

## MEMORANDUM

November 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 Fiscal Year 2018-19 (July 1, 2018 through June 30, 2019)

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### I. EXECUTIVE SUMMARY

This report provides the Port Commission with information on contracting activity for Fiscal Year ("FY") 2018-19 (July 1, 2018 through June 30, 2019). It focuses on both professional services, construction contracts, and development projects. The report also provides information on upcoming contracting opportunities, and summarizes the Port's contract outreach efforts.

A. **Total Value of New Contracts: \$40.5 million (16 contracts).** During the FY 2018-19, the Port issued sixteen new contracts including five construction and 11 professional services contracts for a cumulative value of \$40,517,975. Ten out of the 16 (63%) contracts were awarded to Local Business Enterprises ("LBE") with an aggregate value of \$16,953,064 (42%) awarded to LBE prime and subcontractors.

Thirteen of the 16 contracts awarded during the reporting period were formal contracts because their contract value was above the LBE Ordinance threshold. Two of the 16 contracts were awarded as micro-LBE set asides, for which competition was limited to Contract Monitoring Division ("CMD") certified micro-local businesses. Notably, with 42% 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: \$39.3 million, including \$13.3 million (34%) to LBE primes and subcontractors.** During FY 2018-19, Port contract payments totaled \$39,314,364. Of that amount, \$13,349,167 (34%) was paid to LBEs, including \$7,448,911 (19%) to LBE primes and \$5,900,256 (15%) to LBE subcontractors.

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

Since the inception of the Local Hire Ordinance 21, Port projects have been deemed compliant by the Mayor’s Office of Workforce and Economic Development.

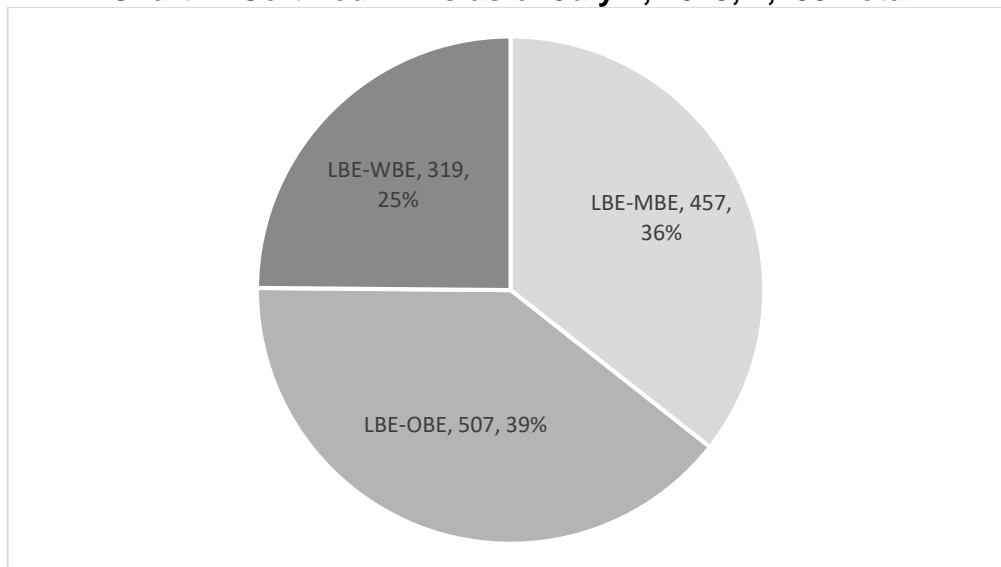
**II. BACKGROUND**

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 1,283 certified LBE firms.

**Chart 1: Certified LBEs as of July 1, 2019, 1,283 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**

During FY 2018-19, the Port awarded 16 new contracts totaling \$40,517,975. LBE prime contractors were awarded ten of the 16 (63%) contracts. The Port paid contractors \$39,314,364 on active contracts during the reporting period with \$13,349,167 (34%) going to LBEs.

A. New Contracts (\$40,517,975; 16 contracts): As summarized in *Table 1* and detailed in *Attachment 1*, in FY 2018-19, the Port issued five new construction, eight new as-needed, and three new professional service contracts for a cumulative value of \$40,517,975. Ten out of the 16 (63%) contracts were awarded to Local Business Enterprises with an aggregate value of \$16,953,064 (42%) awarded to LBE prime and subcontractors. Thirteen of the newly awarded contracts are formal contracts governed by the LBE Ordinance. Two of the 16 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.

