

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

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February 8, 2019

TO: Budget and Finance Committee

FROM: Budget and Legislative Analyst



SUBJECT: February 13, 2019 Budget and Finance Committee Meeting

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Item 1 File 19-0071	Department: Department of Public Health (DPH)
EXECUTIVE SUMMARY	
<p style="text-align: center;">Legislative Objectives</p> <ul style="list-style-type: none"> • The proposed resolution would approve Amendment No. 1 to the contract between the Department of Public Health (DPH) and Westside Community Mental Health Center, Inc. for behavioral health services, increasing the contract amount by \$17,991,918, for a total not to exceed \$23,347,118, and extending the term by three years and six months, from June 30, 2019 through December 31, 2022. <p style="text-align: center;">Key Points</p> <ul style="list-style-type: none"> • In August 2017, DPH issued a Request for Proposals (RFP) to solicit providers for mental health outpatient programs for adults and older adults. DPH awarded a contract to Westside Community Health Center, Inc. (Westside) for one year in an amount not to exceed \$5,355,200. Under this contract, Westside provides crisis, case management and mental health services to chronically mentally ill adult residents and to children, youth and their families in low-income neighborhoods impacted by trauma and violence. DPH awarded the contract to Westside for one year to complete all outstanding solicitations that could have potentially impacted this contract's funding level. <p style="text-align: center;">Fiscal Impact</p> <ul style="list-style-type: none"> • The proposed resolution would increase the not-to-exceed amount of the contract by \$17,991,918, for a total not to exceed \$23,347,118. Approximately \$8,642,629 would be funded by the general fund, approximately \$12,203,011 would be funded by federal and state sources, and the remaining \$2,501,477 would be a contingency, paid for by various sources as needed. <p style="text-align: center;">Policy Consideration</p> <ul style="list-style-type: none"> • All responders to the RFP were awarded contracts and there was no minimum score required. Westside ranked #13 of 14 proposers for general mental health outpatient services and #7 of 7 proposers for specialized mental health outpatient services. • According to the Budget and Legislative Analyst's 2018 <i>Performance Audit of the Department of Public Health Behavioral Health Services</i>, Westside's overall performance monitoring score in FY 2014-15 and FY 2015-16 was less than satisfactory, indicating a need for improvement. According to Ms. Ruggels, a review of the monitoring report scores by each of the four individual programs indicates that the Outpatient and Crisis clinics met standards in FY 2014-15, FY 2015-16 and in FY 2016-17 performed at a Commendable/Exceeds Standards level. The Westside Act program achieved a score equal to Acceptable/Met Standards in FY 2016-17. However Westside has not consistently met their budgeted level of deliverables. According to Ms. Ruggels, the contract reduced the number of clients in FY 2018-19 to better realign the client case load to reflect their capacity. <p style="text-align: center;">Recommendation</p> <p>Approve the proposed resolution.</p>	

MANDATE STATEMENT

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

BACKGROUND

Westside Community Mental Health services operates four programs: (1) Westside Outpatient Clinic, (2) Westside Crisis Clinic, (3) Westside Assertive Community Treatment (ACT)/Intensive Case Management program, and (4) Child and Adolescent Outpatient program.

In August 2017, the Department of Public Health (DPH) issued Request for Proposals (RFP) to solicit providers for mental health outpatient programs for adults and older adults in three service categories, including Regular Mental Health Outpatient Programs and Specialized Mental Health Outpatient Programs. DPH received 21 proposals between these two service categories. A panel reviewed the proposals and scored them as shown in Table 1 below. Westside was selected under this solicitation to continue its Westside Outpatient and Westside Crisis clinics.

Table 1: Proposals and Scores in RFP

General Mental Health Outpatient Programs		
Rank	Proposer	Score (out of 220)
1	San Francisco AIDS Foundation	210.25
2	Richmond Area Multi-Services (RAMS)	209.80
3	UCSF Alliance Health Project	204.50
4	Instituto Familiar de la Raza	204.00
5	Swords to Plowshares	203.25
6	Hyde Street Community Services	199.00
7	Episcopal Community Services of San Francisco	193.80
8	St. James Infirmary	190.75
9	Bayview Hunters Point Foundation for Community Improvement	187.60
10	Jewish Family and Children's Services	185.40
11	Community Awareness & Treatment Services (CATS)	182.60
12	Health RIGHT 360	175.00
13	Westside Community Mental Health Center, Inc.	162.75
14	BAART Community Healthcare	154.00

Specialized Mental Health Outpatient Services		
Rank	Proposer	Score (out of 220)
1	Richmond Area Multi-Services (RAMS)	215.00
2	UCSF Citywide Case Management	214.40
3	Swords to Plowshares	206.00
4	Family Services Agency- COVER MH Outpatient Program for Homeless Veterans	202.20
5	Family Services Agency- Deaf and Hard of Hearing MH Outpatient Programming	200.40
6	Current Senior Center	194.20
7	Westside Community Mental Health Center, Inc.	183.40

According to Ms. Jacquie Hale, DPH Office of Contracts Management and Compliance Manager, all responders to the RFP were awarded contracts and there was no minimum score required.

