

MEMORANDUM

May 10, 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: Request authorization to award contracts to (1) BAE Urban Economics, (2) Economic & Planning Systems, (3) Keyser Marston Associates, and (4) Seifel Consulting, for as-needed real estate economics and related professional services, each contract in an amount not to exceed \$750,000. (Resolution No. 19-19)

DIRECTOR'S RECOMMENDATION: Approve Resolution No.19-19

EXECUTIVE SUMMARY

Pursuant to Port Commission authorization (Resolution 18-27), Port staff issued a Request for Qualifications ("RFQ") soliciting as-needed real estate economics and related professional services on January 16, 2019. Seven proposals were submitted by consulting firms in response to the RFQ. The Contract Monitoring Division ("CMD") determined that six of the seven firms met the City's Local Business Enterprise ("LBE") Ordinance requirements. A selection panel then evaluated and scored the written proposals and held oral interviews. CMD monitored the panel evaluation process and applied the LBE rating bonus to all eligible firms.

Port staff now seeks Port Commission authorization to award professional services contracts for as-needed real estate economics and related professional services to the following highest-scoring firms: (1) BAE Urban Economics, (2) Economic & Planning Systems, (3) Keyser Marston Associates, and (4) Seifel Consulting. Port staff recommends the award of each contract in the not-to-exceed amount of \$750,000, with a term of four years, and an option for an additional year at the Port's sole discretion. The cumulative value of the four contracts would amount to \$3,000,000 over a maximum term of five years. These proposed contracts will be funded through the Port's annual operating budget and proceeds from general obligation and revenue bonds.

This Print Covers Calendar Item No. 11A

STRATEGIC PLAN OBJECTIVE

This contracting opportunity supports the goals of the Port's Strategic Plan as follows:

Economic Vitality

By planning and executing a holistic and balanced strategy to the real estate portfolio and asset management to maximize asset value and income stream to the Port.

Livability

By increasing the proportion of funds spent by the Port with LBEs and micro-LBEs.

Renewal

By prioritizing projects to renew waterfront facilities for the ongoing enjoyment of residents and to support local commercial and industrial businesses and employees.

BACKGROUND

In Fiscal Year (FY) 2015-16 the Port entered into four (4) master agreements for as-needed real estate economics and related services pursuant to Port Commission approvals. The master agreements included a maximum dollar value of \$500,000 per contract, for a cumulative maximum value of \$2 million.

The four prime consultants under the existing contracts are: BAE Urban Economics; Century Urban, Economic & Planning Systems; and Seifel Consulting. Each of the consultant teams also included several subconsultants in a variety of professional disciplines.

To date, projects on the existing contracts have included financial negotiation support for the Mission Rock and Pier 70 developments, a financial analysis of the Mission Bay Ferry Landing, and advisory services for the Waterfront Land Use Plan update, among others. For the existing contracts, the overall Local Business Enterprise ("LBE") subcontracting participation percentage is currently 15% or 6% below the Contract Monitoring Division ("CMD") set goal of 21%. Port staff in consultation with the prime consultants have set aside contract work for LBE subcontractors over the remainder of the existing contracts in order to bring each contract into compliance with their LBE obligations.

SCOPE OF WORK

The Port's needs for consultant assistance during the next three to four years are not fully known but are anticipated to include work to support development and real estate efforts, as described below. Port staff anticipates a need for the same types of services as were utilized under the current master agreements, including but not limited to real estate economics, urban design and architecture, land use planning, and historic preservation.

Real Estate and Development Projects

Port staff anticipates that consultant services will be required in areas such as: real estate valuation and negotiation support; public financing; urban design; site planning; market

demand analysis; historic preservation; fiscal impact analysis; and others. Examples of ongoing and future projects that will benefit from these services are summarized below.

Embarcadero Historic District Solicitation and Disposition

As part of implementing the update to the Waterfront Land Use Plan, the Port is evaluating potential solicitations for historic pier rehabilitation. Depending on the results of that effort, assistance with solicitations and negotiations are likely to follow.

Seawall Lot 337 & Pier 48 (Mission Rock) and Waterfront Site at Pier 70

The Board of Supervisors approved two major projects at the Port in 2017 and 2018 including the Mission Rock project at Seawall Lot 337 and Pier 48, with Mission Rock Partners (a partnership between the San Francisco Giants and Tishman Speyer), and the Pier 70 Waterfront Site with Brookfield, formerly Forest City. The Port and its development partners are moving forward on these large-scale mixed-use projects virtually simultaneously. Each are entitled for roughly three million square feet of new and rehabilitated development per site, along with all new infrastructure and parks.

Strategic Leasing Services

The Division anticipates several service types related to asset management and strategic leasing including assistance with building measurements, marketing materials development, and space planning for leasable space, focused on retail and restaurant space as well as industrial and warehouse space.