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 58%.

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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.

**Table 1: Contracts Awarded from July 1, 2018 – June 30, 2019**

Type of Contract	Total Contract	Total Dollar Amount	LBE Award Amount (Prime & Subs)	Total LBE % Awarded
As-needed	8	\$ 15,000,000	\$ 6,852,750	46%
Construction	5	\$ 22,117,975	\$ 7,450,314	34%
Professional Services	3	\$ 3,400,000	\$ 2,650,000	78%
<b>Grand Total</b>	<b>16</b>	<b>\$ 40,517,975</b>	<b>\$ 16,953,064</b>	<b>42%</b>
Crane Cove Park Improvements	1	\$ 19,629,500	\$ 4,879,370	25%
<b>Adjusted Total</b>	<b>15</b>	<b>\$ 20,888,475</b>	<b>\$ 12,073,694</b>	<b>58%</b>

*1. Use of Delegated Authority (\$640,000; 3 contracts):* The Port awarded three contracts totaling \$640,000 in FY 2018-19 through the Executive Director's delegated authority.

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.

On March 3, 2019, the Port awarded the Pier 23 Restroom Improvements Project to Hoi's Construction, a LBE-MBE firm. The contract was awarded as a micro-LBE set aside. Hoi's Construction will be self-performing 73% of the contract work.

On June 19, 2019, the Port awarded M.H. Construction, a LBE-MBE firm, a \$100,000 contract for construction of the downtown ferry terminal Gate B. The contract was awarded as a micro-LBE set aside. M.H. Construction will be self-performing 28% of the contract work.

*2. Port Commission Approved (\$39,967,975; 13 contracts):* The Port Commission awarded 13 contracts valued at \$39,967,975 in FY 2018-19. All thirteen contracts were issued through formal contracting guidelines under Administrative Code Chapters 6, 21, and 14B.

On July 10, 2018, the Port Commission awarded a \$0.8 million contract for the Pier 27 Passenger Shelter project to G.Y. Engineering, a LBE-OBE 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 Pier 70 and Mission Rock Special Use District technical support services 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, 2018, the Port Commission awarded the Pier 27 Passenger Shelter Project, to C.F. Contracting, a LBE-OBE firm. C.F. Contracting proposes to exceed the contract's 24% LBE subcontracting requirement by subcontracting to Svala Construction (36%), a LBE-OBE firm. C.F. Contracting will be self-performing 58% of the project work, resulting in 94% of contract work going to certified LBE firms.

On November 13, 2018, the Port Commission awarded a \$19.6 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, 2018, 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
- Adavant 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

On April 9, 2019, the Port Commission awarded four as-needed engineering and related professional services contracts each in an amount not to exceed \$3,000,000 as follows:

- *Arcadis/Lotus Water Joint Venture (JV-OBE)* - Lotus Water, the LBE-OBE joint venture partner, will self-perform 30% of the contract work and subcontract a minimum of 20% to certified LBE firms resulting in 50% overall LBE participation.

- *Parsons/Ryan Joyce Structural Design Joint Venture (JV-OBE)* – Ryan Joyce Structural Design, the LBE-OBE joint venture partner, will self-perform 26% of the contract work and subcontract a minimum of 18% to certified LBE firms resulting in 44% overall LBE participation.
- *Stantec/McGovern McDonald Engineers Joint Venture (JV-WBE)* – McGovern McDonald Engineers, the LBE-WBE joint venture partner, will self-perform 30% of the contract work and subcontract a minimum of 19% to certified LBE firms resulting in 44% overall LBE participation.
- *Terra Engineers (LBE-WBE)* - Terra Engineers, LBE-WBE firm, will self-perform 35% of the contract work and subcontract a minimum of 19% to certified LBE firms resulting in 54% overall LBE participation.

