

File No. 220604

Committee Item No. 7

Board Item No. 22

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Government Audit and Oversight

Date: June 16, 2022

Board of Supervisors Meeting:

Date: June 28, 2022

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Prepared by: Jessica Perkinson

Date: June 10, 2022

Prepared by: Jessica Perkinson

Date: June 17, 2022

Prepared by: _____

Date: _____

[Contract - Univar Solutions USA Inc. - Sodium Bisulfite - Not to Exceed \$19,000,000]

Resolution authorizing the Office of Contract Administration to enter into PeopleSoft Contract ID 1000025303 between the City and County of San Francisco and Univar Solutions USA Inc. for the purchase of Sodium Bisulfite, with an initial contract not to exceed amount of \$8,000,000 for three years and \$11,000,000 for an option to extend for four additional years for a total not to exceed amount of \$19,000,000 and a total contract duration of seven years to commence on July 1, 2022, through June 30, 2029.

WHEREAS, Charter, Section 9.118(b), requires the Board of Supervisors to approve by Resolution contracts estimated to cost the City \$10,000,000 or more; and

WHEREAS, The contract referenced above is on file with the Clerk of the Board of Supervisors in File No. 220604, which is hereby declared to be part of this Resolution as if set forth fully herein; and

WHEREAS, This Contract was competitively procured as required by Administrative Code, Chapter 21.1, through an Invitation for Bids issued by the Office of Contract Administration on March 9, 2022, under Sourcing Event 0000006284 for the purchase of multiple chemicals, Ferric Ferrous Chloride (Aggregate 1); Sodium Hypochlorite (Aggregate 2), Sodium Hydroxide (Aggregate 3), Hydrofluosilicic Acid (Aggregate 4), Sodium Bisulfite (Aggregate 5), Aluminum Sulfate (Aggregate 6), Calcium Thiosulfate (Aggregate 7), Sulfuric Acid (Aggregate 8), Citric Acid (Aggregate 9), Antiscalant (Aggregate 10), GreenClean Liquid 5.0 Algaecide (Aggregate 11), Lime (Aggregate 12) and Sodium Hypochlorite Small Sites (Aggregate 13); and

1 WHEREAS, Sourcing Event 0000006284 resulted in a primary award for the
2 lowest responsive bidder for each Aggregate and, where applicable, a secondary award
3 for the second lowest responsive bidder for each Aggregate; and

4 WHEREAS, Sourcing Event 0000006284 resulted in the primary award of
5 Aggregate 5 to Univar Solutions USA Inc. as the lowest responsive bidder (PeopleSoft
6 Contract ID 1000025303); now, therefore, be it

7 RESOLVED, That the Board of Supervisors, under Charter, Section 9.118(b),
8 hereby authorizes the Purchaser and Director of the Office of Contract Administration
9 to execute PeopleSoft Contract ID 1000025303 between the City and County of San
10 Francisco and Univar Solutions USA Inc. for the purchase of Sodium Bisulfite, with an
11 initial contract not to exceed amount of \$8,000,000 for three years and \$11,000,000 for
12 an option to extend for four additional years for a total not to exceed amount of
13 \$19,000,000 and a total contract duration of seven years to commence on July 1,
14 2022, through June 30, 2029; and, be it

15 FURTHER RESOLVED, That within 30 days of the contracts being fully
16 executed by all parties, the Purchaser shall provide the final copies of the contracts to
17 the Clerk of the Board for inclusion into the official file.

**City and County of San Francisco
Office of Contract Administration, Purchasing Division
City Hall, Room 430
1 Dr. Carlton B. Goodlett Place
San Francisco, California 94102-4685**

Agreement between the City and County of San Francisco

and

Univar Solutions USA Inc.

TC66326E Sodium Bisulfite

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AGREEMENT

This Agreement is made this 1st day of July 2022, in the City and County of San Francisco, State of California, by and between Univar Solutions USA Inc., 8201 S 212th St., Kent, WA 98032, (“Contractor”) and City.

Recitals

WHEREAS, the Office of Contract Administration (“Department”) wishes to procure Sodium Bisulfite from Contractor; and

WHEREAS, Contractor was competitively selected pursuant to Sourcing Event ID0000006284; and

WHEREAS, this is a contract primarily for Commodities and therefore there is no Local Business Entity (“LBE”) subcontracting participation requirement for this Agreement; and

WHEREAS, Contractor was selected to serve as the Primary Contractor for the goods and/or services described herein to ensure adequate levels of uninterrupted access to goods and/or service; and

WHEREAS, Contractor represents and warrants that it is qualified to deliver the goods required by City as set forth under this Agreement.

Now, THEREFORE, the parties agree as follows:

Article 1 Definitions

The following definitions apply to this Agreement:

1.1 “Agreement” means this contract document, including all attached appendices, and all applicable City Ordinances and Mandatory City Requirements specifically incorporated into this Agreement by reference as provided herein.

1.2 “City” or “the City” means the City and County of San Francisco, a municipal corporation, acting by and through both its Director of the Office of Contract Administration or the Director’s designated agent, hereinafter referred to as “Purchasing” and all City Departments authorized to utilize this Agreement for the purpose of securing the goods and services described herein.

1.3 “CMD” means the Contract Monitoring Division of the City.

1.4 “Confidential Information” means confidential City information including, but not limited to, personally-identifiable information (“PII”), protected health information (“PHI”), or individual financial information (collectively, “Proprietary or Confidential Information”) that is subject to local, state or federal laws restricting the use and disclosure of such information, including, but not limited to, Article 1, Section 1 of the California Constitution; the California Information Practices Act (Civil Code § 1798 et seq.); the California Confidentiality of Medical Information Act (Civil Code § 56 et seq.); the federal Gramm-Leach-Bliley Act (15 U.S.C. §§ 6801(b) and 6805(b)(2)); the privacy and information security aspects of the Administrative Simplification provisions of the federal Health Insurance Portability and Accountability Act (45 CFR Part 160 and Subparts A, C, and E of part 164); and San Francisco Administrative Code Chapter 12M (Chapter 12M).

1.5 “Contractor” or “Consultant” means Univar Solutions USA Inc., 8201 S 212th St., Kent, WA 98032 .

1.6 Reserved (Deliverables).

1.7 “Mandatory City Requirements” means those City laws set forth in the San Francisco Municipal Code, including the duly authorized rules, regulations, and guidelines implementing such laws that impose specific duties and obligations upon Contractor.

1.8 “Party” and “Parties” mean the City and Contractor either collectively or individually.

1.9 Reserved (Services).

Article 2 Term of the Agreement

2.1 **Term.** The term of this Agreement shall be for an initial term of three (3) years, commencing on July 1, 2022 and expiring on June 30, 2025, unless earlier terminated as otherwise provided herein.

2.2 **Options.** The City has four (4) options to renew the Agreement for a period of one (1) year each. The City may extend this Agreement beyond the expiration date by exercising an option at the City’s sole and absolute discretion and by modifying this Agreement as provided in Section 11.5, “Modification of this Agreement.”

Article 3 Financial Matters

3.1 **Certification of Funds; Budget and Fiscal Provisions; Termination in the Event of Non-Appropriation.** This Agreement is subject to the budget and fiscal provisions of the City’s Charter. Charges will accrue only after prior written authorization certified by the Controller, and the amount of City’s obligation hereunder shall not at any time exceed the amount certified for the purpose and period stated in such advance authorization. This Agreement will terminate without penalty, liability or expense of any kind to City at the end of any fiscal year if funds are not appropriated for the next succeeding fiscal year. If funds are appropriated for a portion of the fiscal year, this Agreement will terminate, without penalty, liability or expense of any kind at the end of the term for which funds are appropriated. City has no obligation to make appropriations for this Agreement in lieu of appropriations for new or other agreements. City budget decisions are subject to the discretion of the Mayor and the Board of Supervisors. Contractor’s assumption of risk of possible non-appropriation is part of the consideration for this Agreement.

THIS SECTION CONTROLS AGAINST ANY AND ALL OTHER PROVISIONS OF THIS AGREEMENT.

3.2 **Guaranteed Maximum Costs.** The City’s payment obligation to Contractor cannot at any time exceed the amount certified by City’s Controller for the purpose and period stated in such certification. Absent an authorized Emergency per the City Charter or applicable Code, no City representative is authorized to offer or promise, nor is the City required to honor,

any offered or promised payments to Contractor under this Agreement in excess of the certified maximum amount without the Controller having first certified the additional promised amount and the Parties having modified this Agreement as provided in Section 11.5, "Modification of this Agreement."

3.3 **Compensation.**

3.3.1 **Payment.** Contractor shall provide an invoice to the City on a monthly basis for goods delivered and/or Services completed in the immediate preceding month, unless a different schedule is set out in Appendix B, "Calculation of Charges." Compensation shall be made for goods and/or Services identified in the invoice that the City, in his or her sole discretion, concludes has been satisfactorily performed. Payment shall be made within 30 calendar days of receipt of the invoice, unless the City notifies the Contractor that a dispute as to the invoice exists. In no event shall the amount of this Agreement exceed **EIGHT MILLION DOLLARS (\$8,000,000)**. The breakdown of charges associated with this Agreement appears in Appendix B, "Calculation of Charges." A portion of payment may be withheld until conclusion of the Agreement if agreed to by both Parties as retainage, described in Appendix B. In no event shall City be liable for interest or late charges for any late payments.

3.3.2 **Payment Limited to Satisfactory Services and Delivery of Goods.** Contractor is not entitled to any payments from City until Purchasing approves the goods and/or Services delivered pursuant to this Agreement. Payments to Contractor by City shall not excuse Contractor from its obligation to replace unsatisfactory delivery of goods and/or Services even if the unsatisfactory character may not have been apparent or detected at the time such payment was made. Goods and/or Services delivered pursuant to this Agreement that do not conform to the requirements of this Agreement may be rejected by City and in such case must be replaced by Contractor without delay at no cost to the City.

3.3.3 **Withhold Payments.** If Contractor fails to provide goods and/or Services in accordance with Contractor's obligations under this Agreement, the City may withhold any and all payments due Contractor until such failure to perform is cured, and Contractor shall not stop work as a result of City's withholding of payments as provided herein.

3.3.4 **Invoice Format.** Invoices furnished by Contractor under this Agreement must be in a form acceptable to the Controller and City, and must include a unique invoice number. Payment shall be made by City as specified in Section 3.3.7, or in such alternate manner as the Parties have mutually agreed upon in writing. All invoices must show the People Soft Contract ID Number, People Soft Supplier ID, contract item number, complete description of Services performed, contract payment terms and contract price. City, on services covered by this Agreement, will honor no minimum service order charges. Contractor must accept and process, without any extra charges, orders for any service as requested by City. Failure to submit invoices with all the required information, or invoices that contain inaccurate information will not be processed for payment. All discount periods will begin only when City receives a properly completed invoice containing all the required information.

3.3.5 **Prompt Payment Discounts – Terms of Payment.** The Prompt Payment discount period will start upon date of completion of delivery of all items on any Purchaser Order or other authorization certified by the City's Controller, or upon date of receipt of

properly prepared invoices covering such deliveries, whichever is later. Payment is deemed to be made, for the purpose of earning the discount, on the date of mailing the City's check. No additional charge shall accrue against City in the event City does not make payment within any time specified by Contractor. The prompt payment period must be at least 30 days. Example: "1%/30 Net31."

3.3.6 Reserved (LBE Payment and Utilization Tracking System).

3.3.7 Getting Paid by the City for goods.

(a) The City and County of San Francisco utilizes the Paymode-X[®] service offered by Bank of America Merrill Lynch to replace paper check payments. All City vendors receiving new contracts, contract renewals, or contract extensions must sign up to receive electronic payments. Electronic payments are processed every business day and are safe and secure. To sign up for electronic payments, visit http://portal.paymode.com/city_countyofsanfrancisco.

(b) The following information is required to sign up: (i) The enroller must be their company's authorized financial representative, (ii) the company's legal name, main telephone number and all physical and remittance addresses used by the company, (iii) the company's U.S. federal employer identification number (EIN) or Social Security number (if they are a sole proprietor), and (iv) the company's bank account information, including routing and account numbers.

3.3.8 Reserved (Federal and/or State Funded Contracts).

3.4 Audit and Inspection of Records. Contractor agrees to maintain and make available to the City, during regular business hours, accurate books and accounting records relating to its Services and the goods delivered pursuant to this Agreement. Contractor will permit City to audit, examine and make excerpts and transcripts from such books and records, and to make audits of all invoices, materials, payrolls, records or personnel and other data related to all other matters covered by this Agreement, whether funded in whole or in part under this Agreement. Contractor shall maintain such data and records in an accessible location and condition for a period of not less than five years, unless required for a longer duration due to Federal, State, or local requirements of which the City will notify Contractor in writing, after final payment under this Agreement or until after final audit has been resolved, whichever is later. The State of California or any Federal agency having an interest in the subject matter of this Agreement shall have the same rights as conferred upon City by this Section. Contractor shall include the same audit and inspection rights and record retention requirements in all subcontracts.

3.5 Submitting False Claims. The full text of San Francisco Administrative Code Chapter 21, Section 21.35, including the enforcement and penalty provisions, is incorporated into this Agreement. Pursuant to San Francisco Administrative Code §21.35, any contractor or subcontractor who submits a false claim shall be liable to the City for the statutory penalties set forth in that section. A contractor or subcontractor will be deemed to have submitted a false claim to the City if the contractor or subcontractor: (a) knowingly presents or causes to be presented to an officer or employee of the City a false claim or request for payment or approval; (b) knowingly makes, uses, or causes to be made or used a false record or statement to get a false

claim paid or approved by the City; (c) conspires to defraud the City by getting a false claim allowed or paid by the City; (d) knowingly makes, uses, or causes to be made or used a false record or statement to conceal, avoid, or decrease an obligation to pay or transmit money or property to the City; or (e) is a beneficiary of an inadvertent submission of a false claim to the City, subsequently discovers the falsity of the claim, and fails to disclose the false claim to the City within a reasonable time after discovery of the false claim.

3.6 Reserved (Payment of Prevailing Wages).

Article 4 Goods and Services

4.1 Primary and Secondary Contractors

Contractor was selected to serve as the Primary Contractor for the goods and/or Services described herein to ensure adequate levels of uninterrupted access to goods and/or Service. In the event the Primary Contractor fails to provide goods and/or Services for any contract item by the required date, the Secondary Contractor will be required to provide said goods and/or Services until the Primary Contractor demonstrates to the satisfaction of City that they are ready, willing and able to provide said goods and/or Service to City. The City reserves the right to request goods and/or Services not readily available from the Secondary Contractor from any other source.

4.2 Goods.

4.2.1 Term Agreement – Indefinite Quantities. This is a term, indefinite quantities Agreement. Unless otherwise specified herein, deliveries will be required in quantities and at times as ordered during the period of the Agreement. Estimated quantities are approximate only. City, in its sole discretion, may purchase any greater or lesser quantity. Purchasing may make minor purchases of items requested in City's advertisement for bids or Contractor's bid from other suppliers when Purchasing determines, in its sole discretion, that the City has an immediate need for such items or that it is not practical to purchase against this Agreement.

4.2.2 Place of Manufacture. No article furnished hereunder shall have been made in prison or by convict labor, except goods purchased for use by City's detention facilities. The City may require Contractor to provide within seven (7) working business days from the date they are requested to do so, information and documentation requested by Purchaser, including but not limited to: sources of supply, distribution, dealership or agency agreements and authorizations from manufacturer(s) they claim to represent, lines of credit with financial institutions for manufacturer(s) they claim to represent, lines of credit with financial institutions and suppliers, numbers of employees, trade references and any other information to determine the Contractor's fitness to supply the Agreement requirements.

4.2.3 Electrical Products. Goods must comply with applicable laws, ordinances and other legal requirements, including (among others) the Cal-OSHA regulations in Title 8 of the Code of Regulations and, for electrical products, Sections 110.2 and 110.3 (B) of the S.F. Electrical Code.

4.2.4 **Condition of Goods.** Goods offered and furnished must be new and previously unused, and of manufacturer's latest model, unless otherwise specified herein. Contractor shall establish quality control measures, as applicable to department's operations, and promptly provide documented reports to City of any product defects or premature failures.

4.2.5 **Inspection.** All goods supplied shall be subject to inspection and acceptance or rejection by Purchasing or any department official responsible for inspection. Non-conforming or rejected goods may be subject to reasonable storage fees.

4.2.6 **F.O.B.** Goods shall be shipped to an F.O.B. destination in San Francisco, freight prepaid and allowed, unless otherwise specified in Appendix B ("Calculation of Charges").

4.2.7 **Failure to Deliver.** If Contractor fails to deliver an article and/or Service of the quality, in the manner or within the time called for by this Agreement, such article and/or Service may be bought from any source by Purchasing and if a greater price than the Agreement price be paid, the excess price will be charged to and collected from Contractor or sureties on its bond if bond has been required; or, the City may terminate the Agreement for default; or, the City may return deliveries already made and receive a refund.

4.2.8 **Safety Data Sheets.** Where required by law or by City, Contractor will include Safety Data Sheets (SDSs) with delivery for applicable items. Failure to include the SDSs for such items will constitute a material breach of contract and may result in refusal to accept delivery. [AM1]

4.2.9 **Awarded Goods.** If during the term of the Agreement, a contract item is determined to be unacceptable for a particular use, and such is documented by a City Department and as determined by Purchasing, it is understood and agreed that the item will be canceled and removed from the Agreement without penalty to the City. The City's sole obligation to the supplier is payment of deliveries made prior to the cancellation date. City shall give the supplier ten days' notice prior to any cancellation. The City will purchase the required replacement item from any source and in the manner as determined by Purchasing. If a contracted item has been discontinued by the manufacturer or is deemed temporarily unavailable, it will be the responsibility of the Contractor to search the marketplace and find an acceptable equal substitute in the time required for delivery and at the Agreement price. Contractor must notify Purchasing by certified mail, 30 days in advance of any changes in the description of article, brand, product code or packaging. Any changes made without the approval of Purchasing will constitute a Default.

4.3 **Reserved (Services).**

4.4 **Personnel**^[TM2]

4.4.1 **Qualified**^[TM3] **Personnel.** Contractor shall utilize only competent personnel under the supervision of, and in the employment of, Contractor (or Contractor's authorized subcontractors) to perform the Services. Contractor will comply with City's reasonable requests regarding assignment and/or removal of personnel, but all personnel, including those assigned at City's request, must be supervised by Contractor. Contractor shall

commit adequate resources to allow timely completion within the project schedule specified in this Agreement.

4.4.2 **Contractor^{TM4} Vaccination Policy.**

(a) Contractor acknowledges that it has read the requirements of the 38th Supplement to Mayoral Proclamation Declaring the Existence of a Local Emergency (“Emergency Declaration”), dated February 25, 2020, and the Contractor Vaccination Policy for City Contractors issued by the City Administrator (“Contractor Vaccination Policy”), as those documents may be amended from time to time. A copy of the Contractor Vaccination Policy can be found at: <https://sf.gov/confirm-vaccine-status-your-employees-and-subcontractors>.

(b) A Contract subject to the Emergency Declaration is an agreement between the City and any other entity or individual and any subcontract under such agreement, where Covered Employees of the Contractor or Subcontractor work in-person with City employees in connection with the work or services performed under the agreement at a City owned, leased, or controlled facility. Such agreements include, but are not limited to, professional services contracts, general services contracts, public works contracts, and grants. Contract includes such agreements currently in place or entered into during the term of the Emergency Declaration. Contract does not include an agreement with a state or federal governmental entity or agreements that do not involve the City paying or receiving funds.

(c) In accordance with the Contractor Vaccination Policy, Contractor agrees that:

(i) Where applicable, Contractor shall ensure it complies with the requirements of the Contractor Vaccination Policy pertaining to Covered Employees, as they are defined under the Emergency Declaration and the Contractor Vaccination Policy, and insure such Covered Employees are either fully vaccinated for COVID-19 or obtain from Contractor an exemption based on medical or religious grounds; and

If Contractor grants Covered Employees an exemption based on medical or religious grounds, Contractor will promptly notify City by completing and submitting the Covered Employees Granted Exemptions Form (“Exemptions Form”), which can be found at <https://sf.gov/confirm-vaccine-status-your-employees-and-subcontractors> (navigate to “Exemptions” to download the form).

