

MEMORANDUM

October 18, 2018

TO: MEMBERS, PORT COMMISSION
Hon. Kimberly Brandon, President
Hon. Willie Adams, Vice President
Hon. Gail Gilman
Hon. Victor Makras
Hon. Doreen Woo Ho

FROM: Elaine Forbes
Executive Director

SUBJECT: Informational Item - The Port's Report on Contracting Activity for Fiscal Year 2017-18 (July 1, 2017 through June 30, 2018)

I. EXECUTIVE SUMMARY

This report provides the Port Commission with information on contracting activity for Fiscal Year (FY) 2017-18 (July 1, 2017 through June 30, 2018). It focuses on both professional services and construction contracts and provides information on upcoming contracting opportunities.

A. **Total Value of New Contracts: \$63.5 million (14 contracts)**. During the FY 2017-18, the Port issued fourteen new contracts including five construction and nine professional services contracts for a cumulative value of \$63,452,297. Ten out of the 14 (71%) contracts were awarded to Local Business Enterprises ("LBE") with an aggregate value of \$22,325,394 (35%) 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, which has an LBE goal of 21%. When the CH2M Hill contract is omitted from the cumulative value of awarded contracts, the percentage of dollars awarded to LBEs increases to 59%.

Twelve of the 14 contracts awarded during the reporting period were formal contracts because their contract value was above the LBE Ordinance threshold. Four of the 14 contracts were awarded as micro-LBE set asides, for which competition was limited to Contract Monitoring Division ("CMD") certified micro-local businesses. Notably, with 35% 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.

B. Total Payments to Active and Open Port Contracts: \$19.8 million, including \$9.8 million (49%) to LBE primes and subcontractors. During FY 2017-18, Port contract payments totaled \$19,832,835. Of that amount, \$9,777,762 (49%) was paid to LBEs, including \$5,070,536 (25%) to LBE primes and \$4,707,226 (24%) to LBE subcontractors.

C. The Port currently manages four projects subject to the Local Hire Ordinance. Three of the four projects are currently meeting the 30% local hire requirement. Since the inception of the Local Hire Ordinance 19 Port projects have been deemed compliant by the Mayor’s Office of Workforce and Economic Development.

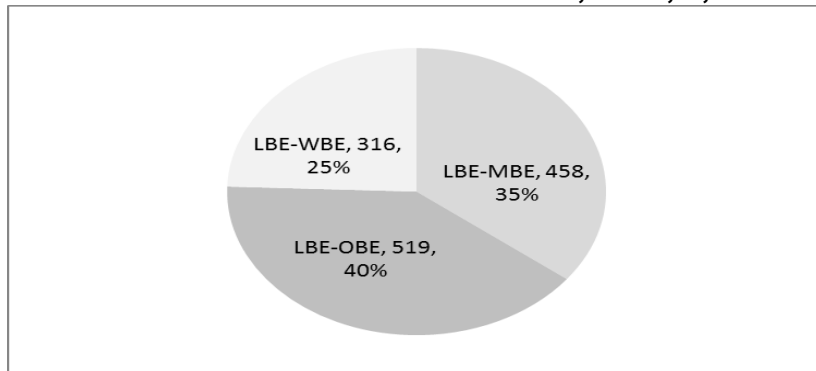
II. BACKGROUND

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 1,290 certified LBE firms.

Chart 1: Certified LBEs as of October 1, 2018, 1,290 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.¹

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

During FY 2017-18, the Port awarded 14 new contracts totaling \$63,452,297. LBE prime contractors were awarded ten of the 14 (71%) contracts. The Port paid contractors \$19,832,835 on active contracts during the reporting period with \$9,777,762 (49%) going to LBEs.

A. New Contracts (\$63,452,297; 14 contracts): As summarized in *Table 1* and detailed in *Attachment 1*, in FY 2017-18, the Port issued five new construction and nine new professional service contracts for a cumulative value of \$63,452,297. Twelve of the newly award contracts are formal contracts governed by the LBE Ordinance. Four of the 14 (28%) contracts were awarded as micro-LBE set aside contracts, which are small contracts that the Port sets 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 awarded 100% of eligible construction and 66% of all professional services contracts as micro-LBE set asides. The Port awarded one contract as a

¹ 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.

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 Earthquake Safety Program to CH2M Hill, a non-LBE firm, with a goal of \$8,479,520 (21%) for LBE participation. When the Seawall Earthquake Safety Program is omitted from the cumulative value of awarded contracts, the percentage of dollars awarded to LBEs increases to 59%.

