

File No. 220537

Committee Item No. 9

Board Item No. 4

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Government Audit and Oversight

Date: June 16, 2022

Board of Supervisors Meeting:

Date: July 12, 2022

Cmte Board

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| <input type="checkbox"/> | <input type="checkbox"/> | Motion |
| <input type="checkbox"/> | <input type="checkbox"/> | Resolution |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Ordinance |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Legislative Digest |
| <input type="checkbox"/> | <input type="checkbox"/> | Budget and Legislative Analyst Report |
| <input type="checkbox"/> | <input type="checkbox"/> | Youth Commission Report |
| <input type="checkbox"/> | <input type="checkbox"/> | Introduction Form |
| <input type="checkbox"/> | <input type="checkbox"/> | Department/Agency Cover Letter and/or Report |
| <input type="checkbox"/> | <input type="checkbox"/> | MOU |
| <input type="checkbox"/> | <input type="checkbox"/> | Grant Information Form |
| <input type="checkbox"/> | <input type="checkbox"/> | Grant Budget |
| <input type="checkbox"/> | <input type="checkbox"/> | Subcontract Budget |
| <input type="checkbox"/> | <input type="checkbox"/> | Contract/DRAFT Grant Template Agreement |
| <input type="checkbox"/> | <input type="checkbox"/> | Form 126 – Ethics Commission |
| <input type="checkbox"/> | <input type="checkbox"/> | Award Letter |
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OTHER

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| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>Grant Guidelines 0322</u> |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>SFPUC Resolution No. 18-0189 111318</u> |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>SFPUC Resolution No. 20-0045 022520</u> |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>SFPUC Resolution No. 21-0122 072721</u> |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>SFPUC Resolution No. 22-0058 032222</u> |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>President Memo Transfer 051722</u> |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | <u>BLA Report</u> |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | <u>SFPUC Presentation 061622</u> |

Prepared by: Jessica Perkinson

Date: June 10, 2022

Prepared by: Jessica Perkinson

Date: June 17, 2022

Prepared by: _____

Date: _____

[Authorizing Grant Agreements - Terms of 20 Years after Project Completion - Public Utilities Commission Green Infrastructure Grant Program]

Ordinance extending for an additional two years through July 1, 2024, the delegation of authority under Charter, Section 9.118, to the General Manager of the San Francisco Public Utilities Commission (“SFPUC”), previously authorized by Ordinance No. 26-19 and extended and modified by Ordinance No. 101-20, to enter into grant agreements under the SFPUC’s Green Infrastructure Grant Program with terms of up to 20 years after the Project Completion Date, as defined by the Grant Agreements.

NOTE: **Unchanged Code text and uncodified text** are in plain Arial font.
Additions to Codes are in single-underline italics Times New Roman font.
Deletions to Codes are in ~~strikethrough italics Times New Roman font~~.
Board amendment additions are in double-underlined Arial font.
Board amendment deletions are in ~~strikethrough Arial font~~.
Asterisks (* * * *) indicate the omission of unchanged Code subsections or parts of tables.

Be it ordained by the People of the City and County of San Francisco:

Section 1. Background.

(a) San Francisco has a combined sewer system that collects and treats both wastewater and stormwater in the same network of pipes. The San Francisco Public Utilities Commission (“SFPUC” or “Commission”) has a multi-faceted program to maximize the detention and retention of stormwater.

(b) Green infrastructure uses vegetation, soils, and other elements and practices that mimic nature to soak up and store stormwater. Green infrastructure is a cost-effective, resilient approach for managing wet weather impacts that provides many benefits. Green infrastructure reduces and treats stormwater at its source, while delivering environmental, social, and economic benefits.

1 (c) The SFPUC wants to encourage owners of parcels containing large, impervious
2 areas – such as concrete parking lots and asphalt-covered playgrounds – to install green
3 infrastructure on their parcels to reduce the amount of stormwater entering the SFPUC’s
4 sewer system and thereby improve system performance.

5 (d) To that end, on November 13, 2018, the SFPUC, by Resolution No. 18-0189,
6 approved a Green Infrastructure Grant Program, adopted Green Infrastructure Grant Program
7 Guidelines (the “Guidelines”), and authorized the SFPUC General Manager to award grants to
8 property owners to construct green infrastructure, such as permeable pavement, rain
9 gardens/bioretenion, and vegetated roofs, and remove impervious surfaces, on their parcels.
10 On February 25, 2020, the SFPUC, by Resolution No. 20-0045, updated the funding
11 disbursement procedures in the Guidelines. On July 27, 2021, the SFPUC, by Resolution No.
12 21-0122, updated the Guidelines to increase the maximum cost per acre of stormwater
13 managed from \$765,000 to \$930,000. And finally, on March 22, 2022, the SFPUC, by
14 Resolution No. 22-0058, updated the Guidelines to reflect compliance with City Administrative
15 Code Chapter 21G, revise grant team experience and co-benefit eligibility criteria, increase
16 the cap on planning and design costs, and revise other program requirements. A copy of the
17 current version of the Guidelines is on file with the Clerk of the Board of Supervisors in File
18 No. 220537. Under the Guidelines, grantees must meet the following six eligibility criteria:

19 (1) Project Size: The proposed project must manage stormwater runoff from
20 a minimum of 0.5 acres of impervious surface.

21 (2) Project Location: The proposed project must be located on a parcel
22 connected to a SFPUC-owned and operated sewer system.

23 (3) Performance: The proposed project must capture runoff from the 90th
24 percentile 24-hour storm, equivalent to three quarters of an inch total depth. The 90th
25

1 percentile 24-hour storm represents an amount of precipitation that 90% of all rainfall events
2 do not exceed, as compared to the historical period of record.

3 (4) Grant Team Experience: The grant team must include the property
4 owner, an identified grant or project manager, and a licensed engineer or landscape architect
5 registered in the State of California. The proposed project team must collectively demonstrate
6 a history of successfully implementing projects, have experience designing, constructing,
7 and/or maintaining green infrastructure, and be in good standing on any currently active
8 Green Infrastructure Grant Program projects.

9 (5) Concept Design: The applicant must submit a conceptual design plan
10 drawing approximately equivalent to a 10% level of design that satisfies specific criteria set
11 forth in the Guidelines.

12 (6) At Least Two Co-Benefit Opportunities: Green infrastructure projects
13 provide a variety of co-benefit opportunities, in addition to reducing the amount of stormwater
14 runoff that enters the SFPUC sewer system. Projects are required to demonstrate at least
15 two of the following co-benefits: environmental justice; public access, open space, and
16 recreation; community engagement, collaboration, and placemaking; education and
17 watershed stewardship; green infrastructure job training; water supply; climate resilience; and
18 biodiversity. Specific criteria for each co-benefit is set forth in the Guidelines.

19 (e) Under the Guidelines, grantees may receive up to \$930,000 per impervious acre
20 of stormwater area managed by the green infrastructure project, up to a maximum of
21 \$2,000,000 per grant.

22 (f) To receive funding under the Green Infrastructure Grant Program, a grantee
23 must enter into a Green Infrastructure Grant Agreement ("Grant Agreement"), a template of
24 which is on file with the Clerk of the Board of Supervisors in File No. 220537. The SFPUC
25 has determined that the useful life of the type of green infrastructure eligible for funding under

1 the Green Infrastructure Grant Program is approximately 20 years. Ongoing maintenance of
2 green infrastructure is critical for these projects to function properly and benefit the SFPUC
3 sewer system for the useful life of these assets. Accordingly, the Grant Agreement requires
4 the grantee to maintain the green infrastructure for 20 years, authorizes the SFPUC to
5 conduct periodic inspections of the grantee's construction, operation, and maintenance of the
6 project, and provides the SFPUC with remedies against the grantee if the grantee fails to
7 maintain the project for 20 years. The Grant Agreement also requires the grantee to execute
8 and record a deed restriction on the title of the property to notify future owners that the 20-
9 year maintenance obligation runs with the land.

10 (g) In approving the Green Infrastructure Grant Program, the Commission
11 delegated authority to the SFPUC General Manager to negotiate, award, and execute Grant
12 Agreements with terms of up to 20 years after the Project Completion Date, as defined by the
13 Grant Agreements, and recommended that the Board of Supervisors adopt an ordinance
14 delegating its authority under Charter Section 9.118, to execute the Grant Agreements for
15 terms in excess of 10 years, to the SFPUC General Manager.

16 (h) By Ordinance No. 26-19 (File No. 181113), the City delegated authority to the
17 SFPUC General Manager through July 1, 2020, to enter into Grant Agreements under the
18 SFPUC Green Infrastructure Grant Program provided that (1) the term of the grant agreement
19 does not exceed 20 years and (2) the Commission approves each grant award at a public
20 hearing. By Ordinance No. 101-20 (File No. 200454), the City extended the delegated
21 authority for an additional two years, through July 1, 2022, and removed the requirement that
22 each grant award be approved by the Commission at a public hearing. Since 2019, the
23 Commission has awarded eleven grants totaling just under \$8,000,000 for green infrastructure
24 projects.

1 (i) By this ordinance, the Board of Supervisors has determined to extend the
2 authority delegated to the SFPUC General Manager in Ordinance No. 26-19, as extended and
3 modified by Ordinance No. 101-20, for an additional two years, through July 1, 2024.

4 (j) The previous ordinances stated that the term of the Grant Agreements would be
5 up to 20 years, without clarifying that the 20-year period starts after the Project Completion
6 Date, as defined by the Grant Agreements, a copy of which was referenced in, and was on file
7 with the Board of Supervisors for, both previous ordinances. The term of the Grant
8 Agreements also includes the time it takes to construct the green infrastructure. This
9 ordinance states the term of the Grant Agreements more precisely.

10
11 Section 2. Delegation of Authority Under Charter Section 9.118 to SFPUC General
12 Manager.

13 (a) Delegation of Authority. Pursuant to its authority under Charter Section 9.118,
14 the Board of Supervisors delegates authority to the SFPUC General Manager to enter into
15 Grant Agreements under the Green Infrastructure Grant Program, in substantially the form on
16 file with the Clerk of the Board of Supervisors in File No. 220537, for a term in excess of 10
17 years, so long as the term does not exceed 20 years after the Project Completion Date, as
18 defined by the Grant Agreements. The Board of Supervisors further authorizes the SFPUC
19 General Manager to enter into any amendments or modifications to the Grant Agreements
20 that do not extend the terms of the agreements beyond 20 years after the Project Completion
21 Date, as defined by the Grant Agreements, and that the SFPUC General Manager
22 determines, in consultation with the City Attorney, are in the best interest of the City, do not
23 materially decrease the City's rights or materially increase the City's obligations or liabilities,
24 are necessary or advisable to effectuate the purposes and intent of the Green Infrastructure
25 Grant Program, and are in compliance with all applicable laws, including the Charter.

1 (b) Declaration of Existing Law and Ratification. Ordinance Nos. 26-19 and 101-20
2 state that the term of the Grant Agreements shall not exceed 20 years, without specifying that
3 the 20-year period starts after the Project Completion Date, as defined by the Grant
4 Agreements. The updated language in this ordinance, stating the Grant Agreement term
5 more precisely, is more descriptive of the law as enacted in the previous ordinances; in that
6 sense, it is declaratory of existing law, rather than a change in law. If, however, this updated
7 language is considered to constitute a change in law, the Board of Supervisors ratifies the
8 prior actions of the SFPUC General Manager consistent with the delegation of authority as
9 clarified by this ordinance.

10 (c) Reporting Requirement. Starting with the quarter beginning July 1, 2022,
11 SFPUC shall submit quarterly written reports to the Clerk of the Board of Supervisors
12 summarizing all Grant Agreements SFPUC has entered into during the prior quarter pursuant
13 to the authority granted under subsection 2(a) of this ordinance and shall post the reports on
14 its website. SFPUC shall submit each report no later than 30 days following the completion of
15 the quarter that is the subject of the report.

16 (d) Sunset Dates.

17 (1) The authority delegated under subsection 2(a) of this ordinance shall
18 apply only to Grant Agreements, and amendments or modifications of Grant Agreements,
19 executed before July 1, 2024, and shall expire by operation of law on July 1, 2024.

20 (2) The reporting requirements provided for under subsection 2(b) of this
21 ordinance shall expire by operation of law upon submission of the quarterly report covering
22 the quarter ending June 30, 2024.

23
24 Section 3. Directions to Clerk.
25

1 The Clerk of the Board of Supervisors is hereby directed to place a copy of this
2 ordinance in File No. 181113 for Ordinance No. 26-19 and File No. 200454 for Ordinance No.
3 101-20, and to make a notation cross-referencing this ordinance where Ordinance No. 26-19
4 and Ordinance No. 101-20 appear as legislation passed on the Board of Supervisors website.

5
6 Section 4. Effective Date; Retroactivity.

7 (a) This ordinance shall become effective 30 days after enactment. Enactment
8 occurs when the Mayor signs the ordinance, the Mayor returns the ordinance unsigned or
9 does not sign the ordinance within ten days of receiving it, or the Board of Supervisors
10 overrides the Mayor's veto of the ordinance.

11 (b) Upon its effective date, this ordinance shall be retroactive to July 1, 2022.

12
13 APPROVED AS TO FORM:
14 DAVID CHIU, City Attorney

15 By: /s/
16 NICHOLAS T. NIRO
Deputy City Attorney

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LEGISLATIVE DIGEST

[Authorizing Grant Agreements - Terms of 20 Years after Project Completion - Public Utilities Commission Green Infrastructure Grant Program]

Ordinance extending for an additional two years through July 1, 2024, the delegation of authority under Charter, Section 9.118, to the General Manager of the San Francisco Public Utilities Commission (“SFPUC”), previously authorized by Ordinance No. 26-19 and extended and modified by Ordinance No. 101-20, to enter into grant agreements under the SFPUC’s Green Infrastructure Grant Program with terms of up to 20 years after the Project Completion Date, as defined by the Grant Agreements.

Existing Law

In February 2019, the Board of Supervisors enacted uncodified Ordinance No. 26-19 (File No. 181113), delegating the Board of Supervisors’ authority under Charter Section 9.118(b) to the General Manager of the San Francisco Public Utilities Commission (“SFPUC” or “Commission”) to enter into grant agreements under the SFPUC Green Infrastructure Grant Program for a term in excess of 10 years, provided that (1) the term of the grant agreement does not exceed 20 years and (2) the SFPUC Commission approves each grant award at a public hearing. In June 2020, the Board of Supervisors, by Ordinance No. 101-20 (File No. 200454), extended the delegated authority for an additional two years, through July 1, 2022, and removed the requirement that each grant award be approved by the Commission at a public hearing. The ordinances require the SFPUC to submit quarterly written reports to the Clerk of the Board of Supervisors summarizing all grant agreements the SFPUC has entered into during the prior quarter.

The delegation of authority and the reporting requirements provided for under uncodified Ordinance No. 26-19, as extended and modified by Ordinance No. 101-20, expire on July 1, 2022.

Amendments to Current Law

This uncodified ordinance would extend for another two years, through July 1, 2024, the authority delegated to the SFPUC General Manager under Charter section 9.118(b) to enter into grant agreements under the SFPUC Green Infrastructure Grant Program for a term in excess of 10 years and not more than 20 years. This ordinance further clarifies that the 20-year term begins on the Project Completion Date, as defined by the grant agreements. The SFPUC would be required to continue to submit quarterly written reports to the Clerk of the Board of Supervisors summarizing grant agreements the SFPUC has entered into during the prior quarter.