4.5 **Independent Contractor; Payment of Employment Taxes and Other Expenses.**

4.5.1 **Independent Contractor.** For the purposes of this Section 4.5, “Contractor” shall be deemed to include not only Contractor, but also any agent or employee of Contractor. Contractor acknowledges and agrees that at all times, Contractor or any agent or employee of Contractor shall be deemed at all times to be an independent contractor and is wholly responsible for the manner in which it delivers the goods and/or Services required by this Agreement and work requested by City under this Agreement. Contractor, its agents, and employees will not represent or hold themselves out to be employees of the City at any time. Contractor or any agent or employee of Contractor shall not have employee status with City, nor be entitled to participate in any plans, arrangements, or distributions by City pertaining to or in connection with any retirement, health or other benefits that City may offer its employees. Contractor or any agent or employee of Contractor is liable for the acts and omissions of itself,

its employees and its agents. Contractor shall be responsible for all obligations and payments, whether imposed by federal, state or local law, including, but not limited to, FICA, income tax withholdings, unemployment compensation, insurance, and other similar responsibilities related to Contractor's performing any of the obligations pursuant to this Agreement, or any agent or employee of Contractor providing same. Nothing in this Agreement shall be construed as creating an employment or agency relationship between City and Contractor or any agent or employee of Contractor. Any terms in this Agreement referring to direction from City shall be construed as providing for direction as to policy and the result of Contractor's work only, and not as to the means by which such a result is obtained. City does not retain the right to control the means or the method by which Contractor performs work under this Agreement. Contractor agrees to maintain and make available to City, upon request and during regular business hours, accurate books and accounting records demonstrating Contractor's compliance with this section. Should City determine that Contractor, or any agent or employee of Contractor, is not performing in accordance with the requirements of this Agreement, City shall provide Contractor with written notice of such failure. Within five (5) business days of Contractor's receipt of such notice, and in accordance with Contractor policy and procedure, Contractor shall remedy the deficiency. Notwithstanding, if City believes that an action of Contractor, or any agent or employee of Contractor, warrants immediate remedial action by Contractor, City shall contact Contractor and provide Contractor in writing with the reason for requesting such immediate action.

4.5.2 Payment of Employment Taxes and Other Expenses. Should City, in its discretion, or a relevant taxing authority such as the Internal Revenue Service or the State Employment Development Division, or both, determine that Contractor is an employee for purposes of collection of any employment taxes, the amounts payable under this Agreement shall be reduced by amounts equal to both the employee and employer portions of the tax due (and offsetting any credits for amounts already paid by Contractor which can be applied against this liability). City shall then forward those amounts to the relevant taxing authority. Should a relevant taxing authority determine a liability for past Services performed by Contractor for City, upon notification of such fact by City, Contractor shall promptly remit such amount due or arrange with City to have the amount due withheld from future payments to Contractor under this Agreement (again, offsetting any amounts already paid by Contractor which can be applied as a credit against such liability). A determination of employment status pursuant to this Section 4.5 shall be solely limited to the purposes of the particular tax in question, and for all other purposes of this Agreement, Contractor shall not be considered an employee of City. Notwithstanding the foregoing, Contractor agrees to indemnify and hold harmless City and its officers, agents and employees from, and, if requested, shall defend them against any and all claims, losses, costs, damages, and expenses, including attorneys' fees, arising from this section.

4.6 Assignment. Neither this Agreement nor any duties or obligations hereunder may be assigned or delegated by Contractor unless first approved by City by written instrument executed and approved in the same manner as this Agreement. Any purported assignment made in violation of this provision shall be null and void.

4.7 Warranty. Contractor warrants to City that the manufacturer's warranty and service will be passed on to the City at the time of delivery.

4.8 Reserved (Liquidated Damages).

4.9 **Reserved (Performance Bond).**

4.10 **Reserved (Fidelity Bond).**

4.11 **Emergency - Priority 1 Service.** In case of an emergency that affects any part of the San Francisco Bay Area, Contractor will give the City and County of San Francisco Priority 1 service with regard to the goods and/or Services procured under this Agreement unless preempted by State and/or Federal laws. Contractor will make every good faith effort in attempting to deliver products using all modes of transportation available. Contractor shall provide a 24-hour emergency telephone number of a company representative who is able to receive and process orders for immediate delivery or will call in the event of an emergency. In addition, the Contractor shall charge fair and competitive prices for goods ordered during an emergency and not covered under the awarded Agreement.

4.12 **Usage Reports by Contractor.**

4.12.1 Each year, no later than February 15, Contractor shall prepare and submit to City an electronic report of the total items ordered and/or Services rendered under this Agreement during the preceding calendar year (January 1 – December 31). The report must list by City department the following: (1) all goods and Services ordered (“Order”) (2) all goods and Services delivered; (3) the date on which each Order was placed; (4) the date on which each Order was delivered; and (5) total quantity and unit price of the goods and or Services contained within each Order. Contractor must also furnish a separate similar report for the total of all items and/or Services ordered by City which are not part of this Agreement. Contractor shall email reports to OCAVendor.Reports@sfgov.org.

4.12.2 Any report files larger than **10MB** must be submitted in electronic format on USB drive and mailed to the address shown below with the term Agreement number and “Annual Supplier Reporting” clearly marked on the envelope/packaging.

Contractor shall mail the reports to:

OCA Supplier Reporting

Re: Term Contract No. 66326E

City and County of San Francisco

Office of Contract Administration – Purchasing

City Hall, Room 430

1 Dr. Carlton B. Goodlett Place

San Francisco, CA 94102-4685

4.12.3 City reserves the right to terminate this Agreement if information requested from and submitted by Contractor fails to satisfy City and/or Contractor is unable to provide the information and/or documentation within the period requested.

Article 5 Insurance and Indemnity

5.1 **Insurance.**

5.1.1 Required Coverages. Without in any way limiting Contractor's liability pursuant to the "Indemnification" section of this Agreement, Contractor must maintain in force, during the full term of the Agreement, insurance in the following amounts and coverages:

(a) Commercial General Liability Insurance with limits not less than \$2,000,000 each occurrence, \$4,000,000 aggregate for Bodily Injury and Property Damage, including Contractual Liability, Personal Injury, Products and Completed Operations.

(b) Commercial Automobile Liability Insurance with limits not less than [LR5][AM6] \$3,000,000 each occurrence, "Combined Single Limit" for Bodily Injury and Property Damage, including Owned, Non-Owned and Hired auto coverage, as applicable.

(c) Workers' Compensation, in statutory amounts, with Employers' Liability Limits not less than \$1,000,000 each accident, injury, or illness.

(d) Reserved (Professional Liability Insurance).

(e) Reserved (Technology Errors and Omissions Liability Coverage).

(f) Reserved (Cyber and Privacy).

(g) Pollution Liability Insurance applicable to contractor's activities and responsibilities under this agreement with limits not less than \$8,000,000 each occurrence combined single limit, including coverage for transport, on-site third party claims for bodily injury and property damage.

5.1.2 Additional Insured Endorsements

(a) The Commercial General Liability policy must be endorsed to name as Additional Insured the City and County of San Francisco, its Officers, Agents, and Employees.

(b) The Commercial Automobile Liability Insurance policy must be endorsed to name as Additional Insured the City and County of San Francisco, its Officers, Agents, and Employees.

(c) The Commercial Automobile Liability Insurance policy must be endorsed to include (i) Auto Pollution Additional Insured Endorsement naming as Additional Insured the City and County of San Francisco, its Officers, Agents, and Employees; and (ii) Form MCS-90 for Motor Carrier Policies of Insurance for Public Liability under Sections 29 and 30 of the Motor Carrier Act of 1980.

5.1.3 Waiver of Subrogation Endorsements

(a) The Workers' Compensation policy(ies) shall be endorsed with a waiver of subrogation in favor of the City for all work performed by the Contractor, its employees, agents and subcontractors.

5.1.4 Primary Insurance Endorsements

(a) The Commercial General Liability policy shall provide that such policies are primary insurance to any other insurance available to the Additional Insureds, with respect to any claims arising out of this Agreement, and that the insurance applies separately to each insured against whom claim is made or suit is brought.

(b) The Commercial Automobile Liability Insurance policy shall provide that such policies are primary insurance to any other insurance available to the Additional Insureds, with respect to any claims arising out of this Agreement, and that the insurance applies separately to each insured against whom claim is made or suit is brought.

(c) The Pollution Liability Insurance policy shall provide that such policies are primary insurance to any other insurance available to the Additional Insureds, with respect to any claims arising out of this Agreement, and that the insurance applies separately to each insured against whom claim is made or suit is brought.

5.1.5 Other Insurance Requirements

(a) Thirty (30) days' advance written notice shall be provided to the City of cancellation, intended non-renewal, or reduction in coverages, except for non-payment for which no less than ten (10) days' notice shall be provided to City. Notices shall be sent to the City address set forth in Section 11.1 entitled "Notices to the Parties."

(b) Should any of the required insurance be provided under a claims-made form, Contractor shall maintain such coverage continuously throughout the term of this Agreement and, without lapse, for a period of three years beyond the expiration of this Agreement, to the effect that, should occurrences during the Agreement term give rise to claims made after expiration of the Agreement, such claims shall be covered by such claims-made policies.

(c) Should any of the required insurance be provided under a form of coverage that includes a general annual aggregate limit or provides that claims investigation or legal defense costs be included in such general annual aggregate limit, such general annual aggregate limit shall be double the occurrence or claims limits specified above.

(d) Should any required insurance lapse during the term of this Agreement, requests for payments originating after such lapse shall not be processed until the City receives satisfactory evidence of reinstated coverage as required by this Agreement, effective as of the lapse date. If insurance is not reinstated, the City may, at its sole option, terminate this Agreement effective on the date of such lapse of insurance.

(e) Before commencing any Services, Contractor shall furnish to City certificates of insurance and additional insured policy endorsements with insurers with ratings comparable to A-, VIII or higher, that are authorized to do business in the State of California, and that are satisfactory to City, in form evidencing all coverages set forth above. Approval of the insurance by City shall not relieve or decrease Contractor's liability hereunder.

(f) If Contractor will use any subcontractor(s) to provide Services, Contractor shall require the subcontractor(s) to provide all necessary insurance and to name the City and County of San Francisco, its officers, agents and employees and the Contractor as additional insureds.

5.2 Indemnification.

5.2.1 Contractor shall indemnify and hold harmless City and its officers, agents and employees from, and, if requested, shall defend them from and against any and all claims, demands, losses, damages, costs, expenses, and liability (legal, contractual, or otherwise) of every kind, including but not limited to claims for: (i) injury to or death of a person, including

employees of City or Contractor; (ii) loss of or damage to tangible or intangible property; (iii) violation of local, state, or federal common law, statute or regulation, including but not limited to privacy or personally identifiable information, health information, disability and labor laws or regulations; (iv) strict liability imposed by any law or regulation; or (v) losses arising from Contractor's execution of subcontracts not in accordance with the requirements of this Agreement applicable to subcontractors; so long as such injury, violation, loss, or strict liability (as set forth in subsections (i) – (v) above) arises directly or indirectly from Contractor's performance of this Agreement, including, but not limited to, Contractor's use of facilities or equipment provided by City or others, regardless of the negligence of, and regardless of whether liability without fault is imposed or sought to be imposed on City, except to the extent that such indemnity is void or otherwise unenforceable under applicable law, and except where such loss, damage, injury, liability or claim is the result of the active negligence or willful misconduct of City and is not contributed to by any act of, or by any omission to perform some duty imposed by law or agreement on Contractor, its subcontractors, or either's agent or employee. The foregoing indemnity shall include, without limitation, reasonable fees of attorneys, consultants and experts and related costs and City's costs of investigating any claims against the City.

5.2.2 In addition to Contractor's obligation to indemnify City, Contractor specifically acknowledges and agrees that it has an immediate and independent obligation to defend City from any claim which actually or potentially falls within this indemnification provision, even if the allegations are or may be groundless, false or fraudulent, which obligation arises at the time such claim is tendered to Contractor by City and continues at all times thereafter.

5.2.3 Contractor shall indemnify and hold City harmless from all loss and liability, including attorneys' fees, court costs and all other litigation expenses for any infringement of the patent rights, copyright, trade secret or any other proprietary right or trademark, and all other intellectual property claims of any person or persons arising directly or indirectly from the receipt by City, or any of its officers or agents, of Contractor's Services and/or delivery of goods pursuant to this Agreement.

Article 6 Liability of the Parties

6.1 Liability of City. CITY'S PAYMENT OBLIGATIONS UNDER THIS AGREEMENT SHALL BE LIMITED TO THE PAYMENT OF THE COMPENSATION PROVIDED FOR IN SECTION 3.3.1, "PAYMENT," OF THIS AGREEMENT. NOTWITHSTANDING ANY OTHER PROVISION OF THIS AGREEMENT, IN NO EVENT SHALL CITY BE LIABLE, REGARDLESS OF WHETHER ANY CLAIM IS BASED ON CONTRACT OR TORT, FOR ANY SPECIAL, CONSEQUENTIAL, INDIRECT OR INCIDENTAL DAMAGES, INCLUDING, BUT NOT LIMITED TO, LOST PROFITS, ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT OR THE SERVICES PERFORMED OR GOODS DELIVERED IN CONNECTION WITH THIS AGREEMENT

6.2 Liability for Use of Equipment. City shall not be liable for any damage to persons or property as a result of the use, misuse or failure of any equipment used by Contractor, or any of its subcontractors, or by any of their employees, even though such equipment is furnished, rented or loaned by City.

6.3 **Liability for Incidental and Consequential Damages.** Contractor shall be responsible for incidental and consequential damages resulting in whole or in part from Contractor's acts or omissions.

Article 7 Payment of Taxes

7.1 **Contractor to Pay All Taxes.** Except for any applicable California sales and use taxes charged by Contractor to City, Contractor shall pay all taxes, including possessory interest taxes levied upon or as a result of this Agreement, or the Goods and/or Services delivered pursuant hereto. Contractor shall remit to the State of California any sales or use taxes paid by City to Contractor under this Agreement. Contractor agrees to promptly provide information requested by the City to verify Contractor's compliance with any State requirements for reporting sales and use tax paid by City under this Agreement.

7.2 **Possessory Interest Taxes.** Contractor acknowledges that this Agreement may create a "possessory interest" for property tax purposes. Generally, such a possessory interest is not created unless the Agreement entitles the Contractor to possession, occupancy, or use of City property for private gain. If such a possessory interest is created, then the following shall apply.

7.2.1 Contractor, on behalf of itself and any permitted successors and assigns, recognizes and understands that Contractor, and any permitted successors and assigns, may be subject to real property tax assessments on the possessory interest.

7.2.2 Contractor, on behalf of itself and any permitted successors and assigns, recognizes and understands that the creation, extension, renewal, or assignment of this Agreement may result in a "change in ownership" for purposes of real property taxes, and therefore may result in a revaluation of any possessory interest created by this Agreement. Contractor accordingly agrees on behalf of itself and its permitted successors and assigns to report on behalf of the City to the County Assessor the information required by Revenue and Taxation Code section 480.5, as amended from time to time, and any successor provision.

7.2.3 Contractor, on behalf of itself and any permitted successors and assigns, recognizes and understands that other events also may cause a change of ownership of the possessory interest and result in the revaluation of the possessory interest. (see, e.g., Rev. & Tax. Code section 64, as amended from time to time). Contractor accordingly agrees on behalf of itself and its permitted successors and assigns to report any change in ownership to the County Assessor, the State Board of Equalization or other public agency as required by law.

7.2.4 Contractor further agrees to provide such other information as may be requested by the City to enable the City to comply with any reporting requirements for possessory interests that are imposed by applicable law.

7.3 **Withholding.** Contractor agrees that it is obligated to pay all amounts due to the City under the San Francisco Business and Tax Regulations Code during the term of this Agreement. Pursuant to Section 6.10-2 of the San Francisco Business and Tax Regulations Code, Contractor further acknowledges and agrees that City may withhold any payments due to Contractor under this Agreement if Contractor is delinquent in the payment of any amount required to be paid to the City under the San Francisco Business and Tax Regulations Code.

Any payments withheld under this paragraph shall be made to Contractor, without interest, upon Contractor coming back into compliance with its obligations.

Article 8 Termination and Default

8.1 Termination for Convenience

8.1.1 City shall have the option, in its sole discretion, to terminate this Agreement, at any time during the term hereof, for convenience and without cause. City shall exercise this option by giving Contractor written notice of termination. The notice shall specify the date on which termination shall become effective.

8.1.2 Upon receipt of the notice of termination, Contractor shall commence and perform, with diligence, all actions necessary on the part of Contractor to effect the termination of this Agreement on the date specified by City and to minimize the liability of Contractor and City to third parties as a result of termination. All such actions shall be subject to the prior approval of City. Such actions may include any or all of the following, without limitation:

(a) Halting the performance of all Services under this Agreement on the date(s) and in the manner specified by City.

(b) Terminating all existing orders and subcontracts, and not placing any further orders or subcontracts for materials, Services, equipment or other items.

(c) At City's direction, assigning to City any or all of Contractor's right, title, and interest under the orders and subcontracts terminated. Upon such assignment, City shall have the right, in its sole discretion, to settle or pay any or all claims arising out of the termination of such orders and subcontracts.

(d) Subject to City's approval, settling all outstanding liabilities and all claims arising out of the termination of orders and subcontracts.

(e) Completing performance of any Services that City designates to be completed prior to the date of termination specified by City.

(f) Taking such action as may be necessary, or as the City may direct, for the protection and preservation of any property related to this Agreement which is in the possession of Contractor and in which City has or may acquire an interest.

8.1.3 Within 30 days after the specified termination date, Contractor shall submit to City an invoice, which shall set forth each of the following as a separate line item:

(a) The reasonable cost to Contractor, without profit, for all Services prior to the specified termination date, for which Services City has not already tendered payment. Reasonable costs may include a reasonable allowance for actual overhead, not to exceed a total of 10% of Contractor's direct costs for Services. Any overhead allowance shall be separately itemized. Contractor may also recover the reasonable cost of preparing the invoice.

(b) A reasonable allowance for profit on the cost of the Services described in the immediately preceding subsection (a), provided that Contractor can establish, to

the satisfaction of City, that Contractor would have made a profit had all Services under this Agreement been completed, and provided further, that the profit allowed shall in no event exceed 5% of such cost.

(c) The reasonable cost to Contractor of handling material or equipment returned to the vendor, delivered to the City or otherwise disposed of as directed by the City.

(d) A deduction for the cost of materials to be retained by Contractor, amounts realized from the sale of materials and not otherwise recovered by or credited to City, and any other appropriate credits to City against the cost of the Services or other work.

8.1.4 In no event shall City be liable for costs incurred by Contractor or any of its subcontractors after the termination date specified by City, except for those costs specifically listed in Section 8.1.3. Such non-recoverable costs include, but are not limited to, anticipated profits on the Services under this Agreement, post-termination employee salaries, post-termination administrative expenses, post-termination overhead or unabsorbed overhead, attorneys' fees or other costs relating to the prosecution of a claim or lawsuit, prejudgment interest, or any other expense which is not reasonable or authorized under Section 8.1.3.

8.1.5 In arriving at the amount due to Contractor under this Section, City may deduct: (i) all payments previously made by City for Services covered by Contractor's final invoice; (ii) any claim which City may have against Contractor in connection with this Agreement; (iii) any invoiced costs or expenses excluded pursuant to the immediately preceding subsection 8.1.4; and (iv) in instances in which, in the opinion of the City, the cost of any Service performed under this Agreement is excessively high due to costs incurred to remedy or replace defective or rejected Services, the difference between the invoiced amount and City's estimate of the reasonable cost of performing the invoiced Services in compliance with the requirements of this Agreement.

8.1.6 City's payment obligation under this Section shall survive termination of this Agreement.

8.2 Termination for Default; Remedies.

8.2.1 Each of the following shall constitute an immediate event of default ("Event of Default") under this Agreement:

(a) Contractor fails or refuses to perform or observe any term, covenant or condition contained in any of the following Sections of this Agreement:

3.5	Submitting False Claims.	10.10	Alcohol and Drug-Free Workplace
4.6	Assignment	10.13	Reserved (Working with Minors).
Article 5	Insurance and Indemnity	11.10	Compliance with Laws
Article 7	Payment of Taxes	Article 13	Data and Security

(b) Contractor fails or refuses to perform or observe any other term, covenant or condition contained in this Agreement, including any obligation imposed by ordinance or statute and incorporated by reference herein, and such default is not cured within ten days after written notice thereof from City to Contractor. If Contractor defaults a second time in the same manner as a prior default cured by Contractor, City may in its sole discretion

immediately terminate the Agreement for default or grant an additional period not to exceed five (5) days for Contractor to cure the default.

(c) Contractor (i) is generally not paying its debts as they become due; (ii) files, or consents by answer or otherwise to the filing against it of a petition for relief or reorganization or arrangement or any other petition in bankruptcy or for liquidation or to take advantage of any bankruptcy, insolvency or other debtors' relief law of any jurisdiction; (iii) makes an assignment for the benefit of its creditors; (iv) consents to the appointment of a custodian, receiver, trustee or other officer with similar powers of Contractor or of any substantial part of Contractor's property; or (v) takes action for the purpose of any of the foregoing.

(d) A court or government authority enters an order (i) appointing a custodian, receiver, trustee or other officer with similar powers with respect to Contractor or with respect to any substantial part of Contractor's property, (ii) constituting an order for relief or approving a petition for relief or reorganization or arrangement or any other petition in bankruptcy or for liquidation or to take advantage of any bankruptcy, insolvency or other debtors' relief law of any jurisdiction or (iii) ordering the dissolution, winding-up or liquidation of Contractor.