DPH awarded a contract to Westside Community Health Center, Inc. (Westside) for one year in an amount not to exceed \$5,355,200. Under this contract, Westside provides crisis, case management and mental health services to chronically mentally ill adult residents. According to Ms. Michelle Ruggels, Director of the DPH Business Office, DPH awarded the contract to Westside for one year to complete all outstanding solicitations that could have potentially impacted this contract's funding level. It was the desire of the Department to ensure the continuation of services after the previous agreement ended on June 30, 2018, and to bring an extension to the Board of Supervisors that would more accurately reflect ongoing programming.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would approve Amendment No. 1 to the contract between the Department of Public Health (DPH) and Westside Community Mental Health Center, Inc. for behavioral health services, increasing the contract amount by \$17,991,918, for a total not to exceed \$23,347,118, and extending the term by three years and six months, from June 30, 2019 through December 31, 2022. The scope of work would not change.

The proposed Amendment No. 1 would allow for a total contract term of four years and six months from July 1, 2018 through December 31, 2022, which is consistent with the original RFP, which provided for a term of up to 10 years.

FISCAL IMPACT

The proposed resolution would increase the not-to-exceed amount of the contract by \$17,991,918, for a total not to exceed \$23,347,118. According to Ms. Hale, \$8,642,629 would be funded by the general fund, while \$12,203,011 would be funded by federal and state funds. The remaining \$2,501,447 would be a contingency, paid for by various sources if needed. The sources and uses of funds are shown in Table 2 below.

Table 2: Sources and Uses of Funds in Westside Contract

Sources	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	Total
Federal and State Funds						
MediCal Federal Financial Participation	\$1,494,260	\$1,494,260	\$1,494,260	\$1,494,260	\$747,130	\$6,724,170
State Adult 1991 Mental Health Realignment (Adults)	1,168,330	1,168,330	1,168,330	1,168,330	584,165	5,257,485
State Adult 1991 Mental Health Realignment (Children)	36,264	-	-	-	-	36,264
MH Adult Medicare	32,760	32,760	32,760	32,760	16,380	147,420
MH MHSA (Prevention and Early Intervention)	37,672	-	-	-	-	37,672
<i>Federal and State Funds Subtotal</i>	<i>\$2,769,286</i>	<i>\$2,695,350</i>	<i>\$2,695,350</i>	<i>\$2,695,350</i>	<i>\$1,347,675</i>	<i>\$12,203,011</i>
San Francisco General Fund						
County General Funds (Adults)	\$1,641,146	\$1,749,558	\$1,860,681	\$1,974,582	\$1,045,665	\$8,271,632
County General Funds (Children)	370,997	-	-	-	-	370,997
<i>SF General Fund Subtotal</i>	<i>\$2,012,143</i>	<i>\$1,749,558</i>	<i>\$1,860,681</i>	<i>\$1,974,582</i>	<i>\$1,045,665</i>	<i>\$8,642,629</i>
Total Sources of Funds	\$4,781,429	\$4,444,908	\$4,556,031	\$4,669,932	\$2,393,340	\$20,845,640
Contingency (12%)						2,501,477
Total Not-to-Exceed Amount						\$23,347,117
Uses						
Westside ISFO Outpatient	\$1,397,884	\$1,397,884	\$1,397,884	\$1,397,884	\$698,942	\$6,290,478
Westside Crisis Clinic	1,532,844	1,532,844	1,532,844	1,532,844	766,422	6,897,798
Westside IFSO Assertive Community Treatment	1,300,000	1,300,000	1,300,000	1,300,000	650,000	5,850,000
Child and Adolescent Outpatient	444,933	-	-	-	-	444,933
Cost of Doing Business	105,768	214,180	325,303	439,204	277,976	1,362,431
<i>Subtotal</i>	<i>\$4,781,429</i>	<i>\$4,444,908</i>	<i>\$4,556,031</i>	<i>\$4,669,932</i>	<i>\$2,393,340</i>	<i>\$20,845,640</i>
Contingency (12%)						2,501,477
Total Not-to-Exceed Amount						\$23,347,117

The contract budget provides for an annual Cost of Doing Business for projected cost escalation, which is subject to appropriation by the Board of Supervisors in the annual budget. The funding escalation of 2.5 percent is already in the FY19-20 City budget, due to the City's two-year budgeting. As such, the portion subject to future appropriation begins in FY20-21.

POLICY CONSIDERATION

As noted above, all the responders to the RFP for mental health outpatient services were awarded contracts by DPH. Westside ranked #13 of 14 proposers for general mental health outpatient services and #7 of 7 proposers for specialized mental health outpatient services.

Westside is a current mental health provider for DPH under a contract that expired on June 30, 2018 (and is currently operating under a one-year contract through June 30, 2019). According to the Budget and Legislative Analyst's 2018 *Performance Audit of the Department of Public Health Behavioral Health Services*, Westside's overall performance monitoring score in FY 2014-15 and FY 2015-16 was less than satisfactory, indicating a need for improvement. According to Ms. Ruggels, a review of the monitoring report scores by each of the four individual programs

indicates that the Outpatient and Crisis clinics met standards in FY 2014-15, FY 2015-16 and in FY 2016-17 performed at a Commendable/Exceeds Standards level. The Westside Act program achieved a score equal to Acceptable/Met Standards in FY 2016-17. However Westside has not consistently met their budgeted level of deliverables. According to Ms. Ruggels, the contract reduced the number of clients in FY 2018-19 to better realign the client case load to reflect their capacity.