Background Information

On November 13, 2018, the SFPUC, by Resolution No. 18-0189, approved the Green Infrastructure Grant Program and adopted Green Infrastructure Grant Program Guidelines, as amended by SFPUC Resolution Nos. 20-0045, 21-0122, and 22-058. Under the Green Infrastructure Grant Program, SFPUC may award grants of up to \$2 million each to owners of San Francisco properties with large, impervious areas to construct green infrastructure projects on their parcels that use vegetation, soils, and other elements and practices that mimic nature to soak up and store stormwater. Examples of such projects include removing impermeable surface and installing permeable pavement, rain gardens/bioretention, or vegetated roofs. Under the Green Infrastructure Grant Program, grants may only be awarded for properties at least 0.5 acres in size, and the proposed green infrastructure project must capture runoff from the 90th percentile 24-hour storm, equivalent to 0.75-inch total depth. The 90th percentile 24-hour storm represents an amount of precipitation that 90% of all rainfall events do not exceed, as compared to the historical period of record. Grantees must also satisfy additional eligibility criteria specified in the Green Infrastructure Grant Program Guidelines.

The grant agreements require grantees to maintain the green infrastructure for 20 years, authorize the SFPUC to conduct periodic inspections of the grantees' construction, operation, and maintenance of the project, and provide the SFPUC with remedies against grantees in the event that grantees fail to maintain the project for 20 years.

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GREEN INFRASTRUCTURE GRANT AGREEMENT

Between

THE CITY AND COUNTY OF SAN FRANCISCO,
acting through its
PUBLIC UTILITIES COMMISSION

And

[GRANTEE]

THIS GRANT AGREEMENT (this “Agreement”), dated for reference purposes only as of [DATE], is made by and between [NAME] (“Grantee”) and the City and County of San Francisco, a municipal corporation (“San Francisco” or “City”), acting by and through its Public Utilities Commission (“SFPUC”).

RECITALS

This Agreement is made with reference to the following facts and objectives:

A. Grantee submitted to the SFPUC Application Documents seeking a grant from the SFPUC’s *Green Infrastructure Grant Program* for the purpose of funding the design and construction of [DESCRIPTION OF BMPS] on the property owned by Grantee located at [INSERT ADDRESS] (the “Property”); and

B. The City has reviewed the Application Documents and determined that Grantee’s proposed Project satisfies the eligibility requirements to receive a grant under the SFPUC Green Infrastructure Grant Program and desires to provide Grantee such a grant on the terms and conditions set forth herein; and

C. Pursuant to the authority granted to the SFPUC General Manager under SFPUC Resolution No. 18-0189 and Board of Supervisors Ordinance No. 101-20, the SFPUC General Manager approved by letter dated XX the award of this grant to Grantee; and

NOW, THEREFORE, the SFPUC and Grantee agree as follows:

ARTICLE 1 DEFINITIONS

1.1. Specific Terms. Unless the context otherwise requires, the following capitalized terms (whether singular or plural) shall have the meanings set forth below:

- (a) **“Application Documents”** shall mean collectively: (i) the grant application submitted by Grantee, including all exhibits, schedules, appendices and attachments thereto; (ii) all documents, correspondence and other written materials submitted in support of such grant application; and; (iii) all amendments, modifications or supplements to any of the

foregoing approved in writing by the SFPUC, attached hereto as Appendix A.

- (b) **“Budget”** shall mean the budget included in the Application Documents and approved by the SFPUC, which consists of Grant Funds contributed by the SFPUC and Grantee’s contribution of funding, if any.
- (c) **“Charter”** shall mean the Charter of the City.
- (d) **“Controller”** shall mean the Controller of the City.
- (e) **“Effective Date”** is defined in Section 3.1.
- (f) **“Eligible Expenses”** shall mean those costs described under “Budget Items Eligible for Funding” in the *Green Infrastructure Grant Program Rules*.
- (g) **“Event of Default”** shall mean the failure of the Grantee to comply with any portion of this Agreement including the *Green Infrastructure Grant Program Rules*.
- (h) **“Final Report”** shall mean the final report submitted to the SFPUC Grant Manager to receive the final payment disbursement.
- (i) **“Final Walkthrough”** shall mean the final inspection of the site conducted by SFPUC Grant Manager and the Grantee.
- (j) **“Fiscal Quarter”** shall mean each period of three (3) calendar months commencing on July 1, October 1, January 1 and April 1, respectively.
- (k) **“Fiscal Year”** shall mean each period of twelve (12) calendar months commencing on July 1 and ending on June 30 during all or any portion of which this Agreement is in effect.
- (l) **“General Manager”** shall mean the General Manager of the SFPUC, or his or her delegate.
- (m) **“Grantee”** shall mean [GRANTEE NAME].
- (n) **“Grantee’s Contractor”** shall mean the contractor(s) hired by Grantee to design and install the Project at the Property.
- (o) **“Grant Funds”** shall mean any and all funds allocated or disbursed to Grantee by the SFPUC under this Agreement.
- (p) **“Indemnified Parties”** shall mean: (i) City, including the SFPUC and all commissions, departments, agencies and other subdivisions of City; (ii) City’s elected officials, directors, officers, employees, agents, successors, assigns; and (iii) all persons or entities acting on behalf of any of the foregoing.
- (q) **“Project”** shall mean the design and completed construction and installation at the Property of the stormwater management features described in the approved Application Documents.

- (r) **“Project Completion Date”** shall mean the date of the SFPUC’s final disbursement of Grant Funds, as described in Section 5.4, upon completion of the Project, the SFPUC’s issuance of the Final Walkthrough, and the Grantee’s submission of the Final Report.
- (s) **“Project Year”** means each consecutive 12-month period during the Term as described in this paragraph. The first Project Year shall commence on the Project Completion Date and shall end on the day before the one-year anniversary of the Project Completion Date. A new Project Year shall commence on each successive anniversary of the Project Completion Date; however, the final Project Year shall end on the date the Term expires or terminates, whether or not consisting of twelve (12) full months.
- (t) **“Property”** is defined in Recital A above.
- (u) **“Term”** is defined in Section 3.2.
- (v) **“Green Infrastructure Grant Program Rules”** shall mean the document published by SFPUC titled *Green Infrastructure Grant Program Rules*, a copy of which is attached to this Agreement as Appendix B.

ARTICLE 2

APPROPRIATION AND CERTIFICATION OF GRANT FUNDS; LIMITATIONS ON THE SFPUC'S OBLIGATIONS

2.1. Risk of Non-Appropriation of Grant Funds. This Agreement is subject to the budget and fiscal provisions of the Charter. City shall have no obligation to make appropriations for this Agreement in lieu of appropriations for new or other agreements. Grantee acknowledges that the SFPUC budget decisions are subject to the discretion of its Mayor and Board of Supervisors. Grantee assumes all risk of possible non-appropriation or non-certification of funds, and such assumption is part of the consideration for this Agreement.

2.2. Certification of Controller; Guaranteed Maximum Costs. No funds shall be available under this Agreement without prior written authorization certified by the Controller. City’s obligations hereunder shall not at any time exceed the amount certified by the Controller for the purpose and period stated in such certification. Except as may be provided by City ordinances governing emergency conditions, City and its employees and officers are not authorized to request or require Grantee to perform services or to provide materials, equipment and supplies that are beyond the scope of the services, materials, equipment and supplies specified in this Agreement unless this Agreement is amended in writing and approved as required by law to authorize the additional services, materials, equipment or supplies. City is not required to pay Grantee for services, materials, equipment or supplies that are provided by Grantee which are beyond the scope of the services, materials, equipment and supplies agreed upon herein and which were not approved by a written amendment to this Agreement having been lawfully executed by City. City and its employees and officers are not authorized to offer or promise to Grantee additional funding for this Agreement which would exceed the maximum amount of funding provided for herein. Additional funding for this Agreement in excess of the maximum provided herein shall require lawful approval and certification by the Controller. City

is not required to honor any offered or promised additional funding which exceeds the maximum provided in this Agreement, which requires lawful approval and certification of the Controller when the lawful approval and certification by the Controller has not been obtained. The Controller is not authorized to make payments on any agreement for which funds have not been certified as available in the budget or by supplemental appropriation.

2.3. Automatic Termination for Non-Appropriation of Funds. This Agreement shall automatically 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 any Fiscal Year, this Agreement shall terminate, without penalty, liability or expense of any kind to City, at the end of such portion of the Fiscal Year.

2.4. Project Approvals. Grantee understands that the implementation of the Project shall require approvals, authorizations and permits from governmental agencies with jurisdiction over the Project which may include, without limitation, the San Francisco City Planning Commission (“City Planning”). Grantee also understands that no disbursement of funds will be made except for feasibility or planning tasks prior to completion of any environmental review necessary for the Project. Notwithstanding anything to the contrary in the Agreement, neither party is in any way limiting its discretion or the discretion of any department, board, or commission with jurisdiction over the Project, including but not limited to SFPUC and City Planning from exercising any discretion available to such department, board or commission with respect to the Project, including, but not limited to, the discretion to (i) make such modifications deemed necessary to mitigate significant environmental impacts, (ii) select other feasible alternatives to avoid such impacts, including the “No Project” alternative, (iii) balance the benefits against unavoidable significant impacts prior to taking final action if such significant impacts cannot otherwise be avoided, or (iv) determine not to proceed with the proposed Project.

2.5. Supersedure of Conflicting Provisions. In the event of any conflict between any of the provisions of this Article 2 and any other provision of this Agreement, the Application Documents or any other document or communication relating to this Agreement, the terms of this Article 2 shall govern.

ARTICLE 3 TERM

3.1. Effective Date. This Agreement shall become effective on the date on which the last of the following occurs (the “**Effective Date**”): (a) this Agreement shall have been executed and delivered by the parties after receiving all approvals required by law and the parties’ respective authorization protocols; and (b) the City’s Controller shall have certified that funds are available under this Agreement, as set forth in Section 2.2, and the SFPUC shall have notified Grantee thereof in writing.

3.2. Duration of Term. The Term of this Agreement shall commence on the Effective Date, as specified in Section 3.1. The Term of this Agreement shall end twenty (20) years after the Project Completion Date, as defined in Section 1.1, at 11:59 p.m. Pacific Standard Time.

ARTICLE 4
IMPLEMENTATION OF APPROVED
STORMWATER RUNOFF CONTROL PROJECT

4.1. Implementation of Approved Stormwater Runoff Control Project; Cooperation with Monitoring. Grantee shall, in good faith and with diligence, implement the Project on the terms and conditions set forth in this Agreement and the *Green Infrastructure Grant Program Rules*, a copy of which is attached hereto as Appendix B and is incorporated herein by reference. Grantee shall not materially change the nature or scope of the Project during the Term of this Agreement without the prior written consent of the SFPUC. Grantee shall promptly comply with all standards, specifications and formats of the SFPUC related to evaluation, planning and monitoring of the Project and shall cooperate in good faith with the SFPUC in any evaluation, planning or monitoring activities conducted or authorized by the SFPUC.

4.2. Grantee is an Independent Contractor. Grantee is solely responsible for the work to design and construct the Project, including selection of any designer(s), contractor(s), or installer(s). The Grantee understands that s/he, and any third parties involved with the work, are independent contractors and are not authorized to make any representations on behalf of the City. Should the City, in its discretion, or a relevant taxing authority such as the Internal Revenue Service or the State Employment Development Department, or any court, arbitrator or administrative authority determine that Grantee is an employee of City for purposes of collection of any employment taxes, or for any other purpose, the amounts payable under this Agreement shall be reduced by any amounts paid by the City as a result of such determination, including, if applicable, both the employee and employer portions of any tax due.

4.3. Prevailing Wage. Grantee acknowledges that the Project falls within the definition of “public works” under California Labor Code section 1720 and is a “Public Works or Improvement” for purposes of prevailing wages under Chapter 6 of the City’s Administrative Code. Grantee acknowledges that persons performing work or labor on the Project may be performing work or labor subject to California or City prevailing wage requirements (“Covered Work”). In connection with the Project, Grantee shall comply with, and require that Grantee’s Contractor and all subcontractors comply with, all applicable California and City prevailing wage requirements.

It is hereby understood and agreed that sections 1720 *et seq.* and 1770 *et seq.* of the California Labor Code and section 6.22(e) and 6.22(f) of the City’s Administrative Code are terms of this Agreement, and that Grantee shall include such requirements in its agreement with Grantee’s Contractor, and require Grantee’s Contractor to pass through all such requirements to all Project subcontractors. Such requirements include without limitation:

1. Grantee’s Contractor shall pay to all persons performing Covered Work on the Project not less than the highest general prevailing rate of wages determined as set forth herein for the respective crafts and employments, including such wages for holiday and overtime work.
2. Grantee’s Contractor shall insert in every subcontract or other arrangement that it may make for the performance of Covered Work on the Project a provision that said subcontractor shall pay to all persons performing Covered Work the highest general prevailing rate of wages determined as set forth herein for the respective crafts and employments, including such wages for holiday and over-time work.

3. Grantee's Contractor shall keep or cause to be kept complete and accurate payroll records for all persons performing Covered Work. Such records shall include the name, address and social security number of each worker who provided labor, including apprentices, his or her classification, a general description of the services each worker performed each day, the rate of pay (including rates of contributions for, or costs assumed to provide fringe benefits), daily and weekly number of hours worked, deductions made and actual wages paid. Every subcontractor who shall undertake the performance of any part of the Project work herein required shall keep a like record of each person engaged in the execution of the subcontract. All such records shall at all times be available for inspection of and examination by the City and its authorized representatives or the California Department of Industrial Relations ("DIR"). Grantee's Contractor shall submit payroll records to the State of California as California law requires and to the San Francisco Office of Labor Standards Enforcement ("OLSE") as City law or OLSE requires.

4. Should Grantee's Contractor, or any subcontractor who shall undertake the performance of any part of the Project work, fail or neglect to pay to the persons who perform Covered Work on the Project the highest general prevailing rate of wages as herein specified, Grantee's Contractor shall forfeit, and in the case of any subcontractor so failing or neglecting to pay said wage, Grantee's Contractor and the subcontractor shall jointly and severally forfeit, back wages due plus the penalties set forth in Labor Code section 1775, but not less than \$50 per worker per day.

5. No person performing labor or rendering service in the performance of the Project shall perform labor for a longer period than five days (Monday-Friday) per calendar week of eight hours each (with two 10-minute breaks per eight-hour day), except in those crafts in which a different work day or week now prevails by agreement in private employment. Any person working hours in addition to the above shall be compensated in accordance with the prevailing overtime standard and rates. If Grantee's Contractor or any subcontractor violates this provision, it shall forfeit back wages due plus the penalties set forth in Labor Code section 1775, but not less than \$50 per worker per day.

6. All Project work is subject to compliance monitoring or enforcement of prevailing wage requirements by the DIR or the OLSE.

7. Grantee's Contractor shall post job site notices prescribed by the DIR at all job sites where Project work is to be performed.

8. Grantee's Contractor must be registered with the DIR at the time of the execution of the agreement between Grantee and Grantee's Contractor and before Grantee's Contractor performs any work. All Project subcontractors must be registered with the DIR prior to performing Project work.

The most current highest prevailing wage rate determinations made at the time of the agreement between Grantee and Grantee's Contractor shall at that time, and without further agreement by the City or Grantee, become a term of this Agreement, and Grantee shall incorporate the same rates into its agreement with Grantee's Contractor. For all Covered Work, Grantee shall require that payments by Grantee's Contractor or a subcontractor to a craft or classification not shown on the prevailing rate determinations shall comply with the rate of the craft or classification most closely related to it. An increase or decrease in prevailing wage rates shall not entitle Grantee to an adjustment in the amounts of the Grant Funds. Information regarding prevailing wage rates is available through OLSE's website, and at the time of this Agreement, some such information may be found here:

<https://sfgov.org/olse/prevaling-wage>

Grantee agrees that it is not a department, board, authority, officer or agent of the City, but pursuant to this Agreement is an “awarding body” under California Labor Code section 1722. Grantee agrees to comply with an awarding body’s responsibilities as the California Labor Code requires. Among other things, Grantee shall register the Project with DIR prior to the start of Project work.

