

## MEMORANDUM

March 8, 2019

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 the First and Second Quarters of Fiscal Year 2018-19 (July 1, 2018 through December 31, 2018)

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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) 2018-19 (July 1, 2018 through December 31, 2018). 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: \$25.0 million (6 contracts)**. During the first half of FY 2018-19, the Port issued six new contracts including three construction and three professional services contracts for a cumulative value of \$24,967,975.

Five of the six contracts awarded during the reporting period were formal contracts because their values were above the LBE Ordinance threshold for formal bidding.

Three out of the six (50%) contracts were awarded to Local Business Enterprises ("LBE") with an aggregate value of \$9,743,814 (39%) awarded to LBE prime and subcontractors. Notably, with 39% of all contract dollars awarded to LBE firms, Port staff exceeded the Port Commission's informal policy to award a minimum of 20% of contracts to LBE firms.

During the reporting period, Port staff awarded a \$19,629,500 contract for the Crane Cove Park Improvements Project to Gordon N. Ball, a non-LBE firm. If the Crane Cove Park Improvement Project is omitted from the cumulative value of awarded contracts, the percentage of dollars awarded to LBEs increases to 91%.

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**B. Total Payments to Active and Open Port Contracts: \$15.5 million, including \$7.4 million (48%) to LBE primes and subcontractors.** During the first half FY 2018-19, Port contract payments totaled \$15,535,363. Of that amount, \$7,386,145 (48%) was paid to LBEs, including \$5,127,433 (33%) to LBE primes and \$2,258,712 (15%) 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.**

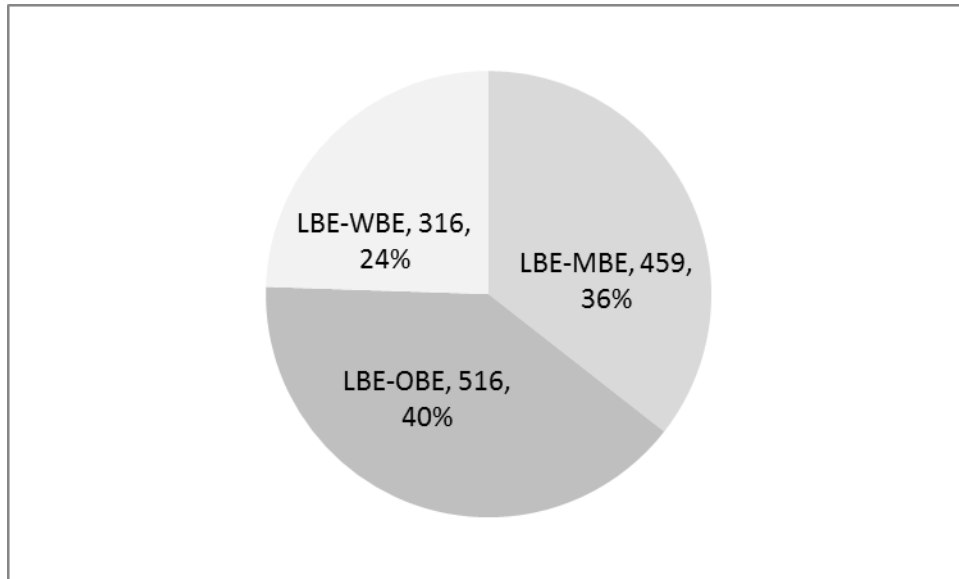
## **II. BACKGROUND**

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. Contract Monitoring Division (“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 1,291 certified LBE firms.

**Chart 1: Certified LBEs as of March 1, 2019, 1,291 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 the 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) 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.

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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.

### III. CONTRACT ACTIVITY UPDATE

During the first half of FY 2018-19, the Port awarded six new contracts totaling \$24,967,975. LBE prime contractors were awarded three of the six (50%) contracts. The Port paid contractors \$15,535,363 on active contracts during the reporting period with \$7,386,146 (48%) going to LBEs.