RECOMMENDATION

Approve the proposed resolution.

Item 9 File 19-0025	Department: General Services Agency - Department of Public Works (DPW)
EXECUTIVE SUMMARY	
<p>Legislative Objectives</p> <ul style="list-style-type: none"> • The proposed resolution would approve an emergency declaration by the Director of Public Works pursuant to Administrative Code section 6.60(d) for the repair of the damaged sewer system in the vicinity of Third Street between Berry Street and the Third Street Bridge, for an estimated cost not-to-exceed \$700,000. <p>Key Points</p> <ul style="list-style-type: none"> • On September 11, 2018 San Francisco Public Utilities Commission (SFPUC) staff observed a damaged sewer system at Third Street between Berry Street and the Third Street Bridge during an annual inspection. After several weeks of inspection SFPUC and the Department of Public Works concluded that immediate repair was needed to avoid the risk of a collapse of the sewer system during the rainy season. The director of Public Works Declared an Emergency on November 2, 2018 for the repair of the sewer system and affected roadway, and gave notice to the Board of Supervisors, Mayor, and Controller on November 5, 2018. • The emergency repair work required excavating the street and shoring adjacent structures, removing degraded structures, installing a temporary bulkhead at the adjacent sea wall, installing new torque down piles, installing a new concrete box sewer structure and manhole, backfilling with cohesive materials, and restoring the roadway above. Public Works selected Substructure Support, Inc. because they had already successfully completed several pile driving projects at other SFPUC Wastewater Enterprise facilities. Public Works did not solicit additional bids because of concern that the site might collapse. <p>Fiscal Impact</p> <ul style="list-style-type: none"> • Under the proposed resolution, the total cost for the contractor to complete the work is not to exceed \$700,000, all of which will come from the Wastewater Enterprise budget. • Initial cost estimates were developed in consultation with engineers from SFPUC and Public Works. Subsequent to an on-site assessment, SFPUC and Public Works staff determined that Substructure Support, Inc. price quote to perform the work was in-line with the estimates. <p>Recommendation</p> <ul style="list-style-type: none"> • Approve the proposed resolution 	

MANDATE STATEMENT

Administrative Code Section 6.60(d) states that contracts entered into for emergency work that are more than \$250,000 are subject to Board of Supervisors approval. Prior to the commencement of emergency work above the \$250,000 threshold, the Department must also secure approval in writing from the Mayor, the President of the Board, or the Commission.

According to Administrative Code Section 6.60(d), if the emergency does not permit the required approvals of the emergency determination to be obtained before work begins; the Department head must submit a resolution approving the emergency determination to the Board of Supervisors within 60 days.

BACKGROUND

On September 11, 2018 San Francisco Public Utilities Commission (SFPUC) staff observed a damaged sewer system at Third Street between Berry Street and the Third Street Bridge during an annual inspection. The damage included cracks in the sewer and erosion of the soil above the sewer. SFPUC staff examined the site but were not able to determine if the erosion of soil constituted a problem and engaged San Francisco Public Works engineers to evaluate. In the six week period between September 11, 2018 and October 29, 2018, SFPUC and Public Works staff conducted additional inspections, with Public Works staff performing the final inspection on October 29, 2018. San Francisco Public Works and SFPUC assessed the damage and concluded that immediate repair was needed to avoid the risk of a collapse of the sewer system during the rainy season.

The Director of Public Works declared an emergency on November 2, 2018 for the repair of the sewer system and affected roadway, and gave notice to the Board of Supervisors, Mayor, and Controller on November 5, 2018. Public Works submitted a resolution to the Board of Supervisors on December 7, 2018, approving the emergency declaration of the Director of Public Works.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would approve an emergency declaration by the Director of Public Works pursuant to Administrative Code section 6.60(d) for the repair of the damaged sewer system in the vicinity of Third Street between Berry Street and the Third Street Bridge, for an estimated cost not-to-exceed \$700,000.

Administrative Code Section 6.60(e) exempts contracts for emergency work from competitive bidding. According to Mr. Thomas Roitman, Public Works Project Manager, Public Works staff determined that part of the collapsed sewer required pile installation, and requested an evaluation and price quote from Substructure Support, Inc.

According to Mr. Roitman, Public Works selected Substructure Support, Inc. because they had already successfully completed several pile driving projects at other SFPUC Wastewater

Enterprise facilities.¹ Public Works did not solicit additional bids because of concern that the site might collapse.

Pre-construction mobilization² of the work started on October 29, 2018 and Substructure Support, Inc. began construction on November 9, 2018. Substantial completion occurred on January 8, 2019 with final completion anticipated on February 8, 2019 pending final inspection by the Port of San Francisco³.

FISCAL IMPACT

The emergency repair work required excavating the street and shoring adjacent structures, removing degraded structures, installing a temporary bulkhead at the adjacent sea wall, installing new torque down piles, installing a new concrete box sewer structure and manhole, backfilling with cohesive materials, and restoring the roadway above. Under the proposed resolution, the total cost for the contractor to complete the work is not to exceed \$700,000, all of which will come from the Wastewater Enterprise budget. According to Mr. Roitman, initial cost estimates were developed in consultation with engineers from SFPUC and Public Works. Subsequent to an on-site assessment, SFPUC and Public Works staff determined that Substructure Support, Inc. price quote to perform the work was in-line with the estimates. Negotiations between Public Works and the Contractor resulted in some cost savings for the final contract price.