8.2.2 On and after any Event of Default, City shall have the right to exercise its legal and equitable remedies, including, without limitation, the right to terminate this Agreement or to seek specific performance of all or any part of this Agreement. In addition, where applicable, City shall have the right (but no obligation) to cure (or cause to be cured) on behalf of Contractor any Event of Default; Contractor shall pay to City on demand all costs and expenses incurred by City in effecting such cure, with interest thereon from the date of incurrence at the maximum rate then permitted by law. City shall have the right to offset from any amounts due to Contractor under this Agreement or any other agreement between City and Contractor: (i) all damages, losses, costs or expenses incurred by City as a result of an Event of Default; and (ii) any liquidated damages levied upon Contractor pursuant to the terms of this Agreement; and (iii), any damages imposed by any ordinance or statute that is incorporated into this Agreement by reference, or into any other agreement with the City. This Section 8.2.2 shall survive termination of the Agreement.

8.2.3 All remedies provided for in this Agreement may be exercised individually or in combination with any other remedy available hereunder or under applicable laws, rules and regulations. The exercise of any remedy shall not preclude or in any way be deemed to waive any other remedy. Nothing in this Agreement shall constitute a waiver or limitation of any rights that City may have under applicable law.

8.2.4 Any notice of default must be sent by registered mail to the address set forth in Article 11.

8.3 Non-Waiver of Rights.

The omission by either Party at any time to enforce any default or right reserved to it, or to require performance of any of the terms, covenants, or provisions hereof by the other Party at the time designated, shall not be a waiver of any such default or right to which the Party is entitled, nor shall it in any way affect the right of the Party to enforce such provisions thereafter.

8.4 Rights and Duties upon Termination or Expiration.

8.4.1 This Section and the following Sections of this Agreement listed below, shall survive termination or expiration of this Agreement:

3.3.2	Payment Limited to Satisfactory Services and Delivery of Goods	9.2	Reserved (Works for Hire).
3.3.8	Reserved (Federal and/or State Funded Contracts).	11.6	Dispute Resolution Procedure
3.4	Audit and Inspection of Records	11.7	Agreement Made in California; Venue
3.5	Submitting False Claims	11.8	Construction
Article 5	Insurance and Indemnity	11.9	Entire Agreement
6.1	Liability of City	11.10	Compliance with Laws
6.3	Liability for Incidental and Consequential Damages	11.11	Severability
Article 7	Payment of Taxes	Article 12	Department Specific Terms
8.1.6	Payment Obligation	Article 13	Data and Security
9.1	Reserved (Ownership of Results).	Appendix D	Reserved (BAA).

8.4.2 Subject to the survival of the Sections identified in Section 8.4.1, above, if this Agreement is terminated prior to expiration of the term specified in Article 2, this Agreement shall be of no further force or effect. Contractor shall transfer title to City, and deliver in the manner, at the times, and to the extent, if any, directed by City, any work in progress, completed work, supplies, equipment, and other materials produced as a part of, or acquired in connection with the performance of this Agreement, and any completed or partially completed work which, if this Agreement had been completed, would have been required to be furnished to City.

Article 9 Rights In Deliverables

9.1 **Reserved (Ownership of Results).**

9.2 **Reserved (Works for Hire).**

Article 10 Additional Requirements Incorporated by Reference

10.1 **Laws Incorporated by Reference.** The full text of the laws listed in this Article 10, including enforcement and penalty provisions, are incorporated by reference into this Agreement. The full text of the San Francisco Municipal Code provisions incorporated by reference in this Article and elsewhere in the Agreement (“Mandatory City Requirements”) are available at http://www.amlegal.com/codes/client/san-francisco_ca/.

10.2 Conflict of Interest. By executing this Agreement, Contractor certifies that it does not know of any fact which constitutes a violation of Section 15.103 of the City's Charter; Article III, Chapter 2 of City's Campaign and Governmental Conduct Code; Title 9, Chapter 7 of the California Government Code (Section 87100 *et seq.*), or Title 1, Division 4, Chapter 1, Article 4 of the California Government Code (Section 1090 *et seq.*), and further agrees promptly to notify the City if it becomes aware of any such fact during the term of this Agreement.

10.3 Prohibition on Use of Public Funds for Political Activity. In performing the Services or delivering the goods, Contractor shall comply with San Francisco Administrative Code Chapter 12G, which prohibits funds appropriated by the City for this Agreement from being expended to participate in, support, or attempt to influence any political campaign for a candidate or for a ballot measure. Contractor is subject to the enforcement and penalty provisions in Chapter 12G.

10.4 Consideration of Salary History. Contractor shall comply with San Francisco Administrative Code Chapter 12K, the Consideration of Salary History Ordinance or "Pay Parity Act." Contractor is prohibited from considering current or past salary of an applicant in determining whether to hire the applicant or what salary to offer the applicant to the extent that such applicant is applying for employment to be performed on this Agreement or in furtherance of this Agreement, and whose application, in whole or part, will be solicited, received, processed or considered, whether or not through an interview, in the City or on City property. The ordinance also prohibits employers from (1) asking such applicants about their current or past salary or (2) disclosing a current or former employee's salary history without that employee's authorization unless the salary history is publicly available. Contractor is subject to the enforcement and penalty provisions in Chapter 12K. Information about and the text of Chapter 12K is available on the web at <https://sfgov.org/olse/consideration-salary-history>. Contractor is required to comply with all of the applicable provisions of 12K, irrespective of the listing of obligations in this Section.

10.5 Nondiscrimination Requirements

10.5.1 Nondiscrimination in Contracts. Contractor shall comply with the provisions of Chapters 12B and 12C of the San Francisco Administrative Code. Contractor shall incorporate by reference in all subcontracts the provisions of Sections 12B.2(a), 12B.2(c)-(k), and 12C.3 of the San Francisco Administrative Code and shall require all subcontractors to comply with such provisions. Contractor is subject to the enforcement and penalty provisions in Chapters 12B and 12C.

10.5.2 Nondiscrimination in the Provision of Employee Benefits. San Francisco Administrative Code 12B.2. Contractor does not as of the date of this Agreement, and will not during the term of this Agreement, in any of its operations in San Francisco, on real property owned by San Francisco, or where work is being performed for the City elsewhere in the United States, discriminate in the provision of employee benefits between employees with domestic partners and employees with spouses and/or between the domestic partners and spouses of such employees, subject to the conditions set forth in San Francisco Administrative Code Section 12B.2.

10.6 Local Business Enterprise and Non-Discrimination in Contracting Ordinance. Contractor shall comply with all applicable provisions of Chapter 14B (“LBE Ordinance”). Contractor is subject to the enforcement and penalty provisions in Chapter 14B.

10.7 Reserved (Minimum Compensation Ordinance).

10.8 Reserved (Health Care Accountability Ordinance).

10.9 First Source Hiring Program. Contractor must comply with all of the provisions of the First Source Hiring Program, Chapter 83 of the San Francisco Administrative Code, that apply to this Agreement, and Contractor is subject to the enforcement and penalty provisions in Chapter 83.

10.10 Alcohol and Drug-Free Workplace. City reserves the right to deny access to, or require Contractor to remove from, City facilities personnel of any Contractor or subcontractor who City has reasonable grounds to believe has engaged in alcohol abuse or illegal drug activity which in any way impairs City’s ability to maintain safe work facilities or to protect the health and well-being of City employees and the general public. City shall have the right of final approval for the entry or re-entry of any such person previously denied access to, or removed from, City facilities. Illegal drug activity means possessing, furnishing, selling, offering, purchasing, using or being under the influence of illegal drugs or other controlled substances for which the individual lacks a valid prescription. Alcohol abuse means possessing, furnishing, selling, offering, or using alcoholic beverages, or being under the influence of alcohol.

If Contractor is informed prior to issuance of an Authorization Document that it will be paid with federal or state funds, Contractor agrees in the performance of this Agreement to maintain a drug-free workplace by notifying employees that unlawful drug use is prohibited and specifying what actions will be taken against employees for violations; establishing an on-going drug-free awareness program that includes employee notification and, as appropriate, rehabilitation. Contractor can comply with this requirement by implementing a drug-free workplace program that complies with the Federal Drug-Free Workplace Act of 1988 (41 U.S.C. § 701) and California Drug-Free Workplace Act of 1990 Cal. Gov. Code, § 8350 et seq.

10.11 Limitations on Contributions. By executing this Agreement, Contractor acknowledges its obligations under Section 1.126 of the City’s Campaign and Governmental Conduct Code, which prohibits any person who contracts with, or is seeking a contract with, any department of the City for the rendition of personal services, for the furnishing of any material, supplies or equipment, for the sale or lease of any land or building, for a grant, loan or loan guarantee, or for a development agreement, from making any campaign contribution to (i) a City elected official if the contract must be approved by that official, a board on which that official serves, or the board of a state agency on which an appointee of that official serves, (ii) a candidate for that City elective office, or (iii) a committee controlled by such elected official or a candidate for that office, at any time from the submission of a proposal for the contract until the later of either the termination of negotiations for such contract or twelve months after the date the City approves the contract. The prohibition on contributions applies to each prospective party to the contract; each member of Contractor’s board of directors; Contractor’s chairperson, chief executive officer, chief financial officer and chief operating officer; any person with an ownership interest of more than 10% in Contractor; any subcontractor listed in the bid or contract; and any committee that is sponsored or controlled by Contractor. Contractor certifies that it has informed each such person of the limitation on contributions imposed by Section 1.126

by the time it submitted a proposal for the contract, and has provided the names of the persons required to be informed to the City department with whom it is contracting.

10.12 Reserved (Slavery Era Disclosure).

10.13 Reserved (Working with Minors).

10.14 Consideration of Criminal History and Employment Decisions.

10.14.1 Unless pre-empted by Federal or State law, Contractor agrees to comply fully with and be bound by all of the provisions of Chapter 12T, “City Contractor/Subcontractor Consideration of Criminal History in Hiring and Employment Decisions,” of the San Francisco Administrative Code (“Chapter 12T”), including the remedies provided, and implementing regulations, as may be amended from time to time. The provisions of Chapter 12T are incorporated by reference and made a part of this Agreement as though fully set forth herein. The text of the Chapter 12T is available on the web at <http://sfgov.org/olse/fco>. Contractor is required to comply with all of the applicable provisions of 12T, irrespective of the listing of obligations in this Section. Capitalized terms used in this Section and not defined in this Agreement shall have the meanings assigned to such terms in Chapter 12T.

10.14.2 The requirements of Chapter 12T shall only apply to a Contractor’s or Subcontractor’s operations to the extent those operations are in furtherance of the performance of this Agreement, shall apply only to applicants and employees who would be or are performing work in furtherance of this Agreement, and shall apply when the physical location of the employment or prospective employment of an individual is wholly or substantially within the City of San Francisco. Chapter 12T shall not apply when the application in a particular context would conflict with federal or state law or with a requirement of a government agency implementing federal or state law.

10.15 Reserved (Public Access to Nonprofit Records and Meetings).

10.16 Food Service Waste Reduction Requirements. Contractor shall comply with the Food Service Waste Reduction Ordinance, as set forth in San Francisco Environment Code Chapter 16, including but not limited to the remedies for noncompliance provided therein.

10.17 Reserved (Distribution of Beverages and Water).

10.18 Tropical Hardwood and Virgin Redwood Ban. Pursuant to San Francisco Environment Code Section 804(b), the City urges Contractor not to import, purchase, obtain, or use for any purpose, any tropical hardwood, tropical hardwood wood product, virgin redwood or virgin redwood wood product.

10.18.1 Reserved.

10.19 Reserved (Preservative Treated Wood Products).

10.20 Reserved (Sweat Free Procurement).

10.21 Environment Code Chapter 5, Resource Conservation Ordinance.

10.21.1 Reserved (Printing Services and/or Writing Paper Products).

10.21.2 Reserved (Collection of Recyclable Materials).

10.22 **Reserved (Prop J Approval).** been met, City reserves the right to terminate this Agreement.

10.23 **Use of City Opinion.** Contractor shall not quote, paraphrase, or otherwise refer to or use any opinion of City, its officers or agents, regarding Contractor or Contractor's performance under this Agreement without prior written permission of Purchasing.

10.24 **Reserved (Displaced Worker Protection Act).**

Article 11 General Provisions

11.1 **Notices to the Parties.** Unless otherwise indicated in this Agreement, all written communications sent by the Parties may be by U.S. mail or e-mail, and shall be addressed as follows:

To City:	Director of Purchasing City and County of San Francisco Office of Contract Administration Purchasing Division City Hall, Room 430 1 Dr. Carlton B. Goodlett Place San Francisco, CA 94102-4685 Email: OCA@sfgov.org Phone: (415) 554-6743 Fax: (415) 554-6717
To Contractor:	Joe Serna Vice President Univar Solutions USA Inc. 8201 S 212 th St., Kent, WA 98032 joe.serna@univarsolutions.com (215) 990-4406

Any notice of default must be sent by registered mail. Either Party may change the address to which notice is to be sent by giving written notice thereof to the other Party. If email notification is used, the sender must specify a receipt notice.

11.2 **Compliance with Americans with Disabilities Act.** Contractor shall provide the Services and/or goods in a manner that complies with the Americans with Disabilities Act (ADA), including but not limited to Title II's program access requirements, and all other applicable federal, state and local disability rights legislation.

11.3 **Incorporation of Recitals.** The matters recited above are hereby incorporated into and made part of this Agreement.

11.4 **Sunshine Ordinance.** Contractor acknowledges that this Agreement and all records related to its formation, Contractor's performance of Services or delivery of the goods, and City's payment are subject to the California Public Records Act, (California Government Code §6250 et. seq.), and the San Francisco Sunshine Ordinance, (San Francisco Administrative Code Chapter 67). Such records are subject to public inspection and copying unless exempt from disclosure under federal, state or local law.

11.5 Modification of this Agreement. This Agreement may not be modified, nor may compliance with any of its terms be waived, except as noted in Section 11.1, “Notices to Parties,” regarding change in personnel or place, and except by written instrument executed and approved in the same manner as this Agreement.

11.6 Dispute Resolution Procedure.

11.6.1 Negotiation; Alternative Dispute Resolution. The Parties will attempt in good faith to resolve any dispute or controversy arising out of or relating to the performance of Services or delivery of the goods under this Agreement. If the Parties are unable to resolve the dispute, then, pursuant to San Francisco Administrative Code Section 21.36, Contractor may submit to the Contracting Officer a written request for administrative review and documentation of the Contractor’s claim(s). Upon such request, the Contracting Officer shall promptly issue an administrative decision in writing, stating the reasons for the action taken and informing the Contractor of its right to judicial review. If agreed by both Parties in writing, disputes may be resolved by a mutually agreed-upon alternative dispute resolution process. If the Parties do not mutually agree to an alternative dispute resolution process or such efforts do not resolve the dispute, then either Party may pursue any remedy available under California law. The status of any dispute or controversy notwithstanding, Contractor shall proceed diligently with the performance of its obligations under this Agreement in accordance with the Agreement and the written directions of the City. Neither Party will be entitled to legal fees or costs for matters resolved under this section.

11.6.2 Government Code Claim Requirement. No suit for money or damages may be brought against the City until a written claim therefor has been presented to and rejected by the City in conformity with the provisions of San Francisco Administrative Code Chapter 10 and California Government Code Section 900, et seq. Nothing set forth in this Agreement shall operate to toll, waive or excuse Contractor’s compliance with the California Government Code Claim requirements set forth in San Francisco Administrative Code Chapter 10 and California Government Code Section 900, et seq.

11.7 Agreement Made in California; Venue. The formation, interpretation and performance of this Agreement shall be governed by the laws of the State of California. Venue for all litigation relative to the formation, interpretation and performance of this Agreement shall be in San Francisco.

11.8 Construction. All paragraph captions are for reference only and shall not be considered in construing this Agreement.

11.9 Entire Agreement. This contract sets forth the entire Agreement between the Parties, and supersedes all other oral or written provisions. This Agreement may be modified only as provided in Section 11.5, “Modification of this Agreement.”

11.10 Compliance with Laws. Contractor shall keep itself fully informed of the City’s Charter, codes, ordinances and duly adopted rules and regulations of the City and of all state, and federal laws in any manner affecting the performance of this Agreement, and must at all times comply with such local codes, ordinances, and regulations and all applicable laws as they may be amended from time to time.

11.11 Severability. Should the application of any provision of this Agreement to any particular facts or circumstances be found by a court of competent jurisdiction to be invalid or

unenforceable, then (a) the validity of other provisions of this Agreement shall not be affected or impaired thereby, and (b) such provision shall be enforced to the maximum extent possible so as to effect the intent of the Parties and shall be reformed without further action by the Parties to the extent necessary to make such provision valid and enforceable.

11.12 Cooperative Drafting. This Agreement has been drafted through a cooperative effort of City and Contractor, and both Parties have had an opportunity to have the Agreement reviewed and revised by legal counsel. No Party shall be considered the drafter of this Agreement, and no presumption or rule that an ambiguity shall be construed against the Party drafting the clause shall apply to the interpretation or enforcement of this Agreement.

11.13 Order of Precedence. Contractor agrees to perform the Services or furnish the goods described herein in accordance with the terms and conditions of this Agreement. If the Appendices to this Agreement include any standard printed terms from the Contractor, Contractor agrees that in the event of discrepancy, inconsistency, gap, ambiguity, or conflicting language between the City's terms and Contractor's printed terms attached, the City's terms shall take precedence, followed by the procurement issued by the department, Contractor's bid, and Contractor's printed terms, respectively.

11.14 Notification of Legal Requests. Contractor shall immediately notify City upon receipt of any subpoenas, service of process, litigation holds, discovery requests and other legal requests ("Legal Requests") related to all data given to Contractor by City in the performance of this Agreement ("City Data" or "Data"), or which in any way might reasonably require access to City's Data, and in no event later than 24 hours after it receives the request. Contractor shall not respond to Legal Requests related to City without first notifying City other than to notify the requestor that the information sought is potentially covered under a non-disclosure agreement. Contractor shall retain and preserve City Data in accordance with the City's instruction and requests, including, without limitation, any retention schedules and/or litigation hold orders provided by the City to Contractor, independent of where the City Data is stored.

11.15 Cooperative Agreement. Contractor agrees that during the term of this Agreement and any authorized extension, the Director of Purchasing may allow other public agencies or non-profits made up of multiple public agencies to utilize this Agreement to obtain some or all of the Services and/or commodities to be provided by Contractor under the same terms and conditions as the City, pursuant to a Board of Supervisor Resolution.

Article 12 Department Specific Terms

12.1 Third Party Beneficiaries.

No third parties are intended by the Parties hereto to be third party beneficiaries under this Agreement, and no action to enforce the terms of this Agreement may be brought against either Party by any person who is not a party hereto.

12.2 Exclusion Lists and Employee Verification.

12.2.1 Contractor acknowledges that some or all of the items or products that Contractor furnishes to City under this Agreement may be included, directly or indirectly, in whole or in part, in claims submitted by City to Federal or State health care programs. By executing this Agreement Contractor certifies that it is not currently, and shall not during the

term of this Agreement become, excluded, directed to be excluded, suspended, ineligible or otherwise sanctioned from participation in any Federal or State assistance programs. Contractor shall notify City, as provided in Section 11.1 (“Notices to the Parties”), within thirty (30) days of any such exclusion, suspension, ineligibility, or other sanction. This is a material term of this Agreement.

12.2.2 Contractor agrees to indemnify and hold harmless City and City’s officers, directors, employees, agents, successors and permitted assigns from and against any and all (including but not limited to Federal, State, or third party) civil monetary penalties, assessments, repayment obligations, losses, damages, settlement agreements and expenses (including reasonable attorneys’ fees) arising from the exclusion, suspension, ineligibility, or other sanction of Contractor and/or Contractor’s workforce (including those who oversee Contractor’s workforce, supervisors and governing body members) from participation in any Federal or State assistance program.

Article 13 Data and Security

13.1 Nondisclosure of Private, Proprietary or Confidential Information.

13.1.1 **Protection of Private Information.** If this Agreement requires City to disclose “Private Information” to Contractor within the meaning of San Francisco Administrative Code Chapter 12M, Contractor and subcontractor shall use such information only in accordance with the restrictions stated in Chapter 12M and in this Agreement and only as necessary in performing the Services or delivery of the goods under this Agreement. Contractor is subject to the enforcement and penalty provisions in Chapter 12M.

Confidential Information. In the performance of Services or delivery of the goods pursuant to this Agreement, Contractor may have access to City’s proprietary or Confidential Information, the disclosure of which to third parties may damage City. If City discloses proprietary or Confidential Information to Contractor, such information must be held by Contractor in confidence and used only in performing the Agreement. Contractor shall exercise the same standard of care to protect such information as a reasonably prudent contractor would use to protect its own proprietary or Confidential Information.

13.2 Reserved (Payment Card Industry (“PCI”) Requirements).

13.3 Business Associate Agreement.

The Parties acknowledge that CITY is a Covered Entity as defined in the Healthcare Insurance Portability and Accountability Act of 1996 (“HIPAA”) and is required to comply with the HIPAA Privacy Rule governing the access, use, disclosure, transmission, and storage of protected health information (PHI) and the Security Rule under the Health Information Technology for Economic and Clinical Health Act, Public Law 111-005 (“the HITECH Act”).