4.4. Compliance with Other Laws and Applicable Safety and Performance Standards. Grantee shall keep itself fully informed of City’s Charter, codes, ordinances and regulations and all state, and federal laws, rules and regulations affecting the performance of this Agreement, and shall at all times comply with such Charter, codes, ordinances, and regulations, rules and laws. In addition, all work on the Project must meet all applicable safety and performance standards established by local, state, and federal laws.

4.5. Operation and Maintenance of Project; Reports.

(a) **Operation and Maintenance.** Grantee, by virtue of accepting Grant Funds, agrees, once the Project is completed, to continually operate and maintain the Project as outlined in the *Green Infrastructure Grant Program Rules* for the entire Term of this Agreement, as set forth in Section 3.2. If Grantee fails to continually operate and maintain the Project during the Term, as required by this Section 4.4, Grantee shall be obligated to repay the entirety of the Grant Funds to the City unless: (1) Grantee’s failure to meet this obligation is due to the Project having been damaged by an event beyond the control of Grantee such as fire, explosion, earthquake, tidal waves, or floods; (2) Grantee’s continued operation of the Project would violate applicable law; or, (3) the SFPUC determines, in its sole discretion, taking into consideration all relevant factors, as explained in Section 6.1(c), that a lesser amount will fully compensate the City for Grantee’s default.

(b) **Reports.** Within thirty (30) days after the end of each Project Year, as defined in Section 1.1, Grantee will deliver to City the Annual Self Inspection Checklist required by the *Green Infrastructure Grant Program Rules* (“Annual Checklist”). The Annual Checklist shall identify and describe all inspections, maintenance tasks and repairs completed on the Project during the previous Project Year and such other information and back-up documentation as may be requested by SFPUC.

4.6. Agreement runs with the Land; Transfer of Property.

(a) The covenants and agreements of the Grantee and the City contained in this Agreement shall be covenants running with the land pursuant to California Civil Code Section 1460 *et seq.*, shall bind every person having any interest in the Property and the Project, and shall be binding upon and inure to the benefit and burden of the Grantee and the City and their respective heirs, successors and assigns. Any reference to the Grantee in this Agreement shall include successor owners of all or any part of the Property, and all rights and obligations of the Grantee shall accrue to and be imposed upon any and all successor owners of the Property.

(b) Without limiting the foregoing, the Grantee further agrees whenever the Property is sold, conveyed or otherwise transferred to a person or entity (each, a “Transferee”), Grantee shall:

(i) Notify the Transferee of this Agreement, and provide to the Transferee, not later than ten (10) business days before the date of transfer, a copy of this Agreement, any modifications to this agreement executed pursuant to Section 8.10, and any other material correspondence between City and the Grantee.

(ii) Notify the City that the Property has been sold, conveyed or otherwise transferred to the Transferee(s) no later than ten (10) business days after the date of the transfer.

(iii) Grantee's failure to comply with the notifications requirements in Section 4.5(c) shall constitute an Event of Default under this Agreement in accordance with Section 6.1(c).

(c) In the event the Grantee wishes to release any portion of the Property from the terms of this Agreement, in connection with a subdivision or otherwise, then Grantee shall notify the SFPUC of the proposed release and related transaction, including such terms as are necessary to ensure that the Grantee's obligations under this Agreement will be satisfied with respect to the entire Property. Any such release will be subject to the review and written approval of the SFPUC General Manager, or his or her designee, and shall be recorded against the portion of the Property that is released.

(d) As a precondition of receiving the Second Disbursement of Grant Funds as specified in Section 5.3 of this Agreement, Grantee shall record against the Property in the official records of the City's office of the Assessor-Recorder the Declaration of Deed Restrictions attached hereto as Appendix C.

4.7. Work Product.

Grantee understands and agrees that the SFPUC has the right to review, approve, disapprove or conditionally approve, in its sole discretion, the work funded in whole or part with the Grant Funds pursuant to grant requirements and the provisions of this Agreement. Grantee has the burden of demonstrating to the SFPUC that each element of work funded in whole or part with the Grant Funds is directly and integrally related to the Project as approved by the SFPUC. The SFPUC shall have the reasonable discretion to determine whether Grantee has met this burden.

The SFPUC has the right to inspect from time to time the administration by Grantee or any of its contractors of any work, including construction, maintenance and repair work, to ensure that Grantee is performing such elements of the Project, or causing such elements of the Project to be performed, consistent with the terms and conditions of this Agreement. Grantee shall provide SFPUC with reasonable access for the purpose of conducting such inspection.

ARTICLE 5 USE AND DISBURSEMENT OF GRANT FUNDS

5.1. Maximum Amount of Grant Funds. In no event shall the amount of the Grant Funds disbursed hereunder exceed \$[GRANT AMOUNT]. A Grant awarded under this Agreement is intended to defray the costs of undertaking the Project up to the amount awarded in the Grant.

5.2. Use of Grant Funds. Grantee shall use the Grant Funds only for Eligible Expenses, as defined in Section 1.1, and for no other purpose. Grantee shall expend the Grant Funds for planning and design in accordance with the Budget set forth in the Grant Application and for construction in accordance with the approved bid submitted by the construction contractor.

5.3. Grant Fund Disbursement. Disbursement of the Grant Funds shall occur in a total of four payments, subject to Grantee's compliance with the requirements of this Article 5.

- **Phase 1: Planning and Design:** Upon SFPUC's receipt of all required documentation set forth in the chart below, the SFPUC will disburse up to \$XXX solely for planning and design (pre-construction) activities. Approval of funding

for planning and design activities for the Project does not constitute a project under the California Environmental Quality Act (CEQA) Guidelines Section 15378.

- **Phase 2: Construction:** The SFPUC will disburse grant funds in the amount of up to \$XXX for construction of the Project only following the SFPUC's review and consideration of the completed review of the Project under the California Environmental Quality Act (CEQA). The City retains sole and absolute discretion to, among other things, (1) modify the Project to mitigate significant environmental impacts, or (2) determine not to proceed with the disbursement of grant funds for construction of the project based upon information generated by the environmental review process. The SFPUC, in executing this Grant Agreement, is not approving the Project. If Grantee spent less in Phase 1 than the amount City disbursed under Phase 1, then the construction budget shall be reduced accordingly in that amount.

If construction funding is approved following SFPUC's review and consideration of CEQA for the Project, construction funding will be disbursed in three payments, subject to the documentation requirements set forth below:

- First construction payment will be 50% of the approved construction bid from the contractor. The payment will be processed no earlier than 90 days before the construction start date.
- Second construction payment will be 40% of the approved construction bid from the contractor. SFPUC will not process this payment until Grantee has submitted to SFPUC paid invoices showing that Grantee has spent 80% of the first payment amount.
- Third construction payment will be 10% of the approved construction bid from the contractor and will be retained until the Grantee has submitted all paid invoices for construction expenditures, received SFPUC Project Completion Notification after construction has been successfully completed and inspected by the SFPUC, and completed the Final Report, which includes construction as-builts, final stormwater performance calculations, a program survey, and a final maintenance checklist.

Requirements for each payment are documented as follows:

| Project Phase | Payment Number | Required Documentation |
|---------------------|----------------|--|
| Planning and Design | #1 | 1. Signed Grant Agreement 2. City and County of San Francisco Bidder Number 3. Proof of Grantee or Designer Insurance 4. Completed Request for Funds (Appendix D) |
| Construction | #2 | 1. Completed Request for Funds (Appendix D), including copies of paid invoices for planning and design expenditures 2. SFPUC Approval Letter of 100% Design 3. Contractor Bid for Construction 4. Construction Schedule |

| | | |
|--|----|---|
| | | 5. Proof of Contractor Insurance 6. Proof of recording of Declaration of Deed Restrictions 7. CEQA Determination or Exemption |
| | #3 | 1. Completed Request for Funds (Appendix D), including copies of paid invoices showing payment of 80% of previously disbursed construction funds |
| | #4 | 1. Completed Request for Funds (Appendix D), including copies of paid invoices for all construction expenditures 2. SFPUC Project Completion Notification 3. Completed Final Report |

5.4. Request for Grant Funds. Based on the Budget submitted to the SFPUC as outlined in the Application Documents and the contractor bid submitted for the construction phase, the Grantee shall submit a **Request for Grant Funds** for Eligible Expenses for each of the four disbursements specified in Section 5.3. All payment requests submitted to the SFPUC shall certify all necessary supporting documentation has been submitted by the Grantee. Any Request for Grant Funds that is submitted and not approved shall be returned by the SFPUC to Grantee with a brief, reasonably detailed statement of the reason for the SFPUC's rejection of such request. If any such rejection relates only to a portion of Eligible Expenses itemized in such request, the SFPUC shall have no obligation to disburse any Grant Funds for any other Eligible Expenses itemized in such request unless and until Grantee submits a request that is in all respects acceptable to the SFPUC. The Grantee shall maintain records of charges incurred and reconcile those charges with SFPUC funds received. Grantee must reimburse SFPUC for any overpayment of Grant Funds within thirty (30) days after the final project payment.

5.5. Submitting False Claims; Monetary Penalties. Any Grantee who submits a false claim shall be liable to City for three times the amount of damages which City sustains because of the false claim. A Grantee who submits a false claim shall also be liable to City for the costs, including attorney's fees, of a civil action brought to recover any of those penalties or damages, and may be liable to City for a civil penalty of up to ten thousand dollars (\$10,000) for each false claim. A Grantee will be deemed to have submitted a false claim to City if the Grantee (a) knowingly presents or causes to be presented to an officer or employee of 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 City; (c) conspires to defraud City by getting a false claim allowed or paid by 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 City; or (e) is a beneficiary of an inadvertent submission of a false claim to

City, subsequently discovers the falsity of the claim, and fails to disclose the false claim to City within a reasonable time after discovery of the false claim.

ARTICLE 6 EVENTS OF DEFAULT AND REMEDIES

6.1. Events of Default. The occurrence of any one or more of the following events shall constitute an “Event of Default” under this Agreement.

(a) **False Statement.** Any statement, representation or warranty contained in this Agreement, in the Application Documents, in any Request for Grant Funds, or in any other document submitted to City by Grantee under this Agreement is found by City to be false or misleading.

(b) **Failure to Provide Insurance.** Grantee fails to provide or maintain in effect any insurance policy required by Section 8.1.

(c) **Failure to Perform Other Covenants.** Grantee fails to perform or breaches any other agreement or covenant of this Agreement to be performed or observed by Grantee as and when performance or observance is due and such failure or breach continues for a period of ten (10) days after the date on which such performance or observance is due.

6.2. Remedies Upon Event of Default. Upon and during the continuance of an Event of Default, City may do any of the following, individually or in combination with any other remedy:

(a) **Termination.** The City may terminate this Agreement by giving a written termination notice to Grantee. In that event, this Agreement shall terminate on the date specified in such notice.

(b) **Withholding of Grant Funds.** The City may withhold all or any portion of Grant Funds not yet disbursed hereunder, regardless of whether Grantee has previously submitted a Request for Grant Funds or whether the SFPUC has approved the disbursement of the Grant Funds requested in any Request for Grant Funds. Any Grant Funds withheld pursuant to this Section and subsequently disbursed to Grantee after cure of applicable Events of Default shall be disbursed without interest.

(c) **Return of Grant Funds.** The City may institute an action for specific performance or demand the immediate return of previously disbursed Grant Funds.

(d) **Return of Prorated Amount of Grant Funds.** The City may demand the return of less than 100% of the Grant Funds if, following completion and operation of the Project for some period of time, the City determines, at its sole discretion, that a lesser amount will fully compensate the City for Grantee’s default, taking into consideration all relevant factors, including, but not limited to, the extent to which Grantee actually met the stormwater performance goals, City’s costs incurred in administering the Grant and monitoring the Project, the detriment to City of not meeting the offset goals, the time value of the Grant funds, and the lost opportunity to use the funds for a successful project.

6.3. Remedies Nonexclusive. Each of the 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 remedies contained herein are in addition to all

other remedies available to City at law or in equity, by statute, or otherwise and the exercise of any such remedy shall not preclude or in any way be deemed to waive any other remedy. Notwithstanding the foregoing, City shall first seek to enforce the remedies described in **Section 6.2**, and only if Grantee fails or refuses to satisfy such remedies, will City seek to enforce any other remedy.

ARTICLE 7

NOTICES AND OTHER COMMUNICATIONS

7.1. Requirements. Except as otherwise expressly provided in this Agreement, any notice, consent, request, or approval given under or pursuant to this Agreement shall be effective only if in writing and given by: (a) delivery in person; (b) by sending it first-class or certified mail with a return receipt requested and postage prepaid; or, (c) via reliable commercial overnight courier with a return receipt requested. All such written communications must be addressed as set forth below, or sent to such other address(es) as either City or Grantee may designate as its new address(es) for such purposes by notice given to the other party in accordance with the provisions of this Section at least ten (10) days before the effective date of such a change. For convenience of the parties, copies of notices may also be given by e-mail to the addresses set forth herein or such other e-mail addresses as may be provided from time to time.

CITY AND SFPUC:

To: San Francisco Public Utilities Commission
Attn: Green Infrastructure Grant Program
525 Golden Gate Ave, 11th Floor
San Francisco, CA 94102
E-mail: gigrants@sfgwater.org

and: San Francisco City Attorney's Office
Attn: Public Utilities Commission Team
1390 Market Street, Suite 418
San Francisco, CA 94102
E-mail: Sheryl.Bregman@sfcityattorney.org

GRANTEE:

To:

7.2. Effective Date. A properly addressed notice, consent, request, or approval transmitted by one of the methods set forth in Section 7.1 shall be deemed received upon the confirmed date of delivery, attempted delivery, or rejected delivery, whichever occurs first.

ARTICLE 8

8.1. Insurance.

(a) Without in any way limiting Grantee's liability pursuant to Section 8.2 of this Agreement, Grantee, or Grantee's Contractor, shall maintain, or cause to be maintained, during the full Term of this Agreement, *i.e.*, until the Grantee receives a Project Completion Letter from the SFPUC, the following types of insurance in the following amounts:

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

(ii) Commercial General Liability Insurance with limits not less than \$1,000,000 for each occurrence and \$2,000,000 general in the aggregate for Bodily Injury and Property Damage, including Contractual Liability, Personal Injury, Products and Completed Operations; and

(iii) Professional liability insurance for negligent acts, errors, or omissions with respect to professional or technical services, if any, required in the performance of this Agreement with limits not less than one million dollars (\$1,000,000) for each claim.

(b) The General Liability Insurance policy shall:

(i) Name as Additional Insured the City, its Officers, Agents, and Employees.

(ii) Provide that such policy is 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) All policies shall be endorsed to provide thirty (30) days advance written notice to City of reduction or nonrenewal of coverages or cancellation of coverages for any reason.

(d) Should any of the required insurance be provided under a claims-made form, Grantee shall maintain such coverage continuously throughout the Term of this Agreement and, without lapse, for a period of three (3) years beyond the expiration of this Agreement, to the effect that should occurrences during the Term of this Agreement give rise to claims made after expiration or termination of the Agreement, such claims shall be covered by such claims-made policies.

(e) 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, as provided in Section 6.2(b), the City may, at its sole option, terminate this Agreement effective on the date of such lapse of insurance.

(f) At the time it submits an executed Agreement to the City, Grantee shall furnish to City certificates of insurance and evidence of additional insured status with insurers with ratings comparable to A-, VIII or higher, that are authorized to do business in the State of California, and that are reasonably satisfactory to City, in form evidencing all coverages set forth

above. Approval of the insurance by City shall not relieve or decrease the Grantee's liability hereunder.

