$6,930,000 from the California Public Utilities Commission, through PG&E, for implementation, support, and rebate reimbursements for energy-efficiency upgrades on businesses and residential properties from January 1, 2016 through December 31, 2016.

According to Ms. Jessie Denver, Energy Program Manager at the Department of the Environment, the Department is currently negotiating a new three-year grant agreement with PG&E to continue reimbursement for energy programs, but the amount of the new grant agreement has not yet been determined.

FISCAL IMPACT

The total agreement not-to-exceed amount over five years is \$44,000,000, which includes \$14,000,000 in NAM services and \$30,000,000 in rebates to PG&E's residential and commercial customers for installing energy savings projects.

The estimated \$14,000,000 budget for NAM services over the five-year term of the contract is shown in Table 1 below.

Table 1: Estimated Budget for NAM Scope of Services

Task	Year 1	Year 2	Year 3	Year 4	Year 5
Development of new energy savings programs	\$600,000	\$555,000	\$375,000	\$270,000	\$250,000
Oversight of energy savings project contractors	60,000	61,200	62,424	63,672	64,946
Review energy savings project applications	240,000	252,000	257,040	262,181	267,424
Project site inspections	1,054,000	1,106,700	1,162,035	1,185,276	1,208,981
Tracking and reporting	520,000	546,000	573,300	584,766	596,461
Administering issuance of rebate payments	128,000	134,400	141,120	143,942	146,821
Communication with Department	19,200	19,584	20,563	20,974	21,394
Develop customer database	260,000	216,000	175,000	175,000	175,000
Additional miscellaneous tasks	4,932	4,931	4,931	4,931	4,869
Subtotal	\$2,886,132	\$2,895,815	\$2,771,413	\$2,710,743	\$2,735,897
				Total	\$14,000,000

In addition, NAM will pay cash rebates up to \$30,000,000 over the five-year term of the agreement to utility customers in San Francisco for qualifying energy saving upgrades to commercial and residential properties.

PG&E Grant to the Department of the Environment

Of the \$6,930,000 in grant funds awarded to the Department of the Environment by PG&E in 2016, \$1,567,898 has been spent and \$5,362,102 is available to pay for SF Energy Watch and other energy savings programs through December 2016. According to Ms. Denver, these funds of \$5,362,102 will be allocated to pay for Department of the Environment staff costs, and to pay for ICF Resources and NAM agreement expenditures through December 2016.

The Department of the Environment has not yet finalized funding for NAM agreement expenditures beginning in January 2017. According to Ms. Denver, it is expected that PG&E will reimburse the Department of the Environment in 2017, 2018, and 2019 under the new three-year grant agreement at the same annual amount of \$6,930,000 as in 2016.

Funding for the proposed contract is subject to Board of Supervisors appropriation approval.

POLICY CONSIDERATION

Under the proposed contract, payments to NAM are subject to availability of funding, as certified by the Controller. Therefore, although the level and the dates of availability of funding for the proposed contract are uncertain at this time, the Budget & Legislative Analyst recommends approval of the proposed contract because payments by the City are contingent upon funding availability.

RECOMMENDATION

Approve the proposed resolution.

Item 11 File 16-0682	Department: Department of Environment (DOE)
EXECUTIVE SUMMARY	
<p style="text-align: center;">Legislative Objectives</p> <p>The Department of the Environment is requesting the Budget and Finance Committee of the Board of Supervisors to release the \$120,000 placed on Budget and Finance reserve in FY 2015-16 to award the funds for local projects that mitigate and sequester carbon emissions.</p> <p style="text-align: center;">Key Points</p> <ul style="list-style-type: none"> • The Department of the Environment administers the Carbon Mitigation Program, which is a program funded by surcharges on air travel by City employees in order to reduce or offset local greenhouse gas emissions. • In FY 2015-16, the Budget and Finance Committee placed \$324,721 in Carbon Mitigation Program appropriations on Budget and Finance Committee Reserve, pending submission to the Budget and Finance Committee of budget details on the use of these funds. <p style="text-align: center;">Fiscal Impact</p> <ul style="list-style-type: none"> • Following a competitive RFP process, the Department of the Environment awarded \$230,625 in grants to local organizations during FY 2015-16. • \$120,000 of the \$230,625 are on Budget and Finance Committee reserve. • The Department of the Environment is requesting release of the \$120,000 placed on Budget and Finance Committee reserve in FY 2015-16 for the projects selected to receive grant awards, which would leave a balance of \$204,721 of the FY 2015-16 Carbon Mitigation Program appropriation on reserve. <p style="text-align: center;">Recommendation</p> <ul style="list-style-type: none"> • Approve the requested release of \$120,000 on Budget and Finance Committee reserve. 	