The breakdown of the project budget is shown in Table 1 below.

Table 1: Estimated Costs for Third Street Sewer Repair and Replacement

Demolition, Off-Haul, and Disposal of materials	\$120,750
Temporary Shoring Materials	58,500
Temporary plug and dewatering	47,250
Torque down piles	137,985
Cast-in-place concrete sewer pipe	61,500
Precast concrete manhole cones and risers	36,000
Compacted Backfill	40,500
Concrete Base Slab	38,250
Asphaltic Concrete Paving	27,000
Mobilization	51,000
De-mobilization	21,000
<u>Contingency (9%)</u>	<u>60,265</u>
Total	\$700,000

¹ According to Mr. Roitman, Substructure Support, Inc. was selected by the Water Enterprise for piling work based on their availability and ability to mobilize and perform the work on short notice.

² Pre-construction mobilization includes preparing a site for construction. This can include fencing off the area, requiring PG&E to mark any high-voltage lines, addressing lane blockage, and securing the street.

³ As noted above, the work includes installation of a temporary bulkhead at the adjacent seawall on Port property.

POLICY CONSIDERATION

As noted above, SFPUC staff observed a damaged sewer system at Third Street between Berry Street and the Third Street Bridge during an annual inspection. According to Mr. Roitman, both SFPUC and Public Works have asset management plans that require annual inspections of facilities. Both departments prioritize repairs based on the severity of the problems found and work to address problems as they arise.

RECOMMENDATION

Approve the proposed resolution.

Item 11 File 19-0015	Department: San Francisco International Airport (Airport)
EXECUTIVE SUMMARY	
<p style="text-align: center;">Legislative Objectives</p> <ul style="list-style-type: none"> • The proposed resolution would approve the fourth modification to the existing contract between the Airport and PGH Wong Engineering, Inc. for the AirTrain Extension and Improvement Program project management support services to (1) extend the contract end date by one-year and six months from April 25, 2019 through October 31, 2020 and (2) increase the contract amount by \$6,333,000 for a total not to exceed amount of \$16,325,000. <p style="text-align: center;">Key Points</p> <ul style="list-style-type: none"> • The Airport commission awarded the contract to PGH Wong Engineering Inc. (PGH Wong) in September 2015 to provide project management services for the AirTrain Extension and Improvements Program, a program that included the construction of an elevated concrete guideway extension and two new AirTrain Stations to serve Long Term Parking Lot DD and the new Airport Hotel. PGH Wong was chosen through a competitive bid process in which two firms responded to a request for proposals. The scope of PGH Wong’s work includes project and construction management services, design management oversight, project controls, contract administration, cost estimating services, and field inspection for the program as a whole. • The contract has been modified three times, increasing the value of the contract, extending the time frame of the contract, and adjusting the calculation of charges. According to the Airport, the increase in the contract was necessitated by construction delays, due to delays in obtaining an encroachment permit, work restrictions to avoid impacting airline flight paths, utility conflicts, telecommunications relocations, delays in procuring subcontractors, delays in environmental assessments, and scope changes. According to the Airport, these delays were outside of the control of PGH Wong. The Airport does not anticipate further modifications to the contract with PGH Wong. <p style="text-align: center;">Fiscal Impact</p> <ul style="list-style-type: none"> • Of the \$6.3 million increase in the contract budget, \$4.1 million is allocated to PGH Wong for project management services (69 percent of project management and associated services) and \$1.8 million is allocated to Local Business Enterprises for associated services (31 percent of project management and associated services). The balance is allocated to other direct costs. • The contract is funded by Airport Revenue Bond Proceeds under the Airport’s Capital Improvement Plan. <p style="text-align: center;">Recommendation</p> <ul style="list-style-type: none"> • Approve the proposed resolution. 	

MANDATE STATEMENT

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

BACKGROUND

In September 2015, the Airport Commission awarded contract 10504.41 to PGH Wong Engineering Inc. (PGH Wong) to provide project management services for the AirTrain Extension and Improvements Program, a program that included the construction of an elevated concrete guideway extension and two new AirTrain Stations to serve Long Term Parking Lot DD and the new Airport Hotel. PGH Wong was chosen through a competitive bid process in which two firms responded to a request for proposals; PGH Wong received higher application and interview scores and they were awarded a contract for one year term for initial services in the not-to-exceed amount of \$4,292,000. The contract was certified on February 24, 2016, so the term lasted until February 23, 2017.

The scope of their work includes project and construction management services, design management oversight, project controls, contract administration, cost estimating services, and field inspection for the program as a whole. At the time the contract was executed, staff estimated that the total contract for PGH Wong would last 44 months (approximately 3 years and 8 months) to approximately October 2019 and cost \$13,132,000 in total. The Airport Commission approved the contract for one year, with subsequent modifications, in order to monitor the performance of PGH Wong in providing project management services to the AirTrain Extension program. Because the contract was less than \$10 million and 10 years, the contract was not subject to Board of Supervisors approval.

Since 2015, three modifications to the original contract have been made. The first modification was made as of February 21, 2017; the modification extended the contract for one year, increased the not-to-exceed amount by \$3.5 million for a total amount of \$7,792,000, and amended the calculation of charges to include new position classifications. The second modification was made on February 20, 2018. This modification extended the contract by another year, increased the not-to-exceed amount by \$2.2 million for a total amount of \$9,992,000, and the calculation of charges was amended. The third modification, made on November 20, 2018 extended the contract through April 2019.