Table 1: Contracts Awarded from July 1, 2017 – June 30, 2018

Type of Contract	Total Contract	Total Dollar Amount	LBE Award Amount (Prime & Subs)	# LBE Awarded	Total LBE % Awarded
Construction	5	\$ 19,189,583	\$ 11,115,745	5	58%
Professional Services	9	\$ 44,262,714	\$ 11,209,649	8	25%
Grand Total	14	\$ 63,452,297	\$ 22,325,394	13	35%
CH2M Hill	1	\$ 39,984,714	\$ 8,396,789	0	21%
Adjusted Total	13	\$ 23,467,583	\$ 13,845,874	13	59%

1. Use of Delegated Authority (\$378,000; 2 contracts): The Port awarded two contracts totaling \$378,000 in the FY 2017-18 through the Executive Director's delegated authority.

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. Due to the proprietary nature of the scope of work, the Port awarded the contract to Cochran Marine as a sole source contract. Cochran Marine, a non-LBE firm, will be self-performing 100% of the contract work.

On October 19, 2017, the Port awarded Economic Planning Systems (EPS) a \$98,000 contract under the Director's delegated authority to provide economic analysis and support for the Mission Rock Development. The contract, awarded through the Controller's pool of economic consultants, has a 20% LBE subcontracting commitment.

2. Port Commission Approved (\$63,074,297; 12 contracts): The Port Commission awarded 12 contracts valued at \$63,074,297 in FY 2017-18. Eight contracts were issued through formal contracting guidelines under Administrative Code Chapters 6, 21, and 14B. Four 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 54% of the contract 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 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 Earthquake Safety Program 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.

On February 27, 2018, the Port Commission awarded a \$673,000 micro-LBE set aside contract to G.Y. Engineering, a LBE-OBE firm, to construction restrooms in Pier 45 Shed A and Islais Creek Park. G.Y. Engineering will self-performing 55% of the project work and subcontracting 14% to McKee Electric, a LBE-MBE firm, and 29% to Expert Plumbing Solutions, a LBE-OBE firm, resulting in 98% of the project work going to certified LBE firms.

On March 13, 2018, the Port Commission awarded a \$7,516,768 contract to Power Engineering, a non-LBE firm, for Marine Structural Projects IV. The projects include work to perform substructure repairs at Piers 29 & 31.5. Given the highly specialized nature of the required services with limited local resources, the contract has 3% LBE subcontracting requirement. Yerba Buena Engineering, a LBE-MBE firm, will provide 4% of the overall project work.

On June 12, 2018, the Port Commission awarded a \$7,665,903 contract to Hoseley Corporation, a LBE-OBE firm, for the Pier 94 Backlands Improvement Project. Hoseley Corporation will self-perform 61% of the project work and will subcontract 17% to Fontenoy Engineering, a LBE-OBE firm, 2% to R&S Construction, a LBE-MBE firm, 4% to Esquivel Paving & Grading, a LBE-MBE firm, and 5% to Team North, a LBE-WBE firm, resulting in 89% of the project work going to certified LBE firms.

B. Contract Payments: As shown in *Table 2* below, during FY 2017-18, Port contract payments totaled \$19,832,835. Of all payments, \$9,777,762 (49%) was paid to LBE firms, including \$5,070,536 (25%) to prime contractors and \$4,707,226 (24%) to subcontractors. During the reporting period the Port exceeded average CMD goals for construction contracts, while professional service and as-needed contracts met their average CMD-set subcontracting goals. 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 – June 30, 2018

Contract Type	Total Payments	Non-LBE Payments	Local Business Enterprise					
			Prime Payments	Sub Payments	Total LBE Payments	Overall %	Sub %*	Avg. Goal %**
As-Needed	\$3,412,653	\$2,051,197	\$651,591	\$659,097	\$1,310,688	38%	19%	19%
Construction	\$9,941,389	\$3,522,653	\$3,403,025	\$3,015,711	\$6,418,736	65%	30%	12%
Professional Services	\$6,478,793	\$4,434,210	\$1,015,920	\$1,032,418	\$2,048,338	32%	20%	20%
Total	\$19,832,835	\$10,055,073	\$5,070,536	\$4,707,226	\$9,777,762	49%	24%	17%

*Includes LBE Governed Contracts

**CMD Subcontracting Goal

1. *As-Needed Contracts.* The Port currently manages 16 active as-needed contracts that received \$3,412,653 in payments in FY 2017-18. As detailed in *Attachment 2*, LBE contractors received 38% of all as-needed contract payments. The as-needed real estate economics contracts paid 43% of contract dollars to LBE contractors. While the as-needed engineering contracts paid 28% of overall funds during the reporting period to LBEs. The as-needed environmental services contracts paid 70% of contract dollars to LBE contracts and the newly awarded as-needed public relations attained a 100% LBE participation. Similarly, the as-needed hazardous waste disposal contracts are at the end of their term and also saw minimal contract payments.

