

## MEMORANDUM

April 5, 2018

TO: MEMBERS, PORT COMMISSION  
Hon. Kimberly Brandon, President  
Hon. Willie Adams, Vice President  
Hon. Leslie Katz  
Hon. Doreen Woo Ho

FROM: Elaine Forbes  
Executive Director

SUBJECT: Informational Item - The Port's Report on Contracting Activity for the First and Second Quarters of Fiscal Year 2017-18 (July 1, 2017 through December 31, 2017)

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### I. EXECUTIVE SUMMARY

This report provides the Port Commission with information on contracting activity for the first and second quarters of Fiscal Year (FY) 2017-18 (July 1, 2017 through December 31, 2017). It focuses on contracting activities for both professional services and construction contracts and provides information on upcoming contracting opportunities.

A. **Total Value of New Contracts: \$47.4 million (10 contracts)**. During the first half of FY 2017-18, the Port issued ten new contracts including two construction and eight professional services contracts for a cumulative value of \$47,431,299. Eight out of the ten (80%) contracts were awarded to Local Business Enterprises ("LBE") with an aggregate value of \$14,328,643 (30%) awarded to LBE prime and subcontractors.

During the reporting period, Port staff awarded a \$39,984,714 contract for the Seawall Earthquake Safety Program to CH2M Hill a non-LBE firm. When the Seawall Resiliency Design Project is omitted from the cumulative value of awarded contracts, the percentage of dollars awarded to LBEs increases to 80%.

Nine of the ten contracts awarded during the reporting period were formal contracts because their contract value was above the LBE Ordinance threshold. Three of the ten contracts were awarded as micro-LBE set asides, for which competition was limited to Contract Monitoring Division ("CMD") certified micro-local businesses. Notably, with 30% of all contract dollars awarded to LBE firms, Port staff exceeded the Port Commission's informal policy to award a minimum of 20% to LBE firms.

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**B. Total Payments to Active and Open Port Contracts: \$9.3 million, including \$4.9 million (53%) to LBE primes and subcontractors.** During the first half FY 2017-18, Port contract payments totaled \$9,256,636. Of that amount, \$4,933,046 (53%) was paid to LBEs, including \$2,843,399 (30%) to LBE primes and \$2,089,647 (23%) to LBE subcontractors.

**C. The Port currently manages five projects subject to the Local Hire Ordinance. Three of the five projects are currently meeting the 30% local hire requirement.**

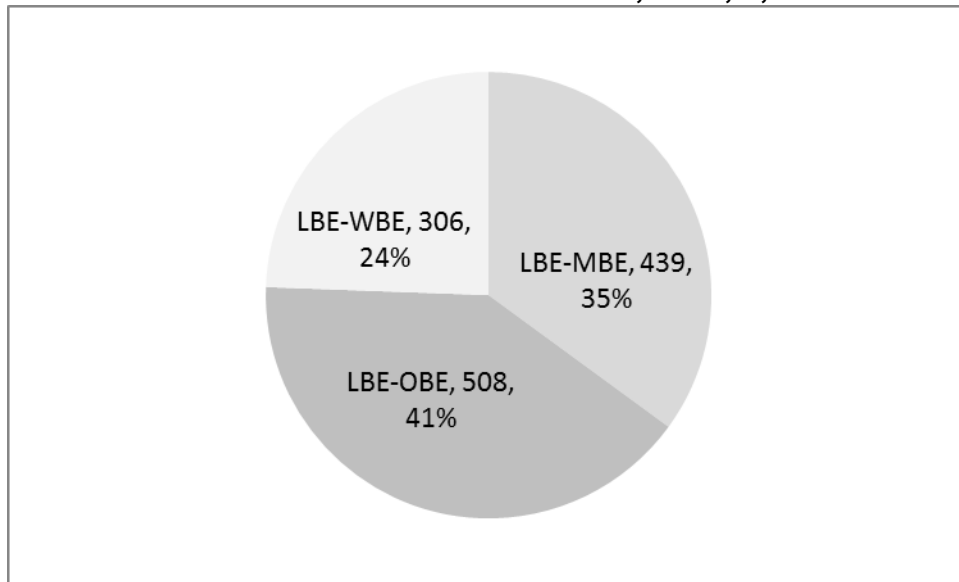
## **II. BACKGROUND**

The Port engages in a variety of contractual transactions that include: leases, developer agreements, construction contracts, general services contracts, and professional services contracts. This report specifically addresses professional services and construction contracts solicited by the Port.

