



MEMORANDUM

March 8, 2024

TO: MEMBERS, PORT COMMISSION
Hon. Kimberly Brandon, President
Hon. Gail Gilman, Vice President
Hon. Willie Adams
Hon. Ed Harrington
Hon. Steven Lee

FROM: Elaine Forbes
Executive Director 

SUBJECT: Informational presentation regarding Waterfront Resilience Program (WRP)
Local Business Enterprise (LBE) Subcontracting and WRP Equity Actions.

DIRECTOR'S RECOMMENDATION: Information Only – No Action Required

EXECUTIVE SUMMARY

This report provides an overview of LBE Subcontracting in the Waterfront Resilience Program (WRP or Program), including the CH2M HILL Engineers (CH2M HILL) contract and enhancing equity within the WRP.

Equity and social value are priorities and leading principles for the Port and the WRP. The WRP continues to develop a robust, holistic social inclusion and equity plan to ensure measurable approaches are taken to guide the Program, as we advance this ongoing effort, we will continue to report quarterly progress of LBE participation to the Commission.

The CH2M HILL CMD-approved LBE subcontracting participation requirement is 21.19%. Cumulative LBE payments on the contract are 28.4% through December 2023, down slightly from 28.5% the previous quarter, but still substantially ahead of the target. The total CH2M HILL contract value, including contingency, is \$60.0M. Through December 2023, the Port has issued \$58.7M in task authorizations and made \$54.5M in payments, resulting in \$15.5M in payments to LBE contractors.

WATERFRONT RESILIENCE PROGRAM LBE AND EQUITY EFFORTS

Commitment to Equity:

San Francisco and the Port are at the forefront of adaptation and mitigation for climate change by creating a resilient, equitable waterfront. The WRP understands that climate change disproportionately impacts vulnerable communities and, through its work, aims to respond to the needs of San Franciscans most impacted through community engagement, planning, project selection, contracting, programming, workforce development, and more.

The WRP is committed to making equitable investments along the Port's jurisdiction to prioritize critical life safety and disaster response assets and functions and ensure equitable access to the waterfront now and in the future. Some examples of this commitment to equity in action include:

- Extensive community and stakeholder engagement efforts reflect the WRP's commitment to equity, as the team works to solicit meaningful input from stakeholders and the community about their concerns, priorities, and values at all stages of the Program, use this information to inform the Program and frame future outreach, and – importantly – reflect to the public how their input shaped the Port's work. The WRP has resourced focus groups from community-based organizations, compensated through stipends, to review the engagement materials prior to public launch to ensure the materials reflected the needs of the communities we are engaging with.
- Specific equity-focused evaluation criteria have been developed, with equity practitioners from across the city agencies to ensure that equity aspects are at the center of decision-making in the selection of a preferred waterfront adaptation strategy.
- In partnership with an equity working group comprising Port and City agency staff, the team has developed a draft approach to support a deeper qualitative assessment of the Draft Waterfront Adaptation Strategies. This is referred to as the Draft Equity Evaluation Framework and highlights the equity considerations that could arise from applying actions associated with each of the strategies and brainstorming initial sets of mitigations to minimize negative impacts as well as advance benefits to the affected communities. This will lead to a detailed list of equity considerations and mitigation actions for each of the strategies, which will inform strategy refinement and hybridization. This is to ensure equitable outcomes and opportunities to advance benefits in affected communities are prioritized in the preliminary preferred strategy.

The WRP recognizes that investing in LBEs and minority-owned businesses is an important factor in improving equity but is only one component in a suite of opportunities available to improve social value and equity on major infrastructure programs. The WRP continues to work with the Port's Manager of Diversity, Equity, and Opportunity and Port Equity Champions to align with the Port's Race Equity Action Plan, to focus the actions of the WRP, and to measure WRP performance against these actions.