The Parties acknowledge that CONTRACTOR will:

1. ☐ Do at least one or more of the following:

A. Create, receive, maintain, or transmit PHI for or on behalf of CITY/SFDPH (including storage of PHI, digital or hard copy, even if Contractor does not view the PHI or only does so on a random or infrequent basis); or

B. Receive PHI, or access to PHI, from CITY/SFDPH or another Business Associate of City, as part of providing a service to or for CITY/SFDPH, including legal, actuarial, accounting, consulting, data aggregation, management, administrative, accreditation, or financial; or

C. Transmit PHI data for CITY/SFDPH and require access on a regular basis to such PHI. (Such as health information exchanges (HIEs), e-prescribing gateways, or electronic health record vendors)

FOR PURPOSES OF THIS AGREEMENT, CONTRACTOR IS A BUSINESS ASSOCIATE OF CITY/SFDPH, AS DEFINED UNDER HIPAA. CONTRACTOR MUST COMPLY WITH AND COMPLETE THE FOLLOWING ATTACHED DOCUMENTS, INCORPORATED TO THIS AGREEMENT AS THOUGH FULLY SET FORTH HEREIN:

Appendix D:

CITY/SFDPH Business Associate Agreement (BAA) (04-12-2018)

Attachment 1: CITY/SFDPH Attestation 1 PRIVACY (06-07-2017)

Attachment 2: CITY/SFDPH Attestation 2 DATA SECURITY (06-07-2017)

2. ☒ **NOT** do any of the activities listed above in subsection 1;
Contractor is not a Business Associate of CITY/SFDPH. Appendix D and attestations are not required for the purposes of this Agreement.

13.4 Protected Health Information.

Contractor, all subcontractors, all agents and employees of Contractor and any subcontractor shall comply with all federal and state laws regarding the transmission, storage and protection of all private health information, if any, disclosed to Contractor by City in the performance of this Agreement. Contractor agrees that any failure of Contractor to comply with the requirements of federal and/or state and/or local privacy laws shall be a material breach of the Agreement. In the event that City pays a regulatory fine, and/or is assessed civil penalties or damages through private rights of action, based on an impermissible use or disclosure of protected health information given to Contractor or its subcontractors or agents by City, Contractor shall indemnify City for the amount of such fine or penalties or damages, including costs of notification. In such an event, in addition to any other remedies available to it under equity or law, the City may terminate the Agreement.

13.5 Management of City Data and Confidential Information

13.5.1 Use of City Data and Confidential Information. Contractor agrees to hold City's Confidential Information received from or created on behalf of the City in strictest

confidence. Contractor shall not use or disclose City's Data or Confidential Information except as permitted or required by the Agreement or as otherwise authorized in writing by the City. Any work using, or sharing or storage of, City's Confidential Information outside the United States is subject to prior written authorization by the City. Access to City's Confidential Information must be strictly controlled and limited to Contractor's staff assigned to this project on a need-to-know basis only. Contractor is provided a limited non-exclusive license to use the City Data or Confidential Information solely for performing its obligations under the Agreement and not for Contractor's own purposes or later use. Nothing herein shall be construed to confer any license or right to the City Data or Confidential Information, by implication, estoppel or otherwise, under copyright or other intellectual property rights, to any third-party. Unauthorized use of City Data or Confidential Information by Contractor, subcontractors or other third parties is prohibited. For purpose of this requirement, the phrase "unauthorized use" means the data mining or processing of data, stored or transmitted by the service, for commercial purposes, advertising or advertising-related purposes, or for any purpose other than security or service delivery analysis that is not explicitly authorized.

13.6 Disposition of Confidential Information. Upon termination of the Agreement or request of City, Contractor shall within forty-eight (48) hours return all Confidential Information which includes all original media. Once Contractor has received written confirmation from City that Confidential Information has been successfully transferred to City, Contractor shall within ten (10) business days purge all Confidential Information from its servers, any hosted environment Contractor has used in performance of this Agreement, work stations that were used to process the data or for production of the data, and any other work files stored by Contractor in whatever medium. Contractor shall provide City with written certification that such purge occurred within five (5) business days of the purge.

Article 14 MacBride And Signature

14.1 MacBride Principles -Northern Ireland.

The provisions of San Francisco Administrative Code §12F are incorporated herein by this reference and made part of this Agreement. By signing this Agreement, Contractor confirms that Contractor has read and understood that the City urges companies doing business in Northern Ireland to resolve employment inequities and to abide by the MacBride Principles, and urges San Francisco companies to do business with corporations that abide by the MacBride Principles.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement on the day first mentioned above.

CITY

Recommended by:

Linda Repola
Supervising Purchaser
Office of Contract Administration

CONTRACTOR

Univar Solutions USA Inc.

Joe Serna
Vice President
8201 S 212th St., Kent, WA 98032

Supplier ID: 0000008941

Approved as to Form:

David Chiu
City Attorney

By _____
Elaine O'Neil
Deputy City Attorney

Approved by:

Sailaja Kurella
Director of the Office of Contract Administration,
and Purchaser

A:	Specifications
B:	Calculation of Charges
C:	Regulatory and Compliance Requirements
D:	Reserved (BAA).
E:	Reserved (Form P-12U-C and 12U-I).

Appendix A Specifications

I. Specifications:

- A. Except as otherwise specified herein, all sodium bisulfite shall comply with NSF/ANSI standard 60 and 61, as currently modified, as mixed with solution water from a portable source.
- B. The sodium bisulfite solution delivered shall be between 23% and 27% solution strength as sodium bisulfite by weight. The City may consider stronger strength solutions if supplier can demonstrate that ambient temperature will not result in crystallization or freezing point problems.
- C. The pH of the solution shall be between 3.5 and 5.5.
- D. The sodium bisulfite solution shall have no more than the following amounts of suspended matter: NaHSO₃: Insoluble matter as ppm by weight, not-to-exceed 150 ppm.
- E. Sodium sulfate shall not exceed 4% by weight and sodium sulfite not more than 2.5% by weight. Mercury shall not exceed 5 ppb by weight.
- F. All methods of sampling and testing shall conform to procedures detailed in Standard Methods for the Examination of Water and Waste Water, 20th Edition, 1998.

Appendix B
Calculation of Charges

Line	Description	Delivery Location	Price per Gallon
1	Sodium Bisulfite	WW - North Point Facility 120 Bay Street San Francisco, CA 94133	\$ 1.86
2	Sodium Bisulfite	WW - Southeast Plant 1700 Jerrold Avenue San Francisco, CA 94124	\$ 1.86
3	Sodium Bisulfite	WST - Pulgas DeChloramination Facility 56 Canada Road Redwood City, CA 94062	\$ 1.86
4	Sodium Bisulfite	WW - Treasure Island Plant 1220 M Avenue San Francisco, CA 94130	\$ 3.05
5	Sodium Bisulfite	WST - Sunol Valley Chloramination Facility 5555 Calaveras Road Sunol, CA 94586	\$ 3.05
6	Sodium Bisulfite	WW - Oceanside Plant 3500 Great Highway San Francisco, CA 94132	\$ 3.05

Appendix C

Regulatory and Compliance Requirements

1. Infectious Disease Terms

Contractors required to perform physical activities on City property that places Contractor or its employees in proximity to medical patients, including but not limited to San Francisco Department of Public Health facilities where patient care or counseling is performed, shall be subject to the following requirements, as applicable:

A. Infection Control, Health and Safety:

(1) Contractor must have a Bloodborne Pathogen (BBP) Exposure Control plan for its employees, agents and subcontractors as defined in the California Code of Regulations, Title 8, Section 5193, Bloodborne Pathogens (<http://www.dir.ca.gov/title8/5193.html>), and demonstrate compliance with all requirements including, but not limited to, exposure determination, training, immunization, use of personal protective equipment and safe needle devices, maintenance of a sharps injury log, post-exposure medical evaluations, and recordkeeping.

(2) Contractor must demonstrate personnel policies/procedures for protection of its employees, agents, subcontractors and clients from other communicable diseases prevalent in the population served. Such policies and procedures shall include, but not be limited to, work practices, personal protective equipment, staff/client Tuberculosis (TB) surveillance, training, etc.

(3) Contractor must demonstrate personnel policies/procedures for Tuberculosis (TB) exposure control consistent with the Centers for Disease Control and Prevention (CDC) recommendations for health care facilities and based on the Francis J. Curry National Tuberculosis Center: Template for Clinic Settings, as appropriate.

(4) Contractor must demonstrate personnel policies/procedures for COVID-19 exposure control consistent with CDC recommendations, Cal/OSHA regulations, SF DPH Health Orders, Directives, and Guidance. The Contractor's attention is directed to Cal/OSHA's new 8 CCR 3205 COVID-19 Prevention Emergency Temporary Standard and/or any successor regulations.

(5) Contractor is responsible for site conditions, equipment, health and safety of their employees, and all other persons who work or visit the job site.

(6) Contractor shall assume liability for any and all work-related injuries/illnesses including infectious exposures such as BBP and TB and demonstrate appropriate policies and procedures for reporting such events and providing appropriate post-exposure medical management as required by State workers' compensation laws and regulations.

(7) Contractor shall comply with all applicable Cal-OSHA standards including maintenance of the OSHA 300 Log of Work-Related Injuries and Illnesses.

(8) Contractor assumes responsibility for procuring all medical equipment and supplies for use by its employees, agents and subcontractors, including safe needle devices, and provides and documents all appropriate training.

(9) Contractor shall demonstrate compliance with all state and local regulations with regard to handling and disposing of medical waste.

B. Aerosol Transmissible Disease Program, Health and Safety:

- (1) Contractor must have an Aerosol Transmissible Disease (ATD) Program as defined in the California Code of Regulations, Title 8, Section 5199, Aerosol Transmissible Diseases (<http://www.dir.ca.gov/Title8/5199.html>), and demonstrate compliance with all requirements including, but not limited to, exposure determination, screening procedures, source control measures, use of personal protective equipment, referral procedures, training, immunization, post-exposure medical evaluations/follow-up, and recordkeeping.
- (2) Contractor shall assume liability for any and all work-related injuries/illnesses including infectious exposures such as Aerosol Transmissible Disease and demonstrate appropriate policies and procedures for reporting such events and providing appropriate post-exposure medical management as required by State workers' compensation laws and regulations.
- (3) Contractor shall comply with all applicable Cal-OSHA standards including maintenance of the OSHA 300 Log of Work-Related Injuries and Illnesses.
- (4) Contractor assumes responsibility for procuring all medical equipment and supplies for use by their employees, agents, subcontractors including Personnel Protective Equipment such as respirators, and provides and documents all appropriate training.
- (5) If/when Contractor determines that they do not fall under the requirements of 8 CCR 5199 Contractor is directed to Cal/OSHA's Emergency Temporary Standard for COVID-19, 8 CCR 3205, which applies to all employers who do not fall under 8 CCR 5199 but for who's employees have potential for exposure to COVID-19.

2. Delivery

Contractor must comply with the following delivery requirements.

- A. **Freight on Board (F.O.B):** Goods shall be shipped to an F.O.B destination named in a Purchase Order issued by the City against this Agreement, freight prepaid and allowed. The cost of shipment must be incorporated into the all proposed unit costs.
- B. **~~F.M.T~~ Notice of Delivery:** The contractor shall establish "Notice of Delivery" procedures with the following but not limited to City Departments: PUC-Wastewater (WW) and PUC-Water Supply Treatment (WST).
 1. WW delivery locations: After Notice of Delivery, the Contractor shall deliver product within 48 hours.
 2. WST delivery locations: After Notice of Delivery, the Contractor shall confirm all delivery dates to the requestor within 48 hours of the request.
- C. **Hours of Delivery:** All deliveries shall be made during the hours of delivery noted in H. "Delivery Locations".
- D. **Substitutions:** No substitutions will be allowed unless approved in advance in writing by City.
- E. **Emergency Deliveries:** Emergency deliveries shall be delivered by best means possible, at no additional cost to the City. Contractor shall notify the department of the estimated

time of delivery. In case of an emergency delivery requirement, deliveries shall be made within twenty-four (24) hours of telephone notification. Contractor must have a twenty-four (24) hour order telephone service, and must be able to meet this emergency delivery time frame. No additional charges will be allowed for any emergency requirements.

- F. **Back Orders:** Contractor shall notify the Department immediately if unable to deliver the items and/or quantity ordered. Contractor must notify and obtain approval from the Department prior to delivery of any back-ordered items. Department may reject back-ordered items at no additional costs incurred to the City. In the event that back-ordered items are delayed in excess of five (5) working days, the City reserves the right to reject partial shipment or cancel the item(s) ordered from the Agreement, at no additional cost incurred to the City.
- G. **Packing Slips:** All deliveries must include a packing slip and must provide the following information:
1. Complete description including manufacturer's name, address and part number
 2. Quantity ordered
 3. Agreement number and contract item numbers
 4. Back-ordered items and amount back-ordered
 5. Date back-ordered items will be delivered
- H. **Delivery Locations:** All deliveries must include a packing slip and must provide the following information:
1. Northpoint Facility
111 Bay Street, San Francisco, CA 94133
Hours of Delivery: 7:00 AM – 1:00 PM, Monday thru Friday
 2. Southeast Plant
1700 Jerrold Avenue, San Francisco, CA 94124
Hours of Delivery: 6:00 AM – 5:00 PM, Sunday thru Saturday
 3. Pulgas DeChloramination Facility
56 Canada Road, Redwood City, CA 94062
Hours of Delivery: 8:00 AM – 5:00 PM, Sunday thru Saturday
 4. Treasure Island Plant
1220 M Avenue, San Francisco, CA 94130
Hours of Delivery: 7:00 AM – 1:00 PM, Monday thru Friday
 5. Sunol Valley Chloramination Facility
5555 Calaveras Road, Sunol, CA 94586
Hours of Delivery: 7:30 AM – 3:30 PM, Monday thru Friday
 6. Oceanside Plant
3500 Great Highway, San Francisco, CA 94132
Hours of Delivery: 6:00 AM – 5:00 PM, Sunday thru Saturday

7. Additional delivery locations: The City reserves the right to increase or decrease the number of delivery locations covered by the contract at no additional cost to the City.
- I. Contractor shall make deliveries by tank truck, in quantities as requested by authorized City personnel. The tank trucks will be unloaded into tank(s) at the delivery locations.
- J. Each delivery location reserves the right to schedule any deliveries after hours while there is construction at said location. The Contractor shall agree to any and or all after hours deliveries during construction at each delivery location without additional charge(s).
- K. The City shall not be responsible for unloading time. The Contractor shall not bill the City for any and all unloading times.
- L. Contractors are required to follow all security measures during the delivery of products.
- M. Contractor shall verify fittings at each additional delivery location with the Chief Stationary Engineer for the duration of the contract term and any extensions issued thereafter. Contact person(s) and telephone number(s) will be provided to the Contractor for each additional delivery location.
- N. Contractor shall provide suitable equipment, e.g., air pads, hoses, fittings and safety equipment, to transfer product from carrier's tank truck to City's storage tanks at no additional charge to the City.
- O. Contractor shall observe the entire filling operation at delivery location. Contractor is responsible for any spillage during the filling operation. Contractor shall take immediate and appropriate actions to clean up any spilled material.
- P. Contractor shall be responsible for all costs of cleanup and product spilled during delivery, if such spill is caused by inappropriate Contractor procedures or failure of Contractor owned equipment.
- Q. The tank trucks used to transport the product shall be clean and free of residue from previous loads, which might contaminate the product or impede the unloading process. It shall be the Contractor's responsibility to assure the cleanliness of the transporting equipment before loading.
- R. Contractor shall not unload product into any storage tank until a Department employee is present and has approved the transfer. Signed bill of lading must be presented to the Department employee at the time of delivery. Failure to present the signed bill of lading at the time of delivery may result in the rejection of said delivery. The City shall not pay for any costs associated with the rejected delivery.
- S. A Certificate of Analysis must be presented to the Department employee at the time of delivery. Failure to present the Certificate of Analysis at the time of delivery may result in the rejection of said delivery. The City shall not pay for any costs associated with the rejected delivery. Certificate of Analysis shall contain the following:
 - i. Weight Certificate

- ii. Date of Manufacturing
 - iii. Certificate of Compliance
 - iv. Manufacturer's Certified Analysis Report showing Total Reducing Substance (TRS) as 100% Sodium Bisulfite (NaHSO_3) and equivalent SO_2 in one gallon
- T. Should any delivery of product not comply with the requirements stated within this Agreement, product found to be found toxic to aquatic life, and or product be banned from use in potable water (i.e., loss of NSF certification), Contractor shall be responsible for the removal of all material from Department storage facilities within twenty-four (24) hours of notification and the Agreement will be canceled without penalty to the Department and the City. Contractor will be given thirty (30) days notice of cancellation and will be paid for deliveries made prior to any cancellation.
- U. Contractor to provide a Safety/Tamper Seal on each container upon delivery.
- V. Contractor shall provide a list of all current delivery drivers with a clear photo. Delivery drivers must present their Commercial Driver's License prior to unloading product. Drivers shall not exceed 25 psi of truck compressed air to deliver and clear product from fill lines. Compressed air will NOT be available at the unloading site. Drivers are responsible to ensure that all unloading areas are free of any spills after unloading product. Facility operators are required to verify unloading areas before signing final delivery paperwork. Drivers shall wear the appropriate PPE (Personal Protective Equipment) at all times while unloading product. Drivers shall follow the posted cell phone restrictions in the unloading areas. Delivery sites may require the use of escort car services. Contractor agrees to coordinate and cooperate with SFPUC delivery locations in the use of such services when required. Either SFPUC personnel shall provide services or a SFPUC contracted escort car service provider shall do so. In either case, vendor shall make all reasonable efforts to assure that dispatched loads of product are managed in such a manner that will assure timely and efficient use of such services.
- W. In the event of a tank failure or other unforeseeable incident affecting storage facilities, the Contractor shall provide product in returnable tote bins (properly lined to prevent leakage). Costs for tote bins during a tank failure or other unforeseeable incident are not through this Agreement and are based on a separate agreement between the Contractor and Department. Delivery of tote bins shall be made within ninety-six (96) hours of notification by the requesting Department.
- Contractor shall provide ten (10) working days advance written notification to each delivery location concerning any significant change in the product's manufacturing process. [FI(8)]
- X. Contractor shall be responsible for all costs incurred, including (equipment damage and or labor charges to correct problem or problems) due to impurities present in the delivered product. Contractor shall inform the various City department facilities immediately of product quality problems and replace the delivered product at no additional cost within 24 hours of notification to those facilities.

3. Price.

Only prices that appear on Appendix B will be considered. No other pages with prices or attached price lists and/or catalog prices will be considered. Prices shall be exclusive of any Federal, State, local sales or use tax. In the event of a discrepancy between the unit price and the extended price, the unit price will prevail.

4. Price Adjustment

Price Adjustment for Years 1 and 2:

A. When to request a Price Adjustment:

- a. Requests for Price Adjustments must be made in writing to City.
- b. Contractor may request Price Adjustments no sooner than six (6) months from the Bid Due of 4/22/22.
- c. Only one (1) Price Adjustment shall be approved in any six (6) month period.
- d. If approved, Price Adjustments will be implemented with an Amendment to this Agreement and shall be effective upon execution of the Amendment.

B. How Price Adjustments will be Calculated:

Requests for price adjustments under this Agreement must be supported by the U.S. Department of Labor's most recently published, non-preliminary or preliminary Producer Price Index (PPI) available at the time of Contractor's Price Adjustment request. The requested rate change shall be calculated from the last requested Price Adjustment or, if no Price Adjustment has previously been requested, from the Bid Due Date.

The following PPI will apply to the Commodity portion of the Price Adjustment:

Commodity Series ID:	WPU06130217
Group:	Chemicals and allied products
Item:	Potassium & sodium compounds, ex. bleaches
Base Data:	200106
Website:	www.bls.gov/data/

The following PPI will apply to the Transportation portion of the Price Adjustment:

Commodity Series ID:	WPU3012
Group:	Transportation Services
Item:	Truck transportation of freight
Base Data:	200906
Website:	www.bls.gov/data/

Price Adjustment for Year 3 and Price Adjustment should the City renew this Agreement:

A. When to request a Price Adjustment:

- a. Requests for Price Adjustments must be made in writing to City.

- b. Contractor may request Price Adjustments no sooner than twelve (12) months from the final price Adjustment granted for Years 1 and 2.
- c. Only one (1) Price Adjustment shall be approved in any twelve (12) month period.
- d. If approved, Price Adjustments will be implemented with an Amendment to this Agreement and shall be effective upon execution of the Amendment.

B. How Price Adjustments will be Calculated:

Requests for price adjustments under this Agreement must be supported by the U.S. Department of Labor's most recently published, non-preliminary or preliminary- Producer Price Index (PPI) available at the time of Contractor's Price Adjustment request. The requested rate change shall be calculated from the last requested Price Adjustment or, if no Price Adjustment has previously been requested, from the Bid Due Date.