Southern Bayfront Industrial Opportunities

The Port has received interest from many companies in leasing and development projects in the Piers 80-96 area. The Port has already completed a “Piers 80-96 Eco-Industrial Strategy” through a community planning process. Staff sees a potential need to evaluate proposals for the area that may continue to be received, while implementing the long-term vision for the area.

Other Projects

Several other recently initiated or proposed projects may require economic and planning consultant assistance over the next few years such as the remaining Pier 70 development areas near Crane Cove Park.,

Disciplines and Work Tasks

A more comprehensive list of the various disciplines and work tasks that may be required of the desired consultants follows below:

Real Estate Economics

- Real estate lease negotiations
- Financial feasibility analysis
- Development cost forecasting/projections
- Market and site feasibility analysis
- Marketing and leasing strategic planning
- Pre-development/conceptual architectural designs

- Lease management analysis
- Highest and best use analysis
- Development and land use planning
- Public/private partnership development transactions structure and negotiation
- Economic impact analysis
- Commercial market analysis
- Maritime market analysis

Other related services

- Site surveying
- Interior architecture and space planning
- Land use and sustainability planning and analysis
- Historic resource preservation planning and design services
- Planning graphics and public information documents

SELECTION PROCESS

On January 16, 2019, the Port issued the RFQ, with submittals due on March 1, 2019. A pre-submittal meeting was held on February 5, 2019. Over 26 people representing 20 unique real estate economics and related professional service firms attended the pre-submittal meeting.

The Port received seven responses to the RFQ in advance of the March 1, 2019 submittal deadline. The following seven consultant teams responded to the RFQ:

1. AECOM
2. BAE Urban Economics
3. Century Urban
4. The Concourse Group
5. Economic & Planning Systems
6. Keyser Marston Associates
7. Seifel Consulting

CMD staff reviewed and determined that one firm, The Concourse Group, did not meet the LBE requirements specified in the RFQ. CMD determined that the six remaining firms complied with the RFQ's LBE requirements.

Selection Panel

A three-member evaluation panel was convened to evaluate and score proposals on April 4, 2019. The panel consisted of the Port's finance director, one senior project manager from the Mayor's Office of Housing and a business development manager from the Mayor's Office of Economic and Workforce Development. The panel members had expertise in real estate economics, lease negotiations, project management, and financial feasibility analysis. The Port's CMD Compliance Officer approved the panel composition and attended all selection panel meetings.

Evaluation Criteria

Six written proposals were evaluated and scored by the selection panel based upon the following criteria:

- 50 points – lead and sub-consultant experience
- 20 points – team composition and staffing plan
- 30 points – work approach
- 100 points total

Firms scoring 75 points or more in the written proposal phase were invited to oral interviews. One firm, AECOM, did not meet the minimum points requirement. As a result, five firms advanced to the second phase of the evaluation process for oral interviews. On April 12, 2019, the panel conducted oral interviews, evaluating and scoring each candidate firm based upon the following criteria:

- 50 points – prime consultant, subcontractor, and project staff experience
- 50 points – case study
- 100 points total

The City Administrative Code Chapter 14B, the LBE and Non-Discrimination in Contracting Ordinance, establishes rating bonuses for LBE firms and LBE joint venture partnerships. Two responding firms were granted a 10 percent rating bonus as allowed under the ordinance. The complete rankings are shown in Table 1. Port staff selected the four top-ranked firms for recommended contracts. Port staff issued a Notice of Intent to Award Contracts on April 17, 2019.

Table 1: As-needed Real Estate Economics RFQ Proposal Scores

Proposer	Written Proposal Score (Avg)	Oral Interview (Avg)	LBE Rating Bonus	Final Total Score	Final Rank
Seifel Consulting (LBE-WBE)	90	93.3	10.00%	201.6	1
Bay Area Urban Economics (Non-LBE)	84.6	89	0.00%	173.6	2
Keyser Marston Associates (Non-LBE)	81	86.6	0.00%	167.6	3
Economic Planning Systems (Non-LBE)	80.3	84	0.00%	164.3	4
Century Urban (LBE-OBE)	86	61.3	10.00%	162.0	5

SELECTED CONSULTANTS

About Bay Area Urban Economics

Bay Area Urban Economics (“BAE”), a non-LBE firm, currently serves as a prime contractor on the Port’s existing as-needed real estate economics contract. BAE is a minority owned firm comprised of 18 employees in five offices nationwide, including Berkeley. They have served as a real estate economic consultant to the Port for the past

15 years and have experience working on the Pier 70 Historic Core II financial analysis, the Pier 80-96 industrial analysis, and the Seawall economic impact study. The BAE team committed to subcontract 22.5% of the contract's work to LBE firms.