8.2. Indemnification. Grantee 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) arising from or in any way connected with any: (i) injury to or death of a person, including employees of City or Grantee or Grantee's Contractor; (ii) loss of or damage to property; (iii) violation of local, state, or federal common law, statute or regulation, including, but not limited to, disability and labor laws or regulations; (iv) strict liability imposed by any law or regulation; or, (v) losses arising from Grantee or Grantee's 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 Grantee or Grantee's Contractor's performance of this Agreement, including, but not limited to, Grantee or Grantee's 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 the result of a contribution to or by any act of, or by any omission to perform some duty imposed by law or agreement on Grantee or Grantee's Contractor, its subcontractors or either's agent(s) or employee(s). The foregoing indemnity shall include, without limitation, reasonable fees of attorneys, consultants and experts and related costs and City's out-of-pocket costs of investigating any claims against the City.

In addition to Grantee's obligation to indemnify City, Grantee 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 Grantee by City and continues at all times thereafter.

Grantee shall indemnify, defend and hold City harmless from all loss and liability, including attorney's 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 Grantee or Grantee's Contractor's Services.

8.3. Incidental and Consequential Damages. Losses covered under Section 8.2 shall include any and all incidental and consequential damages resulting in whole or in part from Grantee's acts or omissions. Nothing in this Agreement shall constitute a waiver or limitation of any rights that any Indemnified Parties may have under applicable law with respect to such damages.

8.4. Limitation on Liability of City. SFPUC's payment obligations under this Agreement shall be limited to the Grant Funds. 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 SFPUC's performance or nonperformance of its obligations under this Agreement.

8.5. Prohibition on Political Activity with City Funds. In accordance with S.F. Administrative Code Chapter 12.G, no funds appropriated by the City for this Agreement may be expended for organizing, creating, funding, participating in, supporting, or attempting to influence any political campaign for a candidate or for a ballot measure. The terms of San Francisco Administrative Code Chapter 12.G are incorporated herein by this reference.

8.6. Successors; No Third-Party Beneficiaries. The terms of this Agreement shall be binding upon, and inure to the benefit of, the parties hereto and their successors and assigns. Nothing in this Agreement, whether express or implied, shall be construed to give any person or entity (other than the parties hereto and their respective successors and assigns and, in the case of Section 8.2, any Indemnified Parties) any legal or equitable right, remedy or claim under or in respect of this Agreement or any covenants, conditions or provisions contained herein. The terms of this Agreement shall be binding upon, and inure to the benefit of, the parties hereto and their successors and assigns. Nothing in this Agreement, whether express or implied, shall be construed to give any person or entity (other than the parties hereto and their respective successors and assigns and, in the case of Section 8.2, any Indemnified Parties) any legal or equitable right, remedy or claim under or with respect to this Agreement or any covenants, conditions or provisions contained herein.

8.7. Project Proponent to Pay All Taxes. Grantee shall pay to the appropriate governmental authority, as and when due, any and all taxes, fees, assessments or other governmental charges, including possessory interest taxes and California sales and use taxes, levied upon or in connection with this Agreement, the work, or any of the activities contemplated by this Agreement. Nothing herein shall be construed to limit the ability of Grantee to appeal any taxes or to pay any taxes under protest.

8.8. Consents, Approvals, Elections, and Options. Whenever this Agreement requires or permits the giving by City or SFPUC of any consent or approval, or the making or exercise by City or SFPUC of any election, discretion or option, the General Manager of SFPUC or his or her designee, shall be authorized to provide such consent or approval, or make or exercise such election, discretion, or option, except as otherwise provided by applicable law, including City's Charter. No consent, approval, election or option shall be effective unless given in writing.

8.9. Sunshine Ordinance. Grantee acknowledges and agrees that this Agreement and the Application Documents are subject to Section 67.24(e) of the San Francisco Administrative Code, which provides that contracts, including this Agreement, Grantee's bids, responses to Requests for Proposals (RFPs) and all other records of communications between City and persons or entities seeking contracts, shall be open to inspection immediately after a contract has been awarded. Nothing in such Section 67.24(e) (as it exists on the date hereof) requires the disclosure of a private person's or organization's net worth or other proprietary financial data submitted for qualification for a contract or other benefit until and unless that person or organization is awarded the contract or benefit. All information provided by Grantee that is covered by such Section 67.24(e) (as it may be amended from time to time) will be made available to the public upon request.

8.10. Nondiscrimination Requirements.

(a) Grantee Shall Not Discriminate. In the performance of this Agreement, Grantee agrees not to discriminate against any employee, City and County employee working with such grantee or subcontractor, applicant for employment with such grantee or subcontractor, or against any person seeking accommodations, advantages, facilities, privileges, services, or

membership in all business, social, or other establishments or organizations, on the basis of the fact or perception of a person's race, color, creed, religion, national origin, ancestry, age, height, weight, sex, sexual orientation, gender identity, domestic partner status, marital status, disability or Acquired Immune Deficiency Syndrome or HIV status (AIDS/HIV status), or association with members of such protected classes, or in retaliation for opposition to discrimination against such classes.

(b) San Francisco Administrative Code Chapter 12B.

8.11. Local Business Enterprise Utilization.

Grantee shall use good faith efforts to attempt to obtain at least three bids from Micro and/or Small Local Business Enterprises (LBEs), as those terms are defined in Section 14B.3(B) and (C) of the San Francisco Administrative Code, to serve as the prime contractor(s) for both the design and construction portions of the grant-funded Project. A list of the various certification categories is available here:

https://sfgov.org/cmd/sites/default/files/Images/Categories%202017_0_1_2.pdf

The City's directory that provides the contact information for Micro and/or Small LBEs broken down by certification category is available here:

http://mission.sfgov.org/hrc_certification/

If Grantee is unable to utilize a LBE as prime contractor for the design and/or construction of the Project, Grantee shall submit to the City a written explanation as to why it was unable to do so, as well as provide the firm names of the Micro and/or Small LBEs that Grantee has performed the aforementioned outreach to—in said cases, Grantee should provide proof of the Grantee's outreach (e.g., copies of emails, etc.). Such written explanation shall be submitted to City prior to the commencement of design work for the Project. In the event that Grantee already hired the design contractor prior to award of this Grant, the written explanation shall be submitted prior to commencement of construction.

If the Grantee has questions regarding the good faith efforts required by this **Section 8.11**, please contact Kate Svyatets at 415-551-4335. If you have questions regarding the various certification categories or how to access the Certification Directory, please contact the Certification Unit at 415-581-2310.

8.12. Modification. This Agreement may not be modified, nor may compliance with any of its terms be waived, except by written instrument executed and approved in the same manner as this Agreement.

8.13. Entire Agreement. This Agreement and the Application Documents set forth the entire Agreement between the parties, and supersede all other oral or written communications. If there is any conflict between the terms of this Agreement and the Application Documents, the terms of this Agreement shall govern.

8.14. Counterparts. This Agreement may be executed in counterparts, each of which shall be an original, but all of which together shall comprise one instrument.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first specified herein.

CITY:

GRANTEE:

**CITY AND COUNTY OF SAN
FRANCISCO**, a municipal corporation

By: _____
DENNIS J. HERRERA
General Manager
San Francisco Public Utilities Commission

By: _____
[NAME]

APPROVED AS TO FORM:

DAVID CHIU
City Attorney

By: _____
Sheryl L. Bregman
Deputy City Attorney

APPENDIX A
Grant Application

APPENDIX B
Green Infrastructure Grant Program Rules

APPENDIX C
Declaration of Deed Restrictions

APPENDIX D
Funding Disbursement Procedures

RECORDING REQUESTED BY:

City and County of San

Francisco

WHEN RECORDED

RETURN TO:

San Francisco Public Utilities

Commission Water Enterprise

525 Golden Gate

Avenue

San Francisco, CA

94102

Attn: Green Infrastructure Grant Program

APN (Block/Lot No.)

(Space above this line reserved for Recorder's use only)

DECLARATION OF DEED RESTRICTIONS

[Property Address]

This Declaration of Deed Restrictions ("Declaration") is entered into this **DATE** by and between the City and County of San Francisco (the "City"), acting by and through its Public Utilities Commission (the "SFPUC") and **NAME OF GRANTEE** (the "Grantee"), the owner of certain real property at **STREET ADDRESS** (the "Property"), described in the Legal Description (Exhibit A to this Declaration), on which the Grantee intends to design and install a stormwater control and treatment project that will reduce runoff into the City's sewer system (the "Project").

RECITALS

- A. [RECITAL FOR COMMISSION APPROVAL OF GRANT PROGRAM]
- B. The SFPUC is awarding a grant (the "Grant") to Grantee for the purpose of funding the design and installation of the Project. The Grant is evidenced by, among other documents, an agreement between the SFPUC and Grantee dated as of <<**INSERT EFFECTIVE DATE OF GRANT AGREEMENT**>>, as it may be amended from time to time ("Grant Agreement"). The Grant Agreement is incorporated by reference in this Declaration as though fully set forth herein. Definitions and rules of interpretation set forth in the Grant Agreement apply to this Declaration.
- C. Pursuant to the Grant Agreement, and for good and valuable consideration of the Grant Funds received, Grantee has agreed to operate and maintain the Project for twenty (20) years, which is reasonably related to the useful life of the stormwater control infrastructure installed.

DEED RESTRICTION AGREEMENT

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Grantee hereby covenants and agrees as follows:

1. Grantee shall operate and maintain the Project as outlined in the Green Infrastructure Grant Program Rules, attached hereto as Exhibit B, and the Grant Agreement for a period of twenty (20) years. This obligation shall commence on the Effective Date, as defined in Section 3.1 of the Grant Agreement, and end twenty (20) years after the Project Completion Date, as defined in Section 1.1 of the Grant Agreement, at 11:59 p.m. Pacific Standard Time. Grantee may take the Project out of service for brief periods necessary to conduct repairs or replacements.
2. This Declaration constitutes a covenant running with the land pursuant to California Civil Code Section 1460 et seq. and shall be binding on the Grantee, and their respective heirs, successors and assigns. Any reference to the Grantee in this Declaration and the Grant Agreement shall include successor owners of all or any part of the Property and all rights and obligations of the Grantee shall accrue to and be imposed upon any and all successor owners of the Property.

Without limiting the foregoing, the Grantee further agrees that whenever the Property is sold, conveyed or otherwise transferred to a person or entity (each, a "Transferee"), Grantee shall: (a) notify the Transferee of this Deed Restriction Agreement, and provide to the Transferee, not later than ten (10) business days before the date of transfer, a copy of this Deed Restriction Agreement and the Grant Agreement, and any modifications to the Grant Agreement, and any other material correspondence between City and the Grantee; and, (b) notify the City that the Property has been sold, conveyed or otherwise transferred to the Transferee(s) no later than ten (10) business days after the date of the transfer.

In the event that the Grantee wishes to release any portion of the Property from the terms of this Deed Restriction Agreement, in connection with a subdivision or otherwise, then Grantee shall notify the SFPUC of the proposed release and related transaction, including such terms as are necessary to ensure that the Grantee's obligations under this Deed Restriction Agreement and the Grant Agreement will be satisfied with respect to the entire Property. Any such release will be subject to the review and written approval of the SFPUC General Manager, or his or her designee, and shall be recorded against the portion of the Property that is released.

3. In the event that the Grantee fails to comply with its operation and maintenance obligations, as specified in Section 1 of this Deed Restriction Agreement, to the SFPUC's satisfaction, the SFPUC, at its sole option, may exercise any rights available at law or in equity, by statute, or otherwise including, but not limited to, the remedies available to the SFPUC specifically identified in the Grant Agreement upon an Event of Default. Grantee shall pay the City's costs in connection with the City's enforcement of the terms of this Deed Restriction Agreement, including, without limitation, the City's attorney's fees and costs.
4. Neither this Declaration nor this Deed Restriction Agreement shall be amended, except by written agreement signed by Grantee and the SFPUC and recorded against the Property in the official records of the City's Office of the Assessor-Recorder.

Revised Template Dated April 4, 2022

The person signing below represents that she/he has the right to make this Declaration,
executed as of the date first written above

GRANTEE:

Signature:

Printed Name:

Title:

**The Grantee's signature must be acknowledged by a notary public before
recordation; add Notary Public Certification(s) and Official Notarial Seal(s).**

EXHIBIT A
(Legal Description of the Property)

THE FOLLOWING LAND SITUATED IN THE CITY OF SAN FRANCISCO, COUNTY OF SAN FRANCISCO, AND STATE OF CALIFORNIA, DESCRIBED AS FOLLOWS:

EXHIBIT B
(Green Infrastructure Grant Program Rules)

Appendix D--Form of Funding Request

FUNDING REQUEST – PAYMENT # <<NUMBER 1-4>>

<<DATE>>

<<INSERT NAME OF GRANTEE>>

<<INSERT ADDRESS OF GRANTEE>>

San Francisco, CA **<<INSERT ZIP CODE>>**

Re: **<<INSERT PROJECT NAME>>**

Pursuant to Section 5.3 of the Grant Agreement (the “Grant Agreement”) dated as of **<<INSERT DATE>>**, between the undersigned (“Grantee”) and the City and County of San Francisco (all capitalized terms defined in the Grant Agreement shall have the same meaning when used herein), Grantee hereby requests a disbursement of Grant Funds as follows:

Total Amount Requested
in this Request: \$ _____

Maximum Amount of
Grant Funds Specified in
Section 5.1 of the Grant
Agreement: \$ _____

Total of All Grant Funds
Disbursed Prior to this
Request: \$ _____

Grantee certifies that:

(a) The total amount of Grant Funds requested pursuant to this Funding Request will be used to pay Eligible Expenses, which are set forth in Appendix B Grant Program Rules.

(b) After giving effect to the disbursement requested pursuant to this Funding Request, the Grant Funds disbursed as of the date of this disbursement will not exceed the maximum amount set forth in Section 5.1.

(c) The representations and warranties made in the Agreement are true and correct in all material respects as if made on the date hereof;

(d) No Event of Default has occurred and is continuing; and

(e) The undersigned is an officer of Grantee authorized to execute this Funding Request on behalf of Grantee.

Grantee:

By:

Print Name:

Title:

Date:

SCHEDULE 1 TO REQUEST FOR FUNDING (For Invoices Only)

The following is an itemized list of paid invoices for which previous Grant Funds were spent:

| Payee | Amount | Description |
|--------------|---------------|--------------------|
|--------------|---------------|--------------------|

The following are attached as part of this Schedule 1:

- (1) paid invoices for each item of eligible expense for which previous Grant Funds were spent;
- (2) the front and the back of canceled checks or other written evidence documenting the payment of each invoice;
- (3) for Eligible Expenses which are wages or salaries, payroll registers containing a detailed breakdown of earnings and withholdings, together with both sides of canceled payroll checks evidencing payment thereof (unless payment has been made electronically).

Green Infrastructure Grant Program Program Guidelines

(March 2022)



Grant Program Overview

The San Francisco Public Utilities Commission's (SFPUC) Green Infrastructure Grant Program (Grant Program) is designed to encourage San Francisco property owners to design, build, and maintain performance-based green stormwater infrastructure (Green Infrastructure or GI) projects, including but not limited to: permeable pavement, bioretention, rainwater harvesting, rain gardens, and vegetated roofs. The goals of this program are to improve the performance of SFPUC's sewer system by reducing the amount of stormwater runoff entering the system, while delivering benefits that enhance the quality of life of San Franciscans.

To receive funding under the Grant Program, an applicant must satisfy the Grant Program's Eligibility Criteria, as set forth below.

The SFPUC will determine the dollar amount of each grant award by the amount of impervious acreage the proposed project can manage using green infrastructure (*i.e.*, the amount of impervious surface that drains stormwater runoff during storms to green infrastructure, or "impervious acres managed"). Individual grant awards are capped at a *maximum* of \$930,000 per impervious acre managed, up to a maximum of \$2,000,000 per grant. For grants executed under prior per acre cost limits, please see Page 15 setting forth criteria to request retroactive amendments to increase per acre cost limit.

