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

May 29, 2015

TO: Budget and Finance Sub-Committee

FROM: Budget and Legislative Analyst

SUBJECT: June 3, 2015 Budget and Finance Sub-Committee Meeting

TABLE OF CONTENTS

TABLE OF CONTENTS (continued)

Item 2 File 15-0313	Department: Recreation and Park Department

EXECUTIVE SUMMARY

Legislative Objectives

The proposed resolution would: (1) authorize the San Francisco Recreation and Park Department to accept and expend a Land and Water Conservation Fund grant from the State of California Department of Parks and Recreation in the amount of $743,543 for the Noe Valley Town Square Project, and (2) authorize the Director of Real Estate to record a Deed Restriction with the Assessor-Recorder against the subject property, requiring that the property will be used as public outdoor recreational use in perpetuity.

Key Points

- In 2013, the City and County of San Francisco purchased a property located at 3861 24th Street, commonly referred to as "Noe Valley Town Square" for $4,242,510, to convert such property into a park in the neighborhood of Noe Valley. The Noe Valley Town Square Project (Project) will refurbish the property, featuring new amenities including landscaping, a children's play area, community garden pools, and a stage canopy structure.
- The Recreation and Park Department has executed a grant contract with the California Department of Parks and Recreation which stipulates terms and conditions of accepting the Land and Water Conservation Fund grant of $743,543 for the Project.

Fiscal Impact

- The State of California Department of Parks and Recreation Land and Water Conservation Fund Grant requires matching funds of $743,543. The matching funds are comprised of $393,653 in San Francisco Open Space Acquisition Funds and Recreation and Park Department in-kind expenditures, and $349,890 from the San Francisco Parks Alliance.
- The estimated cost of the Project is $2,829,304. To date, $2,183,091 has been raised to date, and an additional $646,212 remains to be raised.

Recommendation

- Approve the proposed resolution.

MANDATE STATEMENT

City Administrative Code Section 10.170-1 states that accepting Federal, State, or third-party grant funds in the amount of $100,000 or more, including any City matching funds required by the grant, is subject to Board of Supervisors approval.

BACKGROUND

In 2013, the City and County of San Francisco purchased a property[1] located at 3861 24th Street, commonly referred to as "Noe Valley Town Square" for $4,242,510, to convert such property into a park in the neighborhood of Noe Valley. The Board of Supervisors approved the purchase and sale agreement (File No. 13-0341) between Noe Valley Ministry PCUSA and the City and County of San Francisco on behalf of the Recreation and Park Department. The purchase was funded by the City's Open Space Acquisition Fund. The Noe Valley Town Square Project (Project) will refurbish the property, featuring new amenities including landscaping, a children's play area, community garden pools, and a stage canopy structure.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would: (1) authorize the Recreation and Park Department to accept and expend a Land and Water Conservation Fund grant from the State of California Department of Parks and Recreation[2] in the amount of $743,543 for the Noe Valley Town Square Project, and (2) authorize the Director of Real Estate to record a Deed Restriction with the Assessor-Recorder against the subject property, requiring that the property be used as public outdoor recreational use in perpetuity.

<u>Land and Water Conservation Fund Grant Contract</u>

The Recreation and Park Department has executed a grant contract with the California Department of Parks and Recreation which stipulates terms and conditions of accepting the Land and Water Conservation Fund grant of $743,543 for the Project. Through this contract, the San Francisco Recreation and Park Department commits to providing matching funds of an additional $743,543, which have been secured for the Project. The performance period of the grant is September 3, 2014 through June 30, 2017. Table 1 below summarizes the key terms of grant contract with the State.

[1] The property was purchased as a parking lot and the City continues to operate this parking lot free of charge.

[2] Funds for the Project are allocated by the State of California, Department of Parks and Recreation, which functions as a pass-through agency administering the program at the local level for the U.S. National Parks Service, the grant source agency.

Table 1: Key Terms of Grant Contract between the San Francisco Recreation and Park Department and the California Department of Parks and Recreation

Project Summary	Construct a new plaza, children's play area with site furnishings, lighting and landscaping
Grant Amount	$743,543
Source of Matching Funds	Open Space Acquisition Funds - $393,653 SF Parks Alliance, Gift-in-place – (valued at) $120,051 SF Parks Alliance Cash Gift - $229,839 Total - $743,543
Indirect costs	Ineligible use of grant funds
Performance period	9/03/2014 – 6/30/2017

In accepting the grant, the City agrees that the property shall not be converted to anything other than public outdoor recreation use in perpetuity. The City is required to record a Deed Restriction against the property to provide notice that the future park has been developed with Land and Water Conservation Fund assistance and cannot be converted to any other use without the written approval of the California Department of Parks and Recreation, the U.S. National Park Service, and the U.S. Secretary of the Interior.

Noe Valley Town Square Project

The preliminary plans for the Noe Valley Town Square Project include refurbishing the property and will feature new amenities including landscaping, a children's play area, community garden pods, and a stage canopy structure. The Project also requires environmental remediation to ensure that any toxins from the previous use as a gas station are removed. A timeline of key Project activities is shown in Table 2 below.

Table 2: Key Noe Valley Town Square Project Timeline

Activity	Start	End
Design	Jun-15	Sep-15
Bid & Award	Oct-15	Feb-16
DPH review of Site Mitigation	Nov-15	Dec-15
Break ground	Jan-16	Jan-16
Site Remediation	Jan-16	Feb-16
Construction	Mar-16	Oct-16
Park Opening	Oct-16	Oct-16

FISCAL IMPACT

Matching Funds Required by Grant

The State of California Department of Parks and Recreation Land and Water Conservation Fund Grant requires matching funds of $743,543. The sources of these matching funds are shown in Table 3 below.

Table 3: Sources of Matching Funds

Source	Description of Use	Amount
San Francisco Open Space Acquisition Fund[3]	Environmental remediation	$342,510
San Francisco Recreation and Park Department	In-Kind Work related to remediation	$51,143
City of San Francisco Subtotal		**$393,653**
San Francisco Parks Alliance	In-Kind Gifts*	120,051
San Francisco Parks Alliance	Cash Gifts	229,839
Total		**$743,543**

* Includes design documents and fiscal management services.

Ms. Holly Pearson, Recreation and Park Department Project Manager, states that the current balance of the San Francisco Open Space Acquisition Fund is $10,888,479, which will be reduced to $10,545,969 after using $342,510 (see table 3 above) for environmental remediation at the Project.

Environmental Remediation

The Recreation and Park Department retained Northgate Environmental Management, Inc. (Northgate) when the Noe Valley Town Square property was acquired to conduct an environmental site assessment for the property. During the assessment, Northgate found residual petroleum hydrocarbons in the soil that must be removed before the property could be developed into a park. The current estimated cost of the remediation is $342,510, which is included in the total Project budget of $2,829,304.

Project Budget

The sources and uses of funds for the Noe Valley Town Square Project are shown in Table 4 below. As shown in Table 4, the Recreation and Park Department has identified $2,183,092 in funding sources for the Project, which is $646,212 less than the project budget of $2,829,304. A neighborhood organization, Residents for Noe Valley Town Square, has raised $349,890 and received pledges of $180,110, totaling $530,000, to pay for some project costs, as shown in Table 4 below. According to Ms. Toni Moran, Recreation and Park Department Grants Manager, the Recreation and Park Department will revise the project plans to reduce project costs if the Department is unable to identify other sources of funds.

[3] Costs for environmental remediation were determined to be applicable for use of the Open Space Acquisition Fund acquisition cost because it was identified during the acquisition process in 2013.

Table 4: Sources and Uses of Funds for the Noe Valley Town Square Project

Sources	**Amount**
California State Urban Greening Grant	$567,039
State Land and Water Conservation Fund Grant (subject of resolution)	743,543
San Francisco Open Space Acquisition Fund	342,510
Residents of Noe Valley Town Square Community Fund	530,000
Other	TBD
Total Sources	$2,183,092
Uses	**Amount**
Construction Hard Costs	$1,387,859
Design	236,286
Indirect Costs and Contingency	416,358
Project and Construction Management	219,294
Escalation (7.5% of Construction Costs)	104,089
Project Reserves (15% of Construction Costs)	298,234
Testing, Inspection, Reporting	87,265
Environmental Remediation Contingency	79,919
Total Uses	$2,829,304

Source: Recreation and Park Department

RECOMMENDATION

Approve the proposed resolution.

Item 3 **File 15-0402**	**Department:** Department of Public Health (DPH)

EXECUTIVE SUMMARY

Legislative Objectives

- The proposed resolution would retroactively approve a first amendment to the contract between DPH and the Bayview Hunters Point Foundation, increasing the contract not-to-exceed amount by $3,050,624 from $27,451,857 to $30,502,481. The first amendment does not change the contract end date of December 31, 2015.

Key Points

- On December 8, 2010, the Board of Supervisors retroactively approved the extension of 22 contracts, between DPH and non-profit 19 organizations, including the Bayview Hunters Point Foundation for Community Improvement, Inc., for the provision of behavioral health services during the term of July 1, 2010 through December 31, 2015, following a competitive Request for Proposals process or an approval for sole source contracts to provide these services.
- Under the contract, the Bayview Hunters Point Foundation provides methadone maintenance, and mental health substance abuse treatment and prevention services for adults, children, youth and their families.
- Because DPH has not yet exceeded the existing contract not-to-exceed amount of $27,451,857, the proposed resolution does not require retroactive approval.

Fiscal Impact

- Based on DPH estimates of contract expenditures through June 30, 2015, and projected contract expenditures through December 31, 2015, including a 12 percent contingency, the requested not-to-exceed contract amount should be reduced for the period July 1, 2015 through December 31, 2015 from $30,502,481 to $29,250,463, a reduction of $1,252,018
- The sources of funds used to pay contract expenditures include the City's General Fund monies, the State's Realignment, the State General Fund, Federal Medi-Cal, Works Orders, Grants, and other Federal and State funding sources.

Recommendations

- Amend the proposed resolution to reduce the proposed not-to-exceed amount by $1,252,018, from $30,502,481 to $29,250,463.
- Delete the retroactive approval of the first amendment in the proposed resolution on page 1, line 3.
- Approve the proposed resolution as amended.

MANDATE STATEMENT / BACKGROUND

Mandate Statement

City Charter section 9.118(b) requires approval by the Board of Supervisors for contracts or agreements entered into by a department, board or commission having a term in excess of ten years, or requiring anticipated expenditures by the City and County of ten million dollars, or the modification or amendments to such contract or agreement having an impact of more than $500,000.

BACKGROUND

On December 8, 2010, the Board of Supervisors retroactively approved the extension of 22 contracts, between DPH and 19 non-profit organizations, including the Bayview Hunters Point Foundation for Community Improvement, Inc., for the provision of behavioral health services during the term of July 1, 2010 through December 31, 2015, following a competitive Request for Proposals process or an approval for sole source contracts to provide these services (File 10-0927).

The contract extension between DPH and the non-profit Bayview Hunters Point Foundation for Community Improvement, Inc. was approved for a not-to-exceed amount of $27,451,857 for a term of five years and six months through December 31, 2015.

Under the contract, the Bayview Hunters Point Foundation provides methadone maintenance, and mental health substance abuse treatment and prevention services for adults, children, youth and their families. It currently supports the following programs:

1. Balboa Teen Health Center
2. Children's Behavioral Health Program
3. Dimensions LGBT Outpatient
4. HIV Opt-Out Testing for clients who are enrolled or being admitted to narcotic treatment programs.
5. Jail Methadone Courtesy Dosing Program for incarcerated clients
6. Jelani Family Program
7. Jelani House Residential Program
8. Methadone Maintenance targeting San Francisco residents
9. Youth Moving Forward
10. Youth Services Primary Prevention

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would retroactively approve a first amendment to the contract between DPH and the Bayview Hunters Point Foundation, increasing the contract not-to-exceed amount by $3,050,624 from $27,451,857 to $30,502,481. The first amendment does not change the contract end date of December 31, 2015. Because DPH has not yet exceeded the existing contract not-to-exceed amount of $27,451,857, the proposed resolution does not require retroactive approval.

DPH has elected to increase this contract amount as opposed to issuing a new RFP at this time, as DPH is currently undergoing a planning process to determine how to optimize and integrate contracted community based services into DPH's San Francisco Health Network (integrated delivery system) to meet the requirements of the Affordable Care Act. DPH plans to request two-year contract extensions for 21 behavioral health services contracts in approximately July 2015 to allow sufficient time to complete the planning process, develop a set of Request for Proposal documents, and award new contracts.

FISCAL IMPACT

Based on DPH estimates of contract expenditures through June 30, 2015, and projected contract expenditures through December 31, 2015, the requested not-to-exceed contract amount should be reduced for the period July 1, 2015 through December 31, 2015 from $30,502,481 to $29,250,463, a reduction of $1,252,018, as shown in Table 1 below.

Table 1. Actual and Projected Expenditures

Year	Amount
Actual and Estimated Expenditures	
FY 2010-11	$4,568,550
FY 2011-12	5,038,746
FY 2012-13	5,740,619
FY 2013-14	5,202,210
FY 2014-15 (estimated)	5,509,960
Total Actual and Estimated Expenditures	$26,060,085
Projected	
July 1, 2015 - December 31, 2015	$2,848,552
Contingency (12%)	$341,826
Total	$29,250,463
Requested Not-to-Exceed Contract Amount	$30,502,481
Recommended Reduction by the Budget and Legislative Analyst's Office	**$1,252,018**

Source: Department of Public Health Staff.

According to Ms. Jacquie Hale, DPH Director of the Office of Contracts Management and Compliance, the sources of funds used to pay contract expenditures include the City's General Fund monies, the State's Realignment, the State General Fund, Federal Medi-Cal, Works Orders, Grants, and other Federal and State funding sources.

RECOMMENDATIONS

1. Amend the proposed resolution to reduce the proposed not-to-exceed amount by $1,252,018, from $30,502,481 to $29,250,463.
2. Delete the retroactive approval of the first amendment in the proposed resolution on page 1, line 3.
3. Approve the proposed resolution as amended.

Item 4 **File 15-0403**	**Department:** Department of Public Health (DPH)

EXECUTIVE SUMMARY

Legislative Objectives

- The proposed resolution would retroactively approve the first amendment to the contract between the DPH and Public Health Foundation Enterprises to (1) exercise three one-year renewal options from July 1, 2015 through June 30, 2018; and (2) increase the not-to-exceed amount by $19,087,541 from $6,152,039 to $25,239,580.

Key Points

- On March 31, 2014, the Department of Public Health (DPH) issued a Request for Proposals (RFP), and selected the non-profit Public Health Foundation Enterprises, Inc. (Public Health Enterprises) as the highest qualified scorer, as per the requirements of the RFP. On August 1, 2014, DPH entered into a contract with Public Health Foundation Enterprises for a not-to-exceed amount of $6,152,039 for 11 months from August 1, 2014 through June 30, 2015, with nine one-year options to renew through June 30, 2024. The contractor provides program management services for the San Francisco Homeless Outreach Team (SFHOT). SFHOT provides outreach, housing placements, and linkages to critical medical and community reintegration pathways for homeless individuals in San Francisco.
- Because DPH has not yet exceeded the existing contract not-to-exceed amount of $6,152,039, the proposed resolution does not require retroactive approval.