The Port must comply with federal, state, and local laws concerning nondiscrimination in contracting. Construction contracts, general services contracts, and professional services contracts are subject to the San Francisco Administrative Code Chapter 14B LBE subcontracting participation requirements. The LBE program applies only to City and County of San Francisco (“City”) contracts including Port contracts.

The City established the LBE program to expand contracting opportunities for small San Francisco based firms, which are defined based on gross receipts by type of industry. CMD, a division of the City Administrator’s Office, oversees adherence to Administrative Code Chapter 14B. CMD accepts and reviews applications and certifies qualifying local firms as LBEs. Once a business is certified as a LBE, it is also classified as a Minority Owned Enterprise (“LBE-MBE”), Woman Owned Enterprise (“LBE-WBE”), Other Business Enterprise (“LBE-OBE”) or Non-Profit Enterprise (“LBE-NPE”). CMD further classifies LBE-MBE firms by ethnicity to monitor and track which LBEs are awarded contracts. As summarized in Chart 1, there are currently 1,254 certified LBE firms.

**Chart 1: Certified LBEs as of March 1, 2018, 1,254 Total**



When participating as a prime contractor or as part of a Joint Venture, LBE firms receive bid discounts in the case of construction bids and bonuses in the case of professional service Requests for Proposals (RFP) and Requests for Qualifications (RFQ). For contract agreements that fall within Administrative Code Chapter 14B requirements, CMD also reviews the scope of the project and the nature of the work compared to available City-certified LBEs to set a required LBE subcontracting goal. CMD determines compliance with subcontracting goals at the time the contract is closed-out.<sup>1</sup>

City contracts are exempt from the LBE program if 1) the contract value is less than an established threshold amounts of \$55,000 for professional contracts and \$300,000 for construction contracts, 2) Federal law, as in the case of grant funds, prohibits the use of local preference, or 3) if a waiver is obtained from CMD, such as in the case of an emergency or sole source contract.

Prior to soliciting bids and/or responses to requests for proposals/qualifications, Port staff engages CMD to review the availability of LBE firms and independently assign a LBE sub-contracting goal, or waiver thereof. Port staff then uses best efforts to adhere to the CMD goal. If Port staff is unable to adhere to the goal, Port staff refers the problem to CMD for assistance and a solution.

### **III. CONTRACT ACTIVITY UPDATE**

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<sup>1</sup> LBE subcontracting goals are calculated on the base contract amount. Following CMD policy, contract allowances, alternates or contingencies are not factored into calculating final LBE participation rates. CMD reviews on a case-by-case basis, contract amendments that result in a cumulative increase in the total contract amount of 20 percent or more. CMD may apply LBE subcontracting goals to these contract amendments based on a review of the additional work.

During the first half of FY 2017-18, the Port awarded ten new contracts totaling \$47,431,299. LBE prime contractors were awarded eight of the ten (80%) contracts. The Port paid contractors \$9,256,636 on active contracts during the reporting period with \$4,933,046 (53%) going to LBEs.

A. New Contracts (\$47,431,299; 10 contracts): As summarized in *Table 1* and detailed in *Attachment 1*, in the first half of FY 2017-18, the Port issued two new construction and eight new professional service contracts for a cumulative value of \$47,431,299. Nine of the newly award contracts are formal contracts governed by the LBE Ordinance. Three of the ten contracts were awarded as micro-LBE set aside contracts, which are small contracts set aside for competition only among micro-local businesses. The San Francisco Administrative Code requires contract awarding departments to set-aside a minimum of 50% of all eligible construction contracts and 25% of all eligible professional service contracts for award to micro-LBE set asides. During the reporting period, the Port award 100% of eligible construction and professional services contracts as micro-LBE set asides. One contract was awarded as a proprietary sole source contract for the testing and recommissioning of the shore side power system.

During the reporting period, Port staff awarded a \$39,984,714 contract for the Seawall Resiliency Design Project to CH2M Hill a non-LBE firm. When the Seawall Resiliency Design Project is omitted from the cumulative value of awarded contracts, the percentage of dollars awarded to LBEs increases to 80%.

