


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

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March 27, 2014

TO: Budget and Finance Committee 

FROM: Budget and Legislative Analyst

SUBJECT: April 2, 2014 Budget and Finance Committee Meeting

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Item 1
File 14-0034

Departments:
Recreation and Park Department (RPD)

EXECUTIVE SUMMARY

Legislative Objective

- The proposed ordinance would waive the competitive solicitation requirement under the City's Administrative Code Section 6.40, and authorize the San Francisco Recreation and Park Department (RPD) to enter into a sole source professional services agreement with Aidlin Darling Design (Aidlin) in the amount of \$838,000 to complete the design development and preliminary construction documents for the Geneva Car Barn renovation project.

Key Points

- The Geneva Car Barn and Powerhouse is a City-owned, historic structure, certified landmark, and last remnant of San Francisco's first electric railway system. Since 2004, the Car Barn has been managed by RPD who have worked with the Friends of the Geneva Car Barn (Friends) to renovate the facility into a community center, expending a total of \$2,563,580 from local, state, federal, and nonprofit organization funding sources, for roof and building stabilization, project planning, and historic preservation. RPD estimates the proposed Car Barn renovation project will cost approximately an additional \$21.4 million.
- The City Attorney's proposed amended ordinance authorizes RPD to enter into a sole-source professional services agreement with Aidlin for \$837,863 to complete 100% design development documents and 50% construction documents. Aidlin previously provided \$205,500 in pro bono architectural services to the Car Barn project, including concept & schematic design.
- RPD is requesting a sole-source agreement with Aidlin because (1) design and construction documents must be completed by Spring 2015 to apply for funding up to \$10.6 million or approximately 50% of the project's \$21.4 million total costs, (2) this Aidlin contract represents the "best use" for these funds previously appropriated for the Car Barn project, and (3) inconsistencies or changes to the existing Aidlin design could jeopardize historic preservation approvals already received. However, RPD is not citing Administrative Code Sections 6.60 through 6.71, which provide for specific exemptions and alternatives to competitive bidding for emergency repairs, design-build contracts, and integrated project delivery contracts.

Fiscal Impact

- \$838,000 was previously appropriated for this project from the 2000 Neighborhood Park General Obligation Improvement Bond funds.

Policy Considerations

- (1) Approval of the proposed ordinance will not guarantee the completion of design work required to apply for potential 2015 funds, as the Friends will need to raise an additional \$475,951 by November 2014 to complete 100% construction documents; (2) there is no guarantee potential 2015 funds will be awarded; (3) even if funds up to \$10.6 million are secured, the renovation project will still have significant construction funding needs of at least \$9.5 million; and (4) the City's future funding obligations for the Car Barn project are unclear, based on the Friends ability to successfully fundraise.

Recommendations

- Amend the ordinance, as recommended by the City Attorney, and further amend this ordinance to increase the Friends fundraising goal from \$465,951 to \$475,951, to complete 100% final construction documents.
- Approval of the ordinance, as amended, is a policy decision for the Board of Supervisors.

MANDATE STATEMENT / BACKGROUND**Mandate Statement**

City Administrative Code Section 6.40 requires City departments to procure outside temporary professional design, consultant, or construction management services for public work projects greater than \$100,000 through a competitive process.

Background**Geneva Car Barn and Powerhouse**

The Geneva Car Barn and Powerhouse (Car Barn), located at the corner of Geneva Avenue and San Jose Avenue across from the Balboa Park BART Station, was designed and constructed in 1901 and 1903 as part of San Francisco's first electric railway system. The Car Barn consists of two adjoining structures, a 13,000 square foot two-story office building, and a 3,000 square foot single-story shed. It was designated a City Landmark in 1985 and placed on the National Register of Historic Places in 2010. Under the jurisdiction of the San Francisco Municipal Railway, (now the San Francisco Municipal Transportation Agency (SFMTA)), the Car Barn was used as a storage facility, office and center of the City's electric railway operations. However, the Car Barn was badly damaged during the Loma Prieta earthquake in 1989, and has remained vacant and unused ever since.

In 1998, the Car Barn was saved from demolition through the efforts of a neighborhood citizens group, the Friends of the Geneva Car Barn and Powerhouse (Friends), a nonprofit organization. In 2004, the Municipal Railway transferred jurisdiction of the Car Barn to the Recreation and Parks Department (RPD) (File No. 04-0320) at no cost, with the intent for RPD to form a partnership with the Friends to renovate the Car Barn.