On May 14, 2019, the Port Commission awarded four as-needed real estate economics and related professional services contracts, each in an amount not to exceed \$750,000 as follows:

- *BAE Urban Economics (Non-LBE)* – BAE Urban Economics, a non-LBE firm, will subcontract 23% of their contract work to certified LBE firms.
- *Economic & Planning Systems (Non-LBE)* – Economic & Planning Systems, a non-LBE firm, will subcontract 13% of their contract work to certified LBE firms.
- *Keyser Marston Associates (Non-LBE)* – Keyser Marston Associates, a non-LBE firm, will subcontract 18% of their contract work to certified LBE firms.
- *Seifel Consulting (LBE-WBE)* – Seifel Consulting, a LBE-WBE firm, will self-perform 58% of the contract work and will subcontract a minimum of 13% to certified LBE firms resulting in 71% LBE participation.

B. Contract Payments: As shown in *Table 2* below, during FY 2018-19, Port contract payments totaled \$39,314,364. Of all payments, \$13,349,167 (34%) was paid to LBE firms, including \$7,448,911 (19%) to prime contractors and \$5,900,256 (15%) to subcontractors. 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, 2018 – June 30, 2019**

Contract Type	Total Payments	Local Business Enterprise				
		Prime Payments	Sub Payments	Total LBE Payments	Overall %	Sub %*
As-Needed	\$3,709,164	\$951,280	\$781,821	\$1,733,101	47%	21%
Construction	\$24,876,275	\$5,782,641	\$3,359,342	\$9,141,983	37%	14%
Professional Services	\$10,728,925	\$714,990	\$1,759,093	\$2,474,083	23%	20%
<b>Total</b>	<b>\$39,314,364</b>	<b>\$7,448,911</b>	<b>\$5,900,256</b>	<b>\$13,349,167</b>	<b>34%</b>	<b>15%</b>

\*Includes LBE Governed Contracts

1. *As-Needed Contracts.* The Port currently manages 14 active as-needed contracts that received \$3,709,164 in payments in FY 2018-19. As detailed in *Attachment 2*, LBE contractors received 47% of all as-needed contract payments. The as-needed real estate economics contracts paid 76% of contract dollars to LBE contractors. While the as-needed engineering contracts paid 37% of overall funds during the reporting period to LBEs. The as-needed environmental services contracts paid 41% of contract dollars to LBE contracts and as-needed public relations attained a 100% LBE participation. A new series of as-needed engineering and as-needed real estate economic contracts were awarded during the reporting period; however, these new contracts did not have any payments against them.

- *Engineering* – Payments made on the as-needed engineering contracts totaled \$2,096,950 during the reporting period. Combined, payments made to LBEs during the reporting period were 22%, two points above 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. The Port Commission awarded four new as-needed engineering contracts during the reporting period. The contracts detailed in the Attachment 1 include \$5.9 million (49%) in contract awards to LBE firms.
- *Environmental Services* – Payments made on the as-needed environmental services contracts in FY 2018-19 totaled \$963,055. During the reporting period 41% of payments have been made to LBE consultants with 22% 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.
- *Public Relations* – Payments made on the as-needed public relations contracts in FY 2018-19 totaled \$259,762. To date, the two micro-LBE set aside contracts are exceeding their 25% LBE prime participation requirement. While the formal contract has subcontracted 1% of their overall work to LBEs, payments to LBE firms will increase in the next reporting period. All of the payments made on the as-needed public relations during the reporting period were to certified LBE firms.
- *Real Estate* – Payments made on the as-needed real estate contracts totaled \$389,397 during the reporting period. Combined, payments made to LBEs subcontractors were 28%, or 6% over the 22% CMD-set goal during the reporting period. One of the four contracts, Seifel Consulting, is meeting its LBE subcontracting requirement over the life of their contracts. Real Estate Division staff is working with Bay Area Economics, Century Urban, and Economic Planning Systems to guarantee scopes of work include strong LBE participation. The Port Commission awarded four new as-needed real estate economics contracts during the reporting period. The contracts detailed in Attachment 1 include \$0.9 million (31%) in contract awards to LBE firms.

2. *Construction Contracts*. In FY 2018-19, the Port managed eight open construction projects that received \$24,876,275 in payments. As detailed in *Attachment 3* LBE contractors received \$9,141,983 (37%) of total construction contract payments. LBE subcontractors received \$3,359,342 (14%) of payments, exceeding the 12% average LBE subcontracting goal.