- *Engineering* – Payments made on the as-needed engineering contracts totaled \$2,155,178 during the reporting period. Combined, payments made to LBEs during the reporting period were 19%, one point below 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 have worked with the consultants to increase LBE participation in order to close out the existing contracts within their LBE requirements. Port staff will be requesting Port Commission approval to issue a new as-needed engineering Request for Qualifications in Item 10C that includes micro-LBE set-aside contracts to improve LBE participation in this type of contract.
- *Environmental Services* – Three new environmental consulting contracts were awarded during the reporting period. Payments made on the environmental services contracts in FY 2017-18 were under \$368,530. To date 70% of payments have been made to LBE consultants with 31% going to LBE subconsultants. Historically, all as needed environmental services contracts have surpassed their CMD set LBE subcontracting goals. Port staff expects this trend to continue with the current contracts.
- *Hazardous Waste Disposal* – Payments made on the as-needed hazardous waste disposal contracts totaled \$70,449 during the reporting period. Both contracts expired in April of this year. The prime consultants, Environmental Logistics, a non-LBE firm and Eagle Environmental, a LBE-MBE firm, met their 8% LBE subcontracting commitment. Port staff plans to issue a new solicitation following Port Commission approval for as-needed hazardous waste disposal consultants in January 2019.

- *Public Relations* – Three new as needed public relations contracts were awarded during the reporting period. Payments made on the as-needed public relations contracts totaled \$129,061 during the reporting period. Two of the three contracts were awarded as micro-LBE set asides contracts. To date, the two micro-LBE set aside contracts are exceeding their 25% LBE prime participation requirement. While the formal contract has received one payment without any LBE subcontractor participation, 100% of payments made on the as-needed public relations during the reporting period have gone to LBE firms.
- *Real Estate* – Payments made on the as-needed real estate contracts totaled \$689,435 during the reporting period. Combined, payments made to LBEs during the reporting period were 17%, 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 is working with Bay Area Economics and Economic Planning Systems to guarantee future scopes of work include strong LBE participation.

2. *Construction Contracts*. In FY 2017-18, the Port managed eight open construction projects that received \$9,941,389 in payments. As detailed in *Attachment 3*. LBE contractors received \$6,418,736 (65%) of total construction contract payments. LBE subcontractors received \$3,015,711 (30%) of payments, 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 55% LBE subcontracting utilization exceeding the 21% goal set by CMD. During the reporting period, the contract exceeded its LBE subcontracting goal with 56% 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.
- *Crane Cove Park Site Preparation* – The Crane Cove Park Site Preparation project is 100% complete and closed on January 5, 2018. Shimmick Construction, the project's non-LBE prime contractor attained 29% 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 100% complete and closed on June 3, 2018. Trinet Construction, the project's LBE-WBE prime contractor has attained 29% LBE utilization, exceeding the 25% goal set by CMD.
- *Pier 23 MEP Upgrade* – The Pier 23 Mechanical, Electrical, and Plumbing Upgrade is a newly executed micro-LBE set aside contract awarded to Trinet Construction, a

LBE-WBE prime contractor. The contractor did not receive any payments during the report period.

- *Pier 29 & 31.5 Marine Structural Projects IV* – The Pier 29 & 31.5 Marine Structural Projects IV is a newly executed contract with Power Engineering, a non-LBE firm. The contract has a 3% LBE subcontracting goal. There have not been any subcontractor payments to date on this contract.
- *Pier 94 Backlands* – The newly executed Pier 94 Backlands project was awarded to Hoseley Corporation, a LBE-OBE firm. The project has a 20% LBE subcontracting goal. The contractor did not receive any payments during the report period.
- *Pier 45 Shed A & Islais Creek Restrooms* – The Pier 45 Shed-A & Islais Creek Restrooms project is 90% complete. This contract is a micro-LBE set aside awarded to G.Y, Engineering, a LBE-OBE prime contractor. To date the contractor has exceeded the project 25% LBE prime self-performance requirement by completing 66% of the contract work.