Planned Renovation of the Car Barn

According to Ms. Nicole Avril, RPD Project Manager for the Car Barn, RPD and the Friends seek to renovate the Car Barn into a community center, by (1) seismically strengthening and historically rehabilitating the exterior and interior of the building; (2) bringing the building into compliance with regulatory requirements including the City's Building Codes and Americans with Disabilities Act (ADA); and (3) using the renovated space for classrooms, meeting rooms, studios, a theater, café, exhibitions and events, and a small amount of retail. According to Ms. Avril, the intent is to create a recreational and educational focal point for the Excelsior and Ocean View-Merced Heights-Ingleside neighborhoods, which are currently underserved by community, cultural, and youth facilities. Currently, RPD estimates the proposed Car Barn renovation project will cost approximately \$21.4 million, with a targeted completion date of early 2018. Table 1 below contains the project's proposed budget.

Table 1: Proposed Budget for Geneva Car Barn Project

Cost Category	Amount
Design, Construction Administration, Permitting	\$1,995,000
Regulatory Approvals	200,000
Data and Surveys	65,000
Project Manager	300,000
Construction	16,955,754
Furniture, Fixtures, & Equipment	500,000
Art Enrichment	339,115
Hazardous Abatement	102,000
Fire Security System Modification	75,000
Construction Contingency	847,788
TOTAL	\$21,379,657

History of Financial Support for the Car Barn

Over the past ten years, or since 2004, a total of \$2,563,580 has been expended on the Car Barn as summarized in Table 2 below from local, state, federal, and nonprofit organization funding sources, for purposes including roof and building stabilization, project planning, and historic preservation. Ms. Avril advises that the \$2,563,580 expenditures identified in Table 2 below are in addition to the \$21.4 million estimated budget identified in Table 1 above. Ms. Avril also notes that presently the two Car Barn buildings are not in danger of imminent collapse, although such buildings are not considered to be safe for occupancy.

Table 2: Geneva Car Barn Expenditures, 2004 - Present

Source of Funds	Purpose	Year(s)	Funds
City General Fund	Project Planning; Fundraising; Program Administration	2006-present	\$730,000
Recreation and Park Department (Open Space & General Fund)	Roof and building stabilization; Planning;	2004; 2012-13	423,580
SFMTA	Roof and building stabilization	2004	500,000
Caltrans	Roof and building stabilization	2004	500,000
California Cultural Historic Endowment	Historic preservation architect	2008-10	200,000
Environmental Protection Agency	Environmental testing	2012-13	110,000
Department of Children, Youth and Families	Program fees and student stipends	2010	50,000
Irvine Foundation	Program fees	2010-11	50,000
Total			\$2,563,580

In addition to the \$2,563,580 expenditures shown in Table 2 above, RPD's 2000 Neighborhood Park General Obligation Improvement Bond¹ allocated \$838,000 for the Car Barn, which has not been expended. In December 2013, RPD proposed de-appropriating this \$838,000 allocation for the Car Barn from the 2000 General Obligation Bond, so funds could be made available for other park needs, particularly "shovel-ready" projects with life safety or asset preservation components (File 13-1140). However, on December 11, 2013, the Budget and Finance Committee amended the proposed ordinance to delete RPD's requested \$838,000 de-appropriation, leaving the \$838,000 bond funds available for the Car Barn project.

In 2007, the Board of Supervisors also appropriated \$1,044,490 (Ordinance 61-07) from the City's General Fund for the Car Barn project. However, in 2009, as a result of the City's projected General Fund budget shortfall, the Board of Supervisors rescinded that appropriation, with no monies having been spent.

Pro-bono Support & Aidlin Darling Design

In 2009, in response to the rescinding of City funds, the Friends organized a design competition for pro-bono architectural services for the Car Barn. Aidlin Darling Design (Aidlin)² was one of three finalists³ for the project and was selected by the Friends to provide pro-bono architectural services based upon Aidlin's innovative design and commitment to civic engagement, cultural centers, and underserved communities. The Friends also reached out to the business community and a local private school to secure additional pro-bono services including legal representation and office space. As shown in Table 3 below, to date, a total of \$489,500 in pro bono services has been obtained for the Car Barn project.