Fiscal Impact

- Based on DPH estimates of contract expenditures through June 30, 2015, and projected contract expenditures through June 30, 2018, including a 12 percent contingency for the three fiscal years from July 1, 2015 through June 30, 2018, the requested not-to-exceed contract amount should be reduced for the period July 1, 2015 through June 30, 2018 from $25,239,580 to $23,766,056, a reduction of $1,473,524.
- According to Ms. Jacquie Hale, DPH Director of Contracts Management and Compliance, sources of funds for these contract expenditures include State Administrative General Fund monies and County Public Library Work Order funds

Recommendations

- Amend the proposed resolution to reduce the contract not-to-exceed amount by $1,473,524 from $25,239,580 to $23,766,056.
- Correct the total requested increase in the proposed resolution from $20,107,171 to $19,087,541 on page 1, line 6.
- Delete the retroactive approval of this amendment on page 1, line 3.
- Approve the proposed resolution as amended.

MANDATE STATEMENT

Mandate Statement

City Charter section 9.118(b) requires approval by the Board of Supervisors for contracts or agreements entered into by a department, board or commission having a term in excess of ten years, or requiring anticipated expenditures by the City and County of ten million dollars, or the modification or amendments to such contract or agreement having an impact of more than $500,000.

BACKGROUND

On March 31, 2014, the Department of Public Health (DPH) issued a Request for Proposals (RFP), and selected the non-profit Public Health Foundation Enterprises, Inc. (Public Health Enterprises) as the highest qualified scorer, as per the requirements of the RFP. On August 1, 2014, DPH entered into a contract with Public Health Foundation Enterprises for a not-to-exceed amount of $6,152,039 for 11 months from August 1, 2014 through June 30, 2015, with nine one-year options to renew through June 30, 2024. The contractor provides program management services for the San Francisco Homeless Outreach Team (SFHOT). SFHOT provides outreach, housing placements, and linkages to critical medical and community reintegration pathways for homeless individuals in San Francisco.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would retroactively approve the first amendment to the contract between the DPH and Public Health Foundation Enterprises to (1) exercise three one-year renewal options from July 1, 2015 through June 30, 2018; and (2) increase the not-to-exceed amount by $19,087,541[1] from $6,152,039 to $25,239,580.

Because DPH has not yet exceeded the existing contract not-to-exceed amount of $6,152,039, the proposed resolution does not require retroactive approval.

FISCAL IMPACT

Based on DPH estimates of contract expenditures through June 30, 2015, and projected contract expenditures through June 30, 2018, the requested not-to-exceed contract amount should be reduced for the period July 1, 2015 through June 30, 2018 from $25,239,580 to $23,766,056, a reduction of $1,473,524, as shown in Table 1 below.

[1] While the resolution states that the contract increase is $20,107,171, the correct increase amount is $19,087,541.

Table 1. Actual and Projected Contract Expenditures

Year	Amount
Actual	
August 1, 2014 - June 30, 2015 (estimated)[2]	$3,658,885
Projected	
FY 2015-16	5,984,277
FY 2016-17	5,984,277
FY 2017-18	5,984,277
Contingency (12%)	2,154,340
Total Actual and Projected Expenditures	$23,766,056
Requested Not-to-Exceed Contract Amount	25,239,580
Recommended Reduction by the Budget and Legislative Analyst's Office	**$1,473,524**

Source: Department of Public Health Staff.

According to Ms. Jacquie Hale, DPH Director of Contracts Management and Compliance, sources of funds for these contract expenditures include State Administrative General Fund monies and County Public Library Work Order funds.

RECOMMENDATIONS

1. Amend the proposed resolution to reduce the contract not-to-exceed amount by $1,473,524 from $25,239,580 to $23,766,056.
2. Correct the total requested increase in the proposed resolution from $20,107,171 to $19,087,541 on page 1, line 6.
3. Delete the retroactive approval of this amendment on page 1, line 3.
4. Approve the proposed resolution as amended.

[2] Estimated expenditures for 11 months in FY 2014-15 of $3,658,885 are less than the budget of $6,152,039, because the SFHOT program under the contract was being newly implemented in FY 2014-15 and was not yet at full capacity.

Item 5 **File 15-0404**	**Department:** Department of Public Health (DPH)

EXECUTIVE SUMMARY

Legislative Objectives

- The proposed resolution would approve a sixth amendment to the contract between the Department of Public Health (DPH) and Fort Help, LLC retroactive to September 1, 2008 to (i) increase the not-to-exceed amount by $4,878,797 from $9,974,184 to $14,852,981, and (ii) extend the contract termination date by three years from June 30, 2015 to June 30, 2018.

Key Points

- On September 1, 2008, DPH entered into a contract with the non-profit Fort Help, LLC, following a competitive Request for Proposals (RFP) process, to provide substance abuse treatment services such as methadone replacement therapy for heroin users. The contract was for a not-to-exceed amount of $1,717,333 and for a term of 4 years and 10 months through June 30, 2013, with four one-year options to renew through June 30, 2017.[1] There have been five amendments to this contract, which have increased the not-to-exceed amount by $8,256,851, from $1,717,333 to $9,974,184.
- Because the DPH has not yet exceeded the existing contract not-to-exceed amount of $9,974,184, the proposed resolution does not require retroactive approval.

Fiscal Impact

- Based on DPH estimates of actual expenditures through June 30, 2015, and projected contract expenditures through June 30, 2018, including a 12 percent contingency over the three fiscal years from July 1, 2015 through June 30, 2018, the requested not-to-exceed amount should be reduced from $14,852,981 to $14,563,665, a reduction of $289,316.
- Sources of funds to pay contract expenditures include the City's General Fund, 1991 State Mental Health Realignment Funds, 2011 State Realignments funds, Drug Medi-Cal funds, and federal Substance Abuse and Prevention Treatment (SAPT) block grants.

Recommendations

- Delete the retroactive approval of the sixth amendment in the proposed resolution on page 1, line 3.
- Amend the proposed resolution to reduce the proposed not-to-exceed amount by $289,316 from $14,852,981 to $14,563,665.
- Approve the proposed resolution as amended.

[1] Although the original contract provided for the option to extend the contract through June 30, 2017, the original RFP provided for a total contract term through June 30, 2018.

MANDATE STATEMENT / BACKGROUND

Mandate Statement

City Charter section 9.118(b) requires approval by the Board of Supervisors for contracts or agreements entered into by a department, board or commission having a term in excess of ten years, requiring anticipated expenditures by the City and County of ten million dollars, or the modification or amendments to such contract or agreement having an impact of more than $500,000.

BACKGROUND

On September 1, 2008, DPH entered into a contract with the non-profit Fort Help, LLC, following a competitive Request for Proposals (RFP) process, to provide substance abuse treatment services such as methadone replacement therapy for heroin users. The contract was for a not-to-exceed amount of $1,717,333 and for a term of 4 years and 10 months through June 30, 2013, with four one-year options to renew through June 30, 2017.

There have been five amendments to this contract, which have increased the not-to-exceed amount by $8,256,851, from $1,717,333 to $9,974,184. The initial contract end date was also extended from June 30, 2013 to June 30, 2015. Table 1 below shows the key changes to the original contract between DPH and Fort Help, LLC.

Table 1. Contract Amendments No. 1 through No. 5

Amendment	Key Changes
Amendment No. 1 (April 3, 2009)	• New contract term: Initial term shortened to Sept. 1, 2008 to December 31, 2010. • The total not-to-exceed amount remains at $1,717,333 through December 31, 2010.
Amendment No. 2 (July 2, 2009)	• Method of payment updated to request that contractor submit payment requests based on the number of units of service that were delivered, as opposed to submitting payments requests based on the number of units of service as well as actual costs reimbursements. • Updated goals for program outcomes.
Amendment No. 3 (July 1, 2010)	• Increased the not-to-exceed amount by $400,000 from $1,717,333 to $2,117,333. The contract term was unchanged. • Reinstated the actual cost reimbursement payment option and maintained the payment requests by number of units of service.
Amendment No. 4 (December 1, 2010)	• Increased the contract term by two years from September 1, 2008 through December 31, 2012. • Increased the not-to-exceed amount by $2,602,000 from $2,117,333 to $4,719,733.
Amendment No. 5 (May 29, 2012)	• Increased the contract term by two and a half years from September 1, 2008 through June 30, 2015. • Increased the not-to-exceed amount by $5,254,451 from $4,719,733 to $9,974,184.

Source: Department of Public Health Staff and Amendments to the Original Contract between the Department of Public Health and Fort Help, LLC.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would approve a sixth amendment to the contract between the Department of Public Health (DPH) and Fort Help, LLC to (i) increase the not-to-exceed amount by $4,878,797 from $9,974,184 to $14,852,981, and (ii) extend the contract termination date by three years from June 30, 2015 to June 30, 2018.[2]

Because the DPH has not yet exceeded the existing contract not-to-exceed amount of $9,974,184, the proposed resolution does not require retroactive approval.

FISCAL IMPACT

Based on DPH estimates of actual expenditures through June 30, 2015, and projected contract expenditures through June 30, 2018, the requested not-to-exceed amount should be reduced from $14,852,981 to $14,563,665, a reduction of $289,316, as shown in Table 2 below.

Table 2. Actual and Projected Expenditures

Date	Amount
Actual and Estimated Expenditures	
September 1, 2008 – June 30, 2009	$553,333
FY 2009-10	920,000
FY 2010-11	1,439,992
FY 2011-12	1,541,838
FY 2012-13	1,547,297
FY 2013-14	1,576,851
FY 2014-15 (estimated)	1,601,916
Total Actual and Estimated Expenditures	$9,181,227
Projected Expenditures	
FY 2015-16	$1,601,916
FY 2016-17	1,601,916
FY 2017-18	1,601,916
Total Projected Expenditures	$4,805,748
Contingency (12%)	576,690
Total	$14,563,665
Requested Not-to-Exceed Contract Amount	14,852,981
Recommended Reduction by the Budget and Legislative Analyst's Office	$289,316

Source: Department of Public Health Staff.

According to Ms. Jacquie Hale, DPH Director of Contracts Management and Compliance, sources of funds to pay contract expenditures include the City's General Fund, 1991 State Mental Health Realignment Funds, 2011 State Realignments funds, Drug Medi-Cal funds, and federal Substance Abuse and Prevention Treatment (SAPT) block grants.

[2] Although the original contract provided for the option to extend the contract through June 30, 2017, the original RFP provided for a total contract term through June 30, 2018.

RECOMMENDATIONS

1. Delete the retroactive approval of the sixth amendment in the proposed resolution on page 1, line 3.
2. Amend the proposed resolution to reduce the proposed not-to-exceed amount by $289,316 from $14,852,981 to $14,563,665.
3. Approve the proposed resolution as amended.

Item 6 **File 15-0405**	**Department:** Department of Public Health (DPH)

EXECUTIVE SUMMARY

Legislative Objectives

- The proposed resolution would approve the first amendment to the contract between DPH and the San Francisco Study Center, increasing the not-to-exceed amount by $4,083,108, from $11,016,593 to $15,099,701. The first amendment does not extend the term of the contract end date of December 31, 2015.

Key Points

- On December 8, 2010, the Board of Supervisors retroactively approved the extension of 22 contracts, between the Department of Public Health and 19 non-profit organizations, including the San Francisco Study Center, for the provision of behavioral health services during the term of July 1, 2010 through December 31, 2015, following a competitive Request for Proposals process or an approval for sole source contracts to provide these services. Under the contract, the San Francisco Study Center provides peer-based support services to mental health clients, along with fiscal intermediary services for short-term pilot projects. This contract currently supports five programs that provide peer-based services to adults and transitional aged youth.

Fiscal Impact

- Based on DPH estimates of contract expenditures through June 30, 2015, and projected contract expenditures through December 31, 2015, including a 12 percent contingency, the requested not-to-exceed amount should be reduced for the period of July 1, 2015 to December 31, 2015 from $15,109,701 to $13,451,201, a reduction of $1,658,500.
- As estimated expenditures during FY 2014-15 may exceed the existing not-to-exceed amount, the requested increase should be retroactive to July 1, 2014
- The sources of funds used to pay contract expenditures include **federal** Mental Health Services Act (MHSA) funding, along with and the State Realignment and the City's General Fund monies.

Recommendations

- Amend the proposed resolution to reduce the proposed not-to-exceed amount by $1,658,500, from $15,109,201 to $13,451,201.
- Amend the proposed resolution to specify retroactive expenditures effective as of July 1, 2014.
- Approve the proposed resolution as amended.

MANDATE STATEMENT / BACKGROUND

Mandate Statement

City Charter section 9.118(b) requires approval by the Board of Supervisors for contracts or agreements entered into by a department, board or commission having a term in excess of ten years, or requiring anticipated expenditures by the City and County of ten million dollars, or the modification or amendments to such contract or agreement having an impact of more than $500,000.

BACKGROUND

On December 8, 2010, the Board of Supervisors retroactively approved the extension of 22 contracts, between the Department of Public Health and 19 non-profit organizations, including the San Francisco Study Center, for the provision of behavioral health services during the term of July 1, 2010 through December 31, 2015, following a competitive Request for Proposals process or an approval for sole source contracts to provide these services (File 10-0927).

The contract extension between DPH and the non-profit San Francisco Study Center was approved for a not-to-exceed amount of $11,016,593 for a term of five years and six months through December 31, 2015.

Under the contract, the San Francisco Study Center provides peer-based support services to mental health clients, along with fiscal intermediary services for short-term pilot projects. This contract currently supports five programs that provide peer-based services to adults and transitional aged youth including the:

1. Office of Self Help, which provides peer counseling, peer-facilitated support groups, as an early engagement center for consumers seeking behavioral health services;
2. San Francisco Mental Health Clients Rights Advocates, which advocates for the rights of mental health consumers throughout the Behavioral Health system;
3. Peer and Intern Employment Program, which provides stipends, wages, and employment to clients in DPH's Community Behavioral Health Program;
4. Innovation Program, which supports pilot projects; and
5. Transitional Aged Youth Program, which supports outreach and engagement activities.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would approve the first amendment to the contract between DPH and the San Francisco Study Center, increasing the not-to-exceed amount by $4,083,108, from $11,016,593 to $15,099,701. The first amendment does not extend the term of the contract end date of December 31, 2015.

DPH has elected to increase this contract amount as opposed to issuing a new RFP at this time, as DPH is currently undergoing a planning process to determine how to optimize and integrate contracted community based services into DPH's San Francisco Health Network (integrated delivery system) to meet the requirements of the Affordable Care Act. DPH plans to request two-year contract extensions for 21 behavioral health services contracts in approximately July 2015 to allow sufficient time to complete the planning process, develop a set of Request for Proposal documents, and award new contracts.

FISCAL IMPACT

Based on DPH estimates of contract expenditures through June 30, 2015, and projected contract expenditures through December 31, 2015, the requested not-to-exceed amount should be reduced for the period of July 1, 2015 to December 31, 2015 from $15,109,701 to $13,451,201, a reduction of $1,658,500, as shown in Table 1 below.

Table 1. Actual and Projected Expenditures

Year	Amount
Actual and Estimated Expenditures	
FY 2010-11	$1,723,627
FY 2011-12	1,961,533
FY 2012-13	2,213,339
FY 2013-14	2,560,024
FY 2014-15 (estimated)	3,068,733
Total Actual and Estimated Expenditures	$11,527,256
Projected Expenditures	
July 1, 2015 - December 31, 2015	$1,717,808
Contingency (12%)	206,137
Total	$13,451,201
Requested Not-to-Exceed Contract Amount	$15,109,701
Recommended Reduction by the Budget and Legislative Analyst's Office	**$1,658,500**

Source: Department of Public Health Staff.

As estimated expenditures during FY 2014-15 may exceed the existing not-to-exceed amount; the requested increase should be retroactive to July 1, 2014.

According to Ms. Jacquie Hale, DPH Director of Contracts Management and Compliance, the sources of funds used to pay contract expenditures include federal Mental Health Services Act (MHSA) funding, along with and the State Realignment and the City's General Fund monies.