**Table 1: Contracts Awarded from July 1, 2017 – December 31, 2017**

Type of Contract	Total Contract	Total Dollar Amount	LBE Award Amount (Prime & Subs)	Total LBE % Awarded
Construction	2	\$ 3,266,585	\$ 3,125,854	96%
Professional Services	8	\$ 44,164,714	\$ 11,202,789	25%
<b>Grand Total</b>	<b>10</b>	<b>\$ 47,431,299</b>	<b>\$ 14,328,643</b>	<b>30%</b>

*1. Use of Delegated Authority (\$280,000; 1 contract):* One contract totaling \$280,000 was awarded in the first half of FY 2017-18 through the Executive Director’s delegated authority. The contract was awarded to Cochran Marine as a sole source contract given the proprietary nature of the scope of work.

On September 12, 2016, Cochran Marine was awarded a \$280,000 contract for annual testing and recommissioning of the shore side power system located at Pier 27. Cochran Marine, a non-LBE firm, will be self-performing 100% of the contract work.

*2. Port Commission Approved (\$47.2 million; 9 contracts):* The Port Commission awarded nine contracts valued at \$47,151,299 in the first half of FY 2017-18. Six contracts were issued through formal contracting guidelines under Administrative Code Chapters 6, 21, and 14B. Three contracts were awarded as micro-LBE set asides.

On July 11, 2017, the Port Commission awarded the Pier 31 Utility & Restroom Project, to KCK Builders, an OBE-LBE firm. KCK Builders proposes to exceed the contract's 21% LBE subcontracting requirement by subcontracting to Anco Iron (1.4%), a LBE-MBE firm, City Door & Hardware (0.8%), a LBE-WBE, Cal Pacific Plumbing (21.64%), a LBE-MBE firm, Barri Electric (29.3%), a LBE-MBE firm, and Value Fire Protection (1.45%), a LBE-MBE firm. KCK Builders will be self-performing 40% of the project work, resulting in 94% of contract work going to certified LBE firms.

On July 11, 2017, the Port Commission awarded three as-needed public relations contracts to LBE firms, including two as micro-LBE set-asides, each in an amount not to exceed \$300,000 as follows:

- Bonner Communications (LBE-WBE) will self-perform 50% of the contract work and propose to subcontract 50% to certified LBE firms resulting in 100% of the contract going to certified LBEs.
- Davis & Associates (LBE-MBE) will self-perform 76% of the contract work and propose to subcontract 21% to certified LBE firms resulting in 97% of the contract going to certified LBEs.
- Next Steps Marketing (LBE-WBE) will self-perform 50% of the contract work and propose to subcontract 25% to certified LBE firms resulting in 75% of the contract going to certified LBEs.

On July 11, 2017, the Port Commission awarded three as-needed environmental and related professional services contracts, each in an amount not to exceed \$1,000,000 as follows:

- AEW Engineering (LBE-MBE) will self-perform 51% of the contract work and propose to subcontract 50% to certified LBE firms resulting in 74% of the contract going to certified LBEs.
- Northgate/AGS Joint Venture (JV-MBE) will self-perform 27% of the contract work and propose to subcontract 22% to certified LBE firms resulting in 49% of the contract going to certified LBEs.
- SCA Environmental (LBE-MBE) will self-perform 54% of the contract work and propose to subcontract 23% to certified LBE firms resulting in 77% of the contract going to certified LBEs.

On August 8, 2017, the Port Commission awarded the Seawall Resiliency Design Project a \$39,984,714 contract to CH2M Hill, a non-LBE firm. CH2M Hill committed to exceed the contract's 15% LBE subcontracting requirement by subcontracting 21% (\$8,396,789) to the following certified LBE firms:

- AGS (.624%), a LBE-MBE firm
- BAYCAT (0.124%), a LBE-OBE
- CHS Consulting Group (.128%), a LBE-MBE firm

- Civic Edge Consulting (.265%), a LBE-WBE firm
- Geotechnical Consultants (2.99%), a LBE-MBE firm
- Hollins Consulting (3.61%), a LBE-MBE firm
- RDJ Enterprises (.62%), a LBE-MBE firm
- Saylor Consulting (1.43%), a LBE-WBE firm
- Sedway Consulting (.33%), a LBE-WBE firm
- Square One Productions (.33%), a LBE-MBE firm
- Structus (2.60%) a LBE-MBE firm, and
- Telamon Engineering (7.99%), a LBE-WBE firm.