Future Contracting and Workforce Opportunities:

As the WRP moves through the predesign phase of Embarcadero Early Projects, preparing businesses and workers from historically excluded communities for future opportunities is a top priority.

The WRP advanced workforce development and LBE engagement and outreach efforts to facilitate workforce training for the types of jobs the Program will generate in the design and construction phases and to position LBE subcontractors for success in bidding as members of teams pursuing future Program-funded contracts.

In the last quarter, the Workforce Implementation Guide and Contractor Engagement Guide for LBE Outreach were submitted and will be used in future Port efforts.

Racial Equity Actions:

The Waterfront Resilience Program has authorized a task with CH2M, working with InterEthnica and the Port's equity leads to develop an approach to ensuring that equity is fully integrated into the Waterfront Resilience Program. The initial task included a "Discovery" Phase for the consultant team to review all relevant materials for the Program and conduct targeted interviews. This initial task led to the development of a draft roadmap to equity which will serve as the foundation for a more detailed scope of work to develop a Waterfront Resilience Program equity implementation work plan. Priorities that will be advanced into this implementation task order include developing an equity statement and convening an 'equity council' or equity workshops as needed to inform work in the Waterfront Resilience Program. The equity council or equity workshops may comprise a combination of interdepartmental staff from the Port and community leaders, or entirely community representatives. The intent is for the council to help inform the work that we are doing toward the co-creation of a resilient waterfront, where members of the community are actively involved in the design of the waterfront. We look forward to presenting more on this at a future commission meeting.

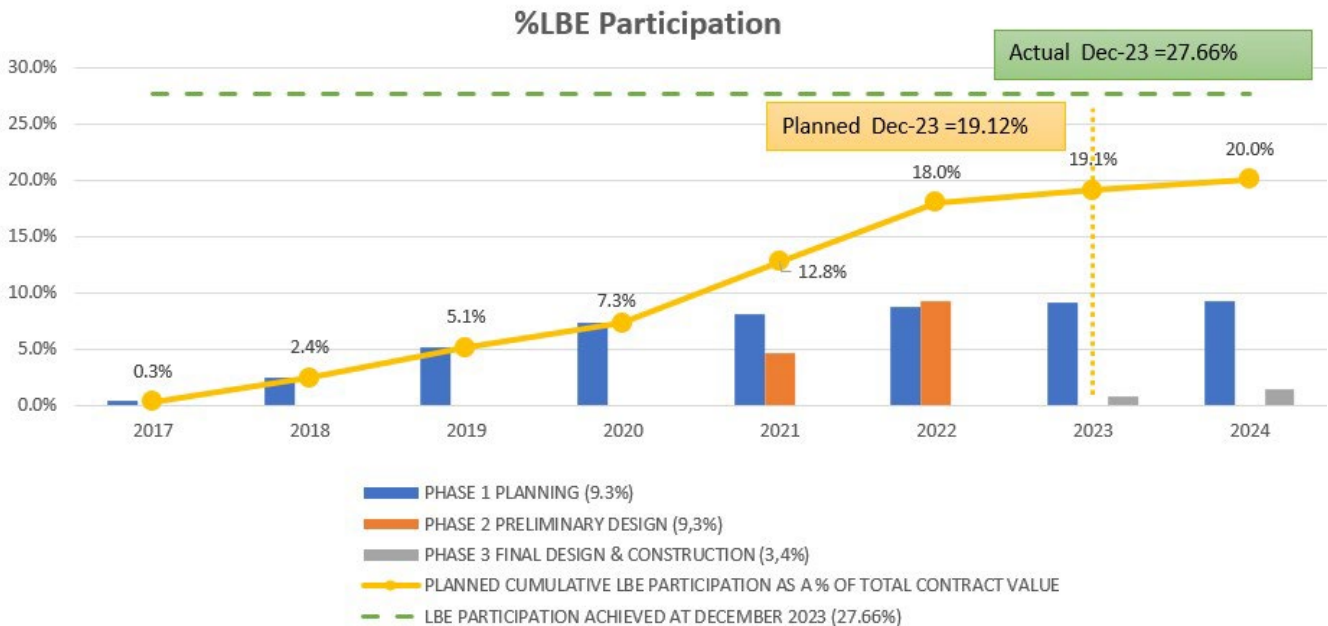
CH2M HILL ENGINEERS PLANNING, ENGINEERING AND ENVIRONMENTAL SERVICES CONTRACT

CH2M HILL's LBE Subcontracting Efforts to Date:

The Port executed a contract agreement with CH2M HILL (\$36,349,740) to provide planning, engineering, and environmental services for the Embarcadero Seawall Program in November 2017. At contract execution, the LBE subcontracting requirement for the agreement was 21% (\$7,633,456). In April 2020, the Port executed a contract amendment to amend the contract scope and increase the contract amount with contingency to \$59,977,071, following Port Commission approval on September 24, 2019, and the Board of Supervisors' approval on November 19, 2019. The CMD approved the LBE subcontracting participation goal after the executed amendment increased to 21.19% (\$12,709,141).

Figure 1 shows the projected cumulative increase in LBE participation in tasks authorized through the duration of the CH2M HILL contract. LBE contract participation is currently 8.5% ahead of plan with actual participation in December 2023 at 27.7% versus planned participation of 19.1%.

Figure 1 - Projected LBE participation as % of the total contract value (Phases 1-3)



CH2M HILL LBE Participation:

Total CH2M HILL contract value and contingency is \$60.0M. Through December 2023, the Port has issued \$58.7M in task authorizations and made \$54.5M in payments, with \$15.5M (28.4%) paid for services completed by LBE subconsultants.

The breakdown of payments to CMD-certified LBE-MBEs, OBEs, and WBEs is shown in Table 1 below:

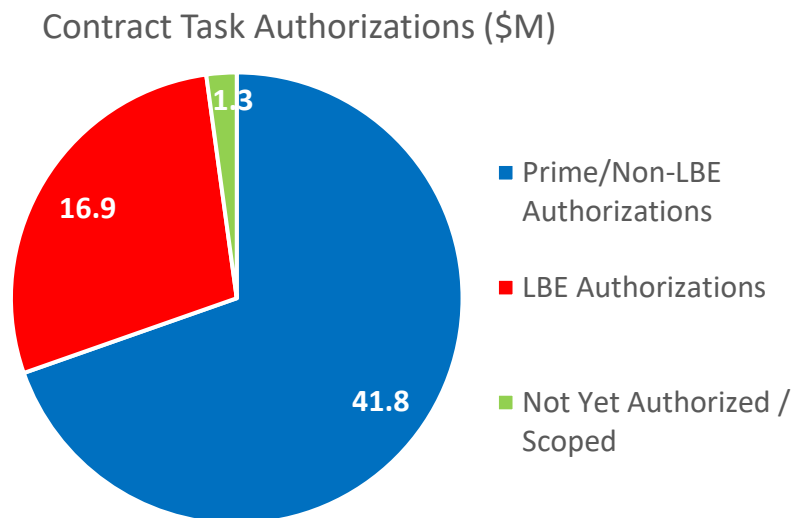
Contract	Total Payments	Prime Payments	Sub Payments	Total LBE Payments	Overall %	MBE %	OBE %	WBE %	Sub %
Total Contract	54,524,117	18,991,298	35,532,818	15,468,296	28.4%	8.2%	0.1%	20.0%	65.2%

Note: A breakdown of firms by ethnicity is included in Exhibit A.