The SFPUC will accept applications and award grants through an open and competitive process. Applications will be solicited in accordance with the Competitive Solicitation requirements of City Administrative Code Chapter 21G as outlined in Section II and Section IV below, subject to availability of funds and all City budgetary requirements.

Grantees that are property owners of the project location will be required to enter into a 20-year Green Infrastructure Grant Agreement with the SFPUC. The Green Infrastructure Grant Agreement requires the property owner to maintain the project for the 20-year term and authorizes the SFPUC to periodically inspect the project.

The purpose of the Grant Program is to fund stormwater retrofits (meaning, construction of GI projects on existing properties). Parcels undergoing new development and redevelopment that trigger¹ the [Stormwater Management Ordinance](#), San Francisco Public Works Code, Article 4.2, *et seq.*, are not eligible for grant funds. Participation in this grant program does not prohibit participation in other SFPUC programs.

¹ New development and redevelopment projects that create and/or replace: (1) $\geq 5,000$ square feet of impervious surface in separate and combined sewer areas; or (2) $\geq 2,500$ square feet of impervious surface in separate sewer areas trigger the Stormwater Management Ordinance.

I. Eligibility Criteria

Eligible Applicants

A Grantee may be a property owner, a for-profit or nonprofit entity, an individual, or a governmental entity. All Grantees (other than governmental entities) must be registered to do business in the State of California and the City and County of San Francisco.

Eligibility Criteria

Applications that meet all of the following six criteria are eligible and will be evaluated for funding under the Grant Program:

1. **Project Size:** The proposed project must manage stormwater runoff from a minimum of 0.5 acres of impervious surface. The total area of impervious surfaces does not need to be contiguous and can be comprised of several smaller impervious drainage areas totaling 0.5 acres.
2. **Project Location:** The proposed project site must connect to a SFPUC-owned and operated sewer system service area. The project may be located in either the combined sewer system area or municipal separate storm sewer system area.
3. **Performance:** The project's proposed Green Infrastructure features must capture the 90th percentile 24-hour storm, equivalent to 0.75-inch depth. The 90th percentile 24-hour storm represents an amount of precipitation that 90% of all rainfall events for the historical period of record do not exceed.
4. **Grant Team Experience:** The grant team must include the property owner, an identified grant or project manager, and a licensed engineer or landscape architect registered in the State of California. The engineer or landscape architect that will design the project must be identified in the Project Application Form. The proposed project team must collectively demonstrate a history of successful project implementation, have previous experience designing, constructing, and/or maintaining green infrastructure, and be in good standing in all currently active Green Infrastructure Grant Program projects.
5. **Concept Design:** Applicants must submit a conceptual design plan drawing approximately equivalent to a 10% level of design.

The concept design must identify the following information:

- Existing conditions
 - Property and easement boundaries
 - Road labels
 - Contours
 - Vicinity map including minor watershed(s)
 - Utilities, e.g., water lines, electric lines (as available)
 - Doors and emergency egress
 - North arrow and scale
 - Existing impervious areas, e.g., roof, pavement, driveway
 - Existing stormwater infrastructure (including existing connections to the sewer system) and drainage management areas for those connections

- Existing trees (drip line and trunk diameter)
- Proposed Site Plan (at a scale no greater than 1"=20'-0")
 - Project boundary
 - Grading contours
 - Changes to land cover including impervious surfaces
 - Stormwater "best management practices" (BMPs)
 - Facility type and sizing information, e.g., footprint (sf), depth, volume
 - Corresponding drainage management area to each BMP. Each DMA should include the portion of the project site that drains to a single BMP (or group of hydraulically connected BMPs) and the area of the BMP itself, or the portion of the project site that drains directly to the sewer system. Label the size of each DMA (square feet).
 - BMP conveyance items, e.g., overflow, underdrain, outlet control structures
 - Show each proposed pervious and impervious surface type (including stormwater BMPs) with a distinct hatching type. Label all BMPs with an ID number (e.g. for vegetated roof, VR-01, VR-02, etc.). Use the same BMP ID number in the Maintenance and Inspection Schedules.
 - Proposed conveyance (*i.e.*, connections to BMPs, connections to existing conveyance systems or sewers, and connections for irrigation) and site drainage features (e.g., drains, downspouts, and flow direction arrows)
 - Include within the site plan all necessary information to clearly demonstrate the stormwater path of travel. For example, include roof slope break lines, area and roof drains, and downspouts; pipes from drains to BMPs and from BMPs to sewer connections; underdrains and overflows associated with BMPs; and pipes from uncaptured areas to sewer connections. Provide flow direction arrows for sheet flow and pipe flow.

6. At Least Two Co-Benefit Opportunities: Applicants are required to demonstrate that the proposed project will deliver at least two (2) of the identified co-benefits listed below. GI projects provide a variety of co-benefit opportunities in addition to reducing the amount of stormwater runoff that enters the SFPUC's sewer system. Evaluation and scoring criteria for each co-benefit will be provided in the solicitation of each grant application cycle. All co-benefits are eligible grant expenses and must relate to an SFPUC rate-payer purpose.

| Co-Benefit | Definition |
|----------------------------|---|
| Community Benefits: | |
| Environmental Justice | <p>The SFPUC is committed to the goals of environmental justice to promote healthy communities in all SFPUC service areas by eliminating disproportionate environmental burdens and distributing public and environmental benefits equitably. To help address social and environmental issues, the SFPUC has adopted Environmental Justice and Community Benefits policies.</p> <p>Projects can foster environmental justice by engaging with environmental justice communities throughout the project, providing new environmental benefits to a historically underserved community, helping to heal past environmental burdens, enabling proactive and community-led solutions, or by</p> |

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| | providing site-based programming that engages environmental justice communities. |
| Public Access, Open Space, and Recreation | <p>Green infrastructure projects that prioritize public access, open space, and recreation can support the creation of high quality spaces that are engaging, aesthetically pleasing, and support the community's well-being by offering opportunities to socialize, recreate, and interact with green infrastructure. Projects that are open to the public also promote awareness of and education about the importance of stormwater management and the city's combined sewer system.</p> <p>This can be achieved by locating the project in a publicly accessible space that is open and inviting for unstructured, daily public use. Public access must be advertised and promoted through signage that is clearly visible to the public or through other means of advertisement. If a project site is only open to the public during specific times of the day (e.g., after school programs, etc.) the schedule must be included in signage and advertisements. Public schools that select this co-benefit must be enrolled in the Shared Schoolyard Program. Other properties must be open for a minimum of 7 hours per weekend day or 3 hours per weekday.</p> <p>This can also be achieved by integrating public gathering spaces into project design, by enhancing an existing public space, or by creating new opportunities to socialize, gather, recreate and interact with nature in a publicly accessible space.</p> |
| Community Engagement, Collaboration, and Placemaking | <p>Projects that prioritize community engagement, collaboration, and placemaking during the design process can empower communities and support outcomes that meet community goals. Engaging the community and key stakeholders can also support the long-term success and stewardship of the project and improve long-term maintenance outcomes.</p> <p>This can be achieved by including members from the community or place stewards, in addition to the property owner and technical team, in the grant team. This must include a detailed community engagement strategy that prioritizes community members' input throughout the design process, including workshops, design charrettes, or other outreach events that aim to integrate the community's vision and goals into the green infrastructure design.</p> |
| Education and Watershed Stewardship | <p>Projects that integrate art and/or educational elements can promote awareness of and education about the importance of stormwater management and green infrastructure for the city's combined sewer system, and help prepare the next generation of watershed stewards.</p> <p>This can be achieved by providing detailed educational signage relating to the function of green infrastructure and its impact on the broader watershed and sewer system. This can also be achieved by delivering a long-term curriculum plan, creating</p> |

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| | <p>lesson plans that incorporate learning related to specific project elements, or by integrating educational elements or an art installation with the green infrastructure elements.</p> |
| Green Infrastructure Job Training | <p>Providing jobs and job training in the green stormwater infrastructure sector is an important part of successfully implementing green infrastructure in San Francisco. As part of the Community Benefits policy, the SFPUC is committed to providing workforce development opportunities for residents of San Francisco.</p> <p>This can be achieved by providing a long-term green infrastructure job training program or by serving as a training site for trainees learning about the design, construction, maintenance, or monitoring of green infrastructure. Projects that select this co-benefit must be open and accessible to trainees and their instructors for a minimum of 16 hours per year (during business hours).</p> |
| Environmental Benefits: | |
| Water Supply | <p>Projects that support the use of rainwater and stormwater for alternative water supplies through non-potable reuse can reduce potable water demand and benefit the city's water supply.</p> <p>This can be achieved by collecting, treating, and using rainwater or stormwater to satisfy non-potable water demands, including landscape irrigation or toilet flushing.</p> |
| Climate Resilience | <p>Projects that support the design of spaces to respond to future impacts of climate change, including urban heat and flooding can contribute to making San Francisco a climate-resilient city. Combating urban heat with nature-based solutions aligns with the city's Climate Action Plan goal of increasing urban tree canopy. Improving the city's resilience to flooding during large storms aligns with the city's Hazards and Climate Resilience Goals.</p> <p>Heat resilience may be attained by prioritizing environmental cooling and shade (i.e. vegetation, tree canopy). For projects located in or upstream of flood-prone areas, flood resilience can be attained by achieving a higher stormwater performance than the 0.75" design storm (i.e., larger facilities that manage a 5-year, 3-hour 1.3" design storm).</p> |
| Biodiversity | <p>Projects that prioritize creating native habitat to support native wildlife can contribute to making San Francisco an ecological city. San Francisco has adopted citywide biodiversity goals to restore and maintain diverse native habitats in the city through the San Francisco Biodiversity Policy and Climate Action Plan.</p> <p>This can be achieved through the project's landscape planting plan and integrated into the design through features such as native pollinator gardens, habitat connectivity plans, and increased tree canopy. This can also be achieved by identifying specific native species that the project is designed for and</p> |

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| | providing a plant palette selected to attract that species. |
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II. *Application Process*

Application Solicitation

Grants will be awarded through an open and competitive process. Applications will be solicited in accordance with the Competitive Solicitation requirements of City Administrative Code Chapter 21G. Each application solicitation will include a clear statement of the process and deadlines for submitting applications and for evaluating applications, including the evaluation criteria to be used by the SFPUC for the ranking of applications.

Pre-Application Meeting

Before submitting an application, the grant or project manager and property owner must schedule a pre-application meeting. The purpose of the pre-application meeting is to ensure that the project meets all of the minimum requirements before an application is submitted and to discuss the project's proposed stormwater management concepts.

Application

The grant application will use an Excel workbook available for download on the program website. The workbook includes required forms that must be completed and printed out (see the table below for sections of the application) in order to apply. All forms must be completed. The SFPUC will return incomplete applications to the applicant.

| Application Template | Description |
|--------------------------|---|
| Project Application Form | General information about the proposed project including the location, proposed project team, and the total amount of funds requested. Applicants must provide a project narrative that briefly describes the proposed project. This form also includes a checklist of the deliverables that must be included with the application submittal. |
| Grant Team Experience | The narrative should describe the project team's previous experience with delivering projects of similar scale and complexity, as specified in the Eligibility Criteria. |
| Project Budget Template | The budget template describes how the grant team proposes to spend the grant funds. The budget template is divided into construction costs and non-construction costs. The budget should be consistent with the proposed conceptual design and include contingencies that are consistent with a 10% level of design. A contingency of approximately 20% is typical at 10% design phase. These contingency multipliers can be reduced if the design is farther along than 10% but should not be increased without approval from the SFPUC Grant Program Administrator. |

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| Stormwater Performance Calculator | <p>The stormwater performance calculator determines the performance of the proposed BMP(s) based on their size and the impervious area draining to them. This calculator is used to demonstrate that the proposed concept design meets the minimum stormwater performance requirement of capturing the 90th percentile storm from the impervious drainage areas. The inputs in this calculator include the BMP type(s), BMP footprint size, and impervious drainage management area. For rainwater harvesting cisterns re-use rates are also required.</p> <p>Applicants must also input the predominant hydraulic soil group (HSG) type at the site, which the SFPUC uses to determine the performance of infiltrating facilities. If the soil type at the site is unknown, applicants can view the soil map within the calculator and select the appropriate type based on the project location.</p> <p>Applicants must enter the stormwater service type for the site as either combined sewer system (CSS) or municipal separated storm sewer system (MS4). A webmap of MS4 areas is available on the program website.</p> <p>To use the stormwater performance calculator, applicants should divide the proposed project site by BMP type and account for the impervious area draining to each type.</p> <p>The stormwater performance calculator will not show the performance output of the project until the data entered shows that approved GI practices are used to manage at least 0.5 acres of impervious area and capture the 90th percentile storm from the proposed drainage areas.</p> |
| Community Engagement Strategy | <p>Applicants will describe the proposed community engagement process to be implemented if awarded a grant. The community engagement strategy should identify key stakeholders, propose a schedule with milestones for community engagement (including meetings or activities prior to award), and describe a process for incorporating community input in the project design.</p> |
| Co-benefits Narrative | <p>Applicants will describe how the proposed project will deliver community and/or environmental co-benefits. The project must deliver at least two (2) co-benefits from the identified list. The narrative should describe how the community engagement process will inform co-benefit outcomes, how co-benefits will be integrated in the project design, and how the co-benefits will contribute to the goals of the project's key stakeholders.</p> <p>Applicants should describe how the project will provide co-benefits using specific, measurable, and achievable design goals.</p> |
| Project Schedule | <p>The proposed project schedule must include major grant administration, community engagement, design, and construction milestones. The schedule should assume that SFPUC will take a maximum of 30-days to review each design deliverable.</p> |

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| | The schedule must propose starting construction of the project within 2 years after execution of the Green Infrastructure Grant Agreement. |
| Maintenance Plan | <p>The maintenance plan will outline the proposed maintenance activities for the proposed green infrastructure facilities. Applicants can refer to the SFPUC BMP Fact Sheets for recommended maintenance activities and frequencies for the proposed BMP types in the project.</p> <p>If the project proposes to use proprietary BMPs, applicants should refer to the manufacturer for typical inspection and maintenance activities or prepared maintenance guides.</p> |

In addition to the Excel-based application template, applicants must also submit the following three (3) attachments:

| Application Attachments | Description |
|----------------------------------|---|
| Site Photographs | Photographs showing the existing conditions of key locations on the property, focusing on proposed location of green infrastructure facilities. |
| Conceptual Design | A conceptual design plan-drawing with the elements outlined in the Eligibility Criteria must be submitted. |
| Property Owner Letter of Support | For projects where the grantee is not the property owner, applications must include a letter of support from the property owner stating their intent to sign the 20-year ongoing maintenance agreement if the project is awarded. |

Complete applications for the Green Infrastructure Grant Program must be sent via e-mail to gigrants@sfgwater.org. A complete application must be received by the SFPUC Grant Administrator by the deadline identified on the grant application solicitation. Applicants will receive a confirmation e-mail with the date and time of the application. If a confirmation e-mail is not received within 5 business days, applicants should e-mail the SFPUC Grant Administrator at gigrants@sfgwater.org or call 415-934-5709.