The Airport has two design-build contracts to construct improvements associated with the AirTrain Extension and Improvement Program: (1) Bombardier Transportation (Holdings) USA, Inc., awarded a design-build contract in March 2016 to design and construct extensions of existing electronics and train control systems and purchase additional cars, and (2) Skanska Constructors, awarded a design build contract in June 2016 to provide design and construction of a new long-term parking lot station and the elevated guideway extension to this new station,

and design and construction of a new station at the future Airport hotel.¹ PGH Wong Engineering provides project management support services under the subject contract for the construction and improvements associated with the AirTrain Extension and Improvement Program by these two design-build contractors.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would approve the fourth modification to the existing contract between the Airport and PGH Wong Engineering, Inc. for the AirTrain Extension and Improvement Program project management support services to (1) extend the contract end date by one-year and six months from April 25, 2019 through October 31, 2020 and (2) increase the contract amount by \$6,333,000 for a total not to exceed amount of \$16,325,000.

The increase and extension account for additional services to support the delays experience by the AirTrain Program. Originally the project was expected to be completed in October 2019; however the new project completion deadline is October 2020. Olga Perez, the Director of Planning, Design, and Construction at the Airport, reports that conditions that contributed to the delay included:

- i) Longer review times and coordination in obtaining an encroachment permit from Caltrans to begin storm drain relocation work;
- ii) Additional working restrictions on the specialized pile driving rigs and crane equipment to avoid impacting the airline flight paths;
- iii) Multiple utility conflicts not identified in as-builts/potholing that were encountered during utility relocations and foundation excavations;
- iv) Delays to telecommunications relocations and cutover to maintain existing tenant services;
- v) Procurement delays of subcontractors;
- vi) Additional scope associated with supporting the new Long Term Parking Garage 2 site work.
- vii) A five month delay in the completion of the Environmental Assessment for both Lot DD and Guideway construction.

Ms. Perez states that these delays were outside of the control of PGH Wong. The scope of the project will remain the same, however, project costs are expected to increase due to the delays. According to Ms. Perez, the Airport does not anticipate further modifications to the contract with PGH Wong.

FISCAL IMPACT

The proposed resolution would increase the existing not-to-exceed contract amount with PGH Wong Engineering, Inc. by \$6,333,000 from \$9,992,000 to \$16,325,000 for project management

¹ Administrative Code Section 6.61 defines the process for soliciting, awarding, and approving design-build contracts. Under the Administrative Code, the department head may award the design-build contract following a competitive solicitation without further Board of Supervisors approval.

support services for the AirTrain Extension and Improvement Program. The breakdown of costs is as follows:

Table 1: Project Budget under Modification No. 4

	Amendment Budget	Percent
<u>PGH Wong</u>		
Project management	\$4,123,710	69%
<u>LBE Subcontractors</u>		
Laboratory services and materials testing	900,274	
Document control and administrative staff support	283,178	
Construction management support services staff	354,000	
Quality inspection	208,125	
Construction and project management staff	<u>98,134</u>	
Subtotal	1,843,711	31%
Project management and associated services	\$5,967,421	100%
Other direct costs	365,580	
Total	6,333,000	

The contract between the Airport and PGH Wong requires 19 percent Local Business Enterprise (LBE) participation. Under the proposed contract amendment, PGH Wong will provide project management services, and LBE subcontractors provide associated services, as noted in Table 1 above.

As of December 2018, The Airport has paid PGH Wong \$9,535,769, \$456,231 less than the not to exceed amount of \$9,992,000. The contract is funded by Airport Revenue Bond Proceeds under the Airport's Capital Improvement Plan.

RECOMMENDATION

Approve the proposed resolution.

Item 12 File 19-0016	Department: San Francisco International Airport (Airport)
EXECUTIVE SUMMARY	
<p>Legislative Objectives</p> <ul style="list-style-type: none"> • The proposed resolution would approve Modification No. 9 to the contract between the Airport and ACJV for construction management services to (a) increase the contract amount by \$33,075,000, from \$28,250,00 to a total amount not to exceed \$61,325,000; and (b) extend the term by four years and eight months, from May 1, 2019, through December 31, 2023. <p>Key Points</p> <ul style="list-style-type: none"> • The Terminal 1 Center Renovation Project will create a new consolidated passenger screening checkpoint, pre-security ticket counters, and concessions in Terminal 1, and upgraded standards for post-security passenger amenities. The project will also construct a new baggage handling system and a checked baggage screening system. • In March 2015, following a competitive process, the Board of Supervisors approved the contract between the San Francisco International Airport and ACJV, a joint venture of AECOM and Cooper Pugeda Management, Inc., to provide construction management services for the Airport’s Terminal 1 Center Renovation Project. The Airport has modified the contract eight times to (a) increase the not-to-exceed amount and extend the contract term, and (b) administratively modify the contract. • The unanticipated passenger growth since 2013 has resulted in an earlier need for the facilities than was anticipated under the original program budget. As a result of the revised project scope, the Terminal 1 Center Renovation Project budget increased three-fold from the original budget of \$428,380,000 in March 2015 to the revised budget of \$1,399,780,000 in October 2018. <p>Fiscal Impact</p> <ul style="list-style-type: none"> • The original budget for contract management services was \$23,000,000, equal to 5.4 percent of the original project budget; the revised contract management services budget increased to \$61,325,000, or 4.4 percent of the revised project budget of \$1,399,780,000. • The end of construction is currently scheduled for June 2023, and would require six months for closeout for project management services, ending December 31, 2023. • The current contract budget is \$28,250,000 through April 2019, of which \$24,812,346 has been spent. Estimated contract spending through FY 2022-23 is \$61,325,000, which is an increase of \$33,075,000 from the current contract budget of \$28,250,000. <p>Recommendation</p> <ul style="list-style-type: none"> • Approve the proposed resolution. 	