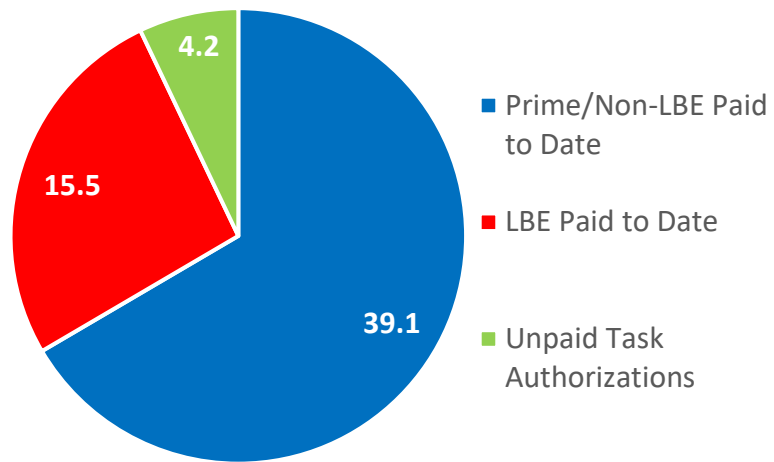
Over the last quarter, 26.0% of all payments were for work completed by LBE subconsultants with 12.7% of all payments made to minority-owned businesses, including 3.7% to African American-owned businesses, 0.3% to Latino American-owned businesses, and 8.7% to Asian American owned businesses. A full breakdown is included in Exhibit A. No new LBE subcontractors have been proposed to be added to the CH2M HILL contract this quarter.

As a result of this improving trendline, cumulative LBE payments on the contract have remained relatively flat, decreasing from 28.5% to 28.4% in the last quarter. CH2M HILL is committed to meeting its LBE commitment and is on track to exceed the commitment. CH2M HILL continues to look for opportunities to increase LBE participation and add new LBE subconsultants to the contract, where appropriate.

Figure 2 – CH2M HILL LBE Participation In Tasks Authorized and Payments made through December 2023



Task Authorization Payments (\$M)



Prepared By: Carlos Colón
Waterfront Resilience Program Administrator

For: Brad Benson
Waterfront Resilience Director

Attachments:

Exhibit A: Waterfront Resilience Program LBE Quarterly Report Fiscal Year 2023/24 Q2 (October – December 2023)

EXHIBIT A
Waterfront Resilience Program LBE Quarterly Report
Fiscal Year 2023/24 Q2 (October – December 2023)

BACKGROUND

CH2M HILL Engineers, Inc.

The Port executed a contract agreement with CH2M HILL Engineers, Inc. (\$36,349,740) to provide planning, engineering, and environmental services for the Embarcadero Seawall Program on October 1, 2017. The Local Business Enterprise (“LBE”) subcontracting requirement for the agreement was 21.0%.

The Port executed a contract amendment on April 20, 2020, to amend the contract scope and increase the contract amount with contingency to \$59,977,071, following Port Commission approval on September 24, 2019, and the Board of Supervisor’s approval on November 19, 2019. CMD approved an increased subcontracting participation goal of 21.19%, based on the final dollar value of the contract at closeout. Following the September 24, 2019, Port Commission approval of the contract amendment, CH2M has added an additional \$1.1M to the newly defined scope for new LBE firms.

To date, CH2M has been paid \$54.5M (90.9% of total contract value), with \$15.5M (28.4% of total invoiced) paid to LBE firms. The percentage paid to LBE firms is down 0.1%, from 28.5% at the end of Q1 2023-24.

CH2M HILL Engineers, Inc. Summary

Awards:

Quarter 2 2023/24 Subcontractors Addition or Expanded Scope that results in a change in the LBE commitment by the Prime.

The Port deauthorized \$0.6M in task authorizations to CH2M, during Q2 of which 30.0% (\$0.2M) was deauthorized to LBEs. This was a result of an increase of 12.0% (\$0.05M) to LBE-WBEs a decrease of 42.0% (\$0.25) to LBE-MBEs, and 0.0% to LBE-OBES.