Table 3: Geneva Car Barn Pro-Bono Services Received

Source of Pro-Bono Services	Purpose	Year(s)	Value of Services
Aidlin Darling Design	Architectural design	2009-present	\$205,500
Gibson Dunn & Crutcher	Legal representation	2009-present	204,000
Godfrey Q and Partners	Branding and design	2013-present	20,000
Lick Wilmerding High School	Office space, infrastructure support	2009-present	50,000
Oliver and Co.	Pre-construction services, cost estimation	2010-present	10,000
Total Value			\$489,500

¹ The 2000 Neighborhood Park General Obligation Bond was approved by San Francisco voters in March of 2000 for \$110,000,000, for use on RPD projects, excluding Golden Gate Park. To date, the entire \$110,000,000 Bond plus \$9,851,673 of interest earnings, for a total of \$119,851,673 has been appropriated.

² Aidlin is a San Francisco-based private architecture firm primarily focused on public, commercial, and residential projects in the Bay Area. They are a 2013 National Design Award Winner.

³ The three finalists were (1) Aidlin, (2) Mark Cavagnero Associates, and (3) Fougerson Architecture.

As shown in Table 3 above, to date Aidlin has provided \$205,500 in pro-bono architectural services to the Car Barn project, including concept design, schematic design, and renderings. Aidlin's design assisted in obtaining historic preservation approvals from the State Historic Preservation Office and the National Park Service⁴, and an exemption from environmental review under the California Environmental Quality Act (CEQA).

Based on Aidlin's design, the Car Barn project renovation will comprise over 20,000 square feet, including façade restoration, seismic upgrade and interior renovation to provide a 300-person event space, 99-seat theater, community meeting room, three youth training classrooms, student lounge, 2,000 square foot restaurant, and 730 square feet of retail space.

DETAILS OF PROPOSED LEGISLATION

The proposed ordinance would waive the competitive solicitation requirement under the City's Administrative Code Section 6.40, and authorize RPD to enter into a sole-source professional services architectural agreement with Aidlin Darling Design (Aidlin) in the amount of \$838,000 to complete design development and preliminary construction documents for the Geneva Car Barn renovation project. The total remaining estimated design costs for the Car Barn renovation project are \$1,313,814.

The City Attorney has drafted language to amend the proposed ordinance to (1) reduce the agreement amount from \$838,000 to \$837,863, a difference of \$137, to reflect actual projected agreement costs, (2) authorize RPD to enter into this agreement with Aidlin to complete 100% of the design development documents and 50% of the construction documents, (3) authorize RPD to amend the Aidlin agreement as necessary to complete 100% of the final construction documents, with the Friends agreeing to attempt to raise the projected additional \$465,951 shortfall of funds necessary to complete the construction documents, and (4) any funds gifted to RPD by the Friends will be subject to acceptance and approval by the Board of Supervisors.

This Budget and Legislative Analyst's report is based upon the proposed amended ordinance, with the additional clarification that the projected shortfall is \$475,951, or \$10,000 more than the \$465,951 specified in the amended ordinance (see Table 5 below for details). Ms. Avril has confirmed the discrepancy was due to an administrative error. Therefore, the proposed amended ordinance should be further amended to specify \$475,951 as the shortfall the Friends are agreeing to attempt to raise.

Projected Scope of Work

The proposed \$837,863 professional services agreement would require Aidlin to complete 100% of the design development documents and 50% of the construction documents, including

⁴ These approvals are required to qualify for Historic Preservation Tax Credits.

- **Design Development Documents** to show and describe the architectural, structural, mechanical and electrical systems and materials.
- **Preliminary Construction Documents** to include (1) site plans, (2) building plans and elevations, (3) building sections and floor plans, (4) preliminary tenant improvement plans, (5) plans for public access areas, (6) specifications for materials, finishes and methods of construction, (7) exterior signage and exterior lighting plans, (8) material and color samples, and (9) roof plans showing all mechanical and other equipment.

The agreement would require Aidlin to complete these documents within 11 months of the final execution of the agreement, estimated from May 1, 2014 to approximately April 1, 2015.

Reasons for Waiver Request

The proposed ordinance would authorize RPD to award Aidlin a sole-source agreement by waiving the City's competitive bidding procedures required under Administrative Code Section 6.40 because, according to RPD:

- (1) the typical competitive procurement process would take six to nine months to complete, impairing RPD's ability to compete for significant potential 2015 funding opportunities for the Car Barn project (see Table 4 below);
- (2) a sole-source contract with Aidlin represents the "best use" of the \$837,863 in 2000 Neighborhood Park GO Bond funds previously appropriated, as the Car Barn project cannot proceed without design and construction documents; and
- (3) if a competitive process resulted in a different architect other than Aidlin being selected, this could result in inconsistencies or changes to the existing Aidlin design, potentially jeopardizing the historic preservation approvals already received from the State Historic Preservation Office and the National Park Service⁵.