MANDATE STATEMENT

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

BACKGROUND**Terminal 1 Center Renovation Project**

The Terminal 1 Center Renovation Project is part of the Terminal 1 Redevelopment Program at the Airport, an ongoing program to design and construct a new facility at the Airport of approximately 1.1 million square feet while allowing for uninterrupted Airport services during the project period. The Terminal 1 Center Renovation Project will create a new consolidated passenger screening checkpoint, pre-security ticket counters, and concessions in Terminal 1, as well as upgraded standards for post-security passenger amenities to match those in Airport Terminal 2 and Terminal 3 Boarding Area E. The project will also construct a new baggage handling system and a checked baggage screening system.

The project is funded by Airport revenue bonds.

Contract Modifications

In March 2015, following a competitive process, the Board of Supervisors approved the contract between the San Francisco International Airport and ACJV, a joint venture of AECOM and Cooper Pugeda Management, Inc., to provide construction management services for the Airport's Terminal 1 Center Renovation Project (File 15-0151). The initial term of the contract was for one year for an amount not to exceed \$3,500,000, with four (4) one year options to extend for a total duration of five years and a total not to exceed \$23,000,000.

The Airport has modified the contract seven times to (a) increase the not-to-exceed amount and extend the contract term, and (b) administratively modify the contract to include new subcontractor and labor rates, with no changes to the contract term or amount. The contract modifications that increased the not-to-exceed amount and extended the contract term are summarized in Table 1 below.

Table 1: Initial Contract Terms and Modifications

	Date	Not-to-exceed amount	Extended Term Through
Initial contract terms*	1/20/2015	\$3,500,000	April 30, 2016
Modification No. 2	3/15/2016	10,550,000	April 30, 2017
Modification No. 4	3/21/2017	18,650,000	April 30, 2018
Modification No. 7	2/20/2018	22,998,000	September 30, 2018
Modification No. 8*	9/13/2018	28,250,000	April 30, 2019

Note: Modification Nos. 1, 3, 5, and 6 were administrative in nature and did not increase the contract not-to-exceed amount or term.

*Approved by the Board of Supervisors (File 15-0151, File 18-0640)

Increases in the Size and Scope of the Terminal 1 Center Renovation Project

A November 2017 memorandum from the Airport Director to the Airport Commission states that the original Terminal 1 Redevelopment Program budget and phased approach, including the Terminal 1 Center Renovation Project, was developed in 2013 alongside the Airport’s most recent long-term activity forecast. Since 2013, growth in activity has increased faster than originally forecast due to additional flights and larger aircraft coming into the Airport. The unanticipated growth has resulted in an earlier need for the facilities than was anticipated under the original program budget.

The revised phased approach outlined in the November 2017 memorandum keeps the original scope of the Terminal 1 Center Renovation Project and adds additional scope as follows:

- Terminal 1 South: a reconstruction of the southern portion of Terminal 1, originally included in phase 2 of the Terminal 1 Redevelopment Program
- Terminal 1 North: a reconstruction of the northern portion of Terminal 1, originally included in phase 2 of the Terminal 1 Redevelopment Program
- International Terminal Building Connector: construction of new connectors to the International Terminal Building, originally included in phase 2 of the Terminal 1 Redevelopment Program
- Additional scope: infrastructure to support an additional four aircraft parking positions; expanded square footage for additional concessions; baggage-handling system; curbside roadway improvements; and additional amenities.

As a result of the revised project scope, the Terminal 1 Center Renovation Project budget increased three-fold from the original budget of \$428,380,000 in March 2015 to the revised budget of \$1,399,780,000 in October 2018. The original budget for contract management services was \$23,000,000, equal to 5.4 percent of the original project budget of \$428,380,000; the revised contract management services budget increased to \$61,325,000, or 4.4 percent of the revised project budget of \$1,399,780,000.

The original and revised project budget is shown in Table 2 below.

Table 2: Original and Revised Budget Summary for Terminal 1 Center Renovation Project

	Original March 2015	Revised January 2019
Design-builder hard costs: direct construction	\$216,000,000	\$861,806,215
Design-builder management soft costs ^a	45,280,000	184,849,796
Baggage handling system ^b	140,000,000	211,994,285
Internal soft costs: project management ^c	4,100,000	16,434,326
Internal soft costs: other ^d	0	33,370,378
Airport construction contingency	0	30,000,000
Project and construction management ACJV contract	23,000,000 <i>(5.4% of total)</i>	61,325,000 <i>(4.4% of total)</i>
Total	\$428,380,000	\$1,399,780,000

Source: Airport staff.