The following PPI will apply to the Commodity portion of the Price Adjustment:

Commodity Series ID:	WPU06130217
Group:	Chemicals and allied products
Item:	Potassium & sodium compounds, ex. bleaches
Base Data:	200106
Website:	www.bls.gov/data/

The following PPI will apply to the Transportation portion of the Price Adjustment:

Commodity Series ID:	WPU3012
Group:	Transportation Services
Item:	Truck transportation of freight
Base Data:	200906
Website:	www.bls.gov/data/

5. **Additional Goods and Services.** If, in the satisfaction of governmental interests it is necessary to purchase additional goods and services from Contractor, additional goods and services may be added to this Agreement by mutual agreement of the Parties. The aggregated cost of all additional goods and services added to the Agreement, during the Agreement term, shall not exceed twenty percent (20%) of the total estimated value (cost) of the original Agreement. All requests to add additional goods and services to the Agreement must be submitted by City Departments in writing to the Purchasing Division. All requests must include complete specifications, estimated quantities for the remainder of the Agreement period and a price quotation provided by the Contractor, for each service. All additional goods and services added to the Agreement shall be approved through issuance of an Agreement modification. In the event the aggregated cost of the Agreement increases by more than 20% of the total estimated value of the original Agreement, or the increase totals more than the Minimum Competitive Amount, the amount over 20% or the Minimum Competitive Amount, shall be bid in accordance with Standard Purchasing Procedures. The resulting bid award shall be added to the Agreement through an Agreement modification (same Contractor) or the issuance of a new

contract (new Contractor) and include Contractor's name and information, complete service description, delivery information and pricing information.

6. **Regulatory Requirements**^[LR9]

- A. The products required by this Contract must meet all applicable City, State or Federal requirements pertaining to hazardous material, including transport, delivery, and clean-up of hazardous materials while performing under this Contract.
- B. Contractor are required to have all applicable licenses, permits, documentation and/or certificates required to transport Sodium Bisulfite in the State of California and be compliant with Title 49 of the Federal Motor Carrier Safety Administration. Contractor shall be required to have a Federal DOT Number, California CA Number, CA Motor Carrier Permit and Hazardous Materials Transportation License. The Contractor's drivers must be licensed to transport hazardous materials. Failure to provide the permits, licenses and/or certificates described above upon request by the City may result in the City terminating this Agreement for default.
- C. Goods may require approval by the San Francisco Public Utilities Commission Health and Safety Office. The City may terminate this Agreement for default if such goods do not pass the requirements of the Health and Safety Officer.
- D. NSF Certifications; If the NSF certification is revoked or lapsed, the Contractor must inform the City and County of San Francisco in writing within twenty-four (24) hours of notification to the Contractor. Written or verbal notification is acceptable, but verbal notification must be memorialized in a written notification. Loss of the NSF certification shall be considered grounds for immediate termination of the Contract.

^[TM10]

7. **Other Requirements**

- A. **Hours of Operation:** Contractor must maintain normal business hours of at least 7:00 A.M. to 5:00 P.M., Monday through Friday throughout the term of the Agreement, and be open at all times during that period.
- B. **Support:** Contractor shall be responsible for providing technical support and assistance to the City through Contractor's own personnel, equipment and facilities as well as through manufacturer's technical representatives. As part of this technical support and assistance, the Contractor shall provide personnel with in-depth technical knowledge of the products the Contractor is providing under this Agreement, to answer questions and offer any assistance required by City personnel, during City business hours (7:00 A.M. – 5:00 P.M.).

- C. **ADA Compliance:** Contractor's warehouse facility shall comply with Title III of the Americans with Disabilities Act Regulations (including Title 3 Accessibility Guidelines), and Title 24, State of California Building Code (California Accessibility Regulations) regarding handicapped persons' accessibility.

**Appendix D
Reserved (BAA)**

Appendix E
Reserved (Forms P-12U-C and 12U-I).



DATE: May 16, 2022
TO: Angela Calvillo, Clerk of the Board
FROM: Sailaja Kurella, Director of Office of Contract Administration (OCA) and Purchaser
SUBJECT: Resolution to approve Term Contracts for Multiple Chemicals

Enclosed are the resolutions authorizing execution of the following contracts:

- (1) Term Contract 66326A, Contract 1000025263 with Primary Awardee, Kemira Water Solutions for the purchase of Ferric Ferrous Chloride, with a contract not-to-exceed (NTE) amount of \$26 million and a total contract duration of seven years;
- (2) Term Contract 66326A, Contract 1000025301 with Secondary Awardee, TR International for the purchase of Ferric Ferrous Chloride, with a contract not-to-exceed (NTE) amount of \$28 million and a total contract duration of seven years;
- (3) Term Contract 66326B, Contract 1000025302 with Primary Awardee, Univar Solutions USA Inc. for the purchase of Sodium Hypochlorite, with a contract not-to-exceed (NTE) amount of \$74 million and a total contract duration of seven years;
- (4) Term Contract 66326E, Contract 1000025303 with Primary Awardee, Univar Solutions USA Inc. for the purchase of Sodium Bisulfite, with a contract not-to-exceed (NTE) amount of \$19 million; and

These four contract are being awarded pursuant to a solicitation (Sourcing Event 0000006284) conducted on March 9, 2022 by the Office of Contract Administration (OCA) for the purchase of multiple chemicals: Ferric Ferrous Chloride (Aggregate 1); Sodium Hypochlorite (Aggregate 2), Sodium Hydroxide (Aggregate 3), Hydrofluosilicic Acid (Aggregate 4), Sodium Bisulfite (Aggregate 5), Aluminum Sulfate (Aggregate 6), Calcium Thiosulfate (Aggregate 7), Sulfuric Acid (Aggregate 8), Citric Acid (Aggregate 9), Antiscalant (Aggregate 10), GreenClean Liquid 5.0 Algaecide (Aggregate 11), Lime (Aggregate 12) and Sodium Hypochlorite Small Sites (Aggregate 13).

The solicitation resulted in the award of fifteen contracts, ten primary contracts and five secondary contracts. Of these, the four discussed herein exceed \$10,000,000. The contracts are limited to solely supplying chemicals for the City's wastewater and water treatment process. The NTE amount for each contract is based on City's projected total seven-year spend for each chemical after analyzing usage reports and estimated annual usage.

Approval of these contracts is justified for several reasons, which are summarized below:

- **Ferric Ferrous Chloride Ferric:** Ferric Chloride is critical for odor control, sludge conditioning for dewatering, prevention of mineral formation in pipelines and improved primary sludge settling in the wastewater treatment process. Ferric Ferrous Chloride is also critical for the City's drinking water treatment process, specifically within the flocculation process. The chemical is the primary flocculant used at the Harry Tracy Water Treatment Plant (HTWTP), one of two treatment plants at the SFPUC that provides safe drinking water to 2.8 million customers. HTWTP has used this chemical as part of its treatment process for over 20 years.



- **Sodium Bisulfite:** Sodium bisulfite is required in the wastewater disinfection process to remove residual chlorine and maintain regulatory compliance. In recycled water, it is used to protect reverse osmosis membranes. Sodium Bisulfite is also the primary chemical used in the dichlorination and dechloramination process, and is used to meet regulatory requirements when discharging into State Waters.
- **Sodium Hypochlorite:** Sodium Hypochlorite disinfects water in order to meet drinking water regulations.

If you have any questions or require additional information, please contact Ian Fernando on my team at 628-652-1609.

Enclosures:

1. Contract 1000025263 (Kemira Water Solutions)
2. Contract 1000025301 (TR International)
3. Contract 1000025302 (Univar Solutions USA Inc)
4. Contract 1000025303 (Univar Solutions USA Inc)
5. SFETH Form 126(f)4 - Contract 1000025263 (Kemira Water Solutions)
6. SFETH Form 126(f)4 - Contract 1000025301 (TR International)
7. SFETH Form 126(f)4 - Contract 1000025302 (Univar Solutions USA Inc)
8. SFETH Form 126(f)4 - Contract 1000025303 (Univar Solutions USA Inc)
9. Resolution - Contract 1000025263 (Kemira Water Solutions)
10. Resolution - Contract 1000025301 (TR International)
11. Resolution - Contract 1000025302 (Univar Solutions USA Inc)
12. Resolution - Contract 1000025303 (Univar Solutions USA Inc)



Exhibit 1
Minimum Discounts off of Manufacturer's List Price

JUNIPER	
Product Family	Minimum % Discount Off of Juniper's List Price
EX switches	59.00%
EX MP based switches	59.00%
QFX 5K series Switches	63.00%
QFX 10K series switches	63.00%
Switch Licenses (EX and QFX)	45.00%
MX Series Router Bundle	68.00%
MX Series MPC cards	68.00%
Optics	80.00%
Cables and auxiliary items	59.00%
Support (Discounting includes all SVC sku's)	10.00%
Mist wireless - Includes pricing for all AP's and accessories	32.50%
Mist Cloud subscription and services - Includes all subscriptions and services	10.00%

HPE		
Category	Product Family	Minimum % Discount Off of HPE's List Price
Brocade	SAN (Fibre Channel)	44.00%
dHCI	Nimble/Hyperconverge	44.00%
Qumulo	NAS Storage	44.00%
SimpliVity	Hyperconverge	44.00%
Storage	Nimble	44.00%
StoreOnce	Backup	32.00%
StoreOnce 2XXXX/3XXXX	Backup	33.00%
Tape Drives	Backup	33.00%
Tape Drives & Autoloaders	Backup	33.00%
Tape Libraries	Backup	33.00%
x86 Server	Proliant 2-Socket Blade Servers	33.00%
x86 Server	Proliant 2-Socket Rack Servers	35.00%
x86 Server	Proliant 4-Socket Blade Servers	33.00%
x86 Server	Proliant 4-Socket Rack Servers	35.00%



x86 Server	Proliant Blade Enclosures	33.00%
dHCI	Nimble/Hyperconverge	30.00%
Storage	Nimble	30.00%
x86 Server	Proliant 2-Socket Blade Servers	42.00%
x86 Server	Proliant 2-Socket Rack Servers	33.00%
x86 Server	Proliant 4-Socket Blade Servers	33.00%
x86 Server	Proliant 4-Socket Rack Servers	33.00%
x86 Server	Proliant Blade Enclosures	33.00%
Veeam	Backup Software	33.00%
dHCI	Nimble/Hyperconverge	43.00%
Storage	Nimble	30.00%
x86 Server	Proliant 2-Socket Blade Servers	30.00%
x86 Server	Proliant 2-Socket Rack Servers	30.00%
x86 Server	Proliant 4-Socket Blade Servers	30.00%
x86 Server	Proliant 4-Socket Rack Servers	30.00%
x86 Server	Proliant Blade Enclosures	30.00%



San Francisco Ethics Commission

25 Van Ness Avenue, Suite 220, San Francisco, CA 94102

Phone: 415.252.3100 . Fax: 415.252.3112

ethics.commission@sfgov.org . www.sfethics.org

Received On:

File #: 220604

Bid/RFP #:

Notification of Contract Approval

SFEC Form 126(f)4

(S.F. Campaign and Governmental Conduct Code § 1.126(f)4)

A Public Document

Each City elective officer who approves a contract that has a total anticipated or actual value of \$100,000 or more must file this form with the Ethics Commission within five business days of approval by: (a) the City elective officer, (b) any board on which the City elective officer serves, or (c) the board of any state agency on which an appointee of the City elective officer serves. For more information, see: <https://sfethics.org/compliance/city-officers/contract-approval-city-officers>

1. FILING INFORMATION

TYPE OF FILING	DATE OF ORIGINAL FILING (for amendment only)
original	
AMENDMENT DESCRIPTION – Explain reason for amendment	

2. CITY ELECTIVE OFFICE OR BOARD

OFFICE OR BOARD	NAME OF CITY ELECTIVE OFFICER
Board of Supervisors	Members

3. FILER'S CONTACT

NAME OF FILER'S CONTACT	TELEPHONE NUMBER
Angela Calvillo	415-554-5184
FULL DEPARTMENT NAME	EMAIL
office of the clerk of the Board	Board.of.Supervisors@sfgov.org

4. CONTRACTING DEPARTMENT CONTACT

NAME OF DEPARTMENTAL CONTACT	DEPARTMENT CONTACT TELEPHONE NUMBER
Ian Fernando	628-652-1609
FULL DEPARTMENT NAME	DEPARTMENT CONTACT EMAIL
ADM Office of Contract Administration	ian.fernando@sfgov.org

5. CONTRACTOR	
NAME OF CONTRACTOR Univar Solutions USA Inc.	TELEPHONE NUMBER 253-872-5000
STREET ADDRESS (including City, State and Zip Code) 8201 S 212th St., Kent, WA 98032	EMAIL joe.serna@univarsolutions.com

6. CONTRACT		
DATE CONTRACT WAS APPROVED BY THE CITY ELECTIVE OFFICER(S)	ORIGINAL BID/RFP NUMBER	FILE NUMBER (If applicable) 220604
DESCRIPTION OF AMOUNT OF CONTRACT \$19,000,000		
NATURE OF THE CONTRACT (Please describe) Supply and delivery of Sodium Bisulfite. The chemical is used for the City's wastewater and water treatment process.		

7. COMMENTS

8. CONTRACT APPROVAL	
This contract was approved by:	
<input type="checkbox"/>	THE CITY ELECTIVE OFFICER(S) IDENTIFIED ON THIS FORM
<input checked="" type="checkbox"/>	A BOARD ON WHICH THE CITY ELECTIVE OFFICER(S) SERVES Board of Supervisors
<input type="checkbox"/>	THE BOARD OF A STATE AGENCY ON WHICH AN APPOINTEE OF THE CITY ELECTIVE OFFICER(S) IDENTIFIED ON THIS FORM SITS

9. AFFILIATES AND SUBCONTRACTORS

List the names of (A) members of the contractor's board of directors; (B) the contractor's principal officers, including chief executive officer, chief financial officer, chief operating officer, or other persons with similar titles; (C) any individual or entity who has an ownership interest of 10 percent or more in the contractor; and (D) any subcontractor listed in the bid or contract.

#	LAST NAME/ENTITY/SUBCONTRACTOR	FIRST NAME	TYPE
1	Jukes	David	CEO
2	Perkins	Noelle	Other Principal Officer
3	Alexos	Nick	CFO
4	Holcomb	Jim	Other Principal Officer
5	Rodemeyer	Joseph	Other Principal Officer
6	Lundin	David	Other Principal Officer
7	Stanaway	Joe	Other Principal Officer
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9. AFFILIATES AND SUBCONTRACTORS

List the names of (A) members of the contractor's board of directors; (B) the contractor's principal officers, including chief executive officer, chief financial officer, chief operating officer, or other persons with similar titles; (C) any individual or entity who has an ownership interest of 10 percent or more in the contractor; and (D) any subcontractor listed in the bid or contract.

#	LAST NAME/ENTITY/SUBCONTRACTOR	FIRST NAME	TYPE
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38			

9. AFFILIATES AND SUBCONTRACTORS

List the names of (A) members of the contractor's board of directors; (B) the contractor's principal officers, including chief executive officer, chief financial officer, chief operating officer, or other persons with similar titles; (C) any individual or entity who has an ownership interest of 10 percent or more in the contractor; and (D) any subcontractor listed in the bid or contract.

#	LAST NAME/ENTITY/SUBCONTRACTOR	FIRST NAME	TYPE
39			
40			
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50			

☐ Check this box if you need to include additional names. Please submit a separate form with complete information. Select "Supplemental" for filing type.

10. VERIFICATION

I have used all reasonable diligence in preparing this statement. I have reviewed this statement and to the best of my knowledge the information I have provided here is true and complete.

I certify under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

SIGNATURE OF CITY ELECTIVE OFFICER OR BOARD SECRETARY OR CLERK

DATE SIGNED

BOS Clerk of the Board



President, Board of Supervisors
District 10

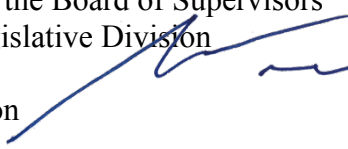
City and County of San
Francisco

SHAMANN WALTON

MEMORANDUM

DATE: June 7, 2022

TO: Angela Calvillo, Clerk of the Board of Supervisors
Board of Supervisors Legislative Division

FROM: President Shamann Walton 

CC: Chair Dean Preston, Government Audit & Oversight
Anne Pearson, Deputy City Attorney
Tom Paulino, Mayor's Office
City Administrator's Office

SUBJECT: **Transferring Items from B&F to GAO**

Dear Madam Clerk and Legislative Division Staff,

I am hereby granting the request to transfer the following matters from the Budget & Finance Committee to the Government Audit & Oversight Committee due to the impacted schedule of the Budget & Finance Committee:

- 220544 [Agreement - LAZ Parking California, LLC - Parking Meter Coin and Parking Data Collection Services - Not to Exceed \$50,798,833]
- 220554 [Real Property Lease Amendment - Evans Investment Partners, LLC - 750 and 752 Vallejo Street - \$120,792 Annual Base Rent - Estimated \$267,382 Tenant Improvement Cost]
- 220599 [Contract Amendment - Professional Contractor Supply (PCS) - Purchase of Hardware Supplies - \$11,500,000]
- 220600 [Contract - Lystek International Limited - Class A Biosolids Management Services - Not to Exceed \$22,400,000]
- 220601 [Contract - Kemira Water Solutions - Ferric Ferrous Chloride - Not to Exceed \$26,000,000]
- 220602 [Contract - TR International Trading Company - Ferric Ferrous Chloride - Not to Exceed \$28,000,000]
- 220603 [Contract - Univar Solutions USA Inc. - Sodium Hypochlorite - Not to Exceed \$74,000,000]
- 220604 [Contract - Univar Solutions USA Inc. - Sodium Bisulfite - Not to Exceed \$19,000,000]
- 220608 [Multifamily Housing Revenue Bonds - 700-730 Stanyan Street - Not to Exceed \$130,000,000]
- 220645 [Accept and Expend Grant - California Arts Council - Design and Planning for Harvey Milk Plaza - \$1,500,000]
- 220646 [Multifamily Housing Revenue Bonds - Sunnydale HOPE SF Block 3A - Not to

Exceed \$74,000,000]

- 220647 [Multifamily Housing Revenue Bonds - Building E Balboa Reservoir - 11 Frida Kahlo Way - Not to Exceed \$102,000,000]

CITY AND COUNTY OF SAN FRANCISCO

BOARD OF SUPERVISORS

BUDGET AND LEGISLATIVE ANALYST

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

June 10, 2022

TO: Government Audit and Oversight Committee

FROM: Budget and Legislative Analyst



SUBJECT: June 16, 2022 Government Audit and Oversight Committee Meeting

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4, 5, 6 & 7	22-0601 Contract - Kemira Water Solutions - Ferric Ferrous Chloride - Not to Exceed \$26,000,000 22-0602 Contract - TR International Trading Company - Ferric Ferrous Chloride - Not to Exceed \$28,000,000 22-0603 Contract - Univar Solutions USA Inc. - Sodium Hypochlorite - Not to Exceed \$74,000,000 22-0604 Contract - Univar Solutions USA Inc. - Sodium Bisulfite - Not to Exceed \$19,000,000	13
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Item 2 File 22-0544	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 a new contract for parking meter coin and parking data collection services between SFMTA and LAZ Parking California, LLC for a term of five years, from approximately August 2022 through July 2027, with an option to extend for up to five additional years through July 2032, and an amount not to exceed \$50,798,833. <p style="text-align: center;">Key Points</p> <ul style="list-style-type: none"> Under the proposed contract, LAZ would continue to provide coin collection at all parking meters and information technology and equipment related to coin collection. The contract also adds data collection services to improve the accuracy of demand-responsive parking pricing and optional analysis of the agency's curb management policies. <p style="text-align: center;">Fiscal Impact</p> <ul style="list-style-type: none"> Excluding the contingency amount and optional data services, annual costs for the initial term are \$4.7 million, which exceeds FY 2020-21 actual spending of \$4.2 million by 13.5 percent. Cost increases are due to: (a) an addition of an equipment budget to replace the existing vehicle collection fleet; (b) the addition of new data collection staffing to perform parking studies, and (c) increases in labor rates under the collective bargaining agreement. Coin collection and processing staff remains the same in the proposed contract. Not including the costs of administrative support staff, new data collection services would be \$1.3 million over the initial term (\$261,000 annually) and \$1.4 million over the extension term for a total of \$2.7 million. Optional data services over the total ten-year term would be \$500,000. The projected meter coin revenues over the ten-year total contract term are approximately \$51.5 million. After subtracting \$50.8 million in contract costs, the net revenue to the City would be approximately \$0.7 million. Total net meter revenues for the next ten years, which include coins and credit card payments (\$621.8 million), meter replacement meter maintenance costs previously approved by the Board of Supervisors (File 21-0714, \$123.4 million), and the proposed contract's costs (\$50.8 million) are approximately \$447.6 million. Net revenues support on-street parking programs and public transit. <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 Municipal Transportation Agency (SFMTA) Parking Meter Program manages 26,000 metered spaces between on-street parking and parking lots for SFMTA and the Port of San Francisco (Port). The SFMTA uses demand-responsive pricing to adjust metered parking rates to reduce congestion and allow drivers to find parking more quickly. According to a memo from the SFMTA to the Board of Supervisors dated April 28, 2022, the SFMTA currently collects approximately \$6.2 million in annual parking meter coin revenues and has collected approximately \$180 million since 2012. Parking meter coin revenues support on-street parking programs and public transit. Although parking meter coin revenues have declined over time, providing the option to purchase parking time by coins allows people who do not have a credit card or phone to pay for parking and serves SFMTA's goal to provide equitable transportation services.