Invoiced:

CH2M PAYMENTS TO LBES VS PRIME/NON-LBES

	Invoiced through last quarter (\$)	Invoiced through last quarter (%)	This Quarter (\$)	This Quarter (%)	Project to Date (\$)	Project to Date (%)
Invoiced from LBE's	\$14,643,202	28.5%	\$825,094	26.0%	\$15,468,296	28.4%
Invoiced to Prime/Non-LBEs	\$36,701,735	71.5%	\$2,354,086	74.0%	\$39,055,821	71.6%
Total Payments	\$51,344,937	100.0%	\$3,179,180	100.0%	\$54,524,117	100.0%

CH2M PAYMENT BY ETHNICITY

	Invoiced through last quarter (\$)	Invoiced through last quarter (%)	This Quarter (\$)	This Quarter (%)	Project to Date (\$)	Project to Date (%)
African American	\$3,168,524	6.2%	\$116,437	3.7%	\$3,284,961	6.0%
Arab American	\$19,185	0.0%	\$188.42	0.0%	\$19,373	0.0%
Asian American	\$2,392,675	4.7%	\$276,358	8.7%	\$2,669,033	4.9%
Latino American	\$624,316	1.2%	\$10,910	0.3%	\$596,221	1.2%
Total Payments	\$6,204,700	12.1%	\$608,554	12.7%	\$5,356,004	12.1%

Invoiced to Total Commitment:

Supplier Name	LBE – and MBE/OBE/ WBE	Ethnicity (CMD Code)	Commitment as of Date of Report	CMD Commitment (%)	Total Invoiced (\$)	Total Invoiced (%)
A G S INC	MBE	Asian American	\$278,421	0.5%	\$0	0.0%
BAYCAT	OBE	Non-Minority	\$55,684	0.1%	\$56,796	0.1%
CHS CONSULTING GROUP	MBE	Asian American	\$278,421	0.5%	\$10,044	0.0%
CIVIC EDGE CONSULTING LLC	WBE	Non-Minority	\$556,841	1.0%	\$2,650,211	4.9%
GEOTECHNICAL CONSULTANTS INC	MBE	Asian American	\$1,113,683	2.0%	\$972,146	1.8%
HOLLINS CONSULTING	MBE	African American	\$1,670,524	3.0%	\$1,771,767	3.2%
LOWERCASE PRODUCTIONS	OBE	Non-Minority	\$0	0.0%	\$0	0.0%
R D J ENTERPRISES LLC	MBE	African American	\$278,421	0.5%	\$1,047,438	1.9%
SAYLOR CONSULTING GROUP	WBE	Non-Minority	\$723,894	1.3%	\$75,181	0.1%
SEDWAY CONSULTING INC	WBE	Non-Minority	\$111,368	0.2%	\$154,752	0.3%
SQUARE ONE PRODUCTIONS	MBE	Asian American	\$111,368	0.2%	\$0	0.0%
STRUCTUS INC	MBE	Asian American	\$2,115,997	3.8%	\$494,324	0.9%
TELAMON ENGINEERING CONSULTANTS INC	WBE	Asian American	\$4,399,046	7.9%	\$1,192,519	2.2%
COPYMAT	MBE	Arab American	\$105,800	0.2%	\$19,373	0.0%
New LBE & Minority Owned Firm Additions Since Contract Amendment (Participation Goals)						
DAVIS & ASSOCIATES	MBE	African American	\$150,000	NA	\$169,483	0.3%
INTERETHNICA	WBE	Latino American	\$189,326	NA	\$524,683	1.0%
SILVESTRUM CLIMATE ASSOCIATES	WBE	Non-Minority	\$50,116	NA	\$3,671,357	6.7%
SITELAB URBAN STUDIOS	WBE	Non-Minority	\$707,188	NA	\$2,658,221	4.9%
THE ALLEN GROUP		African American	\$400,000	NA	\$296,272	0.5%
MOZAIK		Latino American	\$147,000	NA	\$110,542	0.2%
TOTALS			\$13,443,097	21.2%	\$15,875,111	29.1%