- a. Design-builder management soft costs are charged by the design-builder for the planning and design of the project.
- b. The baggage handling system was originally a separate design-build contract before it was transferred to the Terminal 1 Center Renovation Project, and is budgeted separately as a result.
- c. Internal project management soft costs are the Airport’s costs of internal project managers and other associated Airport staff related to the internal management of the project.
- d. Other internal soft costs are related to the Airport’s project inspection and project coordination with other City departments.

The Terminal 1 Center Renovation Project budget as of July 2018 and reported to the Board of Supervisors was \$1,387,380,000. Between July 2018 and January 2019, the Terminal 1 Center Renovation Project budget increased by \$12,400,000 to \$1,399,780,000. According to Ms. Perez, the increase was due to additional scope regarding the neutral host distributed antenna system, which allows multiple cell phone carriers to have antennas throughout the terminal so customers may have fast connections. The Airport plans to recoup some of this cost through contracts with carriers to utilize the system.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would approve Modification No. 9 to the contract between the Airport and ACJV for construction management services to (a) increase the contract amount by \$33,075,000, from \$28,250,00 to a total amount not to exceed \$61,325,000; and (b) extend the term by four years and eight months, from May 1, 2019, through December 31, 2023.

The scope of construction management services provided by ACJV to the Terminal 1 Center Renovation Project has not changed. The increase to the contract is due to the increase in the scope and duration of the Terminal 1 Center Renovation Project, requiring additional ACJV staffing to oversee and support the project. According to Ms. Olga Perez, Director of Procurement and Contracts Section at the Airport, there have been no further changes to the scope of work since September 2018.

According to Ms. Perez, the end of construction is currently scheduled for June 2023, and would subsequently require six months for closeout. Therefore, the project management services contract is through December 31, 2023.

The Airport evaluates ACJV's performance annually. The Airport evaluated ACJV most recently in November 2018 and found that the team is performing well in all categories including cost and schedule control, collaboration with stakeholders, quality control and retention of key personnel.

FISCAL IMPACT

The current contract budget is \$28,250,000 through April 2019, of which \$24,812,346 has been spent. Estimated contract spending through FY 2022-23 is \$61,325,000, which is an increase of \$33,075,000 from the current contract budget of \$28,250,000. Table 3 summarizes actual and projected contract expenditures.

Table 3: Actual and Projected Contract Expenditures

	Actuals expended (12/31/18)	FY 2018-19 (January to June)	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	Total
Project management	\$13,030,284	\$1,322,555	\$3,623,172	\$3,373,172	\$3,123,172	\$1,811,586	\$26,283,941
Design	1,196,677	207,310	567,935	232,729	0	0	2,204,651
Stakeholder engagement	455,946	0	0	0	0	0	455,946
Construction management	7,095,163	1,413,110	3,871,240	3,721,242	3,171,240	1,435,620	20,707,615
Baggage handling system execution	1,582,012	111,077	0	0	0	0	1,693,089
Security	1,452,264	269,087	737,176	612,176	587,177	218,589	3,876,469
<i>Subtotal</i>	<i>24,812,346</i>	<i>3,323,140</i>	<i>8,799,523</i>	<i>7,939,319</i>	<i>6,881,589</i>	<i>3,465,795</i>	<i>55,221,712</i>
Owner's contingency (up to 10%)	0	0	1,268,119	1,268,119	1,186,272	593,136	4,315,646
<i>Subtotal</i>	<i>24,812,346</i>	<i>3,323,140</i>	<i>10,067,642</i>	<i>9,207,438</i>	<i>8,067,861</i>	<i>4,058,931</i>	<i>59,537,358</i>
Other allowable direct costs (approx. 5%)	0	0	523,382	523,382	490,893	249,985	1,787,642
Total	\$24,812,346	\$3,323,140	\$10,591,024	\$9,730,820	\$8,558,754	\$4,308,916	\$61,325,000

The Terminal 1 Center Renovation Project, including the contract with ACJV, is funded by Airport revenue bonds.

RECOMMENDATION

Approve the proposed resolution

Item 15 File 19-0070	Department: Human Services Agency (HSA)
EXECUTIVE SUMMARY	
<p>Legislative Objectives</p> <ul style="list-style-type: none"> • The proposed resolution would approve Amendment No. 2 to the grant agreement with San Francisco Marin Food Bank, increasing the grant by \$2,273,841 to \$11,528,114, which includes the base grant amount of \$10,480,010 and the 10 percent contingency of \$1,048,010. <p>Key Points</p> <ul style="list-style-type: none"> • In July 2017, the San Francisco Human Services Agency (HSA) entered into a grant agreement with San Francisco Marin Food Bank, for a term of five years through June 2022, with a one-year option to extend, in an amount not to exceed \$5,154,298. San Francisco Marin Food Bank was awarded the grant through a sole-source waiver because it is the only food bank serving San Francisco and is uniquely able to collect and distribute food at the volume and rate required by HSA's nutrition programs. • Under the grant agreement, San Francisco Marin Food Bank operates the Food Assistance Program, which increases availability and accessibility of surplus produce and other food products to low-income seniors and adults with disabilities. The original grant agreement provided for the San Francisco Marin Food Bank to supply 114,286 bags of food to 2,408 unduplicated clients each year. • The grant agreement was modified in December 2017, increasing the grant amount to \$9,254,273, and increasing the number of clients from 2,408 to 4,948, and increased the number of bags of food from 114,286 to 216,267 per year. • Amendment No. 2 increases the grant to \$11,528,114, and increases the number of unduplicated clients to 6,490 per year and the number of bags of food to 271,527 per year. <p>Fiscal Impact</p> <ul style="list-style-type: none"> • Total actual and projected grant expenditures through FY 2021-22 are \$11,338,162. Therefore, the proposed resolution should be amended to reduce the grant not-to-exceed amount by \$189,952, from \$11,528,114 to \$11,338,162. <p>Recommendations</p> <ul style="list-style-type: none"> • Amend the proposed resolution to reduce the grant not-to-exceed amount by \$189,952, from \$11,528,114 to \$11,338,162. • Approve the proposed resolution as amended. 	