- *Pier 31 Utilities & Restroom* – The Pier 31 Utilities & Restroom Repair contract is 100% complete. To date, KCK Builders, the project’s LBE-OBE prime contractor has attained 43% LBE subcontracting utilization exceeding the 21% goal set by CMD. During the reporting period, the contract exceeded its LBE subcontracting goal with 83% of payments to LBEs.
- *Crane Cove Park Improvements* – The Crane Cove Improvements project is 62% complete. Gordon N. Ball, the project’s non-LBE prime contractor attained 10% LBE subcontracting utilization falling below the 21% goal set by CMD over the life of the contract. The final phase of the project scope includes the highest percentage of LBE work. Port staff expect the project to meet or exceed the CMD set LBE goal.
- *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 27% LBE utilization, exceeding the 25% goal set by CMD.
- *Pier 29 & 31.5 Marine Structural Projects IV* – The Pier 29 & 31.5 Marine Structural Projects IV is 88% complete. Power Engineering, the project’s non-LBE prime, attained a 4% LBE utilization during the reporting period. CMD set a 3% LBE subcontracting requirement on this project given the highly specialized marine sub-structure repair work involved in the project’s scope.
- *Pier 94 Backlands* – The Pier 94 Backlands contract is 100% complete. To date, Hoseley Corporation, the project’s LBE-OBE prime contractor has attained 24% LBE subcontracting utilization exceeding the 20% goal set by CMD. Hoseley self-performed 60% of the contract work resulting in an overall LBE participation rate of 84%.
- *Pier 23 MEP Upgrade* – The Pier 23 Mechanical, Electrical, and Plumbing Upgrade is a micro-LBE set aside contract awarded to Trinet Construction, a LBE-WBE prime contractor. The project is 100% complete, Trinet met the micro-LBE set aside by self-performing over 25% of the contract. During the reporting period, the contract attained 94% LBE participation.
- *Pier 29 Utility Upgrade* – The Pier 29 Utility Upgrade project is 67%. C.F. Contracting, the project’s LBE-OBE prime, received one payment during the reporting period with 53% going to the LBE prime. There were no payments made to LBE subcontractors during the reporting, however, Port staff expect the project to close above the 24% CMD set LBE requirement.



- *Pier 27 Passenger Shelter* – The Pier 27 Passenger Shelter project is a micro-LBE set aside contract awarded to G.Y. Engineering, a LBE-MBE firm. The project is 100% complete, G.Y. Engineers met the micro-LBE set aside requirement by self-performing over 25% of the contract work. During the reporting period, the contract attained 100% LBE participation.

3. *Professional Services Contracts*. During the reporting period, the Port managed 12 open and active professional services projects that received \$10,728,925 in total payments, including \$2,474,083 (23%) to LBE firms. As detailed in *Attachment 4*, there are five formal active professional service contracts governed by the LBE Ordinance. In FY 2018-19, LBE contractors received \$2,207,193 (21%) 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 42% of contract payments went to LBE subcontractors. 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 only one \$14,000 payment was made to the prime contractor. To date 12% of the \$408,147 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 30% 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 21% LBE subcontracting goal. To date 25% of the \$917,471 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* – CH2M Hill, the non-LBE project lead, for the Seawall Earthquake Safety Program has committed to a 21% LBE subcontracting requirement. To date 11% of the \$10,293,748 in contract payments has been paid to the LBE subcontractors.
- *Five (5) Exempt Contracts* – The Port has an additional five 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 \$266,890 (94%) out of \$313,710 in payments made to these five contracts.

D. Port 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 in the coming year. Each project also has committed to a unique LBE Utilization plan that governs the project's local business inclusion and participation.

1. *Pier 70.* The Pier 70 project led by Brookfield has a 17% LBE participation goal. Contracts awarded through FY 2018-19 were comprised primarily of Phase 1 horizontal improvement construction work and design consultants for upcoming vertical projects.