3. *Professional Services Contracts*. During the reporting period, the Port managed 15 open and active professional services projects that received \$6,478,793 in total payments, including \$2,048,338 (32%) to LBE firms. As detailed in *Attachment 4*, there are five formal active professional service contracts governed by the LBE Ordinance. In FY 2017-18, LBE contractors received \$1,787,918 (29%) 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. During the reporting period only 7% of contract payments went to LBE subcontractors. However, AECOM is currently exceeding its goal with 23% 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 12% of the \$394,141 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 25% of payments were made to LBE subcontractors.
- *Seawall Communications* – The Seawall Earthquake Safety Program Public Relations and Media Services contract led by Civic Edge Consulting, a LBE-WBE firm has a 22% LBE subcontracting goal. To date 18% of the \$538,763 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. To date 7% of the \$2,305,230 in contract payments has been paid to the LBE subcontractors. This project is expected to meet its LBE commitment as work increases in the coming fiscal year.
- *Two (2) Micro-LBE Set Aside Professional Service Contracts* – In FY 2017-18, the Port managed two active micro-LBE set aside professional service contracts totaling \$95,000. For micro-LBE set aside contracts, LBE prime contractors are required to self-perform at least 25% of the project’s work. Both contracts closed in May 2018 and both contracts met the compliance requirements for micro-LBE set asides.
- *Eight (8) Exempt Contracts* – The Port has an additional eight 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 \$241,242 (94%) out of \$256,836 in payments made to these eight 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.² 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 four 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*.

Table 3: Active Local Hire Governed Contracts, FY 2017-18

Project	WORK HOURS			APPRENTICE HOURS		
	Total	Local Hire	Local Hire %	Total	Local Apprentice	Local Hire %
	30% Requirement			50% Requirement		
Pier 94 Backlands	649	458	71%	577	72	12%
Pier 31 Utilities	7271	3285	45%	1362	1362	100%
Pier 23 Roof Repair	13815	2812	20%	3904	580	15%
Pier 23 MEP	640	454	71%	234	234	100%

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

Since the inception of the ordinance, 19 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 CONTRACTS & OUTREACH

In the coming fiscal year the Port has several upcoming opportunities for small local businesses.

As-Needed Engineering – In Items 10B and 10C on this calendar (October 23, 2018) agenda, Port staff is requesting 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 \$3,000,000 each and four micro-LBE set aside contracts at \$1,000,000 each. Services associated with these contracts include structural, civil, mechanical, electrical engineering, and construction management.

As-Needed Real Estate Economics – In November 2018, Port staff will issue 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 is 20%. Following proposal evaluation and scoring, Port staff will request Port Commission authorization to award the contracts in January 2019.

Pier 23 Restroom Upgrade – In December 2018, Port staff will request authorization from the Port Commission to advertise competitive bids for the Pier 23 Restroom Upgrade. The contract will have a budget of \$700,000. The proposed scope of work includes the renovation of existing bathrooms at Pier 23 and installation of a new sump pump at Piers 19 and 23.

Pier 31 Shed Steel Window and Concrete Wall Repairs – In December 2018, Port staff will request authorization from the Port Commission to advertise competitive bids for the Pier 31 Shed Steel Window and Concrete Wall Repairs. The contract will have a budget of \$790,000. The proposed scope of work includes repairs to the concrete pier shed walls at Pier 31 and steel window repairs or replacement.

In addition to formal administration of Port contracts, during FY 2017-18 Port staff engaged in a number of activities to increase opportunities for small local businesses.

Contracts Open House - On March 15, 2018, the Port hosted the second annual Contract Opportunities Open House to provide a networking opportunity for large and small businesses to meet, collaborate, and learn about upcoming contracting opportunities at the Port. Over 150 individuals attended the event. Port staff will continue to leverage

contacts made during the event to reach out to firms that may be eligible to compete on upcoming contract opportunities.

Minority Business Mixer – On September 27, 2018, the Port co-hosted a business mixer with the San Francisco African American Chamber of Commerce. The event is part of the Port's ongoing outreach efforts to encourage and promote diversity, equity, and inclusion in contracting and leasing opportunities. At the event, large prime contractors networked with small local business owners to connect and build relationships for upcoming contract opportunities. Over 150 individuals representing over 100 small San Francisco businesses attended the event.

Technical Workshop Series – During the month of November, Port staff, in partnership with Merriwether & Williams Insurance Services, will host a series of four workshops that aim to improve small local firms' understanding and ability to compete and win Port contracting opportunities. The workshop topics will include proposal drafting, cost estimating, bonding, and local business certification.

V. CONCLUSION

In FY 2017-18, the Port awarded fourteen new contracts totaling \$63,452,297, of which \$22,325,394 (35%) was awarded to LBEs. The Port made \$19,832,835 in contract payments, of which \$9,777,762 (49%) was paid to LBEs. Most contracts are meeting or exceeding their contractually obligated CMD goals based on overall contract spending to date. The Port also has an exciting portfolio of new contract opportunities, outreach efforts, and capacity building events that will support efforts to maximize LBE participation in Port activities on the waterfront.

Prepared by: Boris Delepine
Contract Administrator

Prepared for: Katharine Petrucione, Deputy
Director Finance & Administration

cc: Contract Monitoring Division, Finbarr Jewell

Appendix A: General Contract Terms & Port Thresholds
Attachment 1: Contracts Awarded 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.³ 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 |

³ 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.