On November 14, 2017, the Port Commission awarded a \$772,585 contract for the Pier 23 Mechanical Electrical Plumbing Upgrade Project to Trinet Construction, a LBE-WBE firm. Trinet Construction will be self-performing 50% of the project work and subcontracting 49% of the contract work to DeLao Electric, a LBE-MBE firm. This contract was awarded as a micro-LBE set aside, resulting in 99% of the project work going to certified LBE firms.

**3. Summary of LBE Contract Participation in New Contract Awards.** As discussed above, during the first half of FY 2017-18, the Port awarded two construction and eight professional services contracts for a cumulative value of \$47,431,299. Eight (80%) of the contracts with a total amount of \$14,328,643 (30%), were awarded to LBEs. This includes \$3,229,574 (7%) awarded to LBE primes and \$11,099,069 (23%) awarded to LBE subcontractors. Three of the ten (30%) contracts awarded were micro-LBE set-asides.

**B. Contract Payments:** As shown in *Table 2* below, during the first half of FY 2017-18, Port contract payments totaled \$9,256,636. Of all payments, \$4,933,046 (53%) was paid to LBE firms, including \$2,843,399 to prime contractors and \$2,089,647 to subcontractors. During the reporting period the Port exceeded average CMD goals for construction contracts. Professional service contracts met the average CMD subcontracting goal while as needed contracts fell one percent below the average goal due to large payments made to non-LBE firms on the as-needed real estate economics contracts. Port and CMD staffs monitor payments to LBEs to ensure that Port contractors honor their contract commitments.

**Table 2: Contract Payments and LBE Participation from July 1, 2017 – December 31, 2017**

Contract Type	Total Payments	Local Business Enterprise					Avg. Goal %**
		Prime Payments	Sub Payments	Total LBE Payments	Overall %	Sub %*	
As-Needed	\$1,552,136	\$328,828	\$286,304	\$615,132	40%	18%	19%
Construction	\$6,274,864	\$2,226,176	\$1,429,273	\$3,655,449	58%	23%	12%
Professional Services	\$1,429,636	\$288,395	\$374,070	\$662,465	46%	20%	20%
<b>Total</b>	<b>\$9,256,636</b>	<b>\$2,843,399</b>	<b>\$2,089,647</b>	<b>\$4,933,046</b>	<b>53%</b>	<b>23%</b>	<b>17%</b>

\*Includes LBE Governed Contracts

\*\*CMD Subcontracting Goal

1. *As-Needed Contracts.* The Port currently manages 16 active as-needed contracts that received \$1,552,136 in payments in the first half of FY 2017-18. As detailed in *Attachment 2*, LBE contractors received 40% of all as-needed contract payments. The engineering and as-needed real estate economics contracts paid 37% of contract dollars going to LBE contractors. The as-needed public relations and environmental services contracts were awarded at the beginning of the fiscal year resulting in a minimal amount of contract payments during the reporting period. Similarly, the as-needed hazardous waste disposal contracts are nearing the end of their term and also saw minimal contract payments.

- *Engineering* – Combined, payments made on the four active engineering as-needed contracts during the reporting period met the 20% LBE subcontracting goal. Though consulting work during the reporting period satisfied LBE subcontracting provisions, three of the four contracts are below their CMD-set LBE subcontracting goals over the life of their contracts. Engineering staff is working with the consultants to increase LBE participation in the second half of the fiscal year to bring all contracts in compliance with their LBE requirements.
- *Environmental Services* – Three new environmental consulting contracts were awarded during the reporting period. Payments made on the environmental services contracts in the first of half of FY 2017-18 were minor. Port staff anticipate a significant increase in contract activity in the second half of the fiscal year. Historically, all as needed environmental services contracts have either met or surpassed their CMD set LBE subcontracting goals.
- *Hazardous Waste Disposal* – There was only one payment, totaling \$498, on the as needed hazardous waste disposal contracts during the reporting period. Environmental Logistics, a non-LBE firm, is expected to meet the contract's 8% LBE subcontracting goal. Eagle Environmental, a LBE-MBE firm, has fallen below its LBE subcontracting commitment and Port staff do not expect the consultant to meet their LBE subcontracting obligation. Port staff will issue a new solicitation for as-needed hazardous waste disposal consultants in August 2018.
- *Public Relations* – Three new as needed public relations contracts were awarded during the reporting period. As a result, a few payments were issued in the first half of FY 2017-18, with 100% of payments made to LBE prime contractors. Port staff expects the as-needed public relations contracts to meet or exceed their LBE obligations.
- *Real Estate* – Combined, payments made on the four as-needed real estate economic contracts fell below the 22% CMD-set goal during the reporting period. Two of the four contracts, with Century Urban and Seifel Consulting, are meeting their LBE subcontracting requirements over the life of their contracts. Real Estate Division staff are working with Bay Area Economics and Economic Planning Systems to guarantee future scopes of work include strong LBE participation.