About Economic Planning Systems

Economic Planning Systems (“EPS”), a non-LBE firm, currently serves as a prime contractor on the Port’s existing as-needed real estate economics contract. EPS is a Sacramento based company with an office in Oakland. EPS’s recent work on Port and maritime facilities includes the Pier 70 Master Plan, Hunters Point Naval Shipyard market and financial analysis, and the fiscal and financial analysis for the Treasure Island Redevelopment. The EPS team includes ten subconsultant firms of which six are LBEs. EPS has committed to subcontract 13% of the contract’s work to LBE firms.

About Keyser Marston Associates

Keyser Marston Associates (“KMA”), a non-LBE firm, was first retained by the Port in 2011. They do not currently provide services to the Port. KMA is a Berkeley based company with experience providing financial analysis and lease negotiations on the Pier 70 Historic Core, Marina Del Ray Harbor Project, and the development of the Alameda Point in Alameda, California. KMA’s team is comprised of eight subconsultants all of which are certified LBE firms. KMA has committed to subcontract 18% of the contract’s work to LBE firms.

About Seifel Consulting

Seifel Consulting, an LBE-WBE firm, currently serves as a prime contractor on the Port’s existing as-needed real estate economics contract. Seifel Consulting is a San Francisco based firm providing real estate, fiscal and economic advisory services since 1990. The firm’s project experience includes providing economic analysis support on the Mission Rock Development, the Salesforce Transit Center, and the revitalization of the Candlestick Point. Seifel Consulting’s team includes nine subconsultant firms of which five are LBEs. Seifel Consulting has committed to subcontract 13% of the contract’s work to LBE firms.

FUNDING

Funding for these proposed contract services will be allocated on an annual basis through either the Port operating budget or capital budget. Some services may be funded through the proceeds of General Obligation or Port Revenue Bonds. Funding for each Contract Service Orders (“CSO”) will be identified prior to requesting proposals from the as-needed consultant firms.

SCHEDULE

The planned contracting schedule is shown below:

<u>Activity</u>	<u>Target Date</u>
Port Commission Authorization to Award Contract	May 14, 2019
Notice To Proceed	June 15, 2019
Contract Completion	June 15, 2023

RECOMMENDATION

Port staff request authorization to award four contracts to (1) BAE Urban Economics, (2) Economic & Planning Systems, (3) Keyser Marston Associates, and (4) Seifel Consulting for as-needed real estate economics and related professional services, each contract in an amount not to exceed \$750,000, with an initial term of four years, and an option to extend the term for an additional year at the Port's sole discretion. The contracts will be funded through the Port's operating and capital budgets.

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and

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Division

A: CMD Award Memo

**PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO**

RESOLUTION NO. 19-19

WHEREAS, Due to the variety and ongoing complexity of the Port's real estate portfolio, Port staff requires consultant real estate economics and related professional services, including expertise and assistance with conceptual site planning, leasing and asset management, and financial feasibility analysis; and

WHEREAS, the Port's current set of four as-needed real estate economic and related professional services contracts, awarded pursuant to Port Commission authorization in 2016, have provided timely and cost-effective vehicles for the provision of such professional services; and

WHEREAS, the Port has expended nearly all of the contract budgets for these current four contracts in advance of the expiration of the contract terms; and

WHEREAS, on May 8, 2018, the Port Commission authorized staff to issue a Request for Qualifications ("RFQ") to solicit qualified firms to provide as-needed real estate economics and related professional services to the Port (Port Commission Resolution 18-27); and

WHEREAS, Port staff advertised the RFQ on January 16, 2019 and received seven proposals on March 1, 2019, of which six were deemed responsive to the requirements of the RFQ; and

WHEREAS, on April 4, 2019, a three member evaluation panel evaluated and scored responsive proposals, and after applying the Local Business Enterprise prime consultant rating points, the City's Contract Monitoring Division and Port staff determined the following four firms submitted the highest-scoring proposals in response to the RFQ: (1) BAE Urban Economics, (2) Economic & Planning Systems, (3) Keyser Marston Associates, and (4) Seifel Consulting.; and

WHEREAS, Based upon the final evaluation and scoring of the proposals, Port staff recommend the award of separate contracts to these four highest-scoring firms (1) BAE Urban Economics, (2) Economic & Planning Systems, (3) Keyser Marston Associates, and (4) Seifel Consulting for as-needed real estate economics and related professional services, each contract in an amount not to exceed \$750,000, with an initial term of four years, and an option to extend the term for an additional year at the Port's sole discretion; now therefore, be it

RESOLVED, that the Port Commission hereby authorizes the award of four separate contracts to (1) BAE Urban Economics, (2) Economic & Planning Systems, (3) Keyser Marston Associates, and (4) Seifel Consulting for as-needed real estate and related professional services, each contract in an amount not to exceed \$750,000, with an initial term of four years, and an option to extend the term for an additional year at the Port's sole discretion; and be it further

RESOLVED, that the Port Commission further authorizes Port staff to execute all necessary contract documents, in such form as approved by the City Attorney's office, for effectuating the purpose of the contracts as described in the staff report accompanying this item.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of May 14, 2019.

Secretary