A. New Contracts (\$24,967,975; 6 contracts): As summarized in *Table 1* and detailed in *Attachment 1*, in the first half of FY 2018-19, the Port issued three new construction and three new professional service contracts for a cumulative value of \$24,967,975. Five of the newly award contracts are formal contracts subject to the LBE Ordinance. One contract was awarded as an informal professional service contract. Three of the six contracts awarded in the first half of FY 2018-19 went to LBE prime contractors.

During the reporting period, Port staff awarded a \$19,629,500 contract for the Crane Cove Park Improvement Project to Gordon N. Ball a non-LBE firm. If the Crane Cove Park Improvement Project is omitted from the cumulative value of awarded contracts, the percentage of dollars awarded to LBEs increases to 91%.

**Table 1: Contracts Awarded from July 1, 2018 – December 31, 2018**

Type of Contract	Total Contract	Total Dollar Amount	LBE Award Amount (Prime & Subs)	Total LBE % Awarded
Construction	3	\$ 21,567,975	\$ 7,093,814	33%
Professional Services	3	\$ 3,400,000	\$ 2,650,000	78%
<b>Grand Total</b>	<b>6</b>	<b>\$ 24,967,975</b>	<b>\$ 9,743,814</b>	<b>39%</b>

*1. Use of Delegated Authority (\$90,000; 1 contract):* The Port awarded one contract with a value of \$90,000 in the first half of FY 2018-19 through the Executive Director’s delegated authority. The contract was awarded to Rick Foster as an informal professional services contract for organizational development support.

On September 5, 2018, the Port awarded Rick Foster a \$90,000 contract for organizational development and executive coaching services. Rick Foster, a non-LBE firm, will be self-performing 100% of the contract work.

*2. Port Commission Approved (\$24.9 million; 5 contracts):* The Port Commission awarded five contracts valued at \$24,877,975 in the first half of FY 2018-19. All five contracts were issued through formal contracting guidelines under Administrative Code Chapters 6, 21, and 14B.

On July 5, 2019, the Port Commission awarded a \$0.8 million contract for the Pier 27 Passenger Shuttle project to G.Y. Engineering, an OBE-LBE firm. G.Y. Engineering proposes to exceed the contract’s 20% LBE subcontracting requirement by subcontracting to Svala Construction (36.5%), a LBE-OBE firm. G.Y. Engineering will be

self-performing 57.5% of the project work, resulting in 94% of contract work going to certified LBE firms.

On September 11, 2018, the Port Commission awarded a \$2.4 million contract for the Pier 70 and Mission Rock Special Use District Technical Support Services contract to Hollins Consulting, a LBE-MBE firm. Hollins Consulting proposes to exceed the contract's 24% LBE subcontracting requirement by subcontracting to Lotus Water (38%), a LBE-OBE firm, Vara Land Surveying (8%), a LBE-WBE firm, Geotechnical Consultants (4%), a LBE-MBE firm, Urban Fabrick (2%), a LBE-OBE firm, and Leahy Engineering (2%), LBE-OBE firm. Hollins Consulting will be self-performing 54% of the project work, resulting in 100% of contract work going to certified LBE firms.

On September 25, 2019, the Port Commission awarded a \$1.0 million contract for the Pier 29 Utility Project to CF Contracting, a LBE-OBE firm. CF Contracting proposes to meet the contract's 24% LBE subcontracting requirement by subcontracting to JDB & Sons Construction (24%), a LBE-OBE firm. G.Y. Engineering will be self-performing 76% of the project work, resulting in 100% of contract work going to certified LBE firms.

On November 13, 2019, the Port Commission awarded a \$0.8 million contract for the Crane Cove Park Improvement Project to Gordon N. Ball, a non-LBE firm. Gordon N. Ball committed to exceed the contract's 21% LBE subcontracting requirement by subcontracting up to 27% (\$4,879,370) to the following certified LBE firms:

- McKee Electric (2.78%), a LBE-MBE firm
- Y-CAT (0.26%), a LBE-MBE firm
- Team North Construction (0.22%), a LBE-WBE firm
- Toure Associates (0.28%), a LBE-MBE firm
- Giron Construction (0.14%), a LBE-MBE firm
- Hoseley Corporation (17.81%), a LBE-OBE firm
- Sohler Iron (3.04%), a LBE-MBE firm
- Various LBE Trucking Firms (2.80%)