Since 1978, the SFMTA has contracted with outside vendors to provide for the collection and counting of parking meter revenues and related support services. In 2012, the Board of Supervisors approved a contract between the SFMTA and Serco, Inc. for parking meter coin collections, counting, and support services for an amount not to exceed \$46.4 million. In 2021, the contract was assigned to LAZ Parking California, LLC (LAZ Parking) after LAZ Parking acquired Serco's coin collection division. The contract will expire on July 31, 2022.

In 2021, SFMTA issued a Request for Proposals (RFP) for coin and data collection services and associated support. LAZ Parking was the only company that submitted a proposal. According to the SFMTA, the SFMTA conducted outreach to the parking industry prior to issuing the RFP and identified four potentially qualified vendors and determined that further outreach and re-advertising the RFP would not result in additional proposals from vendors. SFMTA contract procurement and compliance staff determined that LAZ Parking met minimum qualifications and that the proposal was responsive and authorized SFMTA staff to negotiate a contract with LAZ Parking.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would approve a new contract for parking meter coin and parking data collection services between SFMTA and LAZ Parking California, LLC for a term of five years, from approximately August 2022 through July 2027, with an option to extend for up to five additional years through July 2032, and an amount not to exceed \$50,798,833.

Under the proposed contract, LAZ Parking would provide:

- **Coin collection services** for single and multi-space meters;
- **Data collection services (new)**, including data and reporting related to meter condition, occupancy, inventory, parklets, construction sites, signage, and curb regulations (discussed in further detail below);
- **Coin delivery services** from parking meters to a SFMTA counting facility;
- **Support services**, including IT support for coin and data collection parking systems, revenue reconciliation, product support for meter electronic lock software and parking meter repair maintenance application, revenue reconciliation, and other services; and
- **Procurement services**, including procurement of parking meter cards and provision of parking meter support equipment to replace existing equipment that is nearly 10-years old and reaching the end of its useful life according to the April 2022 SFMTA memo. According to Appendix A of the proposed contract, the parking meter support equipment may include coin vaults, coin collection equipment, vehicle equipment and customization, meter equipment and other necessary equipment for coin collection and parking meter management.

New Data Collection Services

The proposed new contract includes new data collection services as well as optional data collection services that are not included in the existing contract. According to the April 2022 SFMTA memo, a new data collection crew will allow for an update to the underlying data used to support occupancy calculations and price changes for demand-responsive parking pricing. According to SFMTA Principal Administrative Analyst Alexiy Sukhenko, demand-responsive parking pricing is based on the block payment rate (i.e., a ratio of all paid time divided by all available parking time) and a computed value of all parked vehicles (paid and unpaid) compared to parked and paid vehicles (i.e., Sensor Independent Rate Adjustment (SIRA) coefficient). The block payment rate is updated throughout the year, but the SIRA coefficients are 10 years old and are based on the SFPark Pilot Program that ended in 2012 resulting in inaccurate estimates of Citywide parking utilization.

In addition, according to the SFMTA, the new data collection crew will enable the collection of more parking data to support strategic policy decisions, such as meter rates and time limits, new metered areas pricing etc., respond to requests for information from elected officials and the public, and support the City's new virtual permitting and pay-by-license plate technology. According to SFMTA Principal Administrative Analyst Sukhenko, new data collection support will conduct block level surveys either by visual observation or by automated license plate recognition technology to facilitate collection of residential parking permits and pay-by-license plate parking census.

The proposed new contract also includes optional data collection services that may be used for researching or conducting analysis for anything beyond current business processes related to

SFMTA curb management according to SFMTA Principal Administrative Analyst Sukhenko. For example, the SFMTA may use these services in cases of:

- new residential parking permits or metered areas of research and development;
- adjustments to residential parking permit zones (such as establishing new zones);
- new curb management policy research (such as establishing a pay or permit zone where residents can park for free, but visitors pay a metered rate);
- metered time limit studies (such as research on average time of stay in different parking areas to determine appropriate parking time limits);
- and other areas of research beyond existing business processes related to curb management.

FISCAL IMPACT

The not-to-exceed amount of the proposed contract is \$50,798,833 over the total ten-year term, which would be funded by the SFMTA's Operating Budget. The sources and uses of funds are shown in Exhibit 1 below.

Exhibit 1: Proposed Contract Spending

	Proposed Annual Budget	Proposed Initial Term (5 Years)	Extension Term (5 Years)	Total Proposed Term (10 Years)
<i><u>Fixed Costs</u></i>				
Management Fees	1,456,200	7,281,000	7,963,098	15,244,098
Meter Maintenance Application	60,000	300,000	330,000	630,000
Subtotal, Fixed Costs	1,516,200	7,581,000	8,293,098	15,874,098
<i><u>Variable Costs</u></i>				
Program Management Staff	969,816	4,849,080	5,303,351	10,152,431
Coin Collection Staff	2,001,000	10,005,000	10,942,288	20,947,288
Parking Meter Cards	120,000	600,000	0	600,000
Support Meter Equipment	120,000	600,000	660,000	1,260,000
Subtotal, Variable Costs	3,210,816	16,054,080	16,905,640	32,959,720
<i>Subtotal, Fixed & Variable Costs</i>		\$23,635,080	\$25,198,738	\$48,833,818
Optional Data Services				500,000
Contingency (3%)				1,465,015
Total	4,727,016			\$50,798,833

Source: Appendix B of the Proposed Contract

Notes: Program Management Staff are non-collective bargaining agreement (CBA) labor includes 7.0 full-time equivalent administrative positions, including: program manager, coin and data collections manager, analyst, office manager, and three supervisors. Coin collection staff (20 FTE) are collective bargaining agreement (CBA) labor hourly rates are set by the CBA between LAZ Parking California, LLC and Teamsters Local 665. The proposed contract

budgeted amount is based on average spending from a six-month period in FY 2021-22 with a 15% increase to adjust for new data collection.

Increase in Annual Spending

Excluding the contingency amount and optional data services, annual costs for the initial term are \$4.7 million, which exceeds FY 2020-21 actual spending of \$4.2 million by 13.5 percent. The total ten-year cost of the new agreement is \$50.8 million or 9.5 percent higher than the \$46.4 million existing ten-year agreement.

Cost increases are due to: (a) an addition of an equipment budget to replace the existing vehicle collection fleet (as discussed above); (b) the addition of new data collection staffing (as discussed above) to perform parking studies, such as occupancy, utilization, and parking census and program management staff, and (c) increases in labor rates under the collective bargaining agreement, which escalate by 3 percent per year during the agreement. Coin collection and processing staff remains the same in the proposed contract.

In addition, fixed costs are decreasing. Management Fees consist of \$1.46 million per year for coin collection, data collection, and support services, which is approximately \$44,000 lower than the current agreement.¹ And software maintenance is decreasing from \$78,605 to \$60,000 per year.

Data Collection and Optional Services

Not including the costs of administrative support staff, new data collection services would be \$1.3 million over the initial term (\$261,000 annually) and \$1.4 million over the extension term for a total of \$2.7 million. Optional data services over the total ten-year term would be \$500,000.

Revenues

According to SFMTA Principal Administrative Analyst Sukhenko, the projected meter coin revenues over the ten-year total contract term are approximately \$51.5 million. After subtracting \$50.8 million in contract costs, the net revenue to the City would be approximately \$0.7 million.

Total net meter revenues for the next ten years, which include coins and credit card payments (\$621.8 million), meter replacement meter maintenance costs previously approved by the Board of Supervisors (File 21-0714, \$123.4 million), and the proposed contract's costs (\$50.8 million) are approximately \$447.6 million. Net revenues support on-street parking programs and public transit.

¹ The existing agreement's annual management fee is \$1.5 million and covers program management staff and non-personnel overhead. The proposed management fee is \$1.46 and only cover non-personnel overhead. Program management staff are budgeted separately in the proposed agreement at an annual cost of \$0.97 million and coin collection and processing staff have an annual cost of \$2 million. Program management and coin collection/processing staff may decrease in future years if coin payments decrease.

RECOMMENDATION

Approve the proposed resolution.

Item 3 File 22-0600	Department: Office of Contract Administration
EXECUTIVE SUMMARY	
<p style="text-align: center;">Legislative Objectives</p> <ul style="list-style-type: none"> The proposed resolution would approve the contract for biosolids production and management services between Lystek International Limited and the City for a term of five years (from July 2022 through June 2027) and initial amount of \$16.4 million, with one two-year option to extend through June 2029 for an additional \$6.4 million, for a total possible contract duration of seven years and not to exceed amount of \$22.8 million. <p style="text-align: center;">Key Points</p> <ul style="list-style-type: none"> The City's two wastewater facilities, the Southeast Wastewater Treatment Plant and the Oceanside Wastewater Treatment Plant, produce approximately 60,000 wet tons of "Class B" biosolids per year. These biosolids can be used as a fertilizer to improve soil quality. The proposed contract entails the management and conversion of biosolids. SFPUC has increased conversion of biosolids due a change in state law that effectively eliminates sending biosolids to landfills. Since the current contract with Lystek expired and could not be extended, OCA released a new solicitation for the same types of biosolids production and management services in March 2022. Lystek International was the only contractor to submit a bid and will continue to provide the same type of biosolids processing services except with the addition of the SynaGro Central Valley Compost site, which was not a part of the previous contract. <p style="text-align: center;">Fiscal Impact</p> <ul style="list-style-type: none"> Estimated costs under the proposed contract are approximately \$15.1 million for the first five years of the contract (July 2022 through June 2027), and approximately \$22 million if the Department exercises the two-year extension option through June 2029. The not to exceed amount includes a 3.7 percent contingency to account for higher than budgeted inflation. Costs will be paid for by SFPUC Wastewater Enterprise funds. Under the proposed contract, processing costs have increased approximately 55 percent (from an average of \$72 to approximately \$112) due to higher chemical and transportation costs. If operating costs do decrease significantly, as indicated by the regional consumer price index, the Department will consider rebidding the contract after 5 years. <p style="text-align: center;">Recommendations</p> <ul style="list-style-type: none"> Amend the proposed resolution to correctly state the not-to-exceed amount of 22,800,000 instead of 22,400,000. 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**Treatment of Wastewater in San Francisco**

The City's two wastewater facilities, the Southeast Wastewater Treatment Plant and the Oceanside Wastewater Treatment Plant, produce approximately 60,000 wet tons of "Class B" biosolids per year. These biosolids are used as a fertilizer to improve soil quality. The proposed contract entails the management and conversion of the City's biosolids from "Class B" to "Class A" biosolids. "Class B" biosolids is a designation for treated sewage solids that meets EPA guidelines for use as fertilizer and has undergone treatment to reduce (but not eliminate) pathogens. Class A biosolid products, such as liquid fertilizer or compost, have undergone pathogen elimination and are suitable for sale to a variety of horticultural or agricultural markets. Since 2017, Lystek International, a Canadian waste treatment technology company, has been responsible for the management and conversion of Class B biosolids into Class A. A different contractor, Denali Water Solutions, is responsible for transporting the biosolids to facilities outside of San Francisco after it has been processed at the City's wastewater treatment facilities. The City's contract with Denali Water Solutions LLC is for a three-year term (October 2019 through September 2022) with a not to exceed amount of \$8.7 million.

Previous Contract #63001 for Biosolids Beneficial Reuse Services

In March 2017, the Office of Contract Administration (OCA) released a solicitation for reuse services to either convert Class B biosolids into Class A marketable biosolid products or to process biosolids for energy and/or fuel production.¹

Lystek International submitted a bid and was awarded contract #63001 for the processing and conversion of Class B biosolids into Class A biosolids. In May 2017, the contract was executed with Lystek International for an initial 2-year total period from May 15, 2017 to May 14, 2019 with an initial not-to-exceed amount of \$500,000 and one three-year option to extend. The contract has been modified four times, increasing the not-to-exceed amount to \$5.7 million and extending the contract term to five years total (from May 2017 to May 14, 2022).

Because the current contract expires May 14, 2022, OCA will issue an emergency Purchase Order to pay for services from May 15, 2022 to July 1, 2022. Under contract #63001, Lystek operated the Lystek Fairfield Organic Material Recovery Center (OMRC), which received and processed wet

¹ Biosolids, as a byproduct of wastewater treatment, can also be used as a renewable energy resource.

biosolids from the City's two wastewater treatment plants. Exhibit 1 shows the number of tons of biosolids processed at the site from 2019 through 2021.

Exhibit 1: Tons of Biosolids Processed at the Lystek Fairfield Organic Material Recovery Center under Contract 63001

Year	Tons of Biosolids Processed
2018	11,470
2019	15,081
2020	11,458
2021	25,996
2022	14,373
Total	78,378

Source: OCA and SFPUC

As shown in Exhibit 1 above, the Lystek Fairfield Organic Material Recovery Center received and processed 78,378 combined tons of biosolids from the Oceanside Wastewater Treatment Plant and the Southeast Wastewater Treatment Plant under the contract with Lystek International. The contract has been used to process larger quantities of material each year as the SFPUC shifts away send biosolids to landfills, a practice which Senate Bill 1383 (California's Short-Lived Climate Pollutant Reduction Act) will effectively eliminate (see below).

New Solicitation to Procure Class A Biosolids Production and Management Services

Since the previous contract expired and could not be renewed, OCA released a new solicitation on March 29, 2022 for biosolids production and management services. The solicitation was a low bid solicitation, which means that the contract is awarded based on the lowest price that also meets the minimum requirements. As such, the solicitation was not scored and there were no panel members. Lystek International was the only contractor to submit a bid by the solicitation deadline. OCA staff determined that Lystek International's proposal met the minimum qualifications required by the solicitation and accepted their bid.

The solicitation for proposed contract 63002 required a minimum capacity of at least 35,000 tons of biosolids per year. In response to the solicitation, Lystek International offered two sites with a total annual capacity of 35,000 tons to meet the requirements for increased capacity. There was no minimum capacity requirement for the previous contract 63001.

Required Increase in Biosolids Processing Capacity due to Senate Bill 1383

SB 1383 is a set of regulations which seek to reduce the amount of organic material being sent to landfill. When biosolids are sent to a landfill, in addition to this being a waste of their nutrients, methane gas, a potent greenhouse gas, is produced. Conversely when used as a fertilizer, the nutrients of the biosolids replace fossil fuel-based fertilizers and have been shown to sequester carbon. For these reasons, the SFPUC transitioned away from any management practices which are not in compliance with SB 1383.

According to OCA staff, when contract 63001 was first procured in 2017, Lystek's biosolids management services represented a much smaller part of PUC's overall biosolids management strategy. However, the passage of SB 1383 in 2016 required the state to take additional steps to reduce methane emissions and meet emissions reduction targets, including reducing organic waste being sent to a landfill by 50 percent of the statewide 2014 level by 2020 and by 75 percent in 2025. As a result of SB 1383, the City has transitioned away sending biosolids to landfill and increased processing of biosolids for other uses.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would approve the contract for biosolids production and management services between Lystek International Limited and the City for a term of five years (from July 2022 through June 2027) and initial amount of \$16.4 million, with one two-year option to extend through June 2029 for an additional \$6.4 million, for a total possible contract duration of seven years and not to exceed amount of \$22.8 million. The proposed resolution states the not to exceed amount is \$22.4 million, but that is a typographical error.

Proposed Contract #63002 for Class A Biosolids Production and Management Services

The proposed contract 63002 requires the contractor to provide the same type of biosolids processing services as the prior contract 63001 except with the addition of the SynaGro Central Valley Compost site, which was not a part of the previous contract. Additionally, contract 63002 includes a requirement that the contractor's facilities have a minimum annual capacity of 35,000 wet tons. In the previous contract, there was no minimum annual capacity requirement.

The services provided under the contract are to continue to produce Class A biosolids from Class B biosolids received from the Southeast and Oceanside Wastewater Treatment plants. Lystek International would operate two sites under the contract, described below:

- Lystek Fairfield Organic Material Recovery Center (17,500 wet tons)
 - This site, located at the Fairfield-Suisun Sewer District, transforms biosolids received from the treatment plants into a Class A liquid fertilizer product. Lystek then sells the fertilizer to area farmers.
- SynaGro Central Valley Compost facility (17,500 wet tons)
 - The SynaGro site, located in Merced County, utilizes composting technology to create a composted end product that can be used to promote plant growth.

FISCAL IMPACT

According to Appendix B of the proposed contract, the cost to process biosolids at the Lystek Fairfield site is \$111.73 per wet ton and is \$69.44 per wet ton at the SynaGro compost site. The difference in cost is due to different treatment processes and final products at each site.

Specifically, the Lystek Fairfield OMRC utilizes more expensive and complex technology to produce a liquid fertilizer, whereas the SynaGro CVC facility utilizes less costly composting methods. The SynaGro site is further away from Southeast Wastewater Treatment Plant (284 miles) than the Fairfield site (95 miles), resulting in higher transportation costs to the City, which in turn fully offsets the SynaGro site's lower processing costs. According to Appendix C of the proposed contract, costs may be escalated by regional inflation each year.

Exhibit 2 below summarizes the estimated costs of the first year of contract spending.

Exhibit 2: Projected Costs for the Lystek's Biosolids Management Contract from July 2022 through June 2029

Year	Lystek OMRC	SynaGro	Projected Tons Processed	Total
1	\$1,955,275	\$591,629	26,020	\$2,546,904
2	2,004,157	969,474	31,121	2,973,631
3	2,054,261	1,020,956	31,494	3,075,217
4	2,105,617	1,074,741	31,872	3,180,359
5	2,158,258	1,130,925	32,255	3,289,183
<i>Subtotal, initial term</i>	<i>10,277,568</i>	<i>4,787,726</i>	<i>152,762</i>	<i>15,065,294</i>
6	2,212,214	1,189,608	32,642	3,401,822
7	2,267,520	1,250,891	33,033	3,518,411
Total	\$14,757,301	\$7,228,225	218,437	\$21,985,526

Source: Office of Contract Administration

As shown in Exhibit 2, the estimated costs under the proposed contract are approximately \$15.1 million for the first five years of the contract (July 2022 through June 2027), and approximately \$22 million if the Department exercises the two-year extension option through June 2029. According to OCA staff, the projected costs are only an initial estimate based on the assumption that the downtown City core will return to pre-pandemic population levels and that total tonnage of biosolids will increase 1.2 percent each year of the contract after 2022. The estimates also assume that the costs per ton at each site will increase by 2.5 percent each year based on inflation price adjustments, which are allowed in the contract.

According to Department staff, it is estimated that 17,500 tons will be sent to the Lystek Fairfield facility and 8,520 tons will be sent to the SynaGro facility during the first year of the contract, and that the tons of biosolids sent to the SynaGro facility will increase by 2.6 percent each year until the final year of the contract when SynaGro will eventually be processing 15,930 tons (from July 2028 – June 2029). Overall, the cost estimate projects that a total of 152,762 tons of biosolids will be processed over the course of the initial 5-year term and an additional 65,675 tons would be processed if the 2-year extension option is exercised, for total tonnage of 218,437 from July 2022 through June 2029. Due to the impact of COVID-related population fluctuations, and uncertainty regarding the number of commuters projected to return to the City over the next

few years, OCA cannot provide estimates with certainty.

According to the Department, the remaining \$814,474 in the contract's \$22.8 million not to exceed amount may be needed as a buffer to account for additional potential price adjustments based on the Consumer Price Index (CPI).

Increase in Costs from Prior Contract 63001

According to the Department, \$5,549,668 (out of \$5,700,000 available) was spent under the previous contract for biosolids management for the processing of 78,378 tons of biosolids at the Lystek Fairfield OMRC facility for an average cost per wet ton of \$70.81.²

Under the previous Lystek contract, costs ranged between \$70-73.23 per ton to process at the Lystek Fairfield OMRC site, depending on whether the biosolids were sourced from the Oceanside or Southeast treatment plants.³ Under the proposed contract, processing costs at the Fairfield site have increased approximately 55 percent (from an average of \$72 to approximately \$112). According to Department staff, the cost increase is due to increase in the costs of several components of the service. Potassium hydroxide, a key part of the Lystek process, has increased from \$0.28 to \$0.56 per pound, a 100% increase, from January 2022 to June 2022. The price of transporting liquid fertilizer to ranchers, a responsibility of the contractor, has increased by 55% over 2021 rates due to fuel cost increases and a shortage of drivers. Labor costs as well as propane have also increased. These four items, which have increased in cost since 2017, represent the majority of the contractor's per unit processing costs. If operating costs do decrease significantly, as indicated by the regional consumer price index, the Department will consider rebidding the contract after 5 years.