The City's Administrative Code Sections 6.60 through 6.71 provide for a number of exemptions and alternatives to competitive bidding to award a sole-source contract, including:

- Emergency repairs, work and contracts;
- Design-build contracts;
- As-needed contracts; and
- Integrated project delivery contracts.

⁵ Historic Preservation Tax Credits are approved over a three-part application with the State Historic Preservation Office and the National Park Service. Part 1 explains the historic significance of the building; Part 2 describes the planned rehabilitation work in accordance with historic preservation standards; and Part 3 is submitted after the project is completed. Based upon the Aidlin design proposal, the Car Barn project has already received approval for Parts 1 and 2 of its Historic Preservation Tax Credit application.

However, none of these exemptions and alternatives is being cited as the reason RPD is seeking to award a sole-source contract to Aidlin.

Potential 2015 Funding Opportunities

RPD staff state that potential funding of approximately 50% of the renovation project's overall \$21.4 million costs, or approximately \$10.6 million, may be available from a variety of sources in 2015. Table 4 below shows the different potential sources of funding, eligibility requirements, and potential 2015 funding amounts for the proposed Geneva Car Barn project.

Ms. Avril notes that in order for RPD to be eligible to apply for these funds, the Car Barn design and construction documents must be fully completed by the first quarter of 2015.

Table 4: Geneva Car Barn Potential 2015 Funding Sources

Source of Funds	Application Deadline	Description	Potential Funding
Historic Preservation Tax Credits (Federal)	Accepted on a rolling basis	20% of rehabilitation hard costs for substantial projects on certified historic structures; must meet SHPO and NPS standards for rehabilitation	≤ \$3,400,000
New Markets Tax Credit Program (Federal)	Winter 2015 (anticipated)	20% of rehabilitation hard and soft costs for qualified projects in economically distressed areas; must demonstrate Project Readiness ⁶	≤ 4,200,000
Community Opportunity Funding (2012 San Francisco Clean and Safe Neighborhood Parks General Obligation Bond)	Spring 2015 (anticipated)	Capital program allowing residents, neighborhood groups, and advocates to initiate capital improvements to RPD properties by matching public funding with other gifts and grants; must have a complete design, budget, and schedule	≤ 3,000,000
Total Potential Funding			≤ \$10,600,000

⁶ Project Readiness is defined as having "an approved and permitted building and the ability to... begin construction within 3-6 months".

FISCAL IMPACT

As noted above, \$838,000 was previously appropriated for this project from the 2000 Neighborhood Park General Obligation Improvement Bond funds. Table 5 below is a proposed design development and preliminary construction design budget totaling \$837,863, identifying Aidlin as the primary contractor and related engineering and specialty consulting providers as subcontractors. Table 5 below also contains a final construction design budget costing an additional \$475,951, for a total design budget of \$1,313,814. Ms. Avril advises that the Friends will be responsible for securing the additional \$475,951 funding to complete the design.

Table 5: Geneva Car Barn Proposed Design Phases Budget

Consultant Services	Design Development	Preliminary Construction Design	Total Fees (through Prelim CD)	Final Construction Design	Total Fees (Design Phases)
Architect (<i>Prime</i>) (Aidlin Darling Design)	\$204,000	\$174,000	\$378,000	\$234,000	\$612,000
<i>Subcontractors</i>					
Structural Engineer (WJE)	85,944	56,574	142,518	75,431	217,949
MEP Engineer (Guttman & Blaevoet)	59,000	36,000	95,000	48,000	143,000
Civil Engineer (BKF)	12,100	8,500	20,600	10,300	30,900
Historic Consultant (Carey & Company)	17,010	19,085	36,095	24,370	60,465
Lighting Design (Janet Nolan)	23,970	13,980	37,950	17,000	54,950
Acoustical Consulting (Charles Salter)	4,000	3,000	7,000	4,000	11,000
Theater Consulting (Auerbach Pollock Friedlander)	17,500	13,000	30,500	22,500	53,000
Specifications (McCaffrey)	3,000	2,500	5,500	3,350	8,850
Green Consulting (Thorton Thomasetti)	5,100	2,600	7,700	3,400	11,100
Code Consultant (The Preview Group)	2,800	0	2,800	1,600	4,400
Landscape Architect (CMG Landscape Architects)	16,000	9,000	25,000	22,000	47,000
Geotechnical Services (Treadwell & Rollo)	39,700	0	39,700	0	39,700
Total Contractor Fees	\$490,124	\$338,239	\$828,363	\$465,951	\$1,294,314
Reimbursable Allowance			9,500	10,000	
Total Fees + Reimbursable			\$837,863⁷	\$475,951	\$1,313,814

⁷ Amount of subject design agreement.