On December 11, 2019, the Port Commission awarded a \$1.0 million contract to Environmental Science Associates, a non-LBE firm, to provide California Environmental Quality Act (CEQA) review of the Waterfront Plan Update. Environmental Science Associates will exceed the contract's 18% LBE subcontracting requirement by subcontracting to the following certified LBE firms:

- Avila Associates (1.0%), a LBE-WBE firm
- Advant Consulting (8.5%), a LBE-MBE firm
- AEW Engineering (1.0%), a LBE-MBE firm
- Alfred Williams Consulting (2.0%), a LBE-MBE firm
- Architecture & History (3.0%), a LBE-WBE firm
- CDIM Engineering (1.0%), a LBE-OBE firm
- LCW Consulting, (8.5%), a LBE-WBE firm

**B. Contract Payments:** As shown in *Table 2* below, during the first half of FY 2018-19, Port contract payments totaled \$15,535,363. Of all payments, \$7,386,145 (48%) was paid to LBE firms, including \$5,127,433 (33%) to prime contractors and \$2,258,712 (15%) to subcontractors. During the reporting period the Port met CMD goals for professional service contracts. As-Needed and constructions contracts fell slightly below the average CMD subcontracting goal. Port and CMD staff monitors payments to LBEs to ensure that Port contractors honor their contract commitments.

**Table 2: Contract Payments and LBE Participation from July 1, 2018 – December 31, 2018**

Contract Type	Total Payments	Local Business Enterprise					
		Prime Payments	Sub Payments	Total LBE Payments	Overall %	Sub %*	Avg. Goal %**
As-Needed	\$1,666,057	\$425,329	\$276,239	\$701,568	42%	17%	19%
Construction	\$8,974,269	\$3,550,747	\$995,775	\$4,546,522	51%	11%	12%
Professional Services	\$4,895,037	\$1,151,357	\$986,698	\$2,138,055	44%	20%	20%
<b>Total</b>	<b>\$15,535,363</b>	<b>\$5,127,433</b>	<b>\$2,258,712</b>	<b>\$7,386,145</b>	<b>48%</b>	<b>15%</b>	<b>17%</b>

\*Includes LBE Governed Contracts

\*\*CMD Subcontracting Goal

**1. As-Needed Contracts.** The Port currently manages 14 active as-needed contracts that received \$1,666,057 in payments in the first half of FY 2018-19. Overall, LBE contractors received \$701,568 (42%) of total payments on LBE governed professional service contracts and LBE subcontractors received \$276,239 (17%) of payments made on the construction contracts. As detailed in *Attachment 2*, LBE contractors received 42% of all as-needed contract payments. Overall LBEs received 89% of dollars paid on as-needed real estate economics contracts, 24% of engineering, 33% of environmental services, and 100% of payments to the public relations consultants during the reporting period.

- **Engineering** – Combined, payments made on the four active engineering as-needed contracts during the reporting period fell below the 20% LBE subcontracting goal. Though consulting work during the reporting period did not satisfy LBE subcontracting provisions, Port staff expects all four contracts to meet or exceed their CMD-set LBE subcontracting goals over the life of their contracts. Port staff issued a RFQ in December to award four new as-needed engineering contracts in the second half of FY 2018-19.
- **Environmental Services** – Three new environmental consulting contracts were awarded during in FY 2017-18. Of payments made on the environmental services contracts in the first of half of FY 2018-19, 33% were to LBE firms. While payments to LBE subcontractors fell below the CMD-set LBE subcontracting goal. Port staff expects all as-needed environmental services contracts to either meet or surpass their CMD set LBE subcontracting goals.
- **Public Relations** – Payments made on the three as-needed public relations contracts were minor during the reporting period. Two of the three contracts were awarded as micro-LBE set aside contracts and do not have a subcontracting goal requirement.

The third contract is expected to meet its LBE subcontracting requirement. During the reporting period 100% of payments made on the as needed public relations contracts went LBE firms.

- *Real Estate* – Combined, payments made on the four as-needed real estate economics contracts exceeded the 22% CMD-set goal during the reporting period with 28% of payments going to LBE subcontractors and 89% of overall payments going to LBEs. Port staff issued a RFQ in January of 2019 to award a new series of as-needed real estate economic, contracts in the second half of FY 2018-19.