III. Important Information

Eligible and Ineligible Costs

Eligible Costs: Grant funds can be used to cover all project costs related to the construction of the proposed Green Infrastructure facility. Grant funds cannot be used to pay for non-green infrastructure project elements, such as play equipment or furnishings. No more than 30% of the grant amount may be used for non-construction activities.

| Eligible Costs | Ineligible Costs |
|---|---|
| <ul style="list-style-type: none"> Construction elements of Green Infrastructure BMPs (surface and subsurface): <ul style="list-style-type: none"> - Soil - Plants - Trees - Concrete - Excavation - Grading - Underdrains - Irrigation Educational signage and art relating to stormwater Replacement in-kind, if applicable Regrading of surfaces draining to BMPs Impervious surface removal and replacement with new permeable surfaces Non-construction activities (up to 30% of total grant amount): <ul style="list-style-type: none"> - Project management - Planning - Design - Permitting and environmental review - Geotechnical investigations - Structural investigations - Engineering surveys - Construction management and administration | <ul style="list-style-type: none"> On-going maintenance and operations costs (including any contractor maintenance period) Non-green infrastructure components, including by not limited to: <ul style="list-style-type: none"> - Decorative items - Benches - Play equipment - Lighting - Public Amenities Monitoring or research Land costs |

Approved Green Stormwater Infrastructure Best Management Practices (BMPs): The stormwater BMPs selected for the project must be located and sized appropriately to capture runoff from the impervious areas on the site. Approved Green Stormwater Infrastructure BMPs Include:

- **Bioretention/ Rain Garden:** Stormwater facilities that rely on vegetation and specially engineered soils to capture, infiltrate, transpire, and remove pollutants from runoff.
- **Permeable Pavement:** Any porous load-bearing surface that temporarily stores rainwater prior to infiltration or drainage to a controlled outlet.
- **Infiltration Trench/Gallery:** An unvegetated, rock-filled trench that receives surface stormwater runoff and allows it to infiltrate.
- **Vegetated Roof:** Roofs that are entirely or mostly covered with vegetation and soil.
- **Rainwater Harvesting:** Cisterns that collect roof runoff and provide water for indoor or outdoor use.

Grant Disbursement

Grant funds will be provided to the Grantee in four (4) disbursements:

- Planning and Design: Upon SFPUC's receipt of all required documentation set forth in the chart below, the SFPUC will disburse up to 30% of total project costs solely for planning and design (pre-construction) activities.
- Construction funding will be disbursed in three payments, subject to the documentation requirements set forth below:
 - First construction payment will be 50% of the approved construction bid from the contractor. The payment will be processed no earlier than 90 days before the construction start date.
 - Second construction payment will be 40% of the approved construction bid from the contractor. SFPUC will not process this payment until Grantee has submitted to SFPUC paid invoices showing that Grantee has spent 80% of the first payment amount.
 - Third construction payment will be 10% of the approved construction bid from the contractor and will be retained until the Grantee has submitted all paid invoices for construction expenditures, received SFPUC Project Completion Notification after construction has been successfully completed and inspected by the SFPUC, and completed the Final Report, which includes construction as-builts, final stormwater performance calculations, a program survey, and a final maintenance checklist.

Requirements for each payment are documented as follows:

| Project Phase | Payment Number | Required Documentation |
|---------------------|----------------|--|
| Planning and Design | #1 | 1. Signed Grant Agreement(s) 2. City and County of San Francisco Bidder Number 3. Proof of Grantee or Designer Insurance 4. Completed Request for Funds (Appendix D) |
| Construction | #2 | 1. Completed Request for Funds (Appendix D), including copies of paid invoices for planning and design expenditures 2. SFPUC Approval Letter of 100% Design 3. Contractor Bid for Construction 4. Construction Schedule 5. Proof of Contractor Insurance 6. Signed Declaration of Deed Restrictions (by Property Owner) 7. CEQA Determination or Exemption |
| | #3 | 1. Completed Request for Funds (Appendix D), including copies of paid invoices showing payment of 80% of previously disbursed construction funds |
| | #4 | 1. Completed Request for Funds (Appendix D), including copies of paid invoices for all construction expenditures 2. SFPUC Project Completion Notification 3. Completed Final Report |

In order to receive any of the four (4) grant disbursements, the Grantee must submit the following to the SFPUC:

- A completed W-9 IRS tax form from the designated payee.
- Insurance documentation described in the Grant Agreement.
- A City and County of San Francisco Bidder and Supplier Number. For more information on doing business with the City, please see the San Francisco Office of Contract Administration at www.sfgsa.org.

Taxes and Insurance

A grant counts as income and therefore may be taxable. It is the responsibility of the Grantee to determine whether a tax liability exists. The designated Grantee will receive a 1099-Misc tax form from the City in the February after award of the grant. By issuing a 1099-Misc, the City is fulfilling its legal obligation for tax-reporting. In order to issue a 1099-Misc, SFPUC will request relevant tax information from a designated Grantee through a W-9 IRS tax form, which must be completed and returned before a grant disbursement will be made.

The City requires evidence of insurance for all funded activities. Prior to beginning work on an activity, the Grantee or their identified subcontractor must produce a Certificate of General Liability as well as proof of Worker's Compensation Insurance. The Grantee's insurance policy shall name the City and County of San Francisco, the San Francisco Public Utilities Commission, its board members and commissions, and all authorized agents and representatives, and members, directors, officers, trustees, agents and employees as additional insureds.

The Green Infrastructure Grant Agreement contains additional requirements related to taxes, insurance, and other matters.

Permits and Environmental Review

All projects must comply with applicable local, state, and federal permit requirements. Funds for construction will not be issued until the project has undergone environmental review in compliance with the California Environmental Quality Act (CEQA) and San Francisco Administrative Code Chapter 31.

IV. *Application Evaluation and Award*

Application Evaluation Criteria

Applications will be evaluated on the eligibility criteria and documentation requirements identified under *Section I Eligibility Criteria*. The SFPUC will determine whether the application meets all minimum eligibility requirements. Applications that do not meet the eligibility requirements will not be evaluated further and will not receive grant funding. Applications that meet the eligibility requirements will be evaluated and ranked based on the following evaluation criteria:

- **Stormwater Management:** Applications will be evaluated based on the size of the project's Drainage Management Area (DMA) and the total annual volume of stormwater captured by the project.
- **Co-Benefits:** Applications will be evaluated based on the number and variety of proposed community and environmental benefits, and how well the application narrative articulates the intended co-benefit outcomes and proposed process for delivering the co-benefit outcomes.

- **Proposed Concept Design and Budget:** Applications will be evaluated based on the whether the application narrative, proposed budget, and concept design demonstrate a complete, accurate, and feasible stormwater management concept using approved green infrastructure BMP types.
- **Project Implementation Plan:** Applications will be evaluated based on the quality of the proposed project implementation plan, including the quality of the proposed community engagement strategy, feasibility of the proposed schedule, completeness of the maintenance plan, and overall project readiness.

Each application solicitation will include a clear statement of the process for submitting applications and for evaluating applications, including the specific evaluation and scoring criteria to be used by the SFPUC for the ranking of applications.

Reservation Letter

Upon selection of an application, the SFPUC will issue the Grantee a Reservation Letter confirming the amount of grant funds reserved for the project. A Reservation Letter is provisional and subject to execution of the required Green Infrastructure Grant Agreements and the Grantee's submission to the SFPUC of the documentation required for funding disbursements.

The Grantee has three (3) months from the date of the Reservation Letter to execute the required Green Infrastructure Grant Agreements, submit a W-9 tax form, provide a valid copy of insurance documentation, and become an approved Bidder and Supplier with the City and County of San Francisco.

If the Grantee does not complete the above requirements within three months, the SFPUC reserves the right to rescind the grant award. The Grantee may request an extension of the grant reservation. The SFPUC, in its sole discretion, may grant such a request for an extension. In order to be effective, any extension of a grant reservation by the SFPUC must be made in writing.

Green Infrastructure Grant Agreement

The Green Infrastructure Grant Agreement has a term of twenty (20) years. The grant agreement will require the property owner to maintain the stormwater management function of the project for twenty years, which is considered the typical useful life of green infrastructure assets.

For projects where the Grantee is not the property owner, the project will include two (2) separate agreements: (1) the Green Infrastructure Grant Project Implementation Agreement; and (2) the Green Infrastructure Operations and Maintenance Agreement. The Property owner will be obligated to comply with the Green Infrastructure Operations and Maintenance Agreement.

In addition, property owners must sign a Declaration of Deed Restrictions notifying subsequent property owners of the obligation to maintain the project and submit it to the SFPUC to be recorded.

Copies of the Green Infrastructure Grant Agreement templates and the Declaration of Deed Restrictions can be found at www.sfpuc.org/gigrants.

V. Implementation

Design Submittals

Grantees are required to schedule a pre-design meeting with SFPUC prior to detailed design. The property owner, grant manager, and community stakeholders must be present at the pre-design meeting. Grantees will be expected to present how the results of initial community engagement activities, geotechnical investigation, and engineering survey have further informed or updated the project concept design.

Grantees are required to submit documentation of successful completion of design milestones for review by the SFPUC via e-mail. Designs must be submitted at 35/65/95% completion (equivalent to 100% DD, 50% CD, 90% CD for architectural drawings) for review to ensure project performance. Design Submittal Checklists can be downloaded from the program website.

Final design documents (100% Construction Documents) must be submitted to the Grant Program Administrator via e-mail. The Grant Program Administrator will then issue final approval of the design to the Grantee. Once the Grant Program Administrator has issued final approval of the design, the Grantee may select a contractor.

Contractor/Bid Selection

The Grantee will be responsible for procuring a licensed contractor to complete the construction of the project. The Grantee shall ensure that all contractors and subcontractors will comply with City insurance and prevailing wage requirements.

Construction

During construction the SFPUC reserves the right to enter the construction site and inspect the project at any time. The Grantee must ensure that the SFPUC has access to the site upon reasonable notice. The Grantee will be responsible for alerting the Grant Program Administrator of critical construction activities related to the installation of the stormwater management features.

Once construction is complete, the Grant Program Administrator will conduct a final walkthrough of the project to ensure that all stormwater management features were built to the plans and specifications. If the project is determined to be complete, the SFPUC Grant Program Administrator will issue a Project Completion Notification to the Grantee.

Criteria For Grant Amendments

A Grantee may request to have the SFPUC amend its agreement to increase its Grant Award up to the maximum per acre cost Grant Award to pay for unexpected costs that may arise during bid or construction of the project. The SFPUC would approve or deny requests for such contingency funding at its sole discretion, and any such requests would be subject to the availability of funding.

Criteria for Retroactive Grant Amendments

Grant agreements executed under the prior \$765,000 cost per acre maximum will be allowed to apply for increased grant funding subject to approval by the General Manager. Grantees must submit evidence in writing of (1) construction bid overages and/or (2) change orders related to green infrastructure construction. Criteria for each amendment request is below:

- Construction Bid Overages
 - Grantee must show good faith effort to collect competitive bids, with a minimum of 3 bids, that the lowest bid available is above the maximum cost per acre at time of grant application.
- Change Orders for eligible costs related to green infrastructure during construction
 - Amendments may be processed for green infrastructure-related change orders that arise during construction due to compensable, unforeseen site conditions.
 - Examples of compensable change orders meeting this criteria include: encountering unknown utilities during construction, encountering damaged or inaccurately placed existing utilities during construction, encountering unknown hazardous material, encountering unforeseen soil conditions that require additional drainage infrastructure, encountering unknown subsurface conditions such as old foundations and fill material.
 - Examples of non-compensable change orders that are not be covered include, without limitation: changes to materials from bid documents due to owner preference, changes to design that are not the result of compensable unforeseen conditions, change orders for any ineligible cost items as outlined in the program guidelines.
 - The changed work must specifically involve the green infrastructure and be encompassed within the green infrastructure project limits.
 - The changed work must also be compensable under the terms of the Grantee's construction contract with the Contractor.
 - Grantee must provide the City with written notice of the unforeseen site condition and allow the City a reasonable opportunity to inspect it at least 14 calendar days before commencing the changed work or otherwise disturbing the condition.

Final Report

Before receiving the final grant disbursement, Grantees will be required to submit a Final Report to the SFPUC documenting all final project information. The final report must include construction as-builts, stormwater performance calculations, final construction costs, and a final maintenance checklist. The Final Report is due within 30 days of the issued Project Completion Notification. The Final Report template can be found on the program website.

VI. *Post-Construction*

Maintenance

The Property Owner will be responsible for all operations and maintenance of the project for the entirety of the 20-year grant term. The Property Owner will be responsible for submitting annual maintenance reports to the SFPUC for the entire duration of the project.

Inspection

The SFPUC has the right to inspect the project at any time throughout the term of the Green Infrastructure Grant Agreement and the 20-year maintenance obligation. If the stormwater management function of the project is found to be impaired, the SFPUC will issue a notice to perform in writing to the Grantee to complete all required maintenance activities.

Removal of Declaration of Deed Restrictions (Year 20)

Upon satisfaction of the obligation to operate and maintain the Project for twenty (20) years after the Project Completion Date, as defined in the Grant Agreement, the SFPUC will, upon request, record a release of the Declaration of Deed Restrictions in the official records of the City and County of San Francisco's office of the Assessor-Recorder.

PUBLIC UTILITIES COMMISSION

City and County of San Francisco

RESOLUTION NO. 18-0189

WHEREAS, Green infrastructure protects and enhances the function of the City and County of San Francisco's combined sewer system by reducing the volume and rate of stormwater run-off into the system; and

WHEREAS, The San Francisco Public Utilities Commission (SFPUC) has a multi-faceted program to maximize the detention and retention of stormwater, including through green infrastructure; and

WHEREAS, The SFPUC has determined that a Green Infrastructure Grant Program targeting properties in San Francisco containing large impervious surfaces will deliver cost-effective stormwater management performance for SFPUC's collection system; and

WHEREAS, The SFPUC has developed eligibility criteria for the Grant Program set forth in the attached Grant Program Guidelines, including a minimum project size of 0.5 acres of impervious surface in order to ensure that projects receiving grant funding will provide significant stormwater performance; and

WHEREAS, The Grant Program Guidelines also require that grant-funded projects must manage the first 0.75 inches in rainfall depth over the drainage area, consistent with SFPUC capital projects; and

WHEREAS, The SFPUC has allocated \$3,000,000 in Sewer System Improvement Program (SSIP) funding for the Fiscal Year ending June 30, 2019, and \$5,000,000 in SSIP funding for the Fiscal Year ending June 30, 2020 to launch the Green Infrastructure Grant Program; and

WHEREAS, This action does not constitute a "Project" under California Environmental Quality Act (CEQA) Guidelines Section 15378(b)(4) because the proposed Green Infrastructure Program creates a government funding mechanism which does not involve commitment to any specific project which may result in a physical change in the environment. Under the Green Infrastructure Grant Program Guidelines, approval of grant applications will be contingent on the proposed project's compliance with all applicable local, State, and federal permit requirements. Funds for construction will not be issued until the project has undergone environmental review in compliance with the California Environmental Quality Act (CEQA) and San Francisco Administrative Code Chapter 31; and

WHEREAS, The SFPUC has conducted stakeholder outreach to owners of parcels containing large impervious area and has found enthusiastic potential grant applicants interested in delivering these stormwater management benefits; now, therefore, be it

RESOLVED, The Commission hereby approves the attached Green Infrastructure Grant Program Guidelines, including the eligibility criteria set forth therein; and be it

FURTHER RESOLVED, The Commission delegates to the General Manager the authority to negotiate, award, and execute grant agreements, in substantially the same form as on file with the Commission Secretary, with a term of 20 years and a maximum grant amount of \$765,000 per impervious acre managed for up to a maximum grant amount of \$2,000,000 each, with grantees who meet the eligibility requirements under the Grant Program Guidelines, and recommends that the Board of Supervisors adopt an ordinance delegating its authority under Charter Section 9.118 to the SFPUC General Manager to execute such grant agreements for a term in excess of 10 years; and be it

FURTHER RESOLVED, That this Commission hereby authorizes the SFPUC General Manager to enter into any amendments or modifications to the grant agreements that the General Manager determines, in consultation with the City Attorney, are in the best interest of the City, do not materially decrease the City's rights or materially increase the obligations or liabilities of the City, are necessary or advisable to effectuate the purposes and intent of the grant agreements or this resolution, and are in compliance with all applicable laws, including the City Charter.

I hereby certify that the foregoing resolution was adopted by the Public Utilities Commission at its meeting of November 13, 2018.

A handwritten signature in black ink, appearing to read "Monna Wood". The signature is fluid and cursive, with the first name "Monna" and the last name "Wood" clearly distinguishable.