Brookfield hired RDJ Enterprises (RDJ), a LBE-MBE firm, to tailor LBE engagement efforts in order to maximize LBE participation on trade packages. Through FY 2018-19, Pier 70 has awarded \$94.9 million in contracts, of which \$39.2 million or 41.2% have been awarded to LBE firms, including SBA-LBEs. \$35.0 million or 36.9% has been awarded to small and micro-LBE firms. \$19.5M or 20.6% of total contract dollars were awarded to small and micro-LBE firms located in the three zip codes (94107, 94124 & 94134) located next to the project area. Attachment 5 shows the breakdown of contractors by LBE type.

To date, Brookfield and RDJ have hosted four networking events prior to the release of all major bid packages. The events attracted over 200 attendees. After each event, RDJ staff contacted LBE attendees via email and phone to confirm their interest in bidding on the project. A referral system was established by RDJ for LBEs that require technical and bonding assistance services to local community-based organizations, including the Renaissance Entrepreneurship Center.

2. *Mission Rock.* The Mission Rock Development Project led by Mission Rock Development Partners has a 10% LBE participation goal for pre-construction work. The Mission Rock project team estimates that pre-construction work constitutes approximately 5% of the total project cost. The Mission Rock team exceeded the 10% goal by achieving 19% LBE participation to date for pre-construction services.

The Mission Rock team is striving to increase participation of minority-owned firms in the upcoming construction phase of the project. The project team has retained RDJ, a LBE-MBE firm, to increase participation by LBE firms, with a focus on minority-owned firms. The team has conducted an outreach program that includes presentations to more than a dozen community-based organizations and holds workshops and office hours to assist small and micro-LBE firms in preparing bids. During the reporting period, these efforts resulted in an increase of LBE firms involved in the project from 13 to 25 and an increase in minority-owned LBE firms from 4 to 12. Attachment 6 shows the breakdown of contractors by LBE type.

The construction phase of the project represents approximately 95% of the overall project cost. In this phase, the LBE participation commitment is 20%. The Mission Rock project

team has been defining scopes of work and issuing Requests for Proposals for the construction of the Phase 1 horizontal improvements. The construction of horizontal improvements is scheduled to commence in January 2020 and the Mission Rock team expects to meet its LBE commitments during this phase.

E. 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*.

**Table 3: Active Local Hire Governed Contracts, 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	14,755	6,952	47%	2,212	1,652	75%
Pier 29 Utilities	405	381	94%	45	45	100%
Crane Cove Park	25,896	7,586	29%	3,293	1,698	52%
Pier 29 & 31.5 Structural*	32,715	2,295	7%	11,553	7,897	16%

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

Since the inception of the ordinance, 21 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. For example, the majority of work in the Pier 29 & 31.5 Structural Marine project is exempt from the Local Hire

<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.

Ordinance given the project's unique over water and under-deck structural repair requirements.

#### **IV. UPCOMING CONTRACTS & OUTREACH**

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

*Mission Bay Ferry Landing* – On October 13, 2019, the Port issued a Construction Management/General Engineering (CMGC) RFQ to solicit a firm to construction a ferry landing berth and potential water taxi landing adjacent to Chase Arena. The \$38.4 million dollar project has a 12% LBE subcontracting requirement. Port staff will request Port Commission authorization to award the contract in January 2020.

*As-Needed Public Relations* – In November 2019, Port staff will request Port Commission authorization to issue a RFQ for as-needed public relations and media consulting services. Port staff anticipates awarding up to three contracts for a not to exceed amount of \$300,000 each. Port staff anticipate a LBE subcontracting goal of 20% for these contracts. Following proposal evaluation and scoring, Port staff will request Port Commission authorization to award the contracts in January 2020.

*Crane Cove Park Building 49* – In December 2019, Port staff will advertise for competitive bids the Crane Cove Park Building 49 project. The estimated project budget will be \$3.4 million. The proposed scope of work includes a partial rehabilitation of an 8,000 square foot building, including new roofing, removing and replacing wall panels, constructing public restrooms, site utilities (electrical and plumbing), and minor sitework. Port staff anticipate a LBE subcontracting goal of 20% for this project.

In addition to formal administration of Port contracts, during FY 2018-19 Port staff continued its efforts to increase opportunities for small local businesses. This work includes building relationships between prime and subcontractors, capacity building in the LBE community through technical assistance workshops and providing early notice of Port contracting opportunities to LBEs.