MANDATE STATEMENT

Administrative Code Section 3.3(e) provides for the committee of the Board of Supervisors having jurisdiction over the budget (Budget and Finance Committee) to place funds on reserve. These funds may be released by the Budget and Finance Committee.

Administrative Code Chapter 52 established the Carbon Mitigation Program, which is administered by the Department of the Environment and funded by surcharges on certain activities, such as air travel by City employees. Funds generated by the Carbon Mitigation Program are deposited into the Carbon Impact Payments account. Carbon Impact Payment funds are allocated to the Department of the Environment's costs to administer the Carbon Mitigation Program and to projects to reduce greenhouse gas emissions.

BACKGROUND

In 2009, the Board of Supervisors approved an ordinance amending the San Francisco Administrative Code by adding Chapter 52 to establish the San Francisco Carbon Mitigation Program (Ordinance No. 172-09). The program is administered by the Department of the Environment to reduce or offset local greenhouse gas emissions.

The Carbon Mitigation Program is supported by fees levied on airline travel for official City business at an amount equal to 13 percent of the ticket price, as well as voluntary contributions from conferences and conventions held in San Francisco in which the conference or convention sponsor seeks to mitigate their event-related greenhouse gas emissions. The Department of the Environment uses the Carbon Mitigation Program revenues to award grants to local projects that reduce and sequester carbon emissions.

Total Carbon Mitigation Program revenues to date are \$982,029 and total expenditures and encumbrances are \$677,030, resulting in \$304,999 in unexpended funds.

In FY 2015-16, the Budget and Finance Committee placed \$324,721 in Carbon Mitigation Program appropriations on Budget and Finance Committee Reserve, pending submission to the Budget and Finance Committee of budget details on the use of these funds.

DETAILS OF PROPOSED LEGISLATION

The Department of the Environment is requesting the Budget and Finance Committee of the Board of Supervisors to release the \$120,000 of the \$324,721 placed on Budget and Finance Committee reserve in FY 2015-16 for the Carbon Mitigation Program.

FISCAL IMPACT

In July 2015, the Department of the Environment issued a Request for Proposals (RFP) for neighborhood greening and carbon projects that sequester carbon and reduce carbon emissions. As a result of the competitive RFP process, the Department of the Environment awarded \$230,625 in grants to local organizations during FY 2015-16. \$120,000 of the \$230,625

are on Budget and Finance Committee reserve. Table 2 below details the grantees and expenditures which would be paid for with the requested \$120,000 release of reserved funds.

Table 2: Carbon Mitigation Program Release of Reserve

Grantee	Project	Amount
Matter of Trust	Assess use of compost to sequester carbon	\$25,000
Starr King Open Space	Remove pavement and plant native plants	20,000
Mission Asset Fund	Micro-loan fund for small business energy efficiency retrofit program	20,000
Parks Alliance-Urban Sprouts	Remove hardpack and plant trees	20,000
Pomeroy Rec Center	Remove hardpack and plant community garden	15,000
Friends of the Urban Forest	Remove pavement and plant trees	20,000
Total		\$120,000

The Department of the Environment is now requesting release of the \$120,000 placed on Budget and Finance Committee reserve in FY 2015-16 for the projects selected to receive grant awards following the competitive process. The requested release of \$120,000 out of the total of \$324,721 placed on reserve would leave a balance of \$204,721 of the FY 2015-16 Carbon Mitigation Program appropriation on reserve.