RECOMMENDATIONS

1. Amend the proposed resolution to reduce the proposed not-to-exceed amount by $1,658,500, from $15,109,201 to $13,451,201.
2. Amend the proposed resolution to specify retroactive expenditures effective as of July 1, 2014.
3. Approve the proposed resolution as amended.

Items 7 and 8 **Files 15-0426 & 15-0427**	**Department:** Human Services Agency (HSA)

EXECUTIVE SUMMARY

Legislative Objectives

- 3119 Mission Street (File 15-0426): The proposed resolution would approve a new five-year lease agreement between the Human Services Agency (HSA) and K.L.W. Investments, LLC for 3119 Mission Street for an annual base rent of $473,884 ($42.75 per sq. ft.) from July 1, 2015 to June 30, 2020.
- 3120 Mission Street (File 15-0427): The proposed resolution would also approve a new five-year lease agreement between HSA and K.L.W Investments, LLC for 3120 Mission Street for an annual base rent of $1,677,980 ($42.75 per sq. ft.) from July 1, 2015 through June 30, 2020.

Key Points

- The Human Services Agency (HSA) leases 3119 Mission Street and 3120 Mission Street to provide public benefit assistance to its clients in the South of Market-Mission corridor. HSA has leased 3119 Mission Street since 1998 and 3120 Mission Street since 2001. The proposed resolutions would approve two new five-year leases through 2020, with three five-year options to extend through 2035. 3119 Mission Street consists of 11,085 square feet and 3120 Mission Street consists of 39,251 square feet of office space.
- The landlord has agreed to pay up to $144,105 (approx. $13 per sq. ft.) for tenant improvements to 3119 Mission Street. In addition, HSA will pay up to $200,000 for tenant improvements. The landlord has agreed to pay up to $510,263 (approx. $13 per sq. ft.) for tenant improvements. In addition, HSA will pay up to $400,000 of tenant improvements.

Fiscal Impact

- First year rent is $42.75 per square foot, increasing by $1.00 per square foot per year. First year rent for 3119 Mission Street is $473,883 and first year rent for 3120 Mission Street is $1,677,980.
- Over the five-year term of the two leases, HSA will pay $11,262,680 in rent and $600,000 in tenant improvements, totaling $11,862,680.

Recommendation

Approve the proposed resolution.

MANDATE STATEMENT

Mandate Statement

City Administrative Code 23.27 states that any lease with a term of one year or longer or with rent of $5,000 or more and where the City is the tenant is subject to Board of Supervisors approval.

BACKGROUND

The Human Services Agency (HSA) leases 3119 Mission Street and 3120 Mission Street to provide public benefit assistance to its clients in the South of Market-Mission corridor, serving families engaged in CalWORKS, MediCal, CalFRESH[1] benefits, and a number of child welfare services. HSA uses both 3119 Mission Street and 3120 Mission Street as its primary workforce development center and as the home of the Jobs Now wage subsidy program, which serves over 500 clients weekly.

3119 Mission Street (File 15-0426)

The Human Services Agency (HSA) entered into a lease agreement as tenant in 1998 with K.L.W. Investments, LLC for 3,100 square feet of office space at 3119 Mission Street. HSA leased the property for an annual base rent of $55,800 ($18 per sq. ft.) for a term of five years through March 15, 2003, with one five-year option to renew through March 15, 2008.

The Board of Supervisors approved the first amendment to the lease agreement in December 2008[2] to (a) extend the lease term by six and a half years through June 30, 2015 and to provide for a second location at 3127 Mission Street, which included 2,465 square feet of office space for a new total property area of 5,565 square feet; and (b) increase the annual base rent from $55,800 to $114,960 ($20.66 per sq. ft.), with annual Consumer Price Index (CPI) increases of no less than 3 percent and no more than 6 percent.

3120 Mission Street (File 15-0427)

HSA entered into a lease agreement as tenant in 2001 with K.L.W. Investments, LLC for 37,000 square feet of office space at 3120 Mission Street. HSA leased the property for an annual base rent of $932,400 ($25.20 per sq. ft.) for a term of seven years through June 30, 2008.

The Board of Supervisors approved the first amendment to the lease agreement in July 2008 to (a) extend the lease term by seven years to June 30, 2015 and to provide for a second location at 3425 Cesar Chavez Street, which included 2,251 square feet of office space for a new total property area of 39,251 square feet; and (b) increase the annual rent to $1,177,536 ($30.00 per sq. ft.), with annual Consumer Price Index (CPI) increases of no less than 3 percent and no more than 6 percent. The Board of Supervisors approved the second amendment to the lease

[1] CalWORKS is the California Temporary Aid to Needy Families (TANF) program; MediCal is the California Medicaid program; and CalFRESH is the California food stamps program.

[2] In March 2008, HSA exercised their right to hold over the lease on a month-to-month basis following the expiration of the lease agreement through December 31, 2008. During this time, the Real Estate Division negotiated new lease terms on behalf of HSA. All lease terms remained unchanged during the hold-over period.

agreement in July 2012 to (a) add two five-year options to extend the lease through June 30, 2025 and to provide for a third location at 3125 Mission Street to the lease, which included 5,000 square feet of office space for a new total property area of 44,251 square feet; and (b) increase the annual rent to $1,445,327 ($32.66 per sq. ft.), with annual Consumer Price Index (CPI) increases of no less than 3 percent and no more than 6 percent.

DETAILS OF PROPOSED LEGISLATION

3119 Mission Street (File 15-0426)

The proposed resolution would approve a new five-year lease agreement between the Human Services Agency (HSA) and K.L.W. Investments, LLC for 3119 Mission Street. Under this lease agreement, the 3119 Mission Street property includes three buildings, 3119, 3125, and 3127 Mission Street, for a total of 11,085 square feet of office space.[3] Annual base rent is $473,884 ($42.75 per sq. ft.). The lease term is for five years from July 1, 2015 to June 30, 2020, with three five-year options to extend through June 30, 2035 at the discretion of HSA.

3120 Mission Street (File 15-0427)

The proposed resolution would approve a new lease agreement between the Human Services Agency (HSA) and K.L.W Investments, LLC for 3120 Mission Street for 39,251 square feet of office space. Annual base rent is $1,677,980 ($42.75 per sq. ft.). The lease term is for five years from July 1, 2015 through June 30, 2020 with three five-year options to extend through June 30, 2035 at the discretion of HSA.

According to Mr. Charlie Dunn, Senior Real Property Officer, the Real Estate Division chose to enter into a new lease agreement for 3120 Mission Street, rather than exercising the option to extend the lease under the existing agreement as HSA would be eligible for tenant improvements payable by the landlord under a new lease agreement. Table 1 below summarizes the lease terms for 3119 Mission Street and 3120 Mission Street.

Tenant Improvements

The landlord would pay up to $144,105 (approx. $13 per sq. ft.) for tenant improvements at 3119 Mission Street and up to $510,263 (approx. $13 per sq. ft.) for 3120 Mission Street. HSA would pay up to $200,000 in tenant improvement expenses for 3120 Mission Street and up to $400,000 for 3120 Mission Street.

[3] Under the existing leases between HSA and K.L.W. Investments, LLC, HSA leases 5,565 square feet of office space at 3119 Mission Street and 44,251 square feet of space at 3120 Mission Street, totaling 49,816 square feet. Under the proposed leases between HSA and K.L.W. Investments, LLC, space has been reallocated between 3119 Mission Street and 3120 Mission Street. HSA leases 11,085 square feet of office space at 3119 Mission Street and 39,251 square feet at 3120 Mission Street, totaling 50,336, resulting in a net increase of 520 square feet.

Table 1: Summary of 3119 Mission Street and 3120 Mission Street Lease Provisions

	3119 Mission Street	**3120 Mission Street**
Use	Office and program space	Office and program space
Parking	15 spaces	none
Square feet	11,085	39,251
First year rent per square foot	$42.75	$42.75
Total first year rent	$473,884	$1,677,980
Initial term	5 years from July 1, 2015 through June 30 2020	5 years from July 1, 2015 through June 30 2020
Annual rent increase	$1 per square foot	$1 per square foot
Extension options	Three 5-year options to extend through June 30, 2035	Three 5-year options to extend through June 30, 2035
Rent adjustment on exercise of option to extend	95% of fair market value	95% of fair market value
Tenant improvements allowance paid by landlord	$144,105 (approximately $13 per square foot)	$510,263 (approximately $13 per square foot)
Tenant improvements paid by HSA	$200,000	$400,000
Pest, janitorial services	Paid by City	Paid by landlord
Utilities, garbage and security	Paid by City	Paid by City

Source: Human Services Agency Staff.

FISCAL IMPACT

As shown in Table 2 below, over the initial five-year lease term for 3119 Mission Street and 3120 Mission Street, it is projected that HSA will pay $11,262,680 in rent and $600,000 in tenant improvements, for total costs of $11,862,680.

Table 2. Annual Projected Expenditures for Each Property

Fiscal Year	Base Rent per Square Foot*	Annual Base Rent		Total
		3119 Mission Street (11,085 sq. ft.)	3120 Mission Street (39,251 sq. ft.)	
July 1, 2015 - June 30, 2016	42.75	$473,884	$1,677,980	$2,151,864
July 1, 2016 - June 30, 2017	43.75	484,969	1,717,231	2,202,200
July 1, 2017 - June 30, 2018	44.75	496,054	1,756,482	2,252,536
July 1, 2018 - June 30, 2019	45.75	507,139	1,795,733	2,302,872
July 1, 2019 - June 30, 2020	46.75	518,224	1,834,984	2,353,208
Subtotal		*$2,480,269*	*$8,782,411*	*$11,262,680*
Tenant Improvements		*200,000*	*400,000*	*600,000*
Total		**$2,680,269**	**$9,182,411**	**$11,862,680**

Source: Human Services Agency Staff.

* The new lease agreements require an annual rent increase of $1.00 per square foot (approx. 2.3 percent).

According to Mr. Charlie Dunn, Senior Property Manager at the Real Estate Division, the proposed first year rent of $42.75 per square foot per year is at or below fair market value, as compared to similar properties within the vicinity.

Annual Utility Cost Projections

Mr. Dunn projects that annual utility costs will be approximately $2,498 for the 3119 Mission Street property, and $8,846 for the 3120 Mission Street property, including refuse, water, electricity, and gas costs.

RECOMMENDATION

Approve the proposed resolution.

Item 9 File 15-0428	Department: Civil Service Commission (CSC); and Office of Labor Standards and Enforcement (OLSE)

EXECUTIVE SUMMARY

Legislative Objectives

- The proposed resolution would fix prevailing wage rates for employees of businesses having City contracts that (1) perform public works and improvement projects, (2) perform janitorial services, (3) work in public off-street parking lots, garages, or storage facilities for vehicles on property owned or leased by the City, (4) engage in theatrical or technical services related to the presentation of shows on property owned or leased by the City, (5) haul solid waste, (6) perform moving services at facilities owned or leased by the City, and (7) perform exhibit, display or trade show work at special events in the City.

Key Points

- Each year, the Board of Supervisors is required to establish the prevailing wage rates that specified businesses having City contracts are required to pay their employees. The Civil Service Commission assists the Board of Supervisors by furnishing relevant prevailing wage data collected by the Office of Labor Standards Enforcement; however, the Board of Supervisors is not bound to consider only the Civil Service Commission's data.
- The proposed resolution would establish the following prevailing wage rates: (1) construction employees would receive wage rates that vary by classification, ranging from a decrease of $1.47 per hour for certain sheet metal workers to an increase of $2.84 per hour for certain painters; (2) janitorial employees would receive wage rate increases that vary by classification, ranging from $0.14 per hour to $0.40 per hour; (3) garage and parking lot employees would receive a wage rate that varies by classification ranging from a decrease of $0.32 per hour to no change; (4) theatrical employees would receive a wage rate increase of $0.34 to $0.49 per hour, depending on the classification; (5) employees hauling solid waste would receive a wage rate increase ranging from $1.99 per hour to $2.49 per hour; (6) employees performing moving services would receive a wage rate increase ranging from $0.01 per hour to $.75 per hour; and (7) employees performing trade work would receive a wage of $37.50.

Fiscal Impact

- The proposed resolution increasing the prevailing wage rates could result in increased costs to the City under future City contracts for the subject services. However, such costs are dependent on future City contractor bids and the extent to which City contractors increase the bids submitted to the City to pay for the costs of the increased prevailing wages rates. Therefore, such potential increased costs to the City cannot be estimated at this time.

Recommendation

- Approval of the proposed resolution is a policy decision for the Board of Supervisors.

MANDATE STATEMENT

Charter Section A7.204 requires contractors that have public works or construction contracts with the City to pay employees the highest general prevailing rate of wages for similar work in private employment. The Charter allows the Board of Supervisors to exempt payment of the prevailing wage for wages paid under public works or construction contracts between the City and non-profit organizations that provide workforce development services.

Administrative Code Section 22(E)(3) requires the Board of Supervisors to annually set prevailing wage rates for employees of businesses having City contracts. Table 1 below identifies the (a) specific Administrative Code Sections, (b) the dates each Administrative Code Section was last amended by the Board of Supervisors, and (c) the types of City contracts, leases, and/or operating agreements in which the businesses are required to pay prevailing wages.

Table 1: List of Contractors Required to pay the Annual Prevailing Wage

Administrative Code	Date of Most Recent Amendment	Type of Contract
Section 6.22 (E)	May 19, 2011	Public works or construction
Section 21C.2	February 2, 2012	Janitorial and window cleaning services
Section 21C.3	February 2, 2012	Public off-street parking lots, garages and vehicle storage facilities
Section 21C.4	February 2, 2012	Theatrical performances
Section 21C.5	February 2, 2012	Solid waste hauling services
Section 21C.6	February 2, 2012	Moving services
Section 21C.8	June 29, 2014	Trade show and special event work

BACKGROUND

Each year, the Board of Supervisors is required to establish the prevailing wage rates that businesses having contracts with the City are required to pay their construction, janitorial and window cleaning, parking, theatrical, motor bus service[1], solid waste hauling service, moving, and trade show employees.

To assist the Board of Supervisors in determining the prevailing wage rates, the Civil Service Commission is required to furnish the Board of Supervisors, on or before the first Monday of November of each year, relevant prevailing wage rate data. The Civil Service Commission submitted the report to the Board of Supervisors on April 27, 2015.

Administrative Code Section 6.22(E) states that the Board of Supervisors is not limited to the data submitted by the Civil Service Commission to determine the prevailing wage rates, but may consider other information on the subject as the Board of Supervisors deems appropriate. If the Board of Supervisors does not adopt the prevailing wage rates, the wage rates established by the California Department of Industrial Relations for the year will be adopted.

[1] Under Administrative Code, Section 21C.1, the Board of Supervisors is required to set the annual prevailing wage rates for motor bus service; however, because the City does not have an existing motor bus services contract, the proposed ordinance does not set the prevailing wage rates for these classifications at this time.

The Civil Service Commission's relevant prevailing wage rate data provided to the Board of Supervisors is based on a survey by the City's Office of Labor Standards Enforcement and includes collective bargaining agreements that have recently been negotiated.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would fix prevailing wage rates for employees of private businesses having the following contracts, leases, or operating agreements with the City:

- Public works and improvement project contracts,
- Janitorial and window services contracts,
- Public off-street parking lots, garages, or storage facilities for vehicles on property owned or leased by the City,
- Theatrical or technical services related for shows on property owned or leased by the City,
- Hauling of solid waste generated by the City in the course of City operations
- Moving services under City contracts at facilities owned or leased by the City, and
- Exhibit, display or trade work show services at a special event on City-owned property.