2. *Construction Contracts*. In the first half of FY 2018-19, the Port managed five construction projects that received \$8,974,269 in payments. As detailed in *Attachment 3*, LBE contractors received \$4,546,522 (51%) of total construction contract payments. LBE subcontractors received \$995,775 (11%) of payments made on the construction contracts.

- *Pier 29 & 31.5 Structural Projects* – The Pier 29 & 31.5 Structural Projects contract is 56% complete. To date, Power Engineering, the project's non-LBE prime contractor has attained 5% LBE subcontracting utilization exceeding the 3% goal set by CMD.
- *Pier 94 Backlands* – The Pier 94 Backlands contract is 76% complete, Hoseley Corporation, the project's LBE-OBE prime contractor has attained a 9% LBE subcontracting utilization falling below the 20% goal set by CMD over the life of the contract. While overall performance is currently low, the project will see greater LBE participation during the remaining contract scope.
- *Pier 94-96 Storm Drain Repair* – The Pier 94-96 Storm Drain Repair project is 100% complete. Trinet Construction, the project's LBE-WBE prime contractor attained a 28% LBE subcontracting utilization exceeding the 25% goal set by CMD over the life of the contract.
- *Pier 31 Utilities & Restroom* – The Pier 31 Utilities & Restroom Project is 100% complete. To date, KCK Builders, the project's LBE-OBE prime contractor attained a 54% LBE utilization, exceeding the 25% goal set by CMD.
- *Pier 32 MEP Upgrade* – The Pier 23 Mechanical, Electrical, and Plumbing Upgrade is 100% complete. This contract is a micro-LBE set aside awarded to Trinet Construction, a LBE-WBE prime contractor. Trinet Construction exceeded the CMD-set micro-LBE requirement to self-perform a minimum of 25% of the contract work.

3. *Professional Services Contracts*. The Port currently manages 12 open and active professional services projects that received \$4,895,037 in total payments in the first half of FY 2018-19, including \$2,138,055 (44%) to LBE firms. As detailed in *Attachment 4*, there are six formal active professional service contracts subject to the LBE Ordinance. In the first half of FY 2018-19, LBE contractors received \$2,138,055 (44%) of total

payments on LBE governed professional service contracts. LBE subcontractors received \$986,698 (20%) of payments made on the construction contracts.

- *Seawall Earthquake Safety Program* – The Seawall Earthquake Safety Program was awarded during in FY 2017-18. Jacobs, formerly CH2M Hill, the non-LBE project lead, has committed to a 21% LBE subcontracting goal. To date 11% of \$5,372,511 in contract payments has been paid to LBE subcontractors. While the current geotechnical work did not contain a large amount of LBE participation, and although the LBE commitment for work completed to date is below the goal, Port staff foresee LBE participation increasing based upon the type and value of forecasted work over the remainder of the program as it moves from planning to preliminary design.
- *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 45% of contract payments went to LBE subcontractors. AECOM is currently exceeding its goal with 25% of all payments going to LBE subcontractors over the term of the contract.
- *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 27% of payments were made to LBE subcontractors, with 26% of overall contract payments going to LBE subcontractors to date.
- *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 minimal payments were made on this contract. 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 work include strong LBE subcontractor participation to bring the contract into compliance.
- *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 26% of the \$872,750 in contract payments has been paid to the LBE subcontractors. This project is expected to continue to exceed its LBE obligations in the coming fiscal year.
- *Technical Support Services Pier 70 & Mission Rock* – During the reporting period the Technical Support Services Pier 70 & Mission Rock contract was awarded to Hollins Consulting, a LBE-MBE firm. The contract has a 24% CMD-set LBE subcontracting requirement. No payments were made on this contract during the reporting period.
- *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 value, funding source requirements, or LBE subcontracting waivers granted by CMD. While these contracts are exempt from LBE subcontracting goals,



the Port paid LBE contractors \$129,938 (91%) out of \$142,454 in payments made to these six contracts.