The needed \$475,951, which has not yet been raised by the Friends, would be gifted by the Friends to the City, subject to acceptance and approval by the Board of Supervisors. According to Ms. Avril, the Friends will attempt to raise these funds by November 2014, leading to completion of the final design by approximately March 31, 2015, providing sufficient time to qualify for the potential 2015 funding sources identified above in Table 4 above. Ms. Avril advises that if the Friends cannot raise the needed funds by November 2014, the funding applications will be pushed back to 2016, although in that scenario Community Opportunity Funds and New Market Tax Credits may not be available. In either case, the Friends would still be obliged to raise the \$475,951 to complete the design.

POLICY CONSIDERATIONS

Ms. Avril advises that if the Board of Supervisors approves the proposed ordinance, the Friends assume responsibility for attempting to raise the estimated additional \$475,951 to complete the design phases. Ms. Avril also advises that RPD will enter into an agreement with the Friends⁸, specifying that the Friends will agree to attempt to raise the funds necessary to complete construction of the Car Barn renovation project. Under this agreement, RPD would be responsible for assisting and supporting the Friends in their fundraising efforts from private and public sources, including the Friends' application for up to \$3 million of matching funds from RPD's 2012 bond-funded Community Opportunity Fund, and RPD's commitment to pursue later- and final-stage matching funds for the Car Barn project's construction.

Ms. Avril further advises that, if the Friends can raise the necessary construction funds to complete the project, the renovated Geneva Car Barn will be owned by RPD, with the Friends responsible for ongoing operating and maintenance costs, to be funded through rental and other earned revenue. However, there are no guarantees that the Friends will pay for such operating and maintenance costs.

Furthermore, no funding has been raised by the Friends for the estimated \$475,951 final construction design phase, there is no guarantee the Friends will be able to raise the \$475,951 by the target date of November 2014, and there is no guarantee the Friends will raise any additional funds required to complete the Car Barn project. As also noted above, completion of the final construction design documents is required before the Car Barn project can apply for the 2015 funding sources identified above in Table 4. Therefore:

1. Approval of the proposed ordinance, which would waive the competitive bidding requirement in order to award a \$837,863 sole-source contract to Aidlin, will not in and of itself enable the Friends and City to apply for the potential 2015 funds identified in

⁸ This agreement would be subject to approval by the RPD Commission, anticipated for May 2014.

Table 4 above, although the application for such funds is a stated reason that the agreement is being requested to be awarded on a sole-source basis;

2. Even if the entire \$475,951 funds are raised by the Friends to complete the approximately \$1.3 million design phases (see Table 5 above) and apply for potential funding sources identified in Table 4 above, there is no guarantee that potential anticipated funding sources up to \$10.6 million would be realized by the City;
3. Even if all \$10.6 million in potential funding opportunities are realized after the completion of the \$1.3 million design phases, an additional approximately \$9.5 million in funding will need to be secured from other funding sources to complete construction of the \$21.4 million Geneva Car Barn project (see Table 1 above); and
4. The City's future funding obligations for the Car Barn project are unclear, as much depends on the Friends' ability to successfully fundraise.

However, the Budget and Legislative Analyst also acknowledges that:

1. The Geneva Car Barn is a City-owned facility and historic structure, and this project has received \$2,563,580 of direct financial support from the City and other sources over the last 10 years;
2. Aidlin has already provided \$205,500 in pro bono architectural services to the Car Barn project, including concept and schematic design, renderings, and historic preservation approvals;
3. The \$837,863 funding for the subject architectural contract was previously appropriated under the 2000 Neighborhood Park Improvement General Obligation Bond specifically for the Car Barn project; and
4. If the Friends can raise the additional design funds, such that Aidlin can complete all the design phases by early 2015, the potential funding opportunities of up to \$10.6 million available in 2015 are significant.

Therefore, approval of the proposed ordinance is a policy decision for the Board of Supervisors.

RECOMMENDATIONS

1. Amend the ordinance, as recommended by the City Attorney, and further amend this ordinance to increase the Friends fundraising goal from \$465,951 to \$475,951, to complete 100% final construction documents.
2. Approval of the ordinance, as amended, is a policy decision for the Board of Supervisors.