The Administrative Code requires that the Civil Service Commission provide prevailing wage data to the Board of Supervisors that includes both the basic hourly wage rate and the hourly rate of each fringe benefit, including medical and retirement benefits.

- Prevailing wage rates for various crafts and labor classifications under public works projects are established by the California Department of Industrial Relations, usually based on collective bargaining agreements that cover the employees performing the relevant craft or type of work in San Francisco.

- Prevailing wage rates for contracts for other services and classifications covered by the Administrative Code, as recommended by the Civil Service Commission, are based on the collective bargaining agreements that cover work performed in San Francisco between employers and the respective labor unions.

Attachment I to this report provides an alphabetical list of the all occupations covered by the City's prevailing wage rate requirements.

FISCAL IMPACT

Attachment II to this report, prepared by the Budget and Legislative Analyst, summarizes (a) the types of contracts, leases, or operating agreements required to pay prevailing wages, (b) the respective collective bargaining agreements and labor unions, (c) the amount of the hourly wage rate increases in 2015 as compared to 2014, (d) the amount of the hourly fringe benefit rate increases in 2015 as compared to 2014, and (e) the proposed prevailing hourly wage rates.

Potential impact on the costs of future contractor bids

Under the proposed resolution, private businesses that have contracts with the City, and perform public works construction, janitorial services, parking, theatrical, moving, solid waste hauling services, and trade show work in San Francisco, would be required to pay their employees at least the prevailing wage rates as shown in Attachment II of the report. Increases in the prevailing wage rates could result in increased costs of future City contracts. However, any increased contract costs to the City as a result of the proposed prevailing wage rates are dependent on future City contractors' bids, and the extent to which such higher wage rates result in higher bids submitted by City contractors. Therefore, such potential increased costs to the City cannot be estimated at this time.

RECOMMENDATION

Approval of the proposed resolution is a policy decision for the Board of Supervisors.

General Prevailing Wage Determinations Made by the Director of Industrial Relations, State of California And Categories Requested by the San Francisco Board of Supervisors

Crafts and Building Trades

Asbestos Removal Worker (Laborer)
Asbestos Worker, Heat and Frost Insulator
Boilermaker-Blacksmith
Brick Tender
Bricklayer, Blocklayer
Building/Construction Inspector
Carpenter
Carpet, Linoleum
Cement Mason
Dredger (Operating Engineer)
Drywall Installer (Carpenter)
Electrical Utility Lineman
Electrician
Elevator Constructor
Field Surveyor
Glazier
Iron Worker
Laborer
Landscape Maintenance Laborer
Light Fixture Maintenance
Marble Finisher
Marble Setter
Modular Furniture Installer (Carpenter)
Operating Engineer
Operating Engineer (Building Construction)
Operating Engineer (Heavy and Highway Work)
Painter
Parking and Highway Improvement Painter (Laborer)
Parking and Highway Improvement Painter (Painter)
Pile Driver (Carpenter)
Pile Driver (Operating Engineer - Building Construction)
Pile Driver (Operating Engineer - Heavy and Highway Work)
Plaster Tender
Plasterer
Plumber
Roofer
Sheet Metal Worker (HVAC)
Slurry Seal Worker
Stator Rewinder
Steel Erector and Fabricator (Operating Engineer - Heavy & Highway Work)
Steel Erector and Fabricator (Operating Engineer - Building Construction)
Teamster
Telecommunications Technician
Telephone Installation Worker
Terrazzo Worker
Tile Finisher
Tile Setter
Traffic Control/Lane Closure (Laborer)
Tree Trimmer (high voltage line clearance)
Tree Trimmer (line clearance)
Tunnel Worker (Laborer)
Tunnel/Underground (Operating Engineer)
Water Well Driller

Other Classifications in the Administrative Code

Janitors
Movers
Parking Garage Attendants
Solid Waste Hauler
Theatrical Stage Employees
Window Cleaner
Trade Show Work

Type of Contract, Lease, or Operating Agreement	Collective Bargaining Agreement and/or Labor Union	Hourly Wage Rate Increase in 2015 compared to 2014	Hourly Fringe Benefits Rate Increase in 2015 compared to 2014	Proposed Prevailing Wage Rates (Hourly Wage Rate + Hourly Fringe Benefit Rate)
Public Works and Construction	California Department of Industrial Relations	Varies by classification, ranging from a decrease of $1.47 hour for certain sheet metal workers to an increase of $2.84 per hour for certain painters	Varies by classification, ranging from no change to an increase of $1.16 per hour for terrazzo finishers.	Varies by classification: · The low wage rate is unchanged at $9.34 per hour for a landscape maintenance laborer · The high wage increases from $104.94 to $108.44 per hour for certain plumbers
Janitorial Services Contract	Collective bargaining agreement between the San Francisco Maintenance Contractors Association and the Service Employees International Union, Local 1877, Division 87.	Varies by classification from a decrease of $0.11 per hour to an increase of $0.40 per hour.	Varies by classification and hours worked from $.48 to $. 84 per hour increase. (does not include vacation benefits which vary based on length of employment)	Varies by classification: · The low wage rate is increased from $21.04 to $22.02 per hour. · The high wage increases from $29.96 to $30.59 per hour.
Window Services Contract	Collective bargaining agreement between the San Francisco Window Cleaning Contractors Association and Window Cleaners Union – Service Employees International Union Local 1877, AFL-CIO	Increase of $1.00 across all classifications	Varies by classification from an increase of $1.71 to an increase of $1.73 per hour.	Varies by classification: · The low wage rate is increased from $32.69 to $35.42 per hour · The high wage increases from $35.72 to $38.44 per hour
Public Off-Street Garage Attendants	Agreement between the Jurisdictional Operators of Parking Facilities and Teamsters Automotive and Allied Workers, Local 665.	No change in existing classifications. A Foreperson classification was added to the agreement which ranges from $16.68 to $25.07.	No change in fringe benefits (does not include vacation benefits which vary based on length of employment)	Varies by hours worked: · The low wage rate is unchanged at $30.96 per hour. · The high wage remains the same at $32.21 per hour. A new classification was added at a rate of $34.38 per hour.
Theatrical Services	2011 Project Agreement - International Alliance of Theatrical Stage Employees, Local 16, and Moving Picture Technicians, Artists and Allied Crafts.	Varies by classification from $0.34 to $0.49 per hour increase	Varies by classification from $0.34 to $0.47 per hour increase	Varies by classification: · The low wage rate increases from $48.50 to $49.17 per hour · The high wage rate increases from $71.31 to $72.27 per hour
Solid Waste Hauling	Collective Bargaining Agreement between Sanitary Truck Drivers and Helpers Union Local 350, International Brotherhood of Teamsters, and NorCal Waste Systems, Inc., Golden Gate Disposal & Recycling Company, and Sunset Scavenger Company.	Varies by classification from an increase of $1.99 to $2.49 per hour	Varies by classification from an increase of $.19 to $.24 per hour. (does not include vacation benefits which vary based on length of employment)	Varies by classification: · The low wage rate increases from $62.84 to $65.02 per hour. - The high wage rate increases from $75.34 to $77.39 per hour.
Moving Services	Agreement, between the Northern California Regional Council of Carpenters and the Carpenters 46 Northern California Counties Conference Board.	Varies by classification from a decrease of $.01 per hour to an increase of $.75 per hour	Increased by $.37 per hour.	Varies by classification: · The low wage rate increases from $30.62 to $30.98 per hour. · The high wage rate increases from $30.62 to $30.98 per hour
Trade Shows	Agreement, between the Convention Services Employer and Allied Trades District Council 36 on behalf of Sign Display and Allied Crafts Local Union 510	Not included in 2013 report. Base rate is $37.50 per hour.	Not included in 2013 report. Fringe rate is $21.26 per hour.	Not included in 2013 report. Base + fringe rate = 58.76 per hour.

Item 10 File 15-0448	Department: Department of Public Works

EXECUTIVE SUMMARY

Legislative Objectives

- The proposed resolution would authorize Modification No. 5 to the contract between the Department of Public Works (DPW) and Montgomery Corporation to provide inspection services to the SFGH Rebuild Program. Modification No. 5 increases the contract not to exceed amount by $1,665,000 or 17 percent, from $9,945,866 to $11,610,866. The contract end date of December 31, 2016 remains unchanged.

Key Points

- DPW awarded the contract for SFGH Rebuild Program inspection services to Montgomery Corporation in 2008. Because the SFGH Rebuild Program has required additional inspection services, the contract has been modified four times, increasing the contract amount by $5,947,259 or 149 percent from $3,998,607 to $9,945,866.
- Modification No. 5 increases the contract not to exceed amount by $1,665,000 or 17 percent, from $9,945,866 to $11,610,866. The contract end date of December 31, 2016 remains unchanged.
- The additional inspection services under Modification No. 5 will cover the final test, inspections, and commissioning of building systems for the hospital, and assessment of installed components serving the hospital.

Fiscal Impact

- Total actual contract expenditures for the construction inspection services are $9,222,897 through April 2015. According to Mr. Alameida, DPW expects to fully expend the existing contract not-to-exceed amount of $9,945,866 through June 30, 2015.
- The new San Francisco General Hospital is scheduled to open in December 2015. As shown in Table 2 below, DPW estimates that the additional inspection services provided by Montgomery Corporation will be completed by April 30, 2016. DPW estimates 9,889 additional hours of inspection services and total contract expenditures of $1,664,670 from July 1, 2015 through April 30, 2016 at an average rate of $168.34 per hour.
- Funding for this contract modification will come from surplus SFGH Rebuild Program funds. Of the total $884,500,000 SFGH Rebuild Program budget, $788,700,000 has been expended and $55,000,000 is encumbered, with an available project balance of $40,800,000.

Recommendation

- Approve the proposed resolution.

MANDATE STATEMENT / BACKGROUND

Mandate Statement

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

Background

In November 2008, the San Francisco voters approved Proposition A, which authorized the issuance of up to $887,400,000 in General Obligation Bonds to rebuild San Francisco General Hospital (SFGH).

In 2008, the Department of Public Works (DPW) issued a request for qualifications for construction inspection services for the San Francisco General Hospital (SFGH) Rebuild Program to be provided by a California Office of Statewide Health Planning Department (OSHPD)[1] inspector of record. Montgomery Corporation was the highest qualified scorer, and was awarded the contract for an amount not to exceed $3,998,607 for services through December 31, 2016. The contract is based on time and materials, with hourly rates subject to annual increases based on the Consumer Price Index (CPI).

According to Mr. Ron Alameida, DPW Program Manager, DPW estimated the initial requirements for inspection services based on a similarly sized hospital project. Since that time, SFGH project requirements for inspection services have turned out to be significantly more than estimated.

Since the original contract was signed in 2008, the contract has undergone four modifications for additional inspection services, as shown in Table 1 below. Currently, the contract is under Modification No. 4, with a total amount not to exceed $9,945,866. This is an increase of $5,947,259 or 149 percent over the original contract amount of $3,998,607.

Table 1: Montgomery Corporation Contract Modification Summary

Modification	Date	Amount	Total As-Modified
Original	11/18/2010	$0	$3,998,607
No. 1	9/10/2013	$788,592	$4,787,199
No. 2	1/7/2014	$2,490,079	$7,277,278
No. 3	9/26/2014	$878,569	$8,155,847
No. 4	1/15/2014	$1,790,019	$9,945,866

[1] OSHPD is responsible for enforcing all California Building Code standards related to hospitals.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would authorize the Director of Public Works to execute Modification No. 5 to the contract between DPW and Montgomery Corporation to provide additional OSHPD inspector of record inspection services to the SFGH Rebuild Program. Modification No. 5 increases the contract not to exceed amount by $1,665,000 or 17 percent, from $9,945,866 to $11,610,866. The contract end date of December 31, 2016 remains unchanged.

The additional inspection services under Modification No. 5 will cover the final test, inspections, and commissioning of building systems for the hospital, and assessment of installed components serving the hospital. According to Mr. Alameida, the following three systems currently require additional inspection to meet OSHPD standards:

- Fire alarm system comprised of 6,000 devices
- HVAC (heating, ventilation and air conditioning) systems requiring balancing of supply and exhaust as well as proper room air pressure differentials
- Door hardware assemblies that include electronic interface to the fire alarm system

In addition to the three systems listed above, other project components that require inspection services include the building management system, data center, steam generation plant, medical gas systems and certification including oxygen, vacuum, medical air, instrument air and nitrous oxide distribution, pneumatic tube system, dialysis systems, as well as surgical integration and radiographic equipment installations.

Phase 2 Service Building Modification/Emergency Generator Project

According to Mr. Alameida, the Service Building Modification/ Emergency Generator Project, which includes the replacement of the Campus Steam Generator System with two new diesel generators and the addition of the required three emergency generators and associated work for the new acute care hospital, also requires additional inspection services. This was not part of the original Rebuild Program scope of work, and therefore not part of the original scope of work in the inspection services contract.

FISCAL IMPACT

Total actual contract expenditures for the construction inspection services are $9,222,897 through April 2015. According to Mr. Alameida, DPW expects to fully expend the existing contract not-to-exceed amount of $9,945,866 through June 30, 2015.

The new San Francisco General Hospital is scheduled to open in December 2015. As shown in Table 2 below, DPW estimates that the additional inspection services provided by Montgomery Corporation will be completed by April 30, 2016. DPW estimates 9,889 additional hours of inspection services and total contract expenditures of $1,664,670 ($330 less than the requested amount of $1,665,000) from July 1, 2015 through April 30, 2016 at an average rate of $168.34 per hour. According to Mr. Alameida, DPW does not anticipate any further increases to the contract with Montgomery Corporation.

Table 2: Estimated Inspection Service Hours and Contract Expenditures from July 1, 2015 through April 30, 2016

	Principal	Lead Inspector of Record	Inspector of Record	Project Coordinator	Total
Total Hours	1,008	1,564	5,529	1,788	9,889
Rate/Hour	$189.61	$189.61	$178.19	$107.26	-
Contract Expenditures by Month					
Jul 2015	$24,270	$37,922	$288,668	$32,178	$383,038
Aug 2015	$18,961	$32,613	$128,297	$24,026	$203,897
Sep 2015	$18,961	$37,922	$118,496	$25,742	$201,122
Oct 2015	$22,753	$30,338	$117,605	$27,459	$198,155
Nov 2015	$22,753	$30,338	$117,605	$27,459	$198,155
Dec 2015	$22,753	$30,338	$117,605	$27,459	$198,155
Jan 2016	$15,169	$24,270	$24,234	$6,865	$70,537
Feb 2016	$15,169	$24,270	$24,234	$6,865	$70,537
Mar 2016	$15,169	$24,270	$24,234	$6,865	$70,537
Apr 2016	$15,169	$24,270	$24,234	$6,865	$70,537
Total	**$191,127**	**$296,550**	**$985,213**	**$191,781**	**$1,664,670**

Funding Source

According to Mr. Alameida, funding for this contract modification will come from surplus SFGH Rebuild Program funds. Of the total $884,500,000 SFGH Rebuild Program budget, $788,700,000 has been expended and $55,000,000 is encumbered, with an available project balance of $40,800,000.

RECOMMENDATION

Approve the proposed resolution.

Item 11 **File 15-0472**	**Department:** Municipal Transportation Agency (MTA)

EXECUTIVE SUMMARY

Legislative Objectives

The proposed resolution would approve the first amendment to the contract between the San Francisco Municipal Transportation Agency (SFMTA) and New Flyer of America, Inc. (New Flyer), to (a) change the propulsion system in six of the previously ordered 61 60-foot long buses; and (b) exercise the first option in the contract to purchase an additional 48 40-foot and 50 60-foot low floor diesel-hybrid buses, for an additional contract amount of $99,382,133 and a total contract amount not to exceed $167,639,669.