4. *Development Agreements.* The Port currently oversees two development projects at Pier 70 and Mission Rock. Each project is now in the implementation phase and will be going through extensive planning, engineering, and construction activities in the coming year. Additionally, each project developer has committed to a LBE Utilization Plan that governs the project's local business participation obligations.

- *Pier 70* – Brookfield Properties (formerly Forest City) committed to make good faith efforts to meet a 17% LBE participation goal for the duration of the project. To date the project has awarded \$31.5 million in total contract awards, of which \$4.3 million (14%) have been awarded to small and micro-LBE firms. Additionally, \$6.8 million or 21.7% of total contract awards have been awarded to all LBEs, including SBA-LBE firms. Brookfield Properties hired RDJ Enterprises, a LBE-MBE firm, to provide outreach and guidance on strategies to maximize LBE participation opportunities on future solicitations. Contracts awarded to date include architectural and engineering consultants for both horizontal and vertical development in Phase 1, and the first construction package for horizontal construction work and relocation of Building 15.
- *Mission Rock Development* –Mission Rock Partners LLC, a joint venture between the San Francisco Giants and Tishman Speyer, completed the entitlement process for Mission Rock in 2018. Public commitments included a good faith effort to meet a goal of 20% LBE participation during construction of the project. The Mission Rock team recently issued its first round of procurement opportunities for Phase 1 which included architecture, engineering, and other professional services.

To help achieve the 20% LBE goal, Mission Rock undertook a robust outreach effort in partnership with Monica Wilson, owner of a Bayview-based LBE-WBE firm. Wilson engaged numerous M/WBE trades and associations including the San Francisco African American Chamber of Commerce, Asian American Architects and Engineers Association, and Hispanic Chamber of Commerce. Additionally, the project team hosted a LBE workshop which allowed 150 firms to engage directly with the project team. As a result of these efforts, 40% of the 200 submissions received were from LBE firms. The project team is currently reviewing, evaluating, and shortlisting firms and will continue to work with the Contract Monitoring Division and the Port staff.

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 four open construction contracts that are subject to the requirements of the Local Hire Ordinance. OEWD staff advises that three of the four projects are compliant, as summarized in *Table 3*.

**Table 3: Active Local Hire Governed Contracts, First Half of FY 2018-19**

Project	TOTAL WORK HOURS			APPRENTICE HOURS		
	Total	Local Hire	Local Hire %	Total	Local Apprentice	Local Hire %
	<b>30% Requirement</b>			<b>50% Requirement</b>		
Pier 31 Utilities	8,902	3,942	44%	1,457	1,457	100%
Pier 94 Backlands	10,790	5,372	50%	1,374	891	65%
Pier 94-96 Storm Drain	2,796	1,166	42%	210	106	50%
Pier 29 & 31.5 Structural	15,921	1,353	8%	5,272	1,083	21%

*\*OWED granted a conditional waiver or exemption that permits contractors to perform below the Local Hire requirement.*

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. LEGISLATIVE UPDATE**

In FY 2018-19, the Board of Supervisors adopted and Mayor London Breed signed into law, significant reforms to support small businesses on public construction projects. Additionally, in March, the Public Utilities Commission (PUC) will be introducing an ordinance co-sponsored by the Port to codify the PUC’s Community Benefits Program and expand its use to other City enterprise departments.

A. Project Labor Agreement Ordinance: The Project Labor Agreement Ordinance was unanimously adopted by the Board of Supervisors in December 2018. The legislation, effective February 18, 2019, added Section 6.27 to the City Administrative Code, and requires the City to negotiate a project labor agreement with local unions covering City

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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.

public works projects above certain monetary thresholds. For work funded by general obligation bonds, the project labor agreement requirement will be triggered for contracts whose estimated costs exceed \$5.0 million and lowers to \$1.0 million over a three year period. For all other work the threshold is set at an estimated cost exceeding \$10 million.

Most LBEs are not union-member owned companies. In an effort to support small local business the legislation contains a provision which allows LBEs to accumulate up to \$5.0 million worth of work before being subject to the project labor agreement requirement. While the legislation applies only to public work contracts issued by the Department of Public Works and the Recreation and Park Department, and exempts enterprise departments including the Port, the legislation may impact the Port as LBE firms which become ineligible for DPW and RPD contracts seek public works opportunities with the Port.