RECOMMENDATION

Approve the requested release of \$120,000 on Budget and Finance Committee reserve.

Item 12 File 16-0742	Department: San Francisco International Airport (Airport)
EXECUTIVE SUMMARY	
Legislative Objectives	
<ul style="list-style-type: none"> • The proposed resolution would approve the sixth amendment to the Airport Information Booth Program Agreement between the San Francisco International Airport (Airport) and Polaris Research and Development, Inc. (Polaris) to extend the existing agreement by six months from July 1, 2016 through December 31, 2016. The proposed budget for the six month extension period is \$1,198,072, which increases the contract's not-to-exceed amount from \$9,597,202 to \$10,795,274. 	
Key Points	
<ul style="list-style-type: none"> • The San Francisco International Airport (Airport) Information Booth Program assists travelers by providing current information on Airport facilities and services, ground transportation, public transit, and accommodations. The Information Booth Program also provides multilingual personnel to assist non-English speaking visitors. • The current contract between the Airport and Polaris for Airport Information Services began in June 2011, based on a competitive Request-for-Proposals (RFP) process and expired on June 30, 2016. The existing contract's not-to-exceed amount is \$9,597,202. Because existing contract's expenditures are below \$10 million, the contract was not subject to Board of Supervisors approval. • The Airport Commission authorized a new RFP process in March 2016 for a new contract for Airport Information and Guest Assistance Services. Due to the delays in the RFP process, the Airport is now requesting to extend the existing contract with Polaris by six months, through December 31, 2016, to ensure continuity of the Airport Information Booth Program services. 	
Fiscal Impact	
<ul style="list-style-type: none"> • The proposed contract extension would increase the contract's not-to-exceed amount by \$1,198,072, from \$9,597,202 to \$10,795,274. 	
Recommendations	
<ul style="list-style-type: none"> • Amend the proposed resolution to provide for retroactivity to July 1, 2016. • Approve the proposed resolution, as amended. 	

MANDATE STATEMENT

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

BACKGROUND

The San Francisco International Airport (Airport) Information Booth Program assists travelers by providing current information on Airport facilities and services, ground transportation, public transit, and accommodations. The Information Booth Program also provides multilingual personnel to assist non-English speaking visitors.

In June 2011, after a Request-for-Proposals (RFP) process, the Airport contracted with Polaris Research and Development, Inc. (Polaris) to staff and manage the Airport Information Booth Program, for an amount not-to-exceed \$5,150,000 for the initial three-year term of the contract, from July 1, 2011 through June 30, 2014. As shown in Table 1, the contract has been amended five times, extending the contract term by two years through June 30, 2016 and increasing the contract not-to-exceed amount to \$9,597,202. Because the contract's expenditures were below \$10 million, the contract was not subject to Board of Supervisors approval. The existing contract expired on June 30, 2016.

Table 1: Summary of Amendments to the Contract between Polaris and the Airport

Amendment	Reason for Amendment	Contract increase	Contract total not-to-exceed
Base contract	Initial term	n/a	\$5,150,000
No. 1	Add staffing at Terminal 1-C booth	\$135,000	\$5,285,000
No. 2	Installation of additional kiosks	\$133,544	\$5,418,544
No. 3	Adjust labor rate for FY13-14	\$ -	\$5,418,544
No. 4	Exercise first one-year extension	\$2,099,535	\$7,518,079
No. 5	Exercise second one-year extension	\$2,079,123	\$9,597,202

Source: Airport

In March 2016, the Airport Commission authorized a new RFP process for a new contract for Airport Information and Guest Assistance Services, which includes services beyond the existing contract with Polaris. These services encompass three areas of work: (1) the Information Booth Program, (2) guest assistance in the Federal Inspection Area, and (3) operation of the Airport Lost and Found program. According to Mr. Angus Davol, Senior Transportation Planner of the Airport's Landside Operations, this RFP process has been delayed by the Proposition J approval process¹. Proposition J approval was necessary because the contract includes work that could be performed by City employees, including Lost and Found services, which are currently covered by San Francisco Police Department (SFPD) positions. During that approval process, the

¹ Proposition J review is required to certify that contracted services are provided at lower cost than if the same services were provided by City employees.

scope of work for the new contract was revised, thus modifying the RFP timeline for bidding, evaluation, and award. Final Proposition J approval was received on April 27, 2016 and Mr. Davol reports that there was insufficient time to complete the RFP process by the June 30, 2016 expiration of the current contract with Polaris.