Key Points

- SFMTA currently operates 372 buses that are 40-feet long (standard) and 121 buses that are 60-feet long (articulated) for a total of 493 buses that were purchased at various times from various vendors. Of the fleet of 493 standard and articulated buses, 325 or 65.9 percent of the total are projected to reach the end of their useful life in 2015.
- The SFMTA Transit Fleet Management Plan from March 2014 states that, by the end of calendar year 2020, the MTA anticipates procuring 424 new or replacement 40-feet and 60-feet buses.
- SFMTA issued a competitive Request for Proposals (RFP) in January 2014 to procure buses and received approval from the Board of Supervisors to enter into a contract with New Flyer on December 16, 2014. The base contract, entered into on December 30, 2014, was for 61 articulated buses and included five annual options for the procurement of up to 363 additional standard and articulated buses.
- SFMTA would like to exercise the first of the five annual contract options to procure 48 standard buses and 50 articulated buses, increasing the total number of buses acquired as part of the contract with New Flyer to 159 standard and articulated buses. SFMTA would also like to modify its previous order of 61 articulated buses to change the propulsion system in six buses.

Fiscal Impact

- The proposed contract amendment would have an additional cost of $111,252,323 comprised of $99,382,133 for the 48 standard and 50 articulated buses including spare parts, tools, and training, with an additional $11,870,190 for sales tax and support costs. The total contract not-to-exceed amount would increase from $68,257,536 to $167,639,669.

Recommendation

- Approve the proposed resolution.

MANDATE STATEMENT / BACKGROUND

Mandate Statement

City Charter Section 9.118(b) states that a 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) currently operates 372 buses that are 40-feet long (standard) and 121 buses that are 60-feet long (articulated) for a total of 493 buses that were purchased at various times and from various vendors as shown in Table 1 below.

Table 1: SFMTA Standard and Articulated Diesel Bus Fleet

Coach Number	Length	Manufacturer	Year Entered Service	End of Useful Life (Year)	Quantity
8101-8235, 8301-8304	40-foot (standard)	Neoplan	2002	2014	137
8305-8371	40-foot (standard)	Neoplan	2003	2015	67
Subtotal, Standard Buses at the End of Useful Life in 2015					*204*
8401-8456	40-foot (standard)	Orion	2007	2019	56
8601-8662	40-foot (standard)	New Flyer	2013	2025	62
8701-8750	40-foot (standard)	New Flyer	2014	2026	50
			Subtotal Standard Fleet:		**372**
6200-6225	60-foot (articulated)	Neoplan	2002	2014	25
6226-6299, 6401-6424	60-foot (articulated)	Neoplan	2003	2015	96
Subtotal, Articulated Buses at the End of Useful Life in 2015					*121*
			Subtotal Articulated Fleet:		**121**
			Total Diesel Fleet*:		**493**

*Excluding 30-foot motor coaches

The Board of Supervisors approved the original contract with New Flyer on December 16, 2014, for the purchase of 61 articulated buses at a cost not to exceed $68,257,536, with five annual contract options through 2019 for 363 additional standard and articulated buses, totaling 424 buses (File 14-1224), as shown in Table 2 below.

Table 2: Base Contract with New Flyer for 61 Articulated Buses Plus Contract Options for 363 Standard and Articulated Buses

	Standard (40-foot) Buses	Articulated (60-foot) Buses	Total	Status
Base Amount	-	61	61	Executed
Options				
2015 Option	48	50	98	Proposed
2016 Option	41	48	89	TBD
2017 Option	30	-	30	TBD
2018 Option	36	35	71	TBD
2019 Option	45	30	75	TBD
Subtotal, Options	200	163	363	
Total	**200**	**224**	**424**	

The SFMTA Transit Fleet Management Plan from March 2014 includes both replacement of existing buses and expansion with additional buses. By the end of calendar year 2020, the SFMTA anticipates procuring 424 new or replacement standard and articulated buses through the annual contract options with New Flyer. According to the Transit Fleet Management Plan, SFMTA plans to replace older model buses as well as increase the total number of buses to handle future increased ridership in the most efficient way possible.

As shown in Table 1 above, 204 standard buses and 121 articulated buses, totaling 325 buses, will have reached the end of their useful life in 2015. According to Mr. Elson Hao, SFMTA Principal Engineer, since SFMTA will only have purchased 61 articulated buses from New Flyer by the end of 2015 under the original contract, SFMTA will selectively retire buses with the worst reliability record. Retired buses are normally sold at auction by the City Purchasing Department.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would approve the first amendment to the contract between SFMTA and New Flyer to (a) modify the propulsion system in six of the 61 previously ordered articulated buses, and (b) exercise the first option of the contract to purchase an additional 48 standard and 50 articulated buses, totaling 98 additional buses. The first amendment to the contract increases the total contract amount by a net amount of $99,382,133 from a not to exceed amount of $68,257,536 to a not to exceed amount of $167,639,669.

Proposed Change to the Propulsion System in Six of the 61 Previously Ordered Articulated Buses from New Flyer

According to Mr. Hao, SFMTA procured 61 articulated buses from New Flyer under the original contract, of which one prototype has been delivered, with the first production vehicle to be delivered by mid-June. The original purchase order specified that all 61 buses be powered through a parallel propulsion hybrid system, in which both an electric motor and diesel engine work in parallel to power the driveshaft. According to Mr. Hao, SFMTA would like to modify the order and have six of the buses delivered with a series propulsion system. In a series propulsion system, electricity is generated by a diesel engine, but only the electric motor provides power to the driveshaft. According to Mr. Hao, SFMTA has found the series propulsion system to be more fuel efficient in SFMTA's standard buses, and would like to test if this is true for articulated buses as well. Series propulsion buses are less expensive than parallel propulsion buses under the terms of the contract, and the difference in cost is being credited to the contract option that SFMTA is requesting in this resolution (see Table 3 below).

FISCAL IMPACT

Under the proposed first amendment to the contract with New Flyer, the contract amount would increase by $99,382,133 for the first of five annual contract options, from $68,257,536 to $167,639,669, as shown in Table 3 below.

Table 3: Summary of Base Contract and Proposed First Contract Option Costs[1]

	Original Contract (2014)			Proposed Amendment (2015)			Total
Bus Type/Item Description	No.	Price	Total	No.	Price	Total	
Standard Buses, Series Propulsion				24	$730,024	$17,520,576	$17,520,576
Parts, Training, Tools						$3,316,830	$3,316,830
Subtotal, Standard Series						*$20,837,406*	*$20,837,406*
Standard Buses, Parallel Propulsion				24	$788,771	$18,930,504	$18,930,504
Parts, Training, Tools						$3,727,683	$3,727,683
Subtotal, Standard Parallel						*$22,658,187*	*$22,658,187*
Articulated Buses, Series Propulsion	6	$1,024,838	$6,149,028	25	$1,033,665	$25,841,625	$31,990,653
Parts, Training, Tools						$3,884,220	$3,884,220
Subtotal, Articulated Series			*$6,149,028*			*$29,725,845*	*$35,874,873*
Articulated Buses, Parallel Propulsion	55	$1,041,443	$57,279,365	25	$1,050,413	$26,260,325	$83,539,690
Parts, Training, Tools			$4,729,513				$4,729,513
Subtotal, Articulated Parallel			*$62,008,878*			*$26,260,325*	*$88,269,203*
Contract Costs			$68,157,906			$99,481,763*	$167,639,669
Credit for Propulsion System Change			$99,630			$(99,630)	
Total	**61**		**$68,257,536**	**98**		**$99,382,133**	**$167,639,669**

*Cost for 98 additional standard and articulated buses

[1] Under the terms of the procurement contract, the per-unit price in the five annual contract options would increase annually by the Producer Price Index (PPI) for transportation manufacturing. The PPI increase between the 2014 base contract and the 2015 option is 0.86%, and is reflected in the price of buses and spare parts.

In addition to the net cost for buses, there are additional associated costs for sales tax, warranty support, project and departmental support, consultants, and vehicle inspections. Such associated costs have already been paid by SFMTA for the base contract with New Flyer, so are only applied to the proposed first annual contract option in the amount of $11,870,190, and are summarized in Table 4 below.

Table 4: Associated Cost Items, Proposed First Contract Option

Cost Item	Amount
Tax (8.75%)	$8,406,129
Warranty Support	$400,000
Project Support (SFMTA, Other Direct Costs)	$2,564,061
Consultants, Vehicle Inspection	$500,000
Subtotal, Associated Costs	$11,870,190
Proposed First Contract Option Amount	$99,382,133
Total Cost, First Contract Option	**$111,252,323**

According to Mr. Hao, SFMTA will use Federal, State, and Local funds to fund the proposed contract option and the associated tax and support costs. Federal grants are administered by the Metropolitan Transportation Commission (MTC), a Bay Area-wide planning authority that coordinates projects between the various local transportation authorities. SFMTA expects $63,092,126 or 56.7 percent of the cost of the proposed first amendment to the contract with New Flyer to come from Federal grants through the MTC. An additional $33,405,243 or 30 percent will come from Proposition K sales tax. Both Federal grants and Proposition K funding will be used solely for replacement of buses that have reached the end of their serviceable life per MTC guidelines. State bond funding and local Proposition B funds will make up the remaining $14,754,954 or 13.3 percent of the cost, and will be used to expand the bus fleet to accommodate planned service expansion. Table 5 below shows the planned funding sources and amounts, including funding for the associated costs.

Table 5: Sources of Funds

Source	Fund	Purpose	Amount
Federal	FTA Section 5307 Grant[2]	Replacement of existing buses	$63,092,126
State	State infrastructure bond fund	Expansion of bus system	$3,054,954
Local	Proposition K Sales Tax	Replacement of existing buses	$33,405,243
Local	Proposition B Population-Based General Fund Set Aside	Expansion of bus system	$11,700,000
		Total	**$111,252,323**

RECOMMENDATION

Approve the proposed resolution.

[2] Federal Transit Administration 5307 (Urbanized Area Formula Program) grants make resources available to urbanized areas for transit capital, operating assistance, and transportation-related planning. Replacement of buses is an eligible expense for grant funding.

Item 12 **File 15-0483**	**Department:** Recreation and Parks Department (RPD)

EXECUTIVE SUMMARY

Legislative Objectives

- The proposed resolution would approve a Host Site Agreement between the Recreation and Park Department (RPD) and the PGA Tournament Corporation, Inc. to (i) authorize the PGA Tournament Corporation, Inc. to host the 2020 PGA Championship at the TPC Harding Park Golf Course; and (ii) require PGA Tournament Corporation, Inc. to pay RPD a site fee consisting of the greater of a base fee of $2,000,000 or 9 percent of gross revenues from the 2020 PGA Championship event.

Key Points

- The PGA Tournament Corporation, Inc. would pay RPD the greater of $2,000,000 or 9 percent of gross revenues from (i) ticket sales, (ii) corporate hospitality sales, and (iii) all on-site sales of PGA Championship merchandise.
- RPD would pay for course maintenance and preparation costs and assist with the recruitment of volunteers, the provision of meeting rooms, office space, storage space, and local marketing and sales support. RPD would also provide access to their existing golf cart fleet as necessary.
- The Host Site Agreement specifies three "black out" years, including 2018, 2019, and 2020, during which no other professional golf tournaments can be held at the TPC Harding Park Golf Course.
- The proposed resolution would find that competitively bidding this agreement to host the 2020 PGA Championship is impractical or infeasible.

Fiscal Impact

- The PGA Tournament Corporation, Inc. projects gross revenues of up to $33,000,000 for the 2020 PGA Championship that are eligible for RPD site fee payments.
- RPD projects expenditures of $1,585,000 in preparation costs for the 2020 PGA Championship. Based on revenue projections completed by PGA Tournament Corporation, Inc., RPD would receive estimated net earnings ranging from approximately $415,000 to $1,385,000 from this Host Site Agreement.
- PGA Tournament Corporation, Inc. will pre-pay RPD site fees of $200,000 each year during 2017, 2018, and 2019, or a total of $600,000, to be used for agronomic expenses associated with course preparations for the 2020 PGA Championship. These pre-paid site fees would be credited against the total site fee to be paid by the PGA Tournament Corporation to RPD.

Recommendation

- Approve the proposed resolution.

MANDATE STATEMENT / BACKGROUND

Mandate Statement

City Charter Section 9.118(a) states that contracts entered into by a department, board or commission that will generate revenue in excess of $1 million or any modification of that contract is subject to Board of Supervisors approval.

BACKGROUND

The Tournament Players Club (TPC) Harding Park Golf Course is owned by the City and County of San Francisco and maintained by the Recreation and Park Department (RPD). It consists of the Harding Park Golf Course, Fleming Golf Course, and clubhouse facilities located at 1 Harding Park Road.

RPD has recently held a number of Professional Golf Association (PGA) of America TOUR events at the TPC Harding Park Golf Course. On July 2, 2014, the PGA announced that the TPC Harding Park Golf Course was selected as the site for the 2020 PGA Championship. The PGA Championship is one of four major golf tournaments held in the world and will be larger in scope and format than previous events held at the TPC Harding Park Golf Course. PGA of America has granted PGA Tournament Corporation, Inc., a wholly owned subsidiary of PGA TOUR Golf Course Properties, Inc., the exclusive right to conduct and manage all business affairs for the 2020 PGA Championship.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would approve a Host Site Agreement between the Recreation and Park Department (RPD) and the PGA Tournament Corporation, Inc. to (i) authorize the PGA Tournament Corporation, Inc. to host the 2020 PGA Championship at the TPC Harding Park Golf Course; and (ii) require PGA Tournament Corporation, Inc. to pay RPD a site fee consisting of the greater of a base fee of $2,000,000 or 9 percent of gross revenues from the 2020 PGA Championship event. In addition, the proposed resolution would find that competitively bidding this agreement to host the 2020 PGA Championship is impractical or infeasible.

PGA Tournament Corporation, Inc. Obligations under Host Site Agreement

Under this agreement, PGA Tournament Corporation, Inc. would employ a Tournament Director and necessary support staff up to two years prior to the 2020 event and submit detailed set-up and transportation plans for the event for RPD approval. PGA Tournament Corporation, Inc. would indemnify and hold RPD harmless against damages. The site fee paid to RPD would be based on gross revenues from (i) ticket sales, (ii) corporate hospitality sales, and (iii) all on-site sales of PGA Championship merchandise. Revenues generated by any other activities during the 2020 PGA Championship would not be considered gross revenues such as PGA Championship television and radio rights fees, merchandise sold off-site and any other sources of revenues, as per the terms of the Host Site Agreement.

According to Mr. Tom Hart, a Property Manager of the Recreation and Park Department, the terms of the proposed Host Site Agreement is similar to past RPD agreements with the PGA, which have always excluded RPD sharing in revenues gained by the PGA from television and radio rights fees, among other revenue sources. In addition, Mr. Hart notes that previous RPD agreements with the PGA have included thresholds of PGA gross revenues, such that RPD would only receive earnings if PGA gross revenues from the event exceeded a certain amount. In contrast to these previous PGA agreements, the proposed Host Site Agreement for the 2020 PGA Championship is financially better for the City as it allows RPD to earn a minimum of $2,000,000, regardless of how profitable the event may be.

RPD Obligations under Host Site Agreement

RPD would provide members of the PGA Tournament Corporation, Inc. with access to the TPC Harding Golf Course and facilities ahead of and during the 2020 PGA Championship. RPD would also manage and operate the clubhouse operations during PGA Championship Week at no cost to PGA Tournament Corporation, Inc., with the exception of food and beverages. The PGA Championship is typically held in August but the specific dates of the 2020 event have not yet been decided.