Secretary, Public Utilities Commission

PUBLIC UTILITIES COMMISSION

City and County of San Francisco

RESOLUTION NO. 20-0045

WHEREAS, On November 13, 2018, by Resolution No. 18-0189, this Commission approved the establishment of a Green Infrastructure Grant Program to offer grants for owners of properties in San Francisco containing large impervious surfaces to deliver cost-effective stormwater management performance for SFPUC's collection system; and

WHEREAS, On February 5, 2019, the San Francisco Board of Supervisors adopted Ordinance No. 26-19 delegating authority under Charter Section 9.118 to the SFPUC General Manager to enter into grant agreements with terms of 20 years under the SFPUC's Green Infrastructure Grant Program, provided that this Commission must approve the award of each grant at a public hearing; and

WHEREAS, The SFPUC has determined that a Green Infrastructure Grant Program targeting properties in San Francisco containing large impervious surfaces will deliver cost-effective stormwater management performance for SFPUC's collection system; and

WHEREAS, The SFPUC has developed eligibility criteria for the Grant Program set forth in the Grant Program Guidelines, including a minimum project size of 0.5 acres of impervious surface in order to ensure that projects receiving grant funding will provide significant stormwater performance; and

WHEREAS, The Grant Program Guidelines also require that grant-funded projects must manage the first 0.75 inches in rainfall depth over the drainage area, consistent with SFPUC capital projects; and

WHEREAS, The SFPUC has allocated \$3,000,000 in Sewer System Improvement Program (SSIP) funding for the Fiscal Year ending June 30, 2019, and \$5,000,000 in SSIP funding for the Fiscal Year ending June 30, 2020 to launch the Green Infrastructure Grant Program; and

WHEREAS, Under the Green Infrastructure Grant Program Guidelines, approval of grant applications for construction will be contingent on the proposed project's compliance with all applicable local, State, and federal permit requirements. Funds for construction will not be issued until the project has undergone environmental review in compliance with the California Environmental Quality Act (CEQA) and San Francisco Administrative Code Chapter 31; and

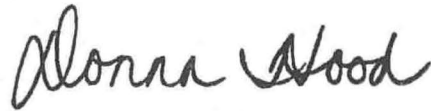
WHEREAS, The SFPUC now recommends modifying the Grant Program Guidelines to issue grant payments to grantees in four disbursements as follows: (1) for planning and design related costs (up to 20% of total grant amount), (2) 50% of the approved construction bid, (3) 40% of the approved construction bid, and (4) 10% of the approved construction bid; and

WHEREAS, Under the new procedures, the second payment of 50% of the construction bid will be approved only after SFPUC review of the California Environmental Quality Act (CEQA) document or determination of exemption for the project and SFPUC approval of the construction phase of the project; and

WHEREAS, A copy of the proposed modifications to the Grant Program Guidelines is on file with the Commission Secretary and was presented to the Commission at its February 25, 2020 meeting; now, therefore, be it

RESOLVED, The Commission hereby approves the modifications to the Green Infrastructure Grant Program Guidelines to issue grant payments to grantees in four disbursements as follows: (1) Payment 1: up to 20% of total grant amount for planning and design related costs, (2) Payment 2: 50% of the approved construction bid, (3) Payment 3: 40% of the approved construction bid, and (4) Payment 4: 10% of the approved construction bid.

I hereby certify that the foregoing resolution was adopted by the Public Utilities Commission at its meeting of February 25, 2020.

A handwritten signature in black ink, appearing to read "Monna Wood". The signature is fluid and cursive, with the first name "Monna" and the last name "Wood" clearly distinguishable.

Secretary, Public Utilities Commission

PUBLIC UTILITIES COMMISSION

City and County of San Francisco

RESOLUTION NO. 21-0122

WHEREAS, Green infrastructure protects and enhances the function of the City and County of San Francisco's combined sewer system by reducing the volume and rate of stormwater run-off into the system; and

WHEREAS, The San Francisco Public Utilities Commission (SFPUC) has a multi-faceted program to maximize the detention and retention of stormwater, including through green infrastructure; and

WHEREAS, On November 13, 2018, by Resolution No. 18-0189, this Commission approved the establishment of a Green Infrastructure Grant Program and delegated authority to the General Manager to award grants without Commission approval; and

WHEREAS, On February 5, 2019, the San Francisco Board of Supervisors adopted Ordinance No. 26-19 delegating authority under Charter Section 9.118 to the SFPUC General Manager to enter into grant agreements with terms of 20 years under the SFPUC's Green Infrastructure Grant Program, provided that this Commission must approve the award of each grant at a public hearing and with a sunset date of July 1, 2020; and

WHEREAS, On February 25, 2020, by Resolution No. 20-0045, this Commission approved revisions to the funding disbursement procedures of the Green Infrastructure Grant Program; and

WHEREAS, On June 23, 2020, the San Francisco Board of Supervisors approved Ordinance 101-20 to extend for an additional two years through July 1, 2022, the delegation of authority under Charter Section 9.118 to the General Manager of the San Francisco Public Utilities Commission to enter into grant agreements under the SFPUC's Green Infrastructure Grant Program with terms of up to 20 years and removed the prior requirement that grants be awarded at a hearing of the Commission; and

WHEREAS, The Grant Program Guidelines establish a minimum project size of 0.5 acres of impervious surface and require that grant-funded projects must manage the first 0.75 inches in rainfall depth over the drainage area; and

WHEREAS, The Grant Program Guidelines currently limit the cost per acre of stormwater managed by the grant-funded project to \$765,000 per acre; and

WHEREAS, Staff recommends that the Grant Program Guidelines be amended to increase the per acre cost limit to \$930,000 to account for the rate of inflation since the program's inception in 2018 and to ensure that the grant program is able to provide grantees with funding in amounts that reflect the current actual costs of constructing green infrastructure projects; and

WHEREAS, Staff recommends that the Grant Program Guidelines also be amended to authorize the General Manager to amend grant agreements for existing grantees with grant agreements executed under the prior \$765,000 per acre limit to increase the grant amount up to the new \$930,000 per acre limit based on (1) construction bid overages and/or (2) change orders subject to the criteria set forth in the revised Guidelines on file with the Commission Secretary; and

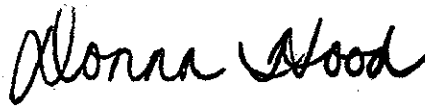
WHEREAS, The SFPUC has allocated funding for this grant program in the Sewer System Improvement Program (SSIP) Stormwater Management Grant Project 10034553; and

WHEREAS, This action does not constitute a "Project" under California Environmental Quality Act (CEQA) Guidelines Section 15378(b)(4) because the proposed Green Infrastructure Program creates a government funding mechanism which does not involve commitment to any specific project which may result in a physical change in the environment. Payments for construction will not be issued for any grant-funded project until the project has undergone environmental review in compliance with the California Environmental Quality Act (CEQA) and San Francisco Administrative Code Chapter 31; and

WHEREAS, A copy of the proposed modifications to the Grant Program Guidelines is on file with the Commission Secretary and was presented to the Commission at its July 27th, 2021 meeting; now, therefore, be it

RESOLVED, The Commission hereby approves the modifications to the Green Infrastructure Grant Program Guidelines on file with the Commission Secretary to raise the maximum cost per acre of impervious surface managed limit from \$765,000 per acre to \$930,000 per acre, and authorize the General Manager to amend existing grant agreements to increase the grant amount up to the new per acre cost limit based on (1) construction bid overages and/or (2) change orders, subject to the criteria set forth in the revised Guidelines.

I hereby certify that the foregoing resolution was adopted by the Public Utilities Commission at its meeting of July 27, 2021.



Secretary, Public Utilities Commission

PUBLIC UTILITIES COMMISSION

City and County of San Francisco

RESOLUTION NO. 22-0058

WHEREAS, Green infrastructure protects and enhances the function of the City and County of San Francisco's combined sewer system by reducing the volume and rate of stormwater run-off into the system; and

WHEREAS, The San Francisco Public Utilities Commission (SFPUC) has a multi-faceted program to maximize the retention and diversion of stormwater, including through green infrastructure; and

WHEREAS, On November 13, 2018, by Resolution No. 18-0189, this Commission approved the establishment of a Green Infrastructure Grant Program and delegated authority to the General Manager to award grants without Commission approval; and

WHEREAS, On February 5, 2019, the San Francisco Board of Supervisors adopted Ordinance No. 26-19 delegating authority under Charter Section 9.118 to the SFPUC General Manager to enter into grant agreements with terms of 20 years under the SFPUC's Green Infrastructure Grant Program, provided that this Commission must approve the award of each grant at a public hearing and with a sunset date of July 1, 2020; and

WHEREAS, On February 25, 2020, by Resolution No. 20-0045, this Commission approved revisions to the funding disbursement procedures of the Green Infrastructure Grant Program; and

WHEREAS, On June 23, 2020, the San Francisco Board of Supervisors approved Ordinance 101-20, extending the Green Infrastructure Grant Program for an additional two years through July 1, 2022, including the delegation of authority under Charter Section 9.118 to the General Manager of the San Francisco Public Utilities Commission to enter into grant agreements with terms of up to 20 years, and removing the prior requirement that grants be awarded at a hearing of the Commission; and

WHEREAS, On July 27, 2021, by Resolution No. 21-0122, this Commission approved increasing the maximum cost per acre from \$765,000 to \$930,000; and

WHEREAS, The Grant Program Guidelines establish a minimum project size of 0.5 acres of impervious surface and require that grant-funded projects must manage the first 0.75 inches in rainfall depth over the drainage area; and

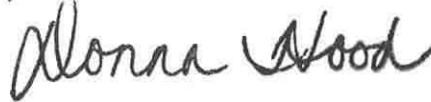
WHEREAS, SFPUC Staff recommends that the Grant Program Guidelines be amended to reflect compliance with the City Administrative Code Chapter 21G, revise grant team experience and co-benefit eligibility criteria, increase cap on planning and design costs, and revise other program requirements; and

WHEREAS, This action does not constitute a "Project" under California Environmental Quality Act (CEQA) Guidelines Section 15378(b)(4) because the proposed Green Infrastructure Program creates a government funding mechanism which does not involve commitment to any specific project which may result in a physical change in the environment. Payments for construction will not be issued for any grant-funded project until the project has undergone environmental review in compliance with the California Environmental Quality Act (CEQA) and San Francisco Administrative Code Chapter 31; and

WHEREAS, A copy of the proposed modifications to the Grant Program Guidelines is onfile with the Commission Secretary and was presented to the Commission at its March 8, 2022 meeting; now, therefore, be it

RESOLVED, The Commission hereby approves the modifications to the Green Infrastructure Grant Program Guidelines on file with the Commission Secretary to reflect compliance with the City Administrative Code Chapter 21G, revise grant team experience and co-benefit eligibility criteria, increase cap on planning and design costs, and revise other program requirements.

I hereby certify that the foregoing resolution was adopted by the Public Utilities Commission at its meeting of March 22, 2022.

A handwritten signature in black ink, appearing to read "Donna Wood". The signature is fluid and cursive, with the first name "Donna" and the last name "Wood" clearly distinguishable.

Secretary, Public Utilities Commission



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 \$1,500,000]

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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|--|---|
| 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.



SFPUC's Green Infrastructure Grant Program Government Audit and Oversight Committee

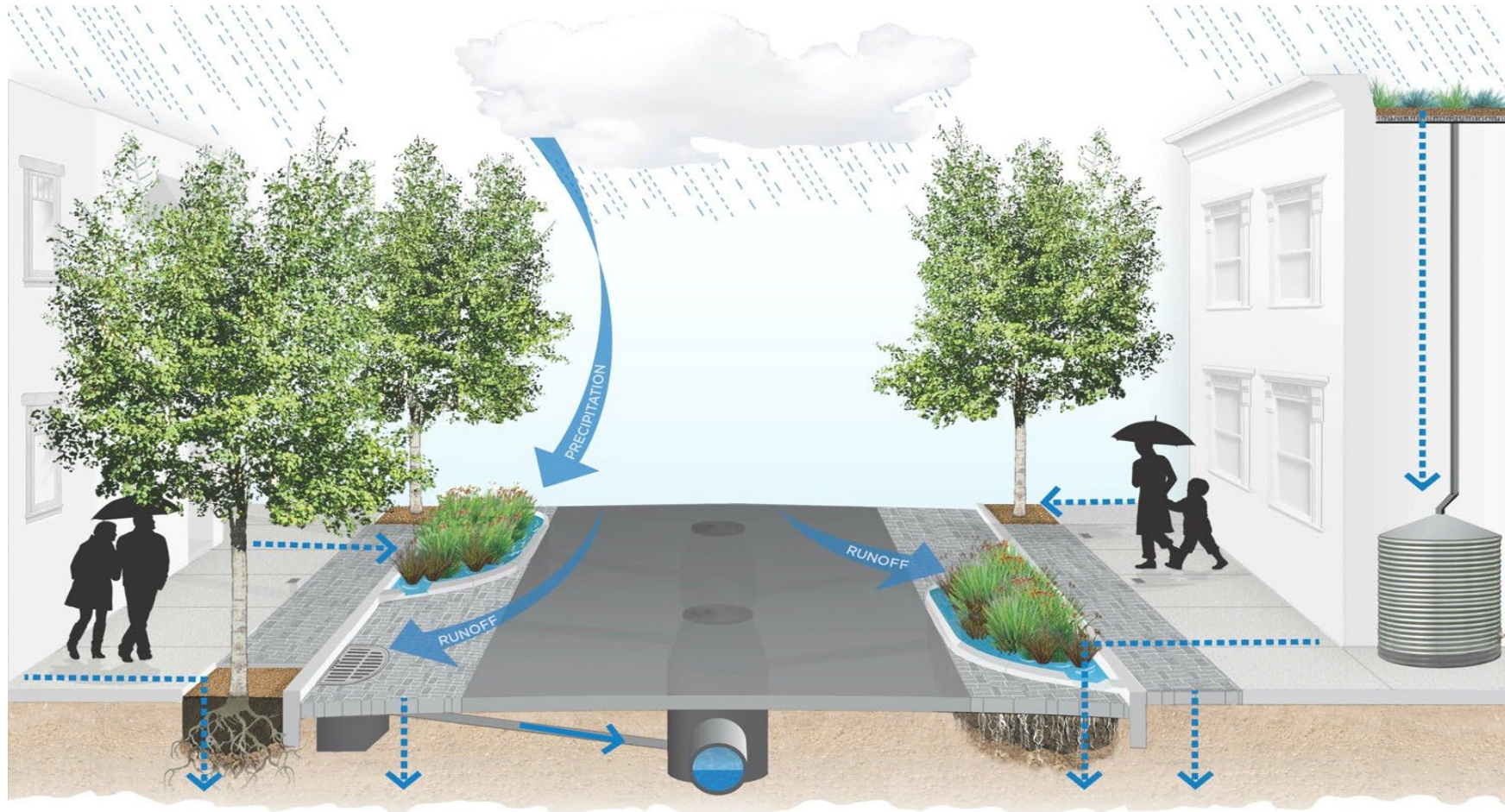
**Sarah Bloom
Urban Watershed Planning Division, Wastewater Enterprise
San Francisco Public Utilities Commission**