Due to the delays in the RFP process, the Airport is now requesting to extend the existing contract with Polaris by six months, through December 31, 2016, to ensure continuity of the Airport Information Booth Program services. According to Mr. Davol, until the RFP process is complete and a new contract is in place, existing service providers will cover the additional services that are not in Polaris's existing contract but are in the scope of work for the new contract. Guest assistance in the Federal Inspection Area will be staffed by PrimeFlight Aviation Services, and the Airport Lost and Found program will be staffed by SFPD Police Service Aides.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would approve the sixth amendment to the Airport's existing contract with Polaris to provide Information Booth Program services, increasing the contract's not-to-exceed amount from \$9,597,202 to \$10,795,274, an increase of \$1,198,072, and extending the term of the contract by six months from July 1, 2016 through December 31, 2016.

The scope of work under the existing contract will remain the same over the proposed six-month extension period. As explained above, there is an ongoing RFP process to award a new contract with additional services, namely: (1) the Information Booth Program, (2) guest assistance in the Federal Inspection Area, and (3) operation of the Airport Lost and Found program. The Airport estimates that the new contract will have an initial term of two years for a not-to-exceed amount of approximately \$16 million. The new contract will be subject to Board of Supervisors approval.

Because the existing contract expired on June 30, 2016, the proposed resolution should be amended for retroactivity to July 1, 2016.

FISCAL IMPACT

The proposed contract amendment would increase the contract's not-to-exceed amount by \$1,198,072, from \$9,597,202 to \$10,795,274, for the six-month extension period from July 1, 2016 through December 31, 2016. Table 2 below summarizes the \$1,198,071 budget for the six-month extension.

Table 2: Summary of Budget for Contracted Airport Information Booth Program Services

	Initial Contract Term[^]	Proposed Extension^{^^}	Total
Booth Staff Direct Labor Costs	\$5,302,107	\$619,671	\$5,921,778
Booth Staff Payroll Taxes/Fringe Benefits	\$2,228,660	\$299,253	\$2,527,913
Other Direct Costs*	\$629,476	\$121,658	\$751,134
Subtotal Direct Costs	\$8,160,243	\$1,040,582	\$9,200,825
Overhead**	\$545,889	\$57,626	\$603,515
Management Staff Labor Costs	\$518,155	\$58,856	\$577,011
Management Staff Payroll Taxes/Fringe Benefits	\$256,111	\$30,861	\$286,972
Insurance Costs***	\$94,946	\$10,148	\$105,094
Subtotal Management and Overhead Costs	\$1,415,101	\$157,491	\$1,572,592
Total Budgeted Amount	\$9,575,344	\$1,198,073	\$10,773,417

[^]Four-year period from July 1, 2011 through June 30, 2016

^{^^}Six-month period from July 1, 2016 through December 31, 2016

*Other Direct Costs include but are not limited to flight information services, communications systems, booth supplies, uniforms, printing, point-of-sale systems

**Overhead Costs were negotiated between the Airport and the contractor based on a percentage of direct costs

***Insurance Costs include worker's compensation insurance and general liability insurance

As shown in Table 2 above, the new total budgeted amount for the contract is \$10,773,417, which is \$21,857 less than the not-to-exceed amount of \$10,795,274 for the proposed contract extension. According to Mr. Davol, the \$21,857 provides for potential spending fluctuations for insurance, supplies and other costs.

RECOMMENDATIONS

1. Amend the proposed resolution to provide for retroactivity to July 1, 2016.
2. Approve the proposed resolution, as amended.