Funding Source

Contract costs will be paid for by SFPUC wastewater rate payers.

RECOMMENDATIONS

1. Amend the proposed resolution to correctly state the not-to-exceed amount of 22,800,000 instead of 22,400,000.
2. Approve the resolution, as amended.

³ The proposed contract's processing rates are the same for both of the City's wastewater treatment facilities.

Items 4, 5, 6 and 7 Files 22-0601, 22-0602, 22-0603, and 22-0604	Department: Office of Contract Administration (OCA)
EXECUTIVE SUMMARY	
<p style="text-align: center;">Legislative Objectives</p> <ul style="list-style-type: none"> The proposed resolutions would authorize OCA to approve the following contracts with (i) Kemira Water Solutions for the purchase of ferric chloride and ferrous chloride with a not to exceed amount of \$26,000,000 (File 22-0601); (ii) TR International for the purchase of ferric chloride and ferrous chloride for a not to exceed amount of \$28,000,000 (File 22-0602); (iii) Univar Solutions USA Inc. for the purchase of sodium hypochlorite for a not to exceed amount of \$74,000,000. (File 22-0603); and (iv) Univar Solutions USA Inc. for the purchase of sodium bisulfite a not to exceed amount of \$19,000,000. (File 22-0604). <p style="text-align: center;">Key Points</p> <ul style="list-style-type: none"> Ferric chloride, ferrous chloride, sodium hypochlorite, and sodium bisulfite are required to process wastewater and water at facilities operated by the San Francisco Public Utilities Commission (SFPUC) and the Airport. The Office of Contract administration procured the proposed contracts with competitive solicitations. Contracts were awarded to the lowest cost bids. Out of a total of two bidders, Univar Solutions USA Inc. (Univar) provided the lowest bid, and therefore was selected to be the supplier for sodium hypochlorite. Univar also provided the only bid for sodium bisulfite. Out of a total of two bids, Kemira Water Solutions provided the lowest bid, and therefore was selected to the primary awardee of ferric chloride and ferrous chloride. TR International was selected as the secondary awardee of ferric chloride and ferrous chloride. According to OCA, the reason there may have been a low number of bidders is because of the current state of the supply chain, such as the instability of chemical raw materials and increased fuel and transportation costs, has constrained potential vendors delivery capacity. <p style="text-align: center;">Fiscal Impact</p> <ul style="list-style-type: none"> The proposed not-to-exceed amounts are projections based on the bid amounts of each vendor multiplied by the total number of contract years (seven), rounded to the nearest million. Bid amounts are based on the City's estimated annual quantity for each chemical and the price per gallon for each delivery location. Cost will be funded by the Water and Wastewater Enterprises and the Airport. Prices for these chemicals increased by 23 to 142 percent between the current and proposed contracts. The proposed contracts allow price changes based on the relevant Producer Price Indexes (PPI) prepared by the Bureau of Labor Statistics every six months for the first two years of each contract and then annually thereafter. <p style="text-align: center;">Recommendation</p> <ul style="list-style-type: none"> Approve the proposed resolutions. 	

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

Pursuant to Chapter 21 of the Administrative Code, the Office of Contract Administration (OCA) selects commodity and general services¹ suppliers through a low-bid solicitation process (instead of a Request for Proposal) to provide multiple chemicals used for the City's wastewater and water treatment process. In a low-bid solicitation, the vendor with the lowest bid price is awarded the contract. In March 2022, OCA issued an invitation for bids for the purchase of multiple chemicals² for the City's wastewater and water treatment process, which includes ferric and ferrous chloride, sodium hypochlorite, and sodium bisulfite. A total of fifteen contracts were awarded. Four contracts (the proposed resolutions) for sodium hypochlorite, sodium bisulfite and ferric ferrous chloride exceeded \$10 million, and therefore, required Board of Supervisors' approval.

Procurement Results

Out of a total of two bidders, Univar Solutions USA Inc. (Univar) provided the lowest bid, and therefore was selected to be the supplier for sodium hypochlorite. Univar also provided the only bid for sodium bisulfite. Out of a total of two bids, Kemira Water Solutions provided the lowest bid, and therefore was selected to be the primary awardee of ferric chloride and ferrous chloride. TR International was selected as the secondary awardee of ferric chloride and ferrous chloride. According to OCA, the primary awardee is the first source for the awarded goods, and the secondary awardee is a backup source. In the event the primary awardee fails to provide ferric ferrous chloride in accordance with the contract terms, the secondary awardee will then be required to provide the chemical until the primary awardee is ready and able to provide the chemicals.

Low Number of Bidders

According to OCA, the reason there may have been a low number of bidders is because of the current state of the supply chain, such as the instability of chemical raw materials and increased fuel and transportation costs, has constrained potential vendors delivery capacity. In addition, a

¹ The chemicals of the proposed contracts fall under the "commodity and general services" definition. As defined in Chapter 21, "commodity" shall specifically exclude legal and litigation related contracts or contracts entered into pursuant to settlement of legal proceedings, and employee benefits, including, without limitation, health plans, retirement or deferred compensation benefits, insurance and flexible accounts, provided by or through the City's Human Resources Department or the Retirement Board. "General Services" shall mean those services that are not Professional Services. General services include, but are not limited to, janitorial, security guard, pest control, parking lot management, and landscaping services.

² Ferric Ferrous Chloride, Sodium Hypochlorite, Sodium Hydroxide, Hydrofluosilicic Acid, Sodium Bisulfite, Aluminum Sulfate, Calcium Thiosulfate, Sulfuric Acid, Citric Acid, Antiscalant, GreenClean Liquid 5.0 Algaecide, Lime and Sodium Hypochlorite Small Sites

bidder who is a chemical distributor may not want to bid if the bidder knows the chemical manufacturer is also submitting a bid.

Prior to the solicitation, OCA and PUC formed created a Chemical Working Group with staff from SFPUC to develop a procurement strategy. The solicitation provided information to bidders that was not provided in previous solicitations such as for each location providing the number of storage tanks, storage capacity, number of deliveries and volume per delivery so bidders had more information to better forecast numbers on their end to submit a bid. OCA reports that it reached out to 24 bidders and followed up periodically with all bidders.

DETAILS OF PROPOSED LEGISLATION

The proposed resolutions would authorize OCA to approve the following contracts for the purchases of multiple chemicals:

1. **File 22-0601:** Kemira Water Solutions for the purchase of ferric ferrous chloride with an initial not to exceed amount of \$11,200,000 for three years, and \$14,800,000 for an extension option of four additional years. The proposed total not to exceed amount is \$26,000,000.
2. **File 22-0602:** TR International for the purchase of ferric ferrous chloride with an initial not to exceed amount of \$12,000,000 for three years, and \$16,000,000 for an extension option of four additional years. The proposed total not to exceed amount is \$28,000,000.
3. **File 22-0603:** Univar Solutions USA Inc. for the purchase of sodium hypochlorite with an initial not to exceed amount of \$32,000,000 for three years, and \$42,000,000 for an extension option of four additional years. The proposed total not to exceed amount is \$74,000,000.
4. **File 22-0604:** Univar Solutions USA Inc. for the purchase of sodium bisulfite with an initial not to exceed amount of \$8,000,000 for three years, and \$11,000,000 for an extension option of four additional years. The proposed total not to exceed amount is \$19,000,000.

All four of the proposed contracts have a total term of seven years from July 1, 2022 through June 30, 2029.

Goods Provided

The vendors will supply and deliver ferric chloride and ferrous chloride³, sodium hypochlorite⁴ and sodium bisulfite⁵ to the City. These chemicals are required to process wastewater and water at facilities operated by the San Francisco Public Utilities Commission (SFPUC) and the Airport. The chemicals are used for the City's drinking water treatment process, wastewater disinfection process, and water disinfection process to meet drinking water regulations. Exhibit 1 shows the estimated annual quantity of chemicals and delivery locations for each vendor.

³ Ferric chloride and ferrous chloride are used for the City's drinking water treatment process and controls odor, and manage sludge in the wastewater treatment process

⁴ Sodium hypochlorite is used to disinfect water to meet drinking water regulations.

⁵ Sodium bisulfite is used to remove residual chlorine in the wastewater disinfection process.

Exhibit 1: Summary of Estimated Annual Quantity of Chemicals and Delivery Locations by Vendor

Vendor	Chemical	Estimated Annual Quantity	Delivery Locations
Kemira Water Solutions (File 22-0601)	Ferric and ferrous chloride	1,270,700 gallons	Southeast Plant, Oceanside Plant, Northpoint Facility, Griffith Pump Station, Harry Tracy Water Treatment Plant, Mel Leong Treatment Plant at SFO Airport
TR International (File 22-0602)	Ferric and ferrous chloride	No estimated annual usage for secondary awardee	Southeast Plant, Oceanside Plant, Northpoint Facility, Griffith Pump Station, Harry Tracy Water Treatment Plant, Mel Leong Treatment Plant at SFO Airport
Univar (File 22-0603)	Sodium hypochlorite	5,683,200 gallons	Northpoint Facility, Channel Street Pump Station, Southeast Plant, Oceanside Plant, Treasure Island Plant, University Mound Reservoir, Harry Tracy Water Treatment Plant, Tesla Treatment Plant, Sunol Valley Treatment Plant, Sunol Valley Chloramination Facility, Site 3100, Pulgas Dechloramination Facility, Mel Leong Treatment Plant at SFO Airport, Merced Manor Reservoir – Central Pump Station, Millbrae Yard, F Street Well and Treatment Facility
Univar (File 22-0604)	Sodium bisulfite	1,347,900 gallons	Northpoint Facility, Southeast Plant, Pulgas Dechloramination Facility, Treasure Island Plant, Sunol Valley Chloramination Facility, and Oceanside Plant

Source: OCA and Contract Documents

According to OCA, the estimated annual volume of each chemical is based on usage reports from the previous year and analysis of historical data and unpredictable factors such as rain and drought which would dictate the amount of chemicals used at the wastewater and water treatment facilities. We were provided usage reports from the Wastewater Enterprise but not Water Enterprise so we could not verify the actual usage amount of the chemicals. The proposed term contracts set terms and prices for chemical purchases; they do not require ongoing purchases.

Performance measures and outcomes are not tracked nor required for the proposed contracts.

FISCAL IMPACT

Exhibit 2 below shows a summary of the bid and total not-to-exceed amounts of the four proposed contracts. The proposed not-to-exceed amounts are projections based on the bid amounts of each vendor multiplied by the total number of contract years (seven), rounded to the

nearest million. Bid amounts are based on the City's estimated annual quantity for each chemical and the price per gallon for each delivery location. According to OCA, it is the department's practice to round up the proposed contract amount. The not-to-exceed amounts are not a guarantee that the City will buy the proposed total amount of chemicals but is a not-to-exceed limit.

Exhibit 2: Summary of Proposed Contract Bid and Not-to-Exceed Amounts (Files 22-0601, 22-0602, 22-0603, and 22-0604)

Vendor	Chemical	Bid Amount	Total Not-to-Exceed Amount
Kemira Water Solutions (File 22-0601)	Ferric and ferrous chloride	\$3,709,409	\$26,000,000
TR International (File 22-0602)	Ferric and ferrous chloride	3,985,256	28,000,000
Univar (File 22-0603)	Sodium hypochlorite	10,529,184	74,000,000
Univar (File 22-0604)	Sodium bisulfite	2,638,893	19,000,000

Source: OCA

Funding sources are operating funds from SFPUC's Water Enterprise and Wastewater Enterprise, as well as operating funds from the Airport. SFPUC operating funds are funded by utility ratepayers (water and wastewater customers). Airport operating funds are from revenue collected by Airport tenants, concessions, and parking. According to OCA, if prices for the chemicals improve, OCA will rebid all contracts in three years.

Change in Chemical Costs

The proposed contracts for ferric chloride, ferrous chloride, and sodium bisulfite show significant cost increases for each chemical, summarized below in Exhibit 3.

Exhibit 3: Current and Proposed Chemical Prices

Chemical	Unit	Current Price	Proposed Price	\$ Change	% Change
Ferric chloride	Ton	\$1,119.91	\$2,715.24	\$1,595.33	142%
Ferrous chloride	Ton	\$1,071.13	\$1,406.24	\$335.11	31%
Sodium bisulfite	Ton	\$1,485.00	\$1,832.60	\$347.60	23%
Sodium hypochloride	Dry Pound	\$0.956	\$1.51	\$0.55	58%

Source: Current and Proposed Contracts

Note:

As shown above, chemical prices in each contract increased by 23 to 142 percent. According to OCA, this is because chemical prices are influenced by many factors including but not limited to, increased use of sodium bisulfite in food and beverage production, inflation in energy, transportation and shipping costs, plant shutdowns due to supply shortages.

The proposed contracts allow price changes based on the relevant Producer Price Indexes (PPI) prepared by the Bureau of Labor Statistics every six months for the first two years of each

contract and then annually thereafter. Given the volatility and escalation in these chemical prices, SFPUC and OCA have revised the price adjustment formula that will allow the City to address fluctuations every six months rather than annually, updated invoicing and delivery procedures for the supply of chemicals and will award a Secondary Contractor (TR International) for ferric chloride and ferrous chloride if the Primary Contractor (Kemira) fails to ensure a stable supply of reasonably priced chemicals.

RECOMMENDATION

Approve the proposed resolutions.

Item 8 File 22-0599	Department: Office of Contract Administration (OCA)
EXECUTIVE SUMMARY	
<p style="text-align: center;">Legislative Objectives</p> <ul style="list-style-type: none"> The proposed resolution would approve the fifth amendment to the contract between OCA and Professional Contractor Supply for the purchase of hardware supplies for City Departments, increasing the total not-to-exceed contract amount by \$4,000,000 from \$7,500,000 to \$11,500,000, with no change to the contract term of August 15, 2017 through July 14, 2025. <p style="text-align: center;">Key Points</p> <ul style="list-style-type: none"> On August 15, 2017, OCA entered into an as-needed contract with Professional Contractor Supply for hardware supplies. The original contract was awarded following a competitive process for a not-to-exceed amount of \$3,000,000, and a term of three years, from August 15, 2017 through July 14, 2020. The contract has been amended four times, most recently on July 27, 2021, extending the contract by four years for a new total contract term August 15, 2017 through July 14, 2025; increasing the not-to-exceed amount to \$7,500,000; and allowing for Catalog Prices Increases. As a result of this contract, City Departments are offered a range of equipment and supplies for purchase at a catalog discount price rate that ranges from 28-44 percent off the list price for a particular good <p style="text-align: center;">Fiscal Impact</p> <ul style="list-style-type: none"> City Departments use this contract on an as-needed basis based on their business needs and available funding. From August 15, 2017 through April 15, 2022, \$6.8 million of the contract's \$7,500,000 not-to-exceed amount has been spent. The average monthly spend is \$122,282, and there are 38 months remaining in the contract, therefore an estimated \$4.6 million more will be spent from April 15, 2022 through the contract term end date of July 14, 2025. Given this calculation, the OCA proposes increasing the contract not-to-exceed amount by \$4,000,000. <p style="text-align: center;">Recommendation</p> <ul style="list-style-type: none"> Approve the proposed resolution. 	

MANDATE STATEMENT

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

BACKGROUND

On May 5, 2017, the Office of Contract Administration (OCA) issued an invitation for bids for an as-needed Hardware Supplies term contract (TC89400). Two out of three of the bidders, one of whom was Professional Contractor Supply, were deemed qualified and selected based on their low bids on 24 items.

On August 15, 2017, OCA entered into a contract with Professional Contractor Supply for hardware supplies. The original contract not-to-exceed amount was \$3,000,000 for a term of three years, from August 15, 2017 through July 14, 2020. The contract has been amended four times, as summarized below:

- Modification No. 1 (August 6, 2019): Allowed for Catalog Price Increases.
- Modification No. 2 (April 22, 2020): Allowed for the contract term to be extended one year, from July 14, 2020 to July 14, 2021; increased contract not-to-exceed amount by \$1,500,000 from \$3,000,000 to \$4,500,000; and updated contract terms to incorporate updates to the City Municipal Code.
- Modification No. 3 (October 27, 2020): Allowed for an increase in the contract not-to-exceed amount from \$4,500,000 to \$5,500,000
- Modification No. 4 (July 27, 2021): Allowed for a contract end date extension by four years for a new total contract term August 15, 2017 through July 14, 2025; Increased the not-to-exceed amount from \$5,500,000 to \$7,500,000; and allowed for Catalog Prices Increases.

As a result of this contract, City Departments are offered a range of equipment and supplies for purchase at a catalog discount price rate that ranges from 28-44 percent off the list price for a

particular good.¹ For example, an “18 Gauge Shear” that has a list price of \$329.16 would cost a City Department 39 percent less, or \$200.79.²

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would approve the fifth amendment to the contract between OCA and Professional Contractor Supply for the purchase of hardware supplies for City Departments, increasing the total not-to-exceed contract amount by \$4,000,000 from \$7,500,000 to \$11,500,000, with no change to the contract term of August 15, 2017 through July 14, 2025.

FISCAL IMPACT

City Departments use this contract on an as-needed basis based on their business needs and available funding. As the contract with Professional Contract Supply approaches less than 30 percent remaining balance, OCA reevaluates whether the capacity, including the term length and not-to-exceed amount, should be increased.

From August 15, 2017 through April 15, 2022, \$6.8 million of the contract’s \$7,500,000 not-to-exceed amount has been spent. The average monthly spend is \$122,282, and there are 38 months remaining in the contract, therefore an estimated \$4.6 million more will be spent from April 15, 2022 through the contract term end date of July 14, 2025. Given this calculation, the OCA proposes increasing the contract not-to-exceed amount by \$4,000,000. See Exhibit 1 below.

¹ HVAC Equipment and Supplies, Pipes, Valves and Fittings, Hand Tools, Power Tools, Power Tool Supplies and Accessories, Material Handling, storage and Packaging, Safety and Security Supplies, Personal Protective Equipment, Electric Equipment and Supplies, Hardware and Fasteners, Batteries and Flashlights, Pumps and Plumbing Supplies, Pneumatic Tools and Supplies, Welding and Soldering Supplies, Outdoor Garden Equipment and Supplies, Paint, Lubricants, Sealants, Accessories, Metal Working and Machine Cutting Tools, Absorbents, Locks, Padlocks and Door Parts, Emergency Preparedness, Construction and Building Materials, and Cement

² Appendix A to Citywide Hardware Supplies Contract Modification No. 4. Modification No. 4 increased catalog prices effective July 27, 2021.

Exhibit 1. Citywide Hardware Supplies Contract with Professional Contractor Supply Usage Calculations

Total Spend to Date	\$6,847,8112
Months Since Contract Start Date (August 15, 2017), as of April 2022	56
Monthly Spend	\$122,282
Annual Spend	\$1,467,388
Number of Months Remaining (July 14, 2025)	38
Monthly Spend * Number of Months Remaining:	\$4,646,730
Less Current Balance:	\$652,188
Total Additional Funds Needed:	\$3,994,541

Source: OCA

Annual spending increased from \$1,055,542 in FY 2020-21 to \$4,036,095 to date in FY 2021-22. The increase in spending is primarily driven by purchases from MTA and PUC.

RECOMMENDATION

Approve the proposed resolution.

Item 9
File 22-0537

Department: San Francisco Public Utility Commission

EXECUTIVE SUMMARY

Legislative Objectives

- The proposed ordinance extends delegation of authority to enter into grant agreements under the SFPUC's Green Infrastructure Grant Program to the SFPUC General Manager by two years through July 1, 2024.

Key Points

- The San Francisco Public Utilities Commission (SFPUC) Green Infrastructure Program awards grants of up to \$2 million to owners of properties of at least 0.5 acres with large, impervious areas to implement vegetation, soils, and other elements to soak up and store stormwater to support water conservation and reduce stormwater drainage. The maximum grant award is \$2 million. Grant recipients are required to maintain the green infrastructure for 20 years with the SFPUC authorized to conduct project inspections
- The proposed ordinance incorporates changes to the program since the prior Board approval in June 2020. The ordinance increases the maximum cost per acre of stormwater managed from \$765,000 to \$930,000 with no change to total maximum grant award of \$2 million). Previous grants are amended to allow recipients to seek additional funding for unforeseen conditions during construction. The ordinance approves an increase in planning and design costs from 20% to 30% of total grant award. In addition to property owners, for-profit or nonprofit entities, individuals, or governmental entities may now apply for funding. Finally, grants will be awarded through a competitive application cycle, as opposed to a first come, first serve basis.

Fiscal Impact

- The Board of Supervisors authorized \$12 million in Sewer System Improvement Program funds in the SFPUC FY 2018-19 capital budget, funded by Wastewater Revenue Bonds. Since implementation of the Green Infrastructure Program, SFPUC has awarded \$11.5 million in grants (including contingencies) and spent \$450,000 on program costs, with \$26,346 in remaining funds.
- SFPUC will allocate \$20,317,000 in new Green Infrastructure funds to the program, of which \$10,000,000 was appropriated in the FY 2022-23 capital budget and \$10,317,000 in the FY 23-24 capital budget. The source of funding is Wastewater Revenue Bonds.