2. *Construction Contracts.* In the first half of FY 2017-18, the Port managed five construction projects that received \$6,274,864 in payments. As detailed in *Attachment 3*, LBE contractors received \$3,655,450 (58%) of total construction contract payments.

LBE subcontractors received \$1,429,273 (23%) of payments made to construction contracts, exceeding the 12% average LBE subcontracting goal.

- *Pier 31 Utilities & Restroom* – The Pier 31 Utilities & Restroom Repair contract is 63% complete. To date, KCK Builders, the project’s LBE-OBE prime contractor has attained 38% LBE subcontracting utilization exceeding the 21% goal set by CMD. During the reporting period, the contract exceeded its LBE subcontracting goal with 39% payments to LBEs.
- *Pier 23 Roof Repair* – The Pier 23 Roof Repair contract is 100% complete and closed on January 28, 2018. Pioneer Contractors, the project’s LBE-MBE prime contractor has attained a 15% LBE subcontracting utilization exceeding the 10% goal set by CMD over the life of the contract. While overall performance is strong, during the reporting period, the contract fell short of its LBE subcontracting goal with 9% payments to LBEs.
- *Crane Cove Park Site Preparation* – The Crane Cove Park Site Preparation project is 100% complete and closed on January 5, 2018. Pioneer Contractors, the project’s LBE-MBE prime contractor attained 15% LBE subcontracting utilization exceeding the 10% goal set by CMD over the life of the contract.
- *Pier 94 -96 Storm Drain Repair* – The Pier 94 -96 Storm Drain Repair is 98% complete. To date, Trinet Construction, the project’s LBE-WBE prime contractor has attained 25% LBE utilization, meeting the 25% goal set by CMD.
- *Pier 32 MEP Upgrade* – The Pier 23 Mechanical, Electrical, and Plumbing Upgrade is 2% complete. This newly executed contract is a micro-LBE set aside awarded to Trinet Construction, a LBE-WBE prime contractor. No payments were reported on this contract during the reporting period.

3. *Professional Services Contracts.* The Port currently manages 13 open and active professional services projects that received \$1,429,636 in total payments in the first half of FY 2017-18, including \$658,707 (46%) to LBE firms. As detailed in *Attachment 4*, there are five formal active professional service contracts governed by the LBE Ordinance. In the first half of FY 2017-18, LBE contractors received \$579,992 (43%) of total payments on LBE governed professional service contracts.

- *Crane Cove Park Design* – The Crane Cove Park Design Project led by AECOM, a non-LBE firm, has a 19% LBE subcontracting goal. While during the reporting period only 9% of contract payments went to LBE subcontractors, AECOM is currently exceeding its goal with 24% of all payments going to LBE subcontractors over the term of the contract.
- *Financial Advisors* – The Municipal Financial Advisory contract led by Public Financial Management, a non-LBE firm, has a 20% LBE subcontracting goal. During the reporting period no payments were made to LBE firms, to date 18% of the \$277,345 in total contract payments has been paid to LBE subcontractors. Port



staff will continue to work with the prime contractor to ensure that future payments include strong LBE subcontractor participation to bring the contract into compliance.