RPD would also pay for course maintenance and preparation costs to ensure that the TPC Harding Park Golf Course is in premium condition for the 2020 PGA Championship.[1] RPD would also be responsible for various other provisions, including recruitment of volunteers, providing meeting rooms, office space, storage space, and local marketing and sales support as reasonably requested by the PGA Tournament Corporation, Inc. RPD would also provide access to their existing golf cart fleet as necessary. The Host Site Agreement also specifies three “black out” years, including 2018, 2019, and 2020, during which no other professional golf tournaments can be held at the TPC Harding Park Golf Course.

Similar to previous PGA master tour events, RPD does not anticipate prohibiting public access to the TPC Harding Park Golf Course for more than two weeks to accommodate preparations for the 2020 PGA Championship.

The Host Site Agreement will be effective following the signature of both parties and will extend through December 31, 2020 or upon mutual completion of the obligations of both Parties.

[1] In August 2010, RPD entered into an agreement for a term of nine years and 3 months with the Tournament Players Club of California, Inc. to provide management and supervisory services for all golf and clubhouse operations at TPC Harding Park Golf Course, excluding course maintenance which RPD staff provides. Such agreement was previously approved by the Board of Supervisors.

FISCAL IMPACT

Under the proposed agreement, the PGA Tournament Corporation, Inc. would pay RPD the greater of $2,000,000 or 9 percent of gross revenues, as defined by the Host Site Agreement. Based on revenue projections completed by PGA Tournament Corporation, Inc., RPD would receive estimated net earnings ranging from approximately $415,000 to $1,385,000 as shown in Table 1 below.

Table 1. Estimated RPD Expenditures and Revenues

RPD Projected Expenditures	
Item Description	Total Amount
Potential Lost Daily Revenue	$625,000
Overtime Salaries and Fringe Benefits	566,400
Professional Services	81,600
Materials and Supplies:	
Agronomy	288,000
Integrated Pest Management (IPM) Consulting services	12,000
Championship Expenditures	12,000
Total	**$1,585,000**
RPD Estimated Earnings	
Minimum Gross Earnings to RPD	$2,000,000
Total Est. Expenditures	1,585,000
Difference (Net Earnings)	$415,000
Percentage of Gross Revenues[1] to RPD (9%)	$2,970,000
Total Est. Expenditures	1,585,000
Difference (Net Earnings)	$1,385,000

Source: Recreation and Park Department Staff.
1/ PGA Tournament Corporation, Inc. projects gross revenues up to $33,000,000 for the 2020 PGA Tournament. Percentage revenues in Table 1 are calculated as 9 percent of estimated gross revenues of $33,000,000.

The PGA Tournament Corporation, Inc. will pre-pay RPD site fees of $200,000 each year during 2017, 2018, and 2019, or a total of $600,000, to be used for agronomic expenses associated with course preparations for the 2020 PGA Championship, such as additional maintenance costs to maintain and improve the overall condition of TPC Harding Park Golf Course. These pre-paid site fees would be credited against the total site fee to be paid by the PGA Tournament Corporation to RPD.

RECOMMENDATION

Approve the proposed resolution.

Items 13 and 14 **Files 15-0484 & 15-0486**	**Department:** Public Utilities Commission (PUC)

EXECUTIVE SUMMARY

Legislative Objectives

- 15-0484: Resolution approving an Extension Agreement between the City and County of San Francisco, acting by and through its Public Utilities Commission, and the Modesto Irrigation District, to extend the term of the existing Long Term Energy Sales Agreement to the earlier of the approval of a replacement agreement by both parties, or June 30, 2016.
- 15-0486: Resolution approving an Extension Agreement between the City and County of San Francisco, acting by and through its Public Utilities Commission, and the Turlock Irrigation District, to extend the term of the existing Long Term Power Sales Agreement to the earlier of the approval of a replacement agreement by both parties, or June 30, 2016.

Key Points

- The 1913 Federal Raker Act obligates the City and County of San Francisco to sell or supply excess Hetch Hetchy electrical power, upon request to the Modesto Irrigation District (MID) and the Turlock Irrigation District (TID) for these Districts' municipal public purposes and irrigation pumping needs at a price which reimburses Hetchy for the cost of developing, maintaining and transmitting the surplus electrical energy.
- Based on litigation settlement, in 2007 the Board of Supervisors approved a Long Term Energy Sales Agreement with the MID, which extends through June 30, 2015. Similarly, based on litigation settlement, in 2004, the Board of Supervisors approved an Amended Long Term Power Sales Agreement with the TID, which extends through June 30, 2015.
- The proposed resolutions would approve extensions of the existing Agreements with MID and TID until the approval of new Agreements or June 30, 2016, whichever is earlier.

Fiscal Impact

- During the ten-year period between FY 2004-05 and FY 2013-14 the SFPUC generated and sold $57,331,000 of power to MID and $59,945,000 to TID.
- Power generation for Hetch Hetchy is dependent on water conditions, such that in dry weather years Hetch Hetchy generates less power and therefore can make less energy sales available to MID and TID.

Recommendation

- Approve the proposed resolutions (File 15-0484 and 15-0486).

MANDATE STATEMENT

Charter Section 9.118(a) requires all contracts entered into by a department having anticipated revenue to the City of $1,000,000 or more or the modification of such agreement to be subject to approval by resolution by the Board of Supervisors.

BACKGROUND

Section 9(l) of the 1913 Federal Raker Act obligates the City and County of San Francisco to sell or supply excess Hetch Hetchy electrical power, upon request to the Modesto Irrigation District (MID) and the Turlock Irrigation District (TID) for these Districts' municipal public purposes and irrigation pumping needs at a price which reimburses Hetchy for the cost of developing, maintaining and transmitting the surplus electrical energy. The San Francisco Public Utilities Commission (SFPUC) currently sells electric energy to these two irrigation Districts from Hetch Hetchy generating facilities, delivering the energy over City-owned transmission facilities. In accordance with the Raker Act, both Districts may use Hetch Hetchy power for:

1. District water pumps used for irrigation or drainage purposes;
2. Landowners in the Districts' territories needing to pump water for irrigation or drainage purposes; and
3. Municipal public purposes for the cities within the two irrigation Districts' territories.

In addition, TID has the right to purchase additional Hetch Hetchy energy for non-Raker Act purposes, as specified in their current contract with the City.

In 1987, San Francisco entered into a Long Term Energy Sales Agreement with the MID, which extended for 27 years from April 1, 1988 through June 30, 2015. In 2003, the Board of Supervisors approved a litigation settlement with MID (Ordinance 26-03) for an amended and restated Energy Sales Agreement, and agreed to enter into a new Long Term Energy Sales Agreement with the MID by December 31, 2007. On December 17, 2007, the Board of Supervisors approved a new Long Term Energy Sales Agreement with the MID, which extends for 6.5 years from January 1, 2008 through June 30, 2015 (Resolution No. 689-07).

Similar to MID, the City previously had a Long Term Energy Sales Agreement with TID. In 2004 the Board of Supervisors approved an ordinance (Ordinance 285-04) for the City Attorney to settle litigation with TID and enter into an amended Long Term Energy Sales Agreement. In 2004, the Board of Supervisors subsequently approved an Amended and Restated Long Term Power Sales Agreement with the TID, which extends for approximately 11 years and four months from February 14, 2004 through June 30, 2015.

DETAILS OF PROPOSED LEGISLATION

15-0484: Resolution approving an Extension Agreement between the City and County of San Francisco, acting by and through its Public Utilities Commission, and the Modesto Irrigation District, to extend the term of the existing Long Term Energy Sales Agreement by a maximum of one year, to the earlier of the approval of a new agreement by both parties, or June 30, 2016.

15-0486: Resolution approving an Extension Agreement between the City and County of San Francisco, acting by and through its Public Utilities Commission, and the Turlock Irrigation District, to extend the term of the existing Long Term Power Sales Agreement by a maximum of one year, to the earlier of the approval of a new agreement by both parties, or June 30, 2016.

As noted above, the existing Long Term Energy Sales Agreements between the City and the MID and TID expire on June 30, 2015. However, the PUC and the MID and TID all agree that additional time is required to finalize the terms and conditions of a new long term energy sales agreement. Therefore, the proposed resolutions would approve an extension of the existing Agreements with MID and TID until the approval of new Agreements or June 30, 2016, whichever is earlier.

According to Mr. Manuel Ramirez from the SFPUC, the two main issues still being negotiated include:

(1) revising the rate methodology to explicitly charge MID and TID for the SFPUC's cost of transmission, and

(2) revising the availability and scheduling of Hetch Hetchy power.

Any subsequent agreements with Modesto and Turlock Irrigation Districts will be subject to Board of Supervisors approval. Mr. Ramirez advises that the SFPUC anticipates bringing back the new agreements to the Board of Supervisors no later than end of April 2016.

FISCAL IMPACT

As shown in the Table below, during the ten-year period between FY 2004-05 and FY 2013-14 the SFPUC generated and sold $57,331,000 of power to MID and $59,945,000 to TID.

Annual Energy Sales and Revenues				
	Modesto Irrigation District (MID)		Turlock Irrigation District (TID)	
FYE	**Volumes (MWh)**	**Revenues**	**Volumes (MWh)**	**Revenues($1000)**
2005	518,911	$16,973,000	299,387	$8,049,000
2006	592,555	13,651,000	412,301	10,876,000
2007	359,548	8,426,000	188,911	5,838,000
2008	203,597	4,378,000	182,971	6,085,000
2009	74,789	1,322,000	183,479	3,717,000
2010	77,745	2,437,000	209,163	5,093,000
2011	113,843	3,264,000	345,477	7,302,000
2012	77,938	2,718,000	199,900	4,622,000
2013	58,623	2,283,000	168,921	5,100,000
2014	28,412	1,879,000	75,077	3,263,000
Total	**2,105,961**	**$57,331,000**	**2,265,587**	**$59,945,000**

Mr. Ramirez explains the fluctuation in the amount of energy sold and revenues received by the SFPUC varies based on how much power is available after serving Hetch Hetchy's own customers. Power generation for Hetch Hetchy is dependent on water conditions, such that in dry weather years Hetch Hetchy generates less power and therefore can make less energy sales available to MID and TID.

RECOMMENDATION

Approve the proposed resolutions (File 15-0484 and 15-0486).

Item 15 File 15-0497	Department: Mayor's Office of Housing and Community Development

EXECUTIVE SUMMARY

Legislative Objectives

- The proposed resolution would authorize the Mayor's Office of Housing and Community Development to award $2,505,000, including $725,000 for infrastructure projects from the Rincon Hill Community Improvement Fund and $1,780,000 for non-profit organizations from the SOMA Community Stabilization Fund.

Key Points

- Under the City's Planning Code, developers constructing new residential development in the Rincon Hill Downtown Residential District pay development impact fees. Monies in the Rincon Hill Community Improvement Fund can be expended for specified infrastructure projects. Monies in the SOMA Community Stabilization Fund can be expended for affordable housing, community asset building, employment development, job growth and job placement, and other services to address impacts of destabilization.
- Based on a competitive process, 18 grants to 13 non-profit organizations totaling $1,780,000 are being requested for two years from the SOMA Community Stabilization Fund. The FY 2016-17 grantee awards will be contingent on grantee performance, pending the results of an objective evaluation of the grantees' performance.
- MOHCD also recommends awarding $725,000 for two infrastructure projects in SOMA from the Rincon Hill Community Improvement Fund.

Fiscal Impact

- The current balance in the SOMA Community Stabilization Fund is $8,896,586. If the requested $1,780,000 is approved, the Fund balance will be reduced to $7,116,586.
- The current balance in the Rincon Hill Community Improvement Fund is $58,435, but MOHCD is requesting $725,000 of infrastructure projects from this Fund. The Association of Bay Area Governments (ABAG) approved $1,296,341 to the City as restitution for an ABAG employee's embezzlement of funds. $925,666 will go to the Rincon Hill Community Improvement Fund. The settlement agreement between ABAG and the City is currently pending before the Board of Supervisors (File 15-0423).

Recommendations

- Amend the proposed resolution to place the $725,000 of infrastructure funds from the Rincon Hill Community Improvement Fund on Controller's Reserve pending the approval and award of $925,666 settlement award from ABAG.
- Approve the proposed resolution, as amended.
- Request the MOHCD to report back to the Board of Supervisors on the results of their objective evaluations on grantee performance and the resulting allocation of the $890,000 for nonprofits in FY 2016-17.

MANDATE STATEMENT

In accordance with Planning Code Section 418.7, all monies in the South of Market Area (SOMA) Community Stabilization Fund are to be expended to address the effects of destabilization on residents and businesses in SOMA due to new residential development in the Rincon Hill Area. SOMA Community Stabilization Fund expenditures are administered by the Mayor's Office of Housing and Community Development (MOHCD), subject to approval by resolution of the Board of Supervisors.

BACKGROUND

The Board of Supervisors approved a new Section 418 in the City's Planning Code in 2005, which among other provisions, (a) established the Rincon Hill Downtown Residential District[1], (b) created a Rincon Hill Community Improvement Fund, (c) imposed a South of Market Area (SOMA) Community Stabilization Fee of $14 per square foot (subsequently amended down to $10.95 per square foot by the Board of Supervisors under Ordinance 270-10) on developers who build new residential development within the Rincon Hill Downtown Residential District, (d) created the SOMA Community Stabilization Fund, and (e) established a SOMA Community Stabilization Fund Community Advisory Committee (CAC) to advise the MOHCD and the Board of Supervisors on the uses of the SOMA Community Stabilization Fund (Ordinance 217-05).

The Planning Code stipulates that monies from the Rincon Hill Community Improvement Fund be expended for streetscape improvements, open space acquisition, public library resources and other public uses. Monies from the SOMA Community Stabilization Fund are to be expended to provide assistance to SOMA residents including affordable housing, community asset building, employment development, job growth and job placement, and other services to address impacts of destabilization.

The Board of Supervisors approved a resolution in 2008 (Resolution 0216-08) (a) approving the SOMA Community Stabilization Fund Strategic Plan, (b) authorizing MOHCD to administer the SOMA Community Stabilization Fund in accordance with this Strategic Plan, and (c) authorizing MOHCD to work with the SOMA Stabilization Fund Community Advisory Committee to issue Requests for Proposals (RFPs) for non-profit agencies to provide services addressing the effects of destabilization on residents and businesses in SOMA, consistent with the Community Stabilization Fund Strategic Plan.

[1] The Rincon Hill Downtown Residential District is the area bounded by Folsom Street, The Embarcadero, Bryant Street, and Essex Street.

Request for Proposals Process

MOHCD issued a new RFP on December 11, 2014 to fund one-time infrastructure and services for two years from July 1, 2015 through June 30, 2017 in eight service areas, including: 1) Community Council; 2) Community Action Grants; 3) Access to Housing; 4) Neighborhood and Business Coordination; 5) Fund Development Consultants; 6) School Site Coordinator; 7) Financial Literacy; and (8) Fund Development and Capacity Building. The RFP specified the following seven evaluation criteria to assess applicants for the grant awards:

a. Successful history serving target population – 15%

b. Meet objectives, activities and program description in RFP – 15%

c. Measurable and realistic outcomes and best practices – 15%

d. Robust evaluation methodology – 15%

e. Staff experience and expertise – 15%

f. Budget appropriate and feasible – 15%

g. Leveraged and diversified funding – 10%

MOHCD received 20 proposals. To evaluate the proposals, MOHCD staff reviewed the proposals using the evaluation criteria specified in the RFP and made recommendations to the SOMA Community Advisory Committee. Ms. Claudine Del Rosario, SOMA Community Stabilization Fund Manager, states that while all respondents received grant awards, each grant recipient did not receive all the funds they requested.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would authorize the Mayor's Office of Housing and Community Development to award $2,505,000, including $725,000 for infrastructure projects in SOMA from the Rincon Hill Community Improvement Fund, and $1,780,000 in grants to various non-profit organizations from the SOMA Community Stabilization Fund, as detailed in Table 1 below. The requested authorization would be for two years, including $1,615,000 in FY 2015-16 and $890,000 in FY 2016-17. A summary description of the proposed projects is included as Attachment to this report.