Item 13 File 16-0741	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 approve a new contract between the San Francisco International Airport (Airport) and FSP PPM Management, LLC (FSP PPM) for the Airport's Curbside Management Program. The proposed new contract has an initial term of four years from July 1, 2016 through June 30, 2020, with one one-year option to extend through June 30, 2021, for an amount not-to-exceed \$19,522,294. <p style="text-align: center;">Key Points</p> <ul style="list-style-type: none"> • In 1999, the Airport established the Curbside Management Program to consolidate the management and monitoring of the Airport's ground transportation services and increase the utilization of ground transportation services through improved customer service. The current Curbside Management Program contractor is FSP PPM, selected through a competitive process for a five and one-half year term through June 30, 2016. • Based on a competitive Request-for-Proposals process, the Airport awarded a new contract for Curbside Management Program services to FSP PPM, subject to Board of Supervisors approval, for a four year term retroactive to July 1, 2016 through June 30, 2020 with one one-year option to extend through June 30, 2021. • Under the contract, FSP PPM manages limousine, taxi, and transportation network companies' pick up and discharge of passengers at the Airport. The proposed new contract eliminates management of shared ride van services, which was managed under the existing contract but for which the Airport will select a separate contractor, and adds janitorial services. <p style="text-align: center;">Fiscal Impact</p> <ul style="list-style-type: none"> • The proposed new agreement for Curbside Management Program services has a not-to-exceed amount of \$19,522,294 over the initial four year term. The first year agreement costs are \$4,738,427 and increase by approximately 2 percent per year. • The Airport's FY 2016-17 and FY 2017-18 budgets, pending before the Board of Supervisors, include funds, under Landside Operations, to pay for the proposed Curbside Management Program contract. <p style="text-align: center;">Recommendations</p> <ul style="list-style-type: none"> • Amend the proposed resolution to provide for retroactivity to July 1, 2016 • Approve the resolution, as amended. 	

MANDATE STATEMENT

City Charter Section 9.118(b) states that any contract entered into by a department, board or commission that requires expenditures of \$10 million or more is subject to Board of Supervisors approval.

BACKGROUND

In 1999, San Francisco International Airport (Airport) established the Curbside Management Program to consolidate the management and monitoring of the Airport’s ground transportation services and increase the utilization of ground transportation through improved customer service.

In 2010, the Board of Supervisors approved a Curbside Management Program agreement with FSP PPM Management, LLC (FSP PPM) for a two and one-half year term from January 1, 2011 through June 30, 2013 (File 10-1294) for an amount not to exceed \$10,450,000. The agreement included three one-year options to extend the agreement through June 30, 2016, which were approved by the Board of Supervisors (Files 13-0391, 14-0376, and 15-0548), for a total not-to-exceed amount of the agreement of \$20,900,000 over its full term of five and one-half years, ending June 30, 2016.

Selection of New Contractor for Curbside Management Program

In December 2015, the Airport initiated a competitive Request-for-Proposals (RFP) process to award a new agreement for the Airport’s Curbside Management Program upon the June 30, 2016 expiration of the existing agreement with FSP PPM. The RFP process had a response deadline of April 28, 2016. The Airport received two written proposals from FSP PPM and SP Plus Airport Services (SP Plus), which were deemed responsive and met minimum qualifications. According to Ms. Grace Kong, Principal Administrative Analyst of Airport Landside Operations, the Airport’s evaluation panel¹ reviewed the proposals using three criteria and a 420-point scale to rank the respondents. The Technical Proposal had a maximum score of 160 points, the Fee Proposal had a maximum score of 160 points, and the Panel Interview had a maximum score of 100 points. The results of the RFP evaluation are below in Table 1.

Table 1: Curbside Management Program Proposal Score Summary

	Technical Proposal	Fee Proposal	Panel Interview	Final Score
FSP PPM	144.25	160.00	89.75	394.00
SP Plus	135.50	122.00	80.75	338.25

Source: Airport

*Scores are averaged across the four panelists. The final score is the sum of the three averaged scores.