MANDATE STATEMENT

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

BACKGROUND

In July 2017, the San Francisco Human Services Agency (HSA) entered into a grant agreement with San Francisco Marin Food Bank, for a term of five years through June 2022, with a one-year option to extend, in an amount not to exceed \$5,154,298, including the base grant amount of \$4,685,725 and a 10 percent contingency of \$468,573. Under the grant agreement, San Francisco Marin Food Bank operates the Food Assistance Program, which increases availability and accessibility of surplus produce and other food products to low-income seniors and adults with disabilities. The grant agreement provided for the San Francisco Marin Food Bank to supply 114,286 bags of food to 2,408 unduplicated clients each year.

According to Ms. Annyse Acevedo, HSA Senior Administrative Analyst, San Francisco Marin Food Bank was awarded the grant through a sole-source waiver because it is the only food bank serving San Francisco and is uniquely able to collect and distribute food at the volume and rate required by HSA's nutrition programs.

In December 2017, HSA executed Amendment No. 1 to the grant agreement with San Francisco Marin Food Bank, increasing the grant by \$4,099,975 to \$9,254,273, which included the base grant amount of \$8,412,975, with a 10 percent contingency of \$841,298. The grant agreement term remained from July 2017 through June 2022. According to Ms. Acevedo, the Board of Supervisors added funds to the HSA budget in FY 2017-18 to increase the grant. Amendment No. 1 added 2,540 unduplicated clients annually, increasing the number of clients from 2,408 to 4,948, and increased the number of bags of food from 114,286 to 216,267 per year.

In the FY 2018-19 budget, the Board of Supervisors added funds to the HSA budget to further expand the Food Assistance Program, as recommended by the Food Security Task Force, due to waitlists and unmet needs.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would approve Amendment No. 2 to the grant agreement with San Francisco Marin Food Bank, increasing the grant by \$2,273,841 to \$11,528,114, which includes the base grant amount of \$10,480,010 and the 10 percent contingency of \$1,048,010. The grant amendment would allow the Food Assistance Program to increase the number of (a) bags of food by 55,260 from 216,267 to 271,527 per year, and (b) unduplicated clients by 1,542, from 4,948 to 6,490 per year.

FISCAL IMPACT

The proposed resolution would increase the amount of the grant by \$2,273,841, from \$9,254,273 to \$11,528,114, which includes the base grant of \$10,480,104 as well as a 10 percent contingency of \$1,048,010. According to Ms. Acevedo, the 10 percent contingency is required by HSA Commission policy, to ensure continuity of services if costs or service demand increases. The grant agreement budget is shown in Table 1 below.

Table 1: Proposed Spending Budget for Food Assistance Grant

Expense	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	Total
Salaries and Benefits	\$490,343	\$716,752	\$724,760	\$724,760	\$724,760	\$3,381,375
Operating Expenses	1,004,349	1,159,503	1,175,456	1,175,456	1,175,456	5,690,220
Indirect Costs	195,332	248,403	251,758	251,758	251,758	1,199,009
Capital	209,500	-	-	-	-	209,500
Subtotal	\$1,899,524	\$2,124,658	2,151,974	2,151,974	2,151,974	10,480,104
Contingency (10%)	189,952	212,466	215,197	215,197	215,197	1,048,010
Total	\$2,089,476	\$2,337,124	\$2,367,171	\$2,367,171	\$2,367,171	\$11,528,114

Total actual and projected grant expenditures through FY 2021-22 are \$11,338,162, as shown in Table 2 below. Therefore, the proposed resolution should be amended to reduce the grant not-to-exceed amount by \$189,952, from \$11,528,114 to \$11,338,162.

Table 2: Actual and Project for Food Assistance Grant

<u>Actual Expenditures</u>	
FY 2017-18	\$1,899,524
<u>Projected Expenditures</u>	
FY 2018-19	2,124,658
FY 2019-20	2,151,974
FY 2020-21	2,151,974
FY 2021-22	<u>2,151,974</u>
Projected Expenditures	8,580,580
10 Percent Contingency	<u>858,058</u>
Total	\$11,338,162

According to Ms. Acevedo, HSA expended the full budget (excluding the contingency) in FY 2017-18 and is currently on track to do so again in FY 2018-19. Sufficient funding for the grant is available in the HSA FY 2018-19 budget.

RECOMMENDATIONS

1. Amend the proposed resolution to reduce the grant not-to-exceed amount by \$189,952, from \$11,528,114 to \$11,338,162.
2. Approve the proposed resolution as amended.