B. Community Benefits Ordinance: In March 2019, the San Francisco PUC intends to introduce legislation, co-sponsored by the Port, to require contractors to provide community benefits to local communities impacted by work to be performed under contracts valued at \$3.0 million or more. The legislation applies to contracts solicited by City enterprise departments, namely the PUC, Airport, Municipal Transportation Agency, and the Port, that will allow a qualitative element in their review. Professional service contracts, design-build, construction manager/general contractor, and best value contracts will be covered under the proposed ordinance, but low-bid contracts will be exempt.

The legislation would allow the Port Commission to approve by resolution, a department-specific policy establishing criteria for Community Benefits commitments in covered contracts. If adopted, the legislation will enable the Port to further its objective to encourage City contractors to better understand specific needs of the local communities in which they are performing work and to propose specific corporate philanthropic activities to support local communities in and adjacent to Port property.

## **V. UPCOMING OPPORTUNITIES & OUTREACH**

In the next six months the Port has several upcoming opportunities for small local businesses.

*As-Needed Engineering Micro-LBE Set Aside* – In March 2019, Port staff issued a RFQ for as-needed engineering and related professional services to award four contracts valued at \$1.0 million each. Services associated with these contracts include civil engineering and construction management. All four contracts will be awarded as micro-LBE set asides project.

*Ferry Terminal Gate B Canopy Repair* – In April 2019, Port staff will advertise competitive bids for the Ferry Terminal Gate B Canopy Repair. The contract will have a budget of \$55,000. The proposed scope of work includes replacement of the existing

canopy cover with a new arched fabric approximately 114' long x 30' wide. This contract will be awarded as a micro-LBE set aside.

*2814 Crane Cove Park Project – Building 49 Improvements* – In the first quarter of 2019, Port staff will advertise this construction project as a best value contract. The contract budget is approximately \$3.9 million. The proposed scope of work includes partial renovation of the building including public restrooms. It is part of the larger Crane Cove Park project.

*As-Needed Environmental Services* – In second quarter of 2019, Port staff will request Port Commission authorization to advertise a RFQ for as-needed environmental services and related professional services. Port staff anticipates awarding up to four contracts for a not-to-exceed amount \$1.0 million 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 summer 2019.

*South Beach Marina Repairs* – In second quarter of 2019, Port staff will request authorization from the Port Commission to advertise competitive bids for the South Beach Marina Repairs project. The construction contract will have a budget of \$2.31 million. The proposed scope of work includes replacement of the Pier 40 North Guest Dock, and repairs to the South Beach Marina end ties / docks.

In addition to formal administration of Port contracts, during FY 2018-19 Port staff engaged in a number of activities to increase participation among small local businesses.

*Minority Business Enterprise 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. More than 150 individuals representing over 100 small San Francisco businesses attended the event.

*Micro-LBE Engineering Technical Workshop* – On February 5, 2019, the Port co-hosted an event entitled "Creating Micro-LBE Opportunities" with Merriwether & Williams Insurance Services. At the event attendees learned tips on how to put together a winning proposal, the importance of partnering, and how to build capacity through micro-LBE contracts. Over 50 individuals representing 30 micro-LBE firms attended the event.

*3<sup>rd</sup> Annual Contracts Open House* – On March 21, 2019, the Port will host the third annual Contract Opportunities Open House to provide a networking opportunity for small and large businesses to meet, collaborate, and learn about upcoming contracts. Port Commission President Kimberly Brandon, Executive Director Elaine Forbes, and City Purchaser Alaric Degrafinried will be participating in this year's event.

## V. CONCLUSION

In the first half FY 2018-19, the Port awarded ten new contracts totaling \$24,967,975 of which \$9,743,814 or 39%, was represented in contracts awarded to LBEs. The Port made \$15,535,363 in contract payments, of which \$7,386,145 or 48% 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 less new contracting activity, there will be several upcoming contract opportunities and outreach events for small local contractors in the second half of FY 2018-19.

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Prepared for: Katharine Petrucione, Deputy  
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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 2018-19  
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.