¹ The evaluation panel for the RFP was selected by the Airport’s Landside Operations management and was comprised of four members, one from each of the following: Airport Landside Operations, Airport Traffic Engineering, SFMTA Sustainable Streets, and SFMTA Taxi Services. Each panelist was selected for their subject matter expertise and all were approved by the Airport’s contract administration unit and legal representative.

Based on the results of the RFP evaluation and the contract negotiations that followed, the Airport approved a new Curbside Management Program agreement with FSP PPM, the existing contractor, subject to Board of Supervisors approval.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would approve a new agreement between the Airport and FSP PPM for FSP to provide Curbside Management Program services for an amount not to exceed \$19,522,294 for an initial term of four years, from July 1, 2016 through June 30, 2020, with one one-year option to extend through June 30, 2021.

Services Provided Under the Proposed New Curbside Management Program Agreement

Under the proposed new agreement, the scope of work with regard to limousine, taxi, and transportation network company (TNC) operations will be the same as the existing agreement.

- Limousine Operations: FSP PPM manages and monitors limousine operations by (a) monitoring and documenting the departure times of limousines that enter the limousine loading zones, (b) providing ground transportation information to air passengers, and (c) arranging appropriate ground transportation services for people with special needs (physically disabled, visually impaired or elderly).
- Taxi Operations, Taxi Smartcard Revenue System Operations and Taxi Cashier Operations: FSP PPM manages and monitors taxi operations by (a) ensuring that taxis wait in the designated Main Taxicab Holding Lot or the Taxicab Overflow lot, (b) dispatching taxis from the designated Main Taxicab Holding Lot to the four taxi zones to meet passenger demand, (c) providing taxi operation information to air passengers, and (d) arranging appropriate ground transportation services for people with special needs (physically disabled, visually impaired or elderly).

In addition, FSP PPM also operates the taxi smartcard revenue system. The Airport requires that taxi drivers pay a trip fee to the Airport to pick up passengers at the Airport. The taxi smartcard revenue system automatically collects these fees from individual taxi drivers using smartcards. Operating the taxi smartcard-based revenue system includes (a) inputting taxi driver information into the taxi smartcard-based revenue database, (b) collecting unused or returned smartcards from taxi drivers, (c) filing and maintaining the collected taxi driver information, and (d) troubleshooting and maintaining the system.

- Transportation Network Companies Holding Lot: As the result of 2014 agreements with Transportation Network Companies (TNCs) including Lyft, Uber and Wingz that allow these companies to operate legally at the Airport, FSP PPM now manages and monitors the TNC holding lot.

The proposed new agreement adds janitorial services, summarized below, and eliminates the Shared Ride Van services. According to Ms. Kong, the Shared Ride Van services are no longer needed under the new agreement. The Airport, through a competitive RFP process, will be selecting and contracting with van companies which would provide the Shared Ride Van curbside services previously provided by FSP PPM under the existing contract.

- Janitorial Services: FSP PPM will provide janitorial services including trash and debris removal, cleaning of the interior and exterior of lots and employee booths, graffiti removal, and submission of reports on the condition of the facilities to the Airport, as necessary.

According to Ms. Kong, discussion among the operations team at the Airport regarding changes to shared ride van agreements caused delays in determining the scope of work for the RFP process. Because of the delays in the process, FSP PPM has continued services upon expiration of the existing agreement. The proposed resolution approving the new contract with FSP PPM should be amended for retroactivity to July 1, 2016.

Performance Evaluation under the Proposed New Curbside Management Program Agreement

Under the proposed new Curbside Management Program agreement, FSP PPM will be evaluated on the same 10 performance measures contained in the existing agreement. According to Ms. Kong, FSP PPM has scored an average of 4.85 out of 5 across the 10 performance measures in 2015 and 2016 to date.

FISCAL IMPACT

The first year agreement costs are \$4,738,427, increasing by approximately 2 percent per year. The total agreement not-to-exceed amount is \$19,522,294 over the initial four year term. The \$19,522,294 not-to-exceed budget for the proposed new agreement is summarized in Table 2 below.