- *Mission Bay Ferry Landing* – The Mission Bay Ferry Landing Design Project led by COWI/OLMM Joint Venture, a JV-MBE firm, has a 25% LBE subcontracting goal. During the reporting period 32% of payments were made to LBE subcontractors, with 28% of overall contract payments going to LBE subcontractors to date.
- *Seawall Communications* – The Seawall Resiliency Project Public Relations and Media Services contract led by Civic Edge Consulting, a LBE-WBE firm has a 22% LBE subcontracting goal. To date 16% of the \$114,211 in contract payments has been paid to the LBE subcontractors. This project is expected to meet its LBE obligations in the coming fiscal year.
- *Seawall Earthquake Safety Program* – The Seawall Earthquake Safety Program was awarded during the reporting period. CH2M Hill, the non-LBE project led, has committed to a 21% LBE subcontracting goal. No payments were issued on this contract during the reporting period.
- *Two (2) Micro-LBE Set Aside Professional Service Contracts* – In the first half of FY 2017-18, the Port managed two active micro-LBE set aside professional service contracts totaling \$95,000. Micro-LBE set aside contracts require LBE prime contractors to self-perform at least 25% of the project's work. Both contracts are meeting the compliance requirements for micro-LBE set aside contracts.
- *Six (6) Exempt Contracts* – The Port has an additional six active professional service contracts that are exempt from the provisions of the LBE Ordinance due to their small contract size, funding source requirements, or LBE subcontracting waivers granted by CMD. While these contracts are exempt from LBE subcontracting goals, the Port paid LBE contractors \$71,770 (87%) out of \$82,630 in payments made to these 6 contracts.

D. Compliance with Local Hire Requirements: The San Francisco Local Hire Policy for Construction applies to construction projects advertised for bid after March 25, 2011 that pertain to public works or improvements that are City funded with an engineer's estimate above \$1,000,000. The Local Hire Ordinance (Section 6.22.G.4 of the San Francisco Administrative Code) requires contractors and their subcontractors to attain a minimum of 30% total work hours by trade per project using San Francisco residents.<sup>2</sup> The Ordinance also requires that 50% of apprentice hours per trade be performed by disadvantaged San Francisco residents. The program is managed by the Office of Economic and Workforce Development (OEWD). The Port currently maintains five open construction contracts that are subject to the requirements of the Local Hire Ordinance. OEWD staff advises that the projects are compliant, as summarized in *Table 3*.

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<sup>2</sup> Local Hire requirements increase from 20% to 25% on applicable contracts solicited after March 2012, and to 30% for contracts solicited after March 2013.

**Table 3: Active Local Hire Governed Contracts, First Half of FY 2017-18**

Project	WORK HOURS			APPRENTICE HOURS		
	Total	Local Hire	Local Hire %	Total	Local Apprentice	Local Hire %
	30% Requirement			50% Requirement		
Pier 94-96 Repairs	2,319	949	41%	210	106	50%
Pier 31 Utilities	3,951	1,624	41%	890	890	100%
Pier 31 Roof Repair	19,561	8,463	43%	6,332	3,469	55%
Pier 23 Roof Repair	13,815	2,812	20%	3,904	580	15%
Crane Cove Park Surcharging	15,598	1,749	11%	1,265	211	17%

Since the inception of the ordinance, 18 Port projects have been subject to the ordinance’s provisions. While each project has performed well, in some instances Local Hire estimates have been below the requirements due to conditional waivers and exemptions that OEWD reviewed and approved. In those cases, the prime contractors have requested conditional waivers and exemptions, including exemptions for marine related pile driving, asbestos removal, and operating engineering work, specialized trades that are excluded from the City's Local Hire Policy.

#### **IV. UPCOMING OPPORTUNITIES**

While the first half of FY 2017-18 saw significant new contract activity, the second half of the fiscal year also has several upcoming opportunities for small local contractors.

*Pier 94 Backlands Improvement* – In March 2018, Port staff advertised competitive bids for the Pier 94 Backlands Improvement Project. The Project scope includes grading of the project site, construction of an access road, perimeter landscaping, street lighting, and capping the regulated landfill area at the northeast corner of the site. The total construction budget for this project is \$7 million with an anticipated minimum LBE subcontracting requirement of 20%. Port staff expects to return to the Port Commission for authorization to award the contract in April.