Table 1: Proposed Allocations

	FY 2015-16	FY 2016-17	Two-Year Total
Rincon Hill Community Improvement Fund-Infrastructure			
Pedestrian cross light at Russ and Howard Streets	$350,000	-	$350,000
Traffic calming and other improvements at South Park	$375,000	-	$375,000
Total Rincon Hill Community Improvement Fund-Infrastructure	**$725,000**	**-**	**$725,000**
SOMA Community Stabilization Fund			
Access to Housing			
Veterans Equity Center	$75,000	$75,000	$150,000
Consumer Credit Counseling Services SF	75,000	75,000	150,000
Access to Housing Subtotal	**$150,000**	**$150,000**	**$300,000**
Neighborhood Planning/Community Cohesion			
Rebuilding Together SF	$50,000	$50,000	$100,000
Filipino American Development Foundation	50,000	50,000	100,000
United Playaz	50,000	50,000	100,000
Neighborhood Planning/Community Cohesion Subtotal	**$150,000**	**$150,000**	**$300,000**
Technical Assistance/Capacity Building			
Renaissance Entrepreneurship Center	$50,000	$50,000	$100,000
Veterans Equity Center	5,000	5,000	10,000
Consumer Credit Counseling Services SF	5,000	5,000	10,000
Urban Solutions	5,000	5,000	10,000
West Bay Multi-Service Corporation	5,000	5,000	10,000
Technical Assistance/Capacity Building Subtotal	**$70,000**	**$70,000**	**$140,000**
Financial Literacy			
EARN	$50,000	$50,000	$100,000
Financial Literacy Subtotal	**$50,000**	**$50,000**	**$100,000**
Neighborhood and Business Coordination			
Renaissance Entrepreneurship Center	$75,000	$75,000	$150,000
Renaissance Entrepreneurship Center/ Lawyers' Committee for Civil Rights	75,000	75,000	150,000
Filipino American Development Foundation/ South of Market Community Action Network	75,000	75,000	150,000
Positive Resource Center	75,000	75,000	150,000
Urban Solutions	75,000	75,000	150,000
Mission Hiring Hall	75,000	75,000	150,000
Central Market Community Benefit District	20,000	20,000	40,000
Neighborhood and Business Coordination Subtotal	**$470,000**	**$470,000**	**$940,000**
Total SOMA Community Stabilization Fund	**$890,000**	**890,000**	**1,780,000**
Grand Total Rincon Hill and SOMA Community Funds	**$1,615,000**	**$890,000**	**$2,505,000**

If approved by the Board of Supervisors, grant agreements for the infrastructure and non-profit projects for FY 2015-16 will be awarded in June of 2015. Ms. Del Rosario advises that grants from the SOMA Community Stabilization Fund are traditionally awarded for two years. However, Ms. Del Rosario reports that the SOMA Community Advisory Committee intends to award funds for FY 2016-17 contingent on grantee performance to ensure that grants are on track to achieving program outcomes prior to receiving the allocation of funds for the second year. Given that the FY 2016-17 grantee awards are specifically intended to be contingent on grantee performance, the Board of Supervisors should request that MOHCD report back to the Board of Supervisors on the results of the objective evaluations on grantee performance and the resulting allocation of the $890,000 for nonprofits in FY 2016-17.

FISCAL IMPACT

As shown in Table 2 below, as of April 30, 2015, the balance in the SOMA Community Stabilization Fund was $8,896,586. If the requested 1,780,000 ($890,000 for each FY 2015-16 and FY 2016-17) is approved, the remaining balance in the SOMA Community Stabilization Fund would be $7,116,586, as summarized in Table 2 below.

Table 2: Rincon Hill Community Improvement Fund and SOMA Community Stabilization Fund

Funds	Rincon Hill Community Improvement	SOMA Community Stabilization
Current Balance (4/30/15)	$58,435	$8,896,586
ABAG Settlement	925,666	0
Requested Awards for FY 2015-16	(725,000)	(890,000)
Requested Awards for FY 2016-17		(890,000)
Proposed Balance	**$259,101**	**$7,116,586**

Source: Mayor's Office of Housing and Community Development

As shown in Table 2 above, the current balance in the Rincon Hill Community Improvement Fund is only $58,435. However, MOHCD is requesting approval of $725,000 of infrastructure projects from this Fund. On March 17, 2015, the Association of Bay Area Governments (ABAG) approved the payment of $1,296,341 to the City of San Francisco as restitution for the embezzlement of such funds by an ABAG employee. Ms. Del Rosario advises that if the $1,296,341 ABAG settlement is approved, $925,666 will go to the Rincon Hill Community Improvement Fund and $370,675 will go to the Planning Department. The settlement agreement between ABAG and the City is currently pending before the Board of Supervisors (File 15-0423) for approval.

RECOMMENDATIONS

1. Amend the proposed resolution to place the $725,000 of infrastructure funds from the Rincon Hill Community Improvement Fund on Controller's Reserve pending the approval and award of $925,666 settlement award from ABAG.
2. Approve the proposed resolution, as amended.
3. Request the MOHCD to report back to the Board of Supervisors on the results of their objective evaluations on grantee performance and the resulting allocation of the $890,000 for nonprofits in FY 2016-17.

ATTACHMENT – List of Funded Projects

Infrastructure Projects

- Pedestrian cross light at Ross and Howard Streets ($350,000)
- Traffic calming and other improvements at South Park (up to $375,000)

Access to Housing

- Veterans Equity Center ($75,000) – One-on-one counseling and bilingual (English and Tagalog) support services to assist families through housing application processes. Services include case management, multilingual housing education, and drop-in services.
- Consumer Credit Counseling Services ($75,000) – First-time homebuyer counseling and education, including comprehensive group education and one-on-one counseling sessions.

Neighborhood Planning/Community Cohesion

- Rebuilding Together SF ($50,000) – Administer a community-based, small grants program awarding grants ranging from $1,000 - $5,000.
- Filipino American Development Foundation ($50,000) – Coordinate community organizing efforts between multiple neighborhood nonprofit organizations.
- United Playaz ($50,000) – Coordinate efforts between Bessie Carmichael School and community nonprofits to provide a continuum of services to Bessie Carmichael students.

Technical Assistance/Capacity Building

- Renaissance Entrepreneurship Center ($50,000) – Fundraising consulting for eight SOMA nonprofits to increase internal fundraising capacity.

Proposals that fund more than 50 percent of an agency's budget are required to participate in fund development/capacity building services provided by the SOMA Community Stabilization Fund. These agencies receiving services include:

- Veterans Equity Center (value of $5,000)
- Consumer Credit Counseling Services SF (value of $5,000)
- Urban Solutions (value of $5,000)
- West Bay Multi-Service Corporation (value of $5,000)

Financial Literacy

- EARN ($50,000) – Will open 100 Starter Accounts, EARN's online savings program that helps low-income individuals save by providing incentives for meeting financial goals.

Neighborhood and Business Coordination

- Renaissance Entrepreneurship Center ($75,000) – Entrepreneurship training, workshops and support services for individuals who are starting or growing their businesses.
- Renaissance Entrepreneurship Center & Lawyer's Committee for Civil Rights ($75,000) – Entrepreneurship and business development services, and one-day legal clinics for individual businesses.
- Filipino American Development Foundation/SOMA Community Action Network ($75,000) – Workforce development and employer connection services for at least 20 unemployed SOMA residents
- Positive Resource Center ($75,000) – Employment services to clients with HIV and/or mental health disabilities. Services include barrier removal, workplace computer and administrative skills training, resume, cover letter and interview preparation, and job search assistance.
- Urban Solutions ($75,000) – Tech training services and ongoing mentoring for local small business owners and entrepreneurs. Tech training services will include marketing and web design, accounting, sales and inventory management, and customer management.
- Mission Hiring Hall ($75,000) – Workforce development services to households including job readiness training, skills upgrading, and job referral and placement services.
- Central Market Community Benefit District ($20,000) – Implementation of 2 Block of Art, an annual art walk occurring along SOMA's 6th Street corridor.

Item 20 **File 15-0507**	**Department:** San Francisco International Airport (Airport)

EXECUTIVE SUMMARY

Legislative Objectives

The proposed ordinance would (1) waive the competitive process requirement of Administrative Code Section 2A.173, and (2) approve the first amendment to the existing concession lease between the Airport and Emporio Rulli to add a second location of 405 square feet of space in the food court in Terminal 3, increase the MAG amount by $20,322 from $120,031 to $140,353.

Key Points

- Based on a competitive process, the Board of Supervisors approved a resolution (File 03-1710) in December 2003 that authorized the San Francisco International Airport (Airport) to enter into 28 concession leases with various vendors including Emporio Rulli, Inc. (Emporio Rulli) for a term of ten years with one option to extend the term of the lease by two years for 2,392 square feet of space in Boarding Area F of Terminal 3 to provide food concessions.
- United Airlines, which leases Gates 76 through 79, began ramp construction work in September 2012 and diverted planes to other gates in Terminal 1 and Terminal 3. According to Mrs. Evelyn Reyes-Dizadji, Airport Principal Property Manager, since September 2012 when United Airlines began construction, foot traffic and associated revenues in Terminal 3 where Emporio Rulli is located have decreased by an estimated 40 percent.
- Under the proposed amendment, the Airport would allocate to Emporio Rulli a second concession location of 405 square feet in the food court in Terminal 3 as compensation for the declining foot traffic and related reduced sales at the current Emporio Rulli location in Boarding Area F of Terminal 3.

Fiscal Impact

- Under the provisions of the amendment, Emporio Rulli would pay an additional $85,041 per year in MAG rent and other fees to the Airport.

Recommendation

- Approve the proposed ordinance.

MANDATE STATEMENT / BACKGROUND

Mandate Statement

City Charter Section 9.118(b) states that a 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 with a $500,000 impact or more is subject to Board of Supervisors approval.

Administrative Code Section 2A.173 requires the Airport to conduct a competitive process for concession leases on Airport property.

Background

Based on a competitive process, the Board of Supervisors approved a resolution (File 03-1710) in December 2003 that authorized the San Francisco International Airport (Airport) to enter into 28 concession leases with various vendors including Emporio Rulli, Inc. (Emporio Rulli) for a term of ten years with one option to extend the term of the lease by two years. The lease with Emporio Rulli was for 2,392 square feet in Boarding Area F of Terminal 3 to provide food concession. The Airport delivered the space to Emporio Rulli in May 2006 after completion of the Airport's renovations in Boarding Area F. The lease commencement date began on completion of Emporio Rulli's tenant improvements on November 19, 2006 and extended for ten years through November 18, 2016 with one option to extend the term by an additional two years through November 18, 2018. Rent was the greater of the Minimum Annual Guarantee (MAG), which is $120,031,[1] or percentage rent.

United Airlines, which leases Gates 76 through 79, began ramp construction work in September 2012 and diverted planes to other gates in Terminal 1 and Terminal 3. According to Mrs. Evelyn Reyes-Dizadji, Airport Principal Property Manager, since September 2012 when United Airlines began construction, foot traffic and associated revenues in Terminal 3 where Emporio Rulli is located have decreased by an estimated 40 percent.

DETAILS OF PROPOSED LEGISLATION

The proposed ordinance would (1) waive the competitive process requirement of Administrative Code Section 2A.173, and (2) approve the first amendment to the existing concession lease between the Airport and Emporio Rulli to add a second location of 405 square feet of space in the food court in Terminal 3, increase the MAG amount by $20,322 from $120,031 to $140,353.

Under the proposed amendment, the Airport would allocate to Emporio Rulli a second concession location of 405 square feet in the food court in Terminal 3 as compensation for the declining foot traffic and related reduced sales at the current Emporio Rulli location in Boarding Area F of Terminal 3. Under the proposed amendment, Emporio Rulli would be able to operate

[1] Under the provisions of the concession lease between the Airport and Emporio Rulli, the MAG is adjusted annually to reflect inflation in the previous year.

the 405 square feet of space in the food court through the end of the term of the previously awarded concession lease on November 18, 2016.

As noted above, the Airport is requesting that the Board of Supervisors waive the competitive process requirements for the added 405 square feet of food court space. According to Ms. Reyes-Dizadji, the Airport staff believe that this request is appropriate because (1) because the initial contract awarded to Emporio Rulli was approved under the competitive process required under the City's Administrative Code, (2) the United Airlines construction work has reduced the revenues to Emporio Rulli by approximately 40 percent, and (3) the Airport is increasing the MAG by $20,322.

FISCAL IMPACT

The proposed ordinance would add a second location to the existing concession lease between the Airport and Emporio Rulli comprised of 405 square feet of food and beverage space in the food court of Terminal 3.

Under the provisions of the amendment, Emporio Rulli would pay an additional $85,041 per year in MAG rent and other fees to the Airport as shown in Table 1 below.

Table 1: Annual MAG and Other Fees Paid by Emporio Rulli to the Airport under the Proposed First Amendment

	Annual Amount Per Square Foot	Current Square Footage	Current Total Amount	Additional Square Footage	Additional Amount	New Total Amount
Minimum Annual Guarantee	$50.18	2,392	$120,031	405	$20,322	$140,353
Promotional Charge	1.00	2,392	2,392	405	405	2,797
Tenant Infrastructure Fee	15.00	-	-	405	6,075	6,075
Food Court Fee	15.00	-	-	405	6,075	6,075
Food Court Maintenance Fee	128.80	-	-	405	52,164	52,164
Total	**$209.98**		**122,423**		**$85,041**	**$207,464**

RECOMMENDATION

Approve the proposed ordinance.

Item 21 File 15-0508	Department: San Francisco International Airport (Airport)

EXECUTIVE SUMMARY

Legislative Objectives

The proposed ordinance would (1) waive the competitive process requirement under Administrative Code Section 2A.173 and (2) approve the first amendment to the existing concession lease between the Airport and Marina's Café to add the second location. The proposed first amendment would add concession space on the first floor of the Rental Car Center, increasing the total square footage under the lease by 88 percent, or 207 square feet, from 235 square feet to 442 square feet; and increase the MAG by 88 percent, or $9,936, from $11,280 to $21,216.

Key Points

- The Airport entered into a concession lease with the Marina's Café in October 2012 through a competitive process to provide food and beverage services at the Airport's Rental Car Center.
- In July 2014, Hertz Rent-A-Car (Hertz) moved its operations to the first floor of the Rental Car Center in order to relieve congestion on the fourth floor. Consequently, foot traffic on the fourth floor of the Rental Car Center has dropped by approximately 38 percent with a similar and corresponding decline in revenues at the Marina's Café fourth floor location.
- To compensate for the decline in foot traffic, the Airport allowed the Marina's Café to add a second location comprised of 207 square feet on the first floor of the Rental Car Center.
- Although the Airport's lease with Marina's Café does not generate more than $1 million in revenues to the Airport and therefore, does not require Board of Supervisors approval under City Charter Section 9.118, the Airport cannot execute the proposed first amendment to the lease unless the Board of Supervisors waives the competitive requirements under Administrative Code Section 2A.173.
- Under this proposed ordinance, the Airport is requesting that the Board of Supervisors waive the competitive process to lease the additional 207 square feet of space because of the decline in revenues and because the original concession lease was awarded under a competitive process.