Photo: Lafayette Elementary School

June 2022

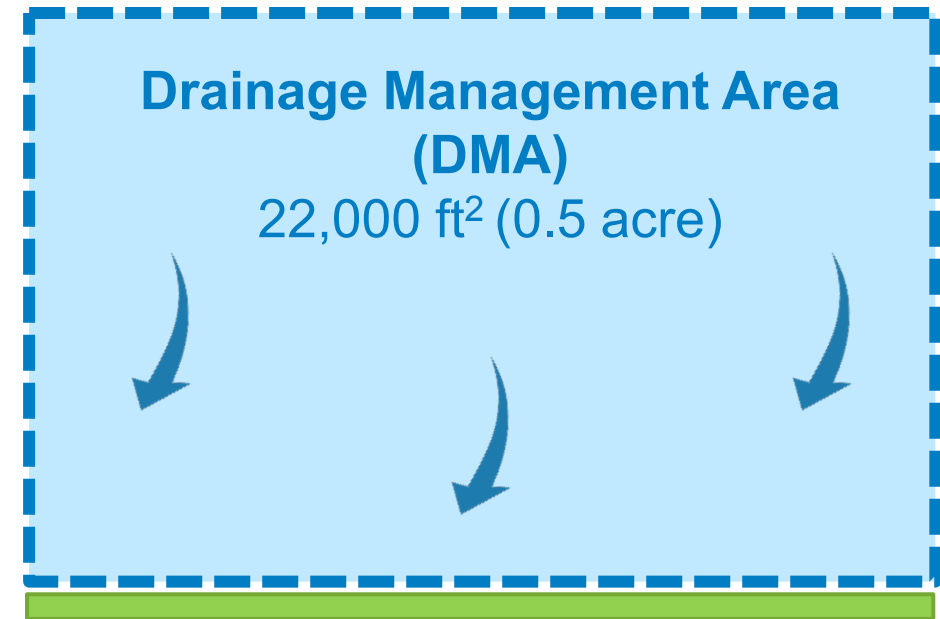
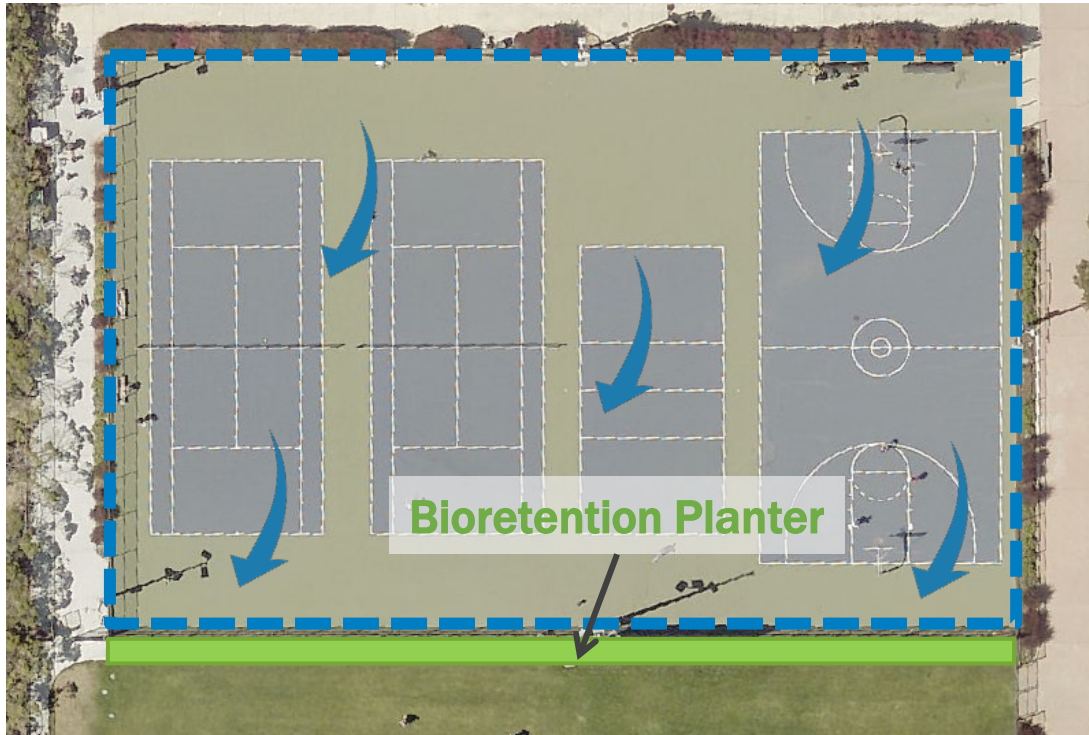
What is Green Infrastructure?

Green Infrastructure is a set of engineered, **sustainable** stormwater management tools that slow down, clean, and route stormwater to keep it from overwhelming the City's sewer system.



How Does Green Infrastructure Work?

Green Infrastructure collects stormwater runoff from an impervious surface, or Drainage Management Area (DMA)



Bioretention Planter
1,100 ft²

Sizing Ratio = GI Area / DMA = 5%

SFPUC's Citywide Green Infrastructure Strategy

SFPUC long-term vision to manage **1 billion gallons** per year of stormwater **using green infrastructure** by 2050

- Stormwater Management Ordinance
- Capital Projects
- Grant Programs



Green Infrastructure Grant Program

- Launched in February 2019
- Funds the design and construction of green infrastructure facilities
- Targeted towards large, highly impervious parcels
- Property owner is responsible for 20 years of ongoing maintenance
- Grant amount determined by project size, up to \$2M per project



Green Infrastructure Grant Program

Green Infrastructure Grant Agreement: legally enforceable agreement from the property owner to maintain green infrastructure asset for 20 years

Why 20 Years?

- Consistent with useful life of green infrastructure assets
- Equivalent performance as capital projects
- Supports citywide stormwater goals



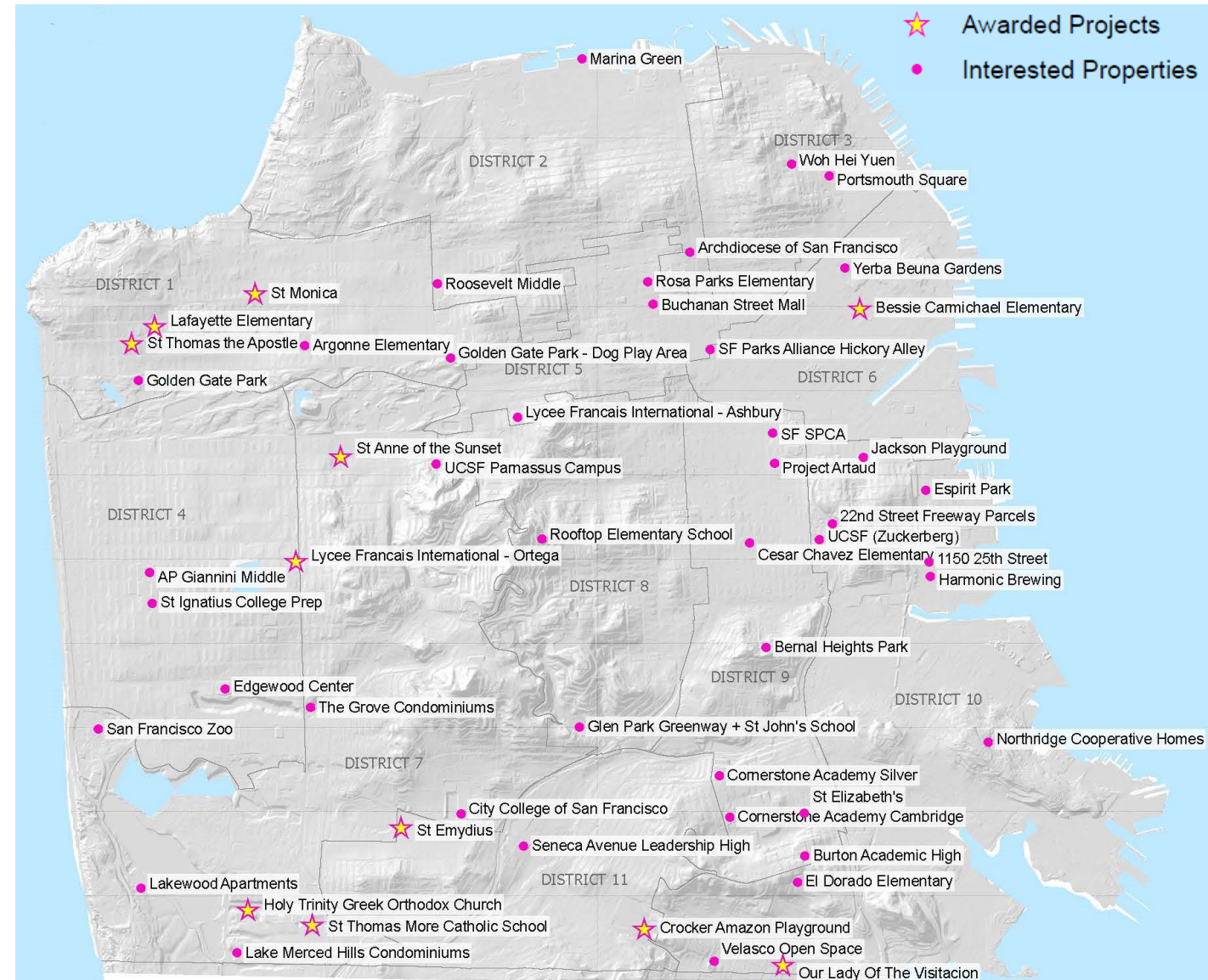
Green Infrastructure Grant Program

Minimum Eligibility Criteria

- 1. Location:** Projects must be on a parcel connected to a SFPUC-owned and operated sewer system service area
- 2. Size:** Projects must manage runoff from a minimum of 0.5 acres of impervious surfaces
- 3. Performance:** Capture 90th percentile storm (0.75-inch depth)
- 4. Co-Benefits:** Demonstration of at least 2 of the approved co-benefits
- 5. Experience:** Grant team must have experience designing or constructing green infrastructure
- 6. Concept Design:** Applicants must submit a conceptual design plan

Program Performance to Date

- Applications Received: **11**
- Projects Awarded: **11**
- Projects Completed: **2**
- Total Funding Awarded: **\$10.57M**
- Future Stormwater Captured by Awarded Projects: **5.7 MG/yr.**
- Site Visits Conducted by Technical Team: **41**
- Presentations Given to Stakeholders: **9**
- Publications and Media Pick-ups: **2**



Awarded Projects

| Project Name | Grant Award | Funds Dispersed to Date | Project Status |
|------------------------------------|-------------|-------------------------|--|
| Lafayette Elementary School | \$489,142 | \$487,891.46 | Complete |
| St. Thomas More School | \$1,118,958 | \$218,313 | Design |
| Bessie Carmichael Middle School | \$428,075 | \$385,268 | Complete – final payment pending grant amendment |
| Lycee Francais SF Ortega Campus | \$480,958 | \$288,629 | Construction |
| Holy Trinity Greek Orthodox Church | \$1,577,161 | \$303,750 | Design |
| Crocker Amazon Park | \$859,151 | \$156,000 | Design |
| St. Thomas the Apostle | \$724,227 | \$144,500 | Design |
| St. Monica Catholic Church | \$641,413 | \$128,050 | Design |
| St. Anne of the Sunset | \$1,557,898 | \$310,250 | Design |
| St. Emydius Church and School | \$873,136 | \$0 | Initiation |
| Church of the Visitation | \$1,727,103 | \$0 | Initiation |

GI Grant Program Improvements Since June 2020

1. **Revised the grantee definition** to align with Ch 21G (Grants Ordinance) and allow for partnership-based projects.
2. **Moved to a competitive application cycle(s)** to align with Ch 21G, while preserving minimum eligibility criteria.
3. **Increased maximum cost per acre** of stormwater managed to \$930,000, with no change to maximum grant award of \$2M.
4. **Raised cap on soft costs** to 30% of total grant award to account for true costs of project delivery and support equity, co-benefit, and partnership goals.

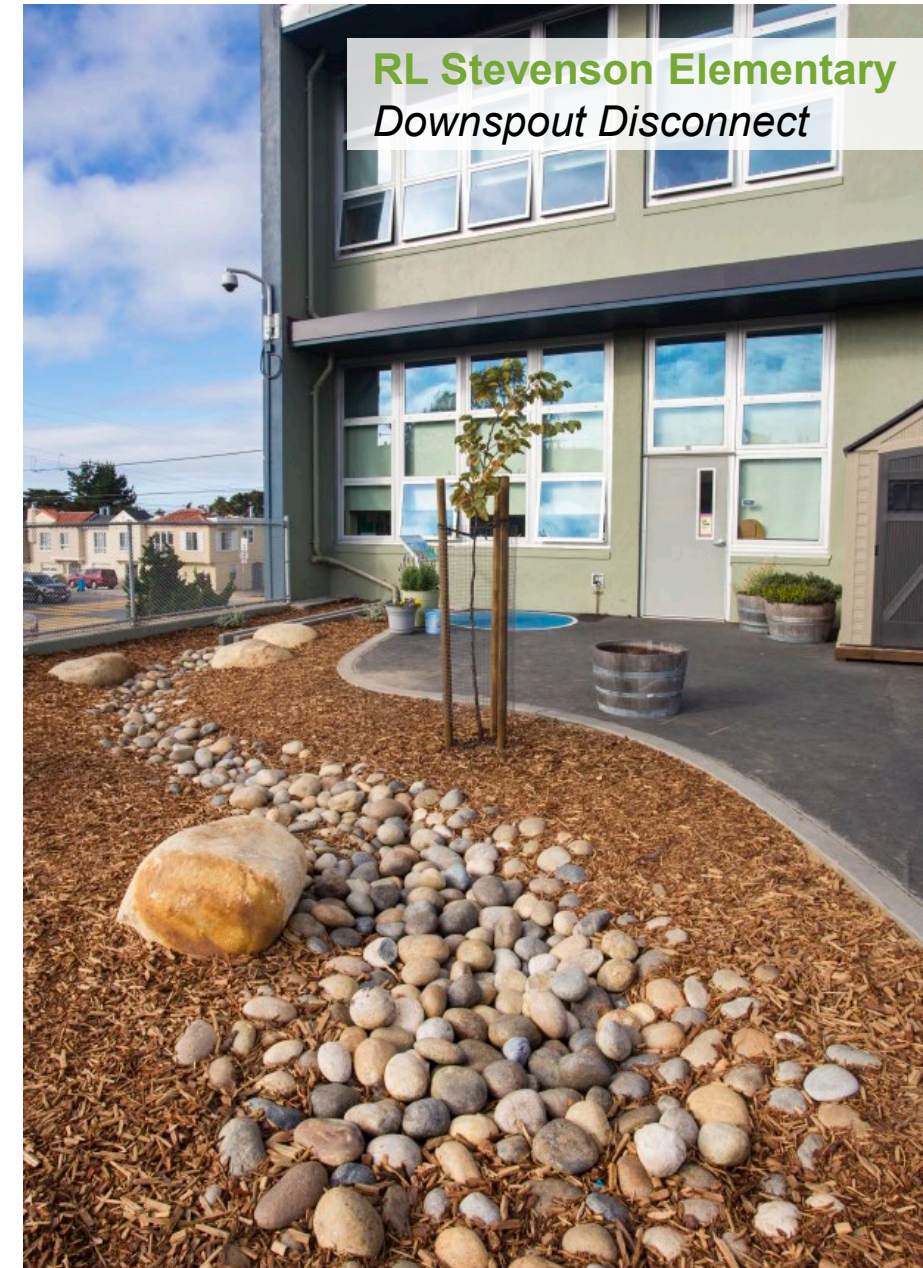
Green Infrastructure Grant Program Budget

FY 22-24 Program Budget:

- \$20M appropriated for next 2 years by SFPUC Commission
- Funded by revenue bonds
- Includes grants and staffing

Max Grant Award:

- **\$930,000** per impervious acre managed
- Up to **\$2,000,000** in funding per project



Request For Extension of Current Delegation of Authority

SFPUC is requesting an extension of current delegation of authority to enter into grant agreements under Charter, Section 9.118, for another 2 years:

- Ensures **useful life of green infrastructure asset**
- Retains **quarterly reporting** to BOS and **public posting** on grant awards
- Authority **sunsets on July 1, 2024**



Thank you!