Recommendation

- Because the proposed extension of delegation of authority is consistent with prior Board of Supervisors actions, we recommend approval.

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 City has a combined sewer and stormwater system, and during periods of high rainfall, stormwater drainage can overwhelm the sewer system. The San Francisco Public Utilities Commission (SFPUC) Green Infrastructure Program awards grants of up to \$2 million to owners of properties of at least 0.5 acres with large, impervious areas to implement vegetation, soils, and other elements to soak up and store stormwater to support water conservation and reduce stormwater drainage. Examples of such projects include replacing impervious surfaces with permeable pavement and rain gardens and constructing vegetated roofs. To be eligible, a proposed project must be capable of capturing runoff from storms with rainfalls that exceed the 90th percentile or 0.75-inch total depth. SFPUC enters into 20-year grant agreements with property owners, which require the property owners to maintain the green infrastructure during the term of the agreements.

In February 2019 the Board of Supervisors authorized the San Francisco Public Utilities Commission (SFPUC) to make grants to owners of San Francisco properties with large, impervious areas to construct green infrastructure projects on their parcels, using vegetation, soils, and other elements and practices that mimic nature to soak up and store stormwater (File 18-1113, Ordinance 26-19). The ordinance authorized the SFPUC General Manager to approve agreements with terms of up to 20 years without further approval of the Board of Supervisors. Funding for the program was provided through SFPUC's Green Infrastructure Program for grants up to \$2 million. In June 2020, the Board of Supervisors amended the ordinance (File No. 20-0454) to extend the SFPUC General Manager's authority for an additional two years through July 1, 2022 and authorized the General Manager to execute new agreements without requiring prior approval by the SFPUC Commission at a public hearing. The ordinance required the SFPUC to submit quarterly written reports to the Board of Supervisors summarizing the grant agreements the SFPUC has entered into during the prior quarter.

DETAILS OF PROPOSED LEGISLATION

The proposed ordinance extends delegation of authority to enter into grant agreements under the SFPUC's Green Infrastructure Grant Program to the SFPUC General Manager by two years through July 1, 2024.

The maximum term of these grant agreements is 20 years from the time of the project completion date, as defined in the grant agreement. The SFPUC will still be required to submit quarterly reports to the Clerk of the Board of Supervisors summarizing agreements the SFPUC

has entered into during the prior quarter. Grant recipients are required to maintain the green infrastructure for 20 years with the SFPUC authorized to conduct project inspections and to claim remedies should grantees fail to maintain the project for the full term of the agreed upon project period.

The proposed ordinance incorporates several additional changes to the program since the prior Board approval in June 2020. The ordinance increases the maximum cost per acre of stormwater managed from \$765,000 to \$930,000 to account for inflation. (There is no change to total maximum grant award of \$2 million). Previous grants are amended to allow recipients to seek additional funding for unforeseen conditions during construction. The ordinance approves an increase in planning and design costs from 20% to 30% of total grant award. In addition to property owners, for-profit or nonprofit entities, individuals, or governmental entities may now apply for funding. Finally, grants will be awarded through a competitive application cycle, as opposed to a first come, first serve basis.

Performance monitoring

SFPUC has provided a summary of actions undertaken to date by SFPUC of performance review and verification that grant funds are being properly allocated and properly spent, as shown in Exhibit 1. According to Ms. Sarah Bloom (Senior Watershed Planner), expenditure verification is not conducted until the 2nd grant payment request for construction funds. Projects in the design phase are required to submit interim plans for SFPUC review.

Exhibit 1: Program oversight

Project Name	Verification activities to Date
Lafayette Elementary School	Proof of paid invoices, final construction inspection; annual maintenance inspection
St. Thomas More School	Review of interim design submittals
Bessie Carmichael Middle School	Proof of paid invoices, final construction inspection, annual maintenance inspection
Lycee Francais SF Ortega Campus	Proof of paid invoices, interim construction inspections
Holy Trinity Greek Orthodox Church	Progress check ins with grant teams, working towards first design submittal
Crocker Amazon Park	Progress check ins with grant teams, working towards first design submittal
St. Thomas the Apostle	Progress check ins with grant teams, working towards first design submittal
St. Monica Catholic Church	Progress check ins with grant teams, working towards first design submittal
St. Anne of the Sunset	Review of interim design submittals
St. Emydius Church and School	No expenditures paid yet, execution of grant agreement in progress
Church of the Visitation	No expenditures paid yet, execution of grant agreement in progress

FISCAL IMPACT

The Board of Supervisors authorized \$12 million in Sewer System Improvement Program funds in the SFPUC FY 2018-19 capital budget, funded by Wastewater Revenue Bonds. Since implementation of the Green Infrastructure Program, SFPUC has awarded \$11.5 million in grants (including contingencies) and spent \$450,000 on program costs, with \$26,346 in remaining funds. Exhibit 2 shows the sources and uses of total program funding and awards.

Exhibit 2: Sources and Uses SFPUC GI Grant Program (FY20-22)

Sources:	
Sewer System Improvement Program	\$12,000,000
Total Sources:	\$12,000,000
Uses:	
Lafayette Elementary School	\$487,891
St. Thomas More School	\$1,118,958
Bessie Carmichael Middle School	\$428,075
Lycee Francais SF Ortega Campus	\$480,985
Holy Trinity Greek Orthodox Church	\$1,577,161
Crocker Amazon Park	\$859,151
St. Thomas the Apostle	\$724,227
St. Monica Catholic Church	\$641,413
St. Anne of the Sunset	\$1,557,898
St. Emydius Church and School	\$873,136
Church of the Visitation	\$1,727,103
<i>Grant Subtotal</i>	<i>\$10,475,998</i>
<i>Grant Contingency (10%)</i>	<i>\$1,047,600</i>
Project Management Consultant	\$371,655
SFPUC Labor	\$78,401
<i>Administrative Subtotal</i>	<i>\$450,056</i>
Total Uses	\$11,973,654
Remaining Program Balance	\$26,346

SFPUC will allocate \$20,317,000 in new Green Infrastructure funds to the program, of which \$10,000,000 was appropriated in the FY 2022-23 capital budget and \$10,317,000 in FY 23-24 capital budget. The source of funding is Wastewater Revenue Bonds. Exhibit 3 shows the \$20.3 million funding allocation in FY 2022-23 and FY 2023-24, of which \$0.5 million is for program costs and \$19.7 million is allocated to grants and contingencies.

Exhibit 3: Projected Sources and Uses of SFPUC GI Grant Program (FY22-24)

Sources:	
Wastewater Revenue Bonds (new allocation)	\$20,317,000
Rollover Funds from Prior Years	\$26,346
Total Sources:	\$20,343,346
Uses:	
Project Management Consultant	\$450,000
SFPUC Labor	\$100,000
<i>Administrative Subtotal</i>	<i>\$550,000</i>
Total Projected Uses	\$550,000
Total Projected Available Grant Funds	\$19,793,346

RECOMMENDATION

Because the proposed extension of delegation of authority is consistent with prior Board of Supervisors actions, we recommend approval.

Item 15 File 22-0554	Department: Police Department (POL)
EXECUTIVE SUMMARY	
<p style="text-align: center;">Legislative Objectives</p> <ul style="list-style-type: none"> The proposed resolution authorizes the Director of Property, on behalf of the Police Department, to amend the lease of real property located at 750 and 752 Vallejo Street with Evans Investment Partners, LLC, at a base rent of \$120,792 per year and extends the term of the lease for five years for a total term of August 15, 2017 through August 15, 2027. In addition, the proposed amended lease adds two additional five-year options to extend the lease at 95 percent fair market rental value and allows for tenant improvements not to exceed cost to the City of \$241,582. <p style="text-align: center;">Key Points</p> <ul style="list-style-type: none"> The City has an existing lease with Evans Investment Partners, LLC for a portion of the building located at 752 Vallejo Street, next to Central Station, which is used by 10 Police investigators. The Police Department desires to extend and expand the existing leased site to include 750 Vallejo Street to provide sufficient office space for 12 other investigative unit personnel who have been located in the Central Station squad room on a temporary basis. Under the proposed amended lease, the landlord will provide a tenant improvement allowance of \$25,800 for the expansion and the City will pay for additional tenant improvements up to \$241,582, for a total of up to \$267,382 in tenant improvements. <p style="text-align: center;">Fiscal Impact</p> <ul style="list-style-type: none"> Base rent starts at \$120,792 and escalates by 3 to 5 percent annually. Total annual costs, including base rent, taxes, maintenance, and utilities starts at \$158,561. Rent and operating costs for the five-year term would be \$837,583. Costs are paid by the General Fund. The proposed base rent of \$47 per square foot is less than the current base rent of \$58.48, which provides approximately \$150,000 in savings over five years and offsets the City's tenant improvement costs of \$241,582. <p style="text-align: center;">Policy Consideration</p> <ul style="list-style-type: none"> The City's Ten-Year Capital Plan for Fiscal Years 2022-2031 notes that Central Station is "functionally inadequate" and recommends that it be replaced. The estimated replacement cost is \$75 million and states that it will likely be funded by a future earthquake and emergency response (ESER) safety general obligation bond. Real Estate reports it has requested an updated to March 2021 appraisal, which will be ready prior to the June 16, 2022 Government Audit and Oversight meeting. <p style="text-align: center;">Recommendations</p> <ol style="list-style-type: none"> Request the Capital Planning Committee, Public Works, and the Police Department ensure that the Central Station Replacement plan include sufficient space for investigative staff to allow the City to terminate this lease once the new station is fully developed. Approve the proposed resolution, subject to the findings of the pending appraisal report. 	

MANDATE STATEMENT

Administrative Code Section 23.27 states that the Board of Supervisors shall approve all leases on behalf of the City as tenant by resolution for which the term is longer than a year and costs over \$15,000 per month.

BACKGROUND**Current Lease**

The City, on behalf of the Police Department, has an existing lease with Evans Investment Partners, LLC for a portion of the building located at 752 Vallejo Street that is dated May 1, 2017 to provide office space for the investigative unit of Central Station. The leased premises are 750 square feet. The rent of the current lease is \$58.48 per square foot per year. The site is adjacent to Central Station and is separated by Emery Lane. The existing lease will expire on August 15, 2022.

The Police Department desires to extend and expand the existing leased site by an additional 1,820 square feet to include 750 Vallejo Street for a total of 2,570 square feet to provide sufficient office space for investigative unit personnel who have been located in the Central Station squad room on a temporary basis. This will provide additional space and privacy for investigators and allow officers to use the squad room for line-ups and briefings.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution authorizes the Director of Property, on behalf of the Police Department, to amend the lease of real property located at 750 and 752 Vallejo Street with Evans Investment Partners, LLC, at a base rent of \$120,792 per year and extends the term of the lease for five years for a total term of August 15, 2017 through August 15, 2027. In addition, the proposed amended lease adds two additional five-year options to extend the lease at 95 percent fair market rental value and allows for tenant improvements not to exceed cost to the City of \$241,582.

Lease Details

Exhibit 1 below shows the proposed lease terms.

Exhibit 1: Proposed Lease Terms

Premises	First floor of 750 and 752 Vallejo Street
Rental area	2,570 square feet
Base rent	\$47.00 per square foot per year (\$120,790 annually)
Base rent adjustments	Three percent per year, based on regional inflation
Term start and end	August 15, 2017 through August 15, 2027
Options to extend	Two additional five-year options to extend
Utility costs	Paid by landlord, except for separately metered utilities
Janitorial Services	Paid by City
Real Estate Taxes & Building Operating Costs	24.05% of Real Estate Taxes and Building Operating Costs Paid by City

Source: Real Estate Division

Consistent with the current lease, the proposed lease stipulates that the Landlord will pay for utilities for the building, except for any separately metered utilities, which are to be paid by the City. The lease also requires that the City pay a portion of the real estate taxes and building operating costs based on the proportion of square footage of the leased premises compared to the building overall, which is increasing due to the expansion.

Tenant Improvements

Under the proposed amended lease, the landlord will provide a tenant improvement allowance of \$25,800 for the expansion (\$14.18 per square foot), and the City will pay for additional tenant improvements up to \$241,582, for a total of up to \$267,382 in tenant improvements. According to Jeff Suess, Senior Real Property Officer at the Real Estate Division, tenant improvements would include 2 new ADA restrooms, 2 offices, HVAC, paint and carpet, life safety systems, 12 workstations, rolling shutter for front entrance, ballistic panels and associated soft costs, and be completed within 30 to 60 days of execution of the proposed amended lease, depending on the availability of contractors and supplies.

Site Appraisal

The Real Estate Division obtained an appraisal from Colliers International Valuation and Advisory Services which determined that the proposed rent of \$47 per square foot per year was consistent with fair market rent as of March 2021.

Site Use

The Police Department plans to use the expanded site as additional office space for the Investigative Unit. The Police Department currently has 10 officers at the site and will move the remaining 12 officers temporarily located in the Central Station squad room if the proposed amended lease is approved. The space use of 117 square foot per officer is reasonable.

FISCAL IMPACT

The proposed resolution authorizes the lease of 750 and 752 Vallejo Street to the City for a base rent of \$120,792 annually, or \$47.00 per square foot per year. Exhibit 2 shows a breakdown of the rent and associated costs with the lease of the site:

Exhibit 2: Annual Base Rent and Operating Costs for 750 and 752 Vallejo Street Lease

Item	Cost
Rent	\$120,792
Real Estate Taxes & Building Maintenance	\$22,092
Janitorial & Security	\$7,967
Utilities	\$7,710
Total	\$158,561

Source: Real Estate Division.

As shown in Exhibit 2 above, the total annual costs for the proposed lease are \$158,561. The proposed lease increases rent annually by three percent. Therefore, the rent and operating costs for the five-year term would be \$837,583, assuming service costs escalate at three percent annually and real estate taxes escalate at two percent annually. If the two five-year options to extend are exercised, we estimate the costs for the option term would be between \$2,055,377, for a total cost of \$2,892,960. The proposed lease costs are funded by the General Fund within the Police Department's Operating budget.

Change in Base Rent and Total City Costs

The proposed base rent of \$47 per square foot is less than the current base rent of \$58.48, which provides approximately \$150,000 in savings over five years and offsets the City's tenant improvement costs of \$241,582.

POLICY CONSIDERATION

Central Station Replacement

The City's Ten-Year Capital Plan for Fiscal Years 2022-2031 notes that Central Station is "functionally inadequate" and recommends that it be replaced. The estimated replacement cost is \$75 million and states that it will likely be funded by a future earthquake and emergency response (ESER) safety general obligation bond. The most recent ESER bond authorization, \$628

million for 2020 ESER bonds (Files 20-1294 & 20-1295) did not include Central Station in the project list but did include funding for Taraval and Ingleside Stations.

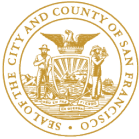
We recommend the Board of Supervisors request the Capital Planning Committee, Public Works, and the Police Department ensure that the Central Station Replacement plan include sufficient space for investigative staff to allow the City to terminate this lease once the new station is fully developed.

Appraisal

Administrative Code Section 23.27 states that an appraisal is required for all City-as-tenant leases if the cost per square foot is more than \$45 and that such appraisals be completed within nine months prior to when the legislation approving the lease is submitted to the Board of Supervisors. The date of the appraisal for 752 Vallejo is March 5, 2021 or 14 months prior proposed resolution's May 2022 introduction date. For this reason, we consider approval to be a policy matter for the Board of Supervisors. Real Estate reports it has requested an updated to the appraisal, which will be ready prior to the June 16, 2022 Government Audit and Oversight meeting.

RECOMMENDATIONS

1. Request the Capital Planning Committee, Public Works, and the Police Department ensure that the Central Station Replacement plan include sufficient space for investigative staff to allow the City to terminate this lease once the new station is fully developed.
2. Approve the proposed resolution, subject to the findings of the pending appraisal report.



**San Francisco Office of the City Administrator
City Administrator Carmen Chu**

Class-A Biosolids Management Services

File 220600; Contract 1000025273

Office of Contract Administration

Board of Supervisors' Government Audit & Oversight Committee

June 16, 2022

Contract Summary

- Proposed contract awarded to Lystek International Limited via competitive solicitation issued on March 29, 2022.
- Contract is to convert the city's biosolids (the nutrient rich solids produced during wastewater treatment) into a fertilizer and manages the subsequent use of the fertilizer.
- Pricing based on "fixed unit price" per wet ton of biosolids for the first 12 months. Pricing can be adjusted annually based on CPI.
- Used exclusively by the SFPUC Wastewater Enterprise.

Previous Contract Expenditures

Year	2018	2019	2020	2021	1/2022 - 5/2022	TOTAL
Wet Tons	11,470	15,081	11,458	25,996	14,373	78,378
Expenses	\$0.72M	\$1.03M	\$0.79M	\$1.85M	\$1.03M	\$5.42M

Projected Expenditures

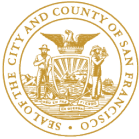
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	TOTAL
Wet Tons	26,020	31,121	31,494	31,872	32,255	32,642	33,033	218,437
Expenses	\$2.54M	\$2.97M	\$3.08M	\$3.18M	\$3.29M	\$3.40M	\$3.52M	\$21.98M

- Increase in wet tonnage due to requirement to comply with Senate Bill 1383 and leverage carbon sequestration benefits of biosolids
- Increase in processing, transport, and labor costs from prior contract

Proposed Contract

- Request approval of resolution, as amended, to execute contract with Lystek International Limited:
 - Initial 5 year duration and NTE of \$16.4M
 - One two- year option to extend, for total NTE of \$22.8M

Thank You



**San Francisco Office of the City Administrator
City Administrator Carmen Chu**

Ferric Ferrous Chloride - Primary

File 22-0601; Contract 1000025263

Ferric Ferrous Chloride - Secondary

File 22-0602; Contract 1000025301

Sodium Hypochlorite

File 22-0603; Contract 1000025302

Sodium Bisulfite

File 22-0604; Contract 1000025303

Office of Contract Administration

Board of Supervisors' Government and Oversight Committee

June 16, 2022

Contract Summary

- Issued competitive solicitation for various chemicals in March 2022
- Chemicals critical for City's wastewater and water treatment processes
- Pricing based unit price per ton or dry pound; varies by chemical
- Due to volatility in market, pricing can be adjusted every 6 months for first two years, annually thereafter, based on PPI
- Used primarily by SFPUC Wastewater and Water Enterprises

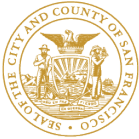
Projected Usage & Expenditures

	Chemical	Estimated Annual Volume	TOTAL NTE
Kemira Water Solutions <i>(File 22-0601)</i>	Ferric and ferrous chloride	1,270,700 gallons	\$26 M
TR International <i>(File 22-0602)</i>	Ferric and ferrous chloride	Secondary contract – no estimate	\$28 M
Univar <i>(File 22-0603)</i>	Sodium hypochlorite	5,683,200 gallons	\$74 M
Univar <i>(File 22-0604)</i>	Sodium bisulfite	1,347,900 gallons	\$19 M

Proposed Contracts

1. **Kemira Water Solutions – Primary ferric & ferrous chloride:**
 - Initial 3 year duration and NTE of \$ 11.2M
 - Option to extend up to 7 years, for total NTE of \$ 26M
2. **TR International – Secondary ferric & ferrous chloride:**
 - Initial 3 year duration and NTE of \$ 12M
 - Option to extend up to 7 years, for total NTE of \$ 28M
3. **Univar – sodium hypochlorite:**
 - Initial 3-year duration and NTE of \$32M
 - Option to extend up to 7 years, for total NTE of \$74M
4. **Univar – sodium bisulfite:**
 - Initial 3-year duration and NTE of \$8M
 - Option to extend up to 7 years, for total NTE of \$19M

Thank You



**San Francisco Office of the City Administrator
City Administrator Carmen Chu**

Citywide Hardware Supplies

File 22-0599; Contract 1000006825

Office of Contract Administration

Board of Supervisors' Government Audit & Oversight Committee
June 16, 2022

Contract Summary

- Provides a wide variety of hardware supplies to all City Departments.
- Awarded to Professional Contractor's Supply (PCS) via competitive solicitation in May 20 17.
 - Current NTE \$7.5M, ending on July 14, 2025
 - Amended four (4) times
- Pricing based on catalogue discounts ranging from 28% to 44% off.
- Used heavily by all departments.

Projected Expenditures

Total Spend to Date	\$ 6,847,8112
Average Monthly Spend	\$ 122,28 2
Projected Expenditures to J uly 14, 20 25	\$ 4,646,730
Less Current Balance	\$ 652,18 8
Total Additional Funds Needed	\$ 3,994,541
Current NTE	\$ 7,500,000
NEW NTE TOTAL	\$ 11,494,541

- Increase in usage between FY21 and FY22 primarily driven by purchases from MTA and PUC, and heavy usage during the COVID emergency.
- Contract balance insufficient to meet City's business needs through the current contract end date of July 14, 2025.

Proposed Amendment

- Request approval of resolution to amend contract with Professional Contractor's Supply:
 - Increase NTE by \$4M for total NTE of \$11.5M
 - No change to duration

Thank You