Fiscal Impact

- The subject lease would (1) increase the MAG amount payable by Marina's Café to the Airport by $9,936, or 88 percent, from $11,280 to $21,216, and (2) increase the promotional fee charge of $1 per square foot by $207, or 88 percent, from $235 to $442

Recommendations

- Amend the proposed ordinance to be retroactive to August 1, 2014.
- Approve the proposed ordinance as amended.

MANDATE STATEMENT / BACKGROUND

Mandate Statement

Charter Section 9.118(c) requires Board of Supervisors approval for leases with a term of ten years or more, including options to renew, or having anticipated revenue to the City of $1,000,000 or more; or the modification or termination of these leases.

Administrative Code Section 2A.173 requires the Airport to conduct a competitive bid process for concession leases on Airport property.

Background

The Airport entered into a concession lease with the Marina's Café in October 2012 through a competitive process to provide food and beverage services at the Airport's Rental Car Center. The lease was for 235 square feet on the fourth floor of the Rental Car Center, and for a term of five years. Under the conditions of the existing concession lease, Marina's Café pays the Airport the greater of the Minimum Annual Guarantee (MAG) or a percentage of gross revenue.

At the time when the Airport and Marina's Café entered into the concession lease in October 2012, all of the rental car companies kept their rental offices on the fourth floor of the Rental Car Center. However, Hertz Rent-A-Car (Hertz) moved its operations beginning in July 2014 to the first floor of the Rental Car Center in order to relieve congestion on the fourth floor. Consequently, according to Ms. Sharon Perez, Airport Principal Property Manager, foot traffic on the fourth floor of the Rental Car Center has dropped by approximately 38 percent with a similar and corresponding decline in revenues at the Marina's Café fourth floor location.

To compensate for the decline in foot traffic, the Airport allowed the Marina's Café to add a second location comprised of 207 square feet on the first floor of the Rental Car Center. Marina's Café occupied this second location and opened for business on August 1, 2014. Therefore the proposed ordinance should be amended for retroactivity.

DETAILS OF PROPOSED LEGISLATION

The proposed ordinance would (1) waive the competitive process requirement under Administrative Code Section 2A.173 and (2) approve the first amendment to the existing concession lease between the Airport and Marina's Café to add the second location. The proposed first amendment would add concession space on the first floor of the Rental Car Center, increasing the total square footage under the lease by 88 percent, or 207 square feet, from 235 square feet to 442 square feet; and increase the MAG by 88 percent, or $9,936, from $11,280 to $21,216.

Under this proposed ordinance, the Airport is requesting that the Board of Supervisors waive the competitive process to lease the additional 207 square feet of space because:

(1) As a result of moving the Hertz rental counter from the fourth floor to the first floor of the Airport Rental Center, the Airport estimates that revenues to be realized Marina's Cafe will decrease by approximately 38 percent, and

(2) The Airport awarded the initial concession lease on the fourth floor through a competitive process.

Although the Airport's lease with Marina's Café does not generate more than $1 million in revenues to the Airport and therefore, does not require Board of Supervisors approval under City Charter Section 9.118, the Airport cannot execute the proposed first amendment to the lease unless the Board of Supervisors waives the competitive requirements under Administrative Code Section 2A.173.

FISCAL IMPACT

Under the proposed first amendment, the total lease space will increase by 88 percent, or 207 square feet, from 235 square feet to 442 square feet. Therefore, the subject lease would (1) increase the MAG amount payable by Marina's Café to the Airport by $9,936, or 88 percent, from $11,280 to $21,216, and (2) increase the promotional fee charge of $1 per square foot by $207, or 88 percent, from $235 to $442.

Under this lease, Marina's Café pays the Airport the greater of the MAG or percentage rent. For the 12-month term from August 2013 through July 2014, for the existing 235 square feet of space, Marina's Café paid the Airport percentage rent of $39,514, which is $28,234 more than the MAG of $11,280.

RECOMMENDATIONS

1. Amend the proposed ordinance to be retroactive to August 1, 2014.

2. Approve the proposed ordinance as amended.

Items 22 and 23 **Files 15-0406 & 15-0407**	**Department:** General Services Agency - City Administrator's Office (CAO)

EXECUTIVE SUMMARY

Legislative Objectives

File No. 15-0406: The proposed resolution approve the first amendment to the agreement with Aon Risk Insurance Services West, Inc. (Aon Risk) for insurance broker and risk management consulting services, increasing the agreement not-to-exceed amount by $7,625,000 from $9,500,000 to $17,125,000. The agreement end date is July 21, 2016.

File No. 15-0407: The proposed resolution would approve the first amendment to the agreement with Alliant Insurance Services, Inc. (Alliant) for insurance broker and risk management consulting services, increasing the agreement not-to-exceed amount by $13,000,000, from $19,520,840 to $32,520,840. The first amendment exercises the first two-year option to extend the contract through July 30, 2017.

Key Points

- The City's Risk Management Division uses insurance brokerage services to purchase insurance for City departments, including property, liability, and other forms of third-party insurance. The Risk Management Division procured insurance brokerage services provided by Aon Risk and Alliant through competitive Request for Qualifications (RFQ) processes.
- The requested increases to the Aon Risk and Alliant agreements are due to increases in insurance premium costs largely due to claims that paid for incidents such as a fire at Pier 29 in 2012, the crash of the Asiana Airlines plane at San Francisco International Airport in 2013, and the Rim Fire in Yosemite Valley in 2012.

Fiscal Impact

- The proposed resolution increases the Aon agreement by $7,625,000 from $9,500,000 to $17,125,000. The increase of $7,625,000 is $1,369,708 more than the estimated amount of $6,600,000 required for the agreement. Therefore, the proposed resolution should be amended to reduce the Aon Risk agreement amount by $1,369,708, from $17,125,000 to $15,755,292.
- The proposed resolution increases the agreement amount by $13,000,000 from $19,520,840 to $32,520,840. The increase of $13,000,000 is $232,592 more than the estimated amount of $12,767,408 required for the agreement. The proposed resolution should be amended to reduce the Alliant agreement amount by $232,592, from $32,520,840 to $32,288,248

Recommendations

- Amend File 15-0406 to reduce the Aon Risk agreement amount by $1,369,708, from $17,125,000 to $15,755,292.
- Approve File 15-0406, as amended.
- Amend File 15-0407 to reduce the Alliant agreement amount by $232,592, from $32,520,840 to $32,288,248.
- Approve File 15-0407, as amended.

MANDATE STATEMENT

City Charter Section 9.118(b) states that a 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's Risk Management Division uses insurance brokerage services to purchase insurance for City departments, including property, liability, and other forms of third-party insurance. These brokers are responsible for evaluating City departments' insurance needs and assuring that City departments have the appropriate level of insurance coverage. The Risk Management Division procures these insurance brokerage services through competitive Request for Qualifications (RFQ) processes.

Aon Risk Contract

In 2011, the Risk Management Division entered into an agreement with Aon Risk Insurance Services West, Inc. (Aon Risk) to provide insurance brokerage services and aviation liability coverage for the San Francisco International Airport following a competitive RFQ process. The agreement not-to-exceed amount was $9,500,000, which did not require Board of Supervisors approval because the amount was less than $10,000,000. The term of the agreement was five years, from July 22, 2011 to July 21, 2016, with two two-year options to extend the agreement through July 21, 2020, for a total agreement term of nine years.

Alliant Insurance Contract

The Risk Management Division entered into an agreement with Alliant Insurance Services, Inc. (Alliant) in July 2011 to provide insurance brokerage services for various City departments[1] following a competitive RFQ process.

The agreement was for a period of approximately two years, from July 28, 2011 through July 21, 2013, with two additional two-year options to extend through July 21, 2017, for a total agreement term of six years. The original not-to-exceed amount was $9,500,000, which did not require Board of Supervisors approval because the amount was less than $10,000,000. In September 2012, the Board of Supervisors approved an amendment to the agreement which increased the not-to-exceed amount to $15,100,000.

In July 2013, the City entered into a new agreement with Alliant to perform insurance brokerage services rather than exercise the options to extend the previous agreement, based on the City's previous RFQ process in 2011. The new agreement was for an amount not-to-exceed $19,520,840. The agreement term was for two years and two months, from June 1,

[1] Departments included in the Alliant agreement are: Airport, Art Commission, Asian Art Museum, City Hall, Controller's Office, Convention Facilities, Elections, Emergency Communications, Environment, Fine Art Museums, Human Services Agency, Juvenile Probation, Law Library, Library, MTA, Planning, Port, Public Health, Public Utilities Commission, Public Works, Real Estate Division, Recreation and Park, Rent Board, Retirement, SFGOVTV, Sheriff, Superior Court, Technology and Treasurer/Tax Collector. The Aon agreement covers the Airport.

2013 through July 31, 2015 with two two-year options to extend the contract through July 30, 2019, for a total agreement term of six years and two months.

DETAILS OF PROPOSED LEGISLATION

File No. 15-0406 (Aon Risk Agreement)

The proposed resolution would authorize the Director of Risk Management to enter into the first amendment to the agreement with Aon Risk Insurance Services West, Inc. (Aon Risk) for insurance broker and risk management consulting services, increasing the agreement not-to-exceed amount by $7,625,000 from $9,500,000 to $17,125,000. The agreement end date would remain unchanged at July 21, 2016.

File No. 15-0407 (Alliant Agreement)

The proposed resolution would authorize the Director of Risk Management to enter into the first amendment to the agreement with Alliant Insurance Services, Inc. (Alliant) for insurance broker and risk management consulting services, increasing the agreement not-to-exceed amount by $13,000,000, from $19,520,840 to $32,520,840. The first amendment exercises the first two-year option to extend the contract through July 30, 2017.

Insurance Brokerage Services

Under the agreements between the City and Aon Risk and Alliant, the insurance broker:

- Acts as an independent insurance advisor to the City, including analyzing the City's insurance programs and risk financing options, monitoring the City's operation's and loss exposures, and making recommendations for coverage changes or new coverage;
- Processes requests for additions or deletions to insurance policies;
- Assists the City's Risk Management Division Director in renewing or obtaining new policies, including providing statistical analysis of loss and expense date to assist in the establishment of premiums;
- Assists City departments and staff in filing and reviewing claims;
- Provides risk management consulting services as needed; and
- Provides other insurance broker services, such as providing certificates of insurance or written reports.

Under the agreements, the City pays insurance premiums to the insurance providers obtained through Aon Risk and Alliant. Aon Risk and Alliant are compensated by commissions paid by the insurance providers.

According to Mr. Matt Hansen, Risk Management Division Director, the requested increases to the Aon Risk and Alliant agreements are due to increases in insurance premium costs paid through these agreements. Mr. Hansen states that the increased premium costs are largely due to claims that paid for incidents such as a fire at Pier 29 in 2012, the crash of the Asiana Airlines plane at San Francisco International Airport in 2013, and the Rim Fire in Yosemite Valley in 2012, which damaged San Francisco Public Utilities Commission property.

FISCAL IMPACT

Insurance companies set property and liability insurance premiums based on (a) the expected risk and cost of claims of the insured entity, and (b) insurance market conditions. According to Mr. Hansen, the Risk Management Division cannot estimate with certainty the City's premium costs under the agreements with Aon Risk and Alliant due to constantly changing insurance market conditions.

Aon Risk

The City's estimated expenditures under the Aon Risk agreement through FY 2014-15 are $9,155,292, which is $344,708 less than the agreement not-to-exceed amount of $9,500,000, as shown in Table 1 below.

Table 1: Previous Expenditures for the Aon Risk Agreement

Expenditures	Amount
FY 11-12	$1,874,968
FY 12-13	1,803,319
FY 13-14	3,027,005
FY 14-15 (estimated)[a]	2,450,000
Expenditures Subtotal	$9,155,292
Not-To-Exceed Amount	$9,500,000
Remaining Agreement Balance	**$344,708**

[a] Estimated based on expenditures as of May 2015

Under the proposed resolution, the Aon Risk agreement amount would increase from $9,500,000 to $17,125,000, an increase of $7,625,000 for the remaining agreement term through July 21, 2016. However, the Risk Management Division estimates premium and contingency costs of $6,600,000 from July 1, 2015 through July 21, 2016[2], which is $1,025,000 or 13.4 percent less than the requested increase of $7,625,000.

The Budget and Legislative Analyst recommends reducing the agreement not-to-exceed amount in the proposed resolution by $1,369,708, which equals the remaining agreement balance of $344,708 (see Table 1) and the surplus amount of $1,025,000 (noted above). Table 2 below summarizes the recommended reduction.

[2] According to Mr. Hansen, although the end date of the agreement with Aon is July 21, 2016, premium payments to insurers for FY 2016-17 will be made through the agreement with Aon prior to July 21, 2016. Mr. Hansen states that, even if the City does not extend the agreement with Aon after July 21, 2016, each insurance policy the Risk Management Division purchases through Aon binds both the insurer and broker to provide services required for each policy for the entire policy period, regardless of the expiration date of the Risk Management Division's agreement with Aon.

Table 2: Recommended Reduction in the Aon Risk Agreement

Proposed Budget	
FY 2015-16 Premium Amount	$3,000,000
FY 2016-17 Premium Amount	3,000,000
Subtotal Premium Amount	$6,000,000
Contingency (10%)	600,000
Subtotal Premium Amount and Contingency	$6,600,000
Recommended Reduction	
Requested Increase in Agreement Amount	$7,625,000
Remaining Agreement Balance (Table 1)	344,708
Subtotal Requested Increase and Agreement Balance	$7,969,708
Required Agreement Amount in FY 2015-16 and FY 2016-17	(6,600,000)
Recommended Reduction	$1,369,708

Therefore, the proposed resolution should be amended to reduce the Aon Risk agreement amount by $1,369,708, from $17,125,000 to $15,755,292.

Alliant

The City's estimated expenditures under the Alliant agreement through FY 2014-15 are $19,506,400, which is $14,440 less than the agreement not-to-exceed amount of $19,520,000, as shown in Table 3 below.

Table 3: Previous Expenditures for the Alliant Contract

	Amount
FY 13-14	$9,006,400
FY 14-15 (estimated)[a]	10,500,000
Expenditures Subtotal	$19,506,400
Not-To-Exceed Amount	$19,520,840
Remaining Agreement Balance	**$14,440**

[a] Estimated based on expenditures through May 12, 2015

The proposed resolution extends the agreement by two years from July 31, 2015 through July 30, 2017 and increases the agreement amount by $13,000,000 from $19,520,840 to $32,520,840. The Risk Management Division estimates premium costs of $12,767,408 in FY 2015-16, as shown in Table 4 below, which is $232,592 less than the requested increase of $13,000,000. According to Mr. Hansen, the Risk Management Division will submit a future resolution to the Board of Supervisors to amend the agreement with Alliant to increase the agreement amount for FY 2016-17.

Table 4: Budget for Requested Increase to Alliant Contract

Category	FY 2015-16
Property	$9,810,437
Art Collection	1,046,298
Exhibits, Events and Projects	750,000
Contingency (10%)	1,160,673
Total	**$12,767,408**

The proposed resolution should be amended to reduce the Alliant agreement amount by $232,592, from $32,520,840 to $32,288,248.

RECOMMENDATIONS

File No. 15-0406

1. Amend the proposed resolution to reduce the Aon Risk agreement amount by $1,369,708, from $17,125,000 to $15,755,292.
2. Approve the proposed resolution, as amended.

File No. 15-0407

3. Amend the proposed resolution to reduce the Alliant agreement amount by $232,592, from $32,520,840 to $32,288,248.
4. Approve the proposed resolution, as amended.