*As-Needed Real Estate Economics* – In late April 2018, Port staff will request Port Commission authorization to advertise a RFQ for as-needed real estate economics and related consulting services. Port staff anticipates awarding up to four contracts for a not to exceed amount \$500,000 each. The LBE subcontracting goal for these contracts has not been established but, is expected to be above 20%. Following proposal evaluation and scoring, Port staff will return to the Port Commission for authorization to award the contracts in May.

*Pier 90 Silo and Wharf Demolition* – In June 2018, Port staff will request authorization from the Port Commission to advertise competitive bids for the Pier 90 Silo Wharf

Demolition and Entitlement. The contract will have a budget of \$1.1 million. The proposed scope of work includes the demolition of a vacant grain terminal facility and dilapidated timber wharf at Pier 90. Following proposal evaluation and scoring, Port staff will return to the Port Commission for authorization to award the contracts in August.

*As-Needed Engineering-* In August 2018, Port staff will request Port Commission authorization to advertise a RFQ for as-needed engineering and related professional services. Port staff anticipates awarding up to four contracts valued at \$4,000,000 each. Services associated with these contracts include structural, civil, mechanical, and electrical engineering.

## **V. CONCLUSION**

In the first half FY 2017-18, the Port awarded ten new contracts totaling \$47,431,299, of which \$14,328,643 or 30%, was awarded to LBEs. The Port made \$9,256,636 in contract payments, of which \$4,933,046 or 53% was paid to LBEs. Most contracts are meeting or exceeding their contractually obligated CMD goals based on overall contract spending to date.

While the first half of the fiscal year saw a significant amount of new contracting activity, there will be several upcoming contract opportunities for small local contractors in the second half of FY 2017-18.

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cc: Contract Monitoring Division, Finbarr Jewell

Appendix A: General Contract Terms & Port Thresholds  
Attachment 1: Contracts Awarded in First Half of Fiscal Year 2017-18  
Attachment 2: As-Needed Contract Service Order Payments  
Attachment 3: Construction Contract Payments  
Attachment 4: Professional Services Contract Payments

## APPENDIX A General Contract Terms and Port Thresholds

A. Use of Professional Services Contracts: Professional Services are those services which require the exercise of discretion and independent judgment in their performance, and/or the application of an advanced, specialized type of knowledge, expertise, or training. Examples of professional service providers include architects, engineers, and software developers. The City's Civil Service Commission must review all Professional Services contracts to determine whether City employees could perform the requested services and, if so, whether the Department can justifiably contract out the services. The Port contracts for professional services only when Port employees or other City employees cannot perform the work because of the limited nature of the work, peak workload obligations, lack of specific expertise, or other unusual circumstances such as mitigation of financial risk, funding or other legal requirements.

B. As-Needed Contracts: As-Needed contracts are Professional Services contracts which the Port uses for services that recur but are not consistent or predictable enough to justify full time staff. Currently the Port maintains as-needed services contracts for architecture and design services, economic analysis, environmental services, and hazardous materials disposal. Master Agreements for as-needed services are negotiated upon Contractor pre-qualification through formal, competitive RFQ processes. These agreements usually have a three-year term.

As-needed services are typically construction-related professional services, such as engineering services. Following the requirements of Administrative Code Chapter 6.64, the Port tasks contractors with individual projects through the issuance of Contract Service Orders (CSO) that are not to exceed \$400,000 per public works project.<sup>3</sup> Any CSOs exceeding \$400,000 per public works project require written justification by the department head to CMD establishing the urgency to perform the work under as-needed contracts rather than through a new formal competitive procurement. LBE subcontracting goals may apply to each Master Agreement or for each CSO. The Port's practice is to have an overall goal for the as-needed contracts and to manage individual CSOs to ensure overall compliance.

C. Delegated Authority: To streamline the Port's contract approval process and to be consistent with the San Francisco Administrative Code and the practice of other City departments, the Port Commission has delegated the following authority to the Executive Director (Resolution Nos. 09-29, 09-37 and 10-60):

- |                                   |           |
|-----------------------------------|-----------|
| • Contract Service Orders         | \$500,000 |
| • Construction contracts          | \$600,000 |
| • Professional services contracts | \$100,000 |

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<sup>3</sup> Chapter 6 of the Administrative Code governs construction and construction related services.

Delegated authority allows the Port's Executive Director to execute and award public works and improvement and professional services CSOs and contracts at or under the threshold limits without Port Commission review and approval.