Table 2: Summary of Proposed Agreement's Not-to-Exceed Amount

	FY2016-17	FY2017-18	FY2018-19	FY2019-20	Total Not-to-Exceed
Labor Costs*	\$4,540,017	\$4,630,817	\$4,723,434	\$4,817,902	\$18,712,170
Other Direct Costs**	103,730	105,946	108,224	110,566	428,466
Administrative Fee	94,680	95,163	95,655	96,159	381,657
Total	\$4,738,427	\$4,831,926	\$4,927,313	\$5,024,627	\$19,522,294

*Labor Costs include fringe benefits, paid time off, payroll taxes, and 6.7% profit margin

**Other Direct Costs include training costs, uniforms, radios, employee badges, vehicle leases and maintenance

Table 3 below shows a detailed breakdown by fiscal year of the proposed new agreement's costs totaling \$19,522,294 over the initial four-year term.

Table 3 – Detailed Cost Breakdown of Curbside Management Program Agreement

		FY2016-17	FY2017-18	FY2018-19	FY2019-20
Labor Costs*					
Position Title	Number of Positions				
General Manager	1.00	\$125,040	\$127,541	\$130,092	\$132,694
Assistant General Manager	1.00	100,388	102,395	104,443	106,532
Curbside Managers	3.17	280,658	286,272	291,997	297,837
Taxi Supervisors	4.31	324,216	330,700	337,314	344,061
TNC-Limo-Auxillary Supervisors	4.25	296,409	302,337	308,384	314,552
Taxi Dispatchers	32.61	2,128,200	2,170,764	2,214,180	2,258,463
TNC Lot Monitors	5.30	285,244	290,949	296,768	302,703
Limousine Lot Monitors	2.60	138,880	141,658	144,491	147,381
Auxillary Lot Monitors	2.91	155,768	158,884	162,061	165,302
Limousine Curbside Monitors	1.66	88,215	89,980	91,779	93,615
Administrative Assistants	2.71	176,148	179,671	183,264	186,930
Janitors	2.91	155,768	158,884	162,061	165,302
Labor Costs Total*		\$4,254,936	\$4,340,035	\$4,426,836	\$4,515,372
Profit Margin**		\$285,081	\$290,782	\$296,598	\$302,530
Other Direct Costs					
Training Consultants		\$5,000	\$5,100	\$5,202	\$5,306
Uniforms (Purchase)		20,000	20,600	21,218	21,855
Mystery Shopper Program***		22,680	23,134	23,596	24,068
Employee Badges		2,000	2,020	2,040	2,061
Radios		25,000	25,250	25,503	25,758
Vehicle Lease		6,900	6,900	6,900	6,900
Add Value Machine costs		15,000	15,450	15,914	16,391
Vehicle Operation and Maintenance		6,400	6,720	7,056	7,409
Service Incentive Program		750	773	796	820
Other Direct Costs Total		\$103,730	\$105,946	\$108,224	\$110,566
Administrative Fee		\$94,680	\$95,163	\$95,655	\$96,159
Annual Contract Not-to-Exceed Amount		\$4,738,427	\$4,831,926	\$4,927,313	\$5,024,627
Cumulative Total Not-to-Exceed Amount		\$4,738,427	\$9,570,353	\$14,497,666	\$19,522,294

*Include all costs associated with Proposer's Labor costs including, but not limited to: paid time off, payroll taxes, pension costs, health insurance, dental insurance, unemployment insurance, workers comp insurance, and any other benefits and indirect labor costs.

**6.70% of Total Labor Costs

***The Mystery Shopper Program uses a third-party contractor to independently evaluate Curbside Management Program services. Mystery shoppers anonymously utilize various Curbside services and report results to the Airport.

Source: Airport

The Airport's FY 2016-17 and FY 2017-18 budgets, pending before the Board of Supervisors, include funds, under Landside Operations, to pay for the proposed Curbside Management Program contract, subject to appropriation approval by the Board of Supervisors.

RECOMMENDATIONS

1. Amend the proposed resolution to provide for retroactivity to July 1, 2016.
2. Approve the proposed resolution, as amended.