*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 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* – On November 13, 2018, Port staff, in partnership with Merriwether & Williams Insurance Services, hosted a workshop aimed at improving small local firms' understanding and ability to compete on the Port's micro-LBE construction management

RFQ. The workshop topics included proposal drafting, cost estimating, and local business certification.

*Contracts Open House* - On March 21, 2019, the Port hosted the third 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 200 individuals attended this year's open house. At the event, City Purchaser, Alaric Degrafinried, spoke to participants about procurement solicitation through the Office of Contract Administration.

*LBE Mixer* – On May 10, 2019, Port staff partnered with representatives of the LBE Advisory Committee to organize a LBE Mixer adjacent to Heron's Head Park. The purpose of the event was to foster networking between LBEs, large non-LBE firms and City staff. City agencies were on hand to publicize upcoming contract opportunities. A barbeque lunch was served and over 250 people attended the event.

## **V. CONCLUSION**

In FY 2018-19, the Port awarded sixteen new contracts totaling \$40,517,975, of which \$16,953,064 (42%) was awarded to LBEs. The Port made \$39,314,364 in contract payments, of which \$13,349,167 (34%) was paid to LBEs. Most contracts are meeting or exceeding their contractually obligated CMD goals based on overall contract spending to date. The Port will continue to provide a range of outreach and capacity building opportunities to maximize LBE participation in Port contracts along the waterfront.

Prepared by: Boris Delepine  
Contract Administrator

Prepared for: Katharine Petrucione, Deputy  
Director Finance & Administration

cc: Contract Monitoring Division, Alysabeth Alexander-Tut

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  
Attachment 5: Mission Rock Development LBE Participation  
Attachment 6: Pier 70 Development LBE Participation

**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 |

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.

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

**ATTACHMENT 2:  
As-Needed Annual Contracts, FY 2018-19  
(July 1, 2018 - June 30, 2019)**

AS-NEEDED CONTRACTS										
As Needed Contracts (All 14B Contracts)	Project Title	Total Contract Amt.	LBE Goal %	LBE Goal Amount	Total FY 2017-18					
					Total Payments in FY	LBE Prime Payments	LBE Sub Payments	Total LBE Payments	Overall LBE%	Sub LBE %
<b>Real Estate*</b>										
Bay Area Economics		\$500,000	21%	\$105,000	\$133,430	\$0	\$53,154	\$53,154	40%	40%
Century Urban (LBE-OBE)		\$500,000	21%	\$105,000	\$172,578	\$144,678	\$27,900	\$172,578	100%	16%
Economic Planning Systems		\$500,000	21%	\$105,000	\$0	\$0	\$0	\$0	0%	0%
Seifel Consulting (LBE-WBE)		\$500,000	21%	\$105,000	\$83,389	\$43,407	\$28,638	\$72,045	86%	34%
<b>Subtotal, Real Estate Services</b>		<b>\$2,000,000</b>		<b>\$420,000</b>	<b>\$389,397</b>	<b>\$188,085</b>	<b>\$109,692</b>	<b>\$297,777</b>	<b>76%</b>	<b>28%</b>
<b>Engineering &amp; Related</b>										
COWI/OLMM (JV-MBE)		\$1,500,000	20%	\$300,000	\$328,417	\$29,240	\$91,803	\$121,043	37%	28%
GHD/Telamon (JV-MBE)		\$1,500,000	20%	\$300,000	\$789,837	\$262,445	\$100,585	\$363,030	46%	13%
Moffat & Nichol/AGS (JV-MBE)		\$1,500,000	20%	\$300,000	\$457,606	\$29,428	\$127,675	\$157,103	34%	28%
Parsons/Lotus Water (JV-OBE)		\$1,500,000	20%	\$300,000	\$521,090	\$0	\$134,812	\$134,812	26%	26%
<b>Subtotal, Engineering &amp; Related</b>		<b>\$6,000,000</b>		<b>\$1,200,000</b>	<b>\$2,096,950</b>	<b>\$321,113</b>	<b>\$454,875</b>	<b>\$775,968</b>	<b>37%</b>	<b>22%</b>
<b>Environmental &amp; Related</b>										
AEW Engineering (LBE-MBE)		\$1,000,000	22%	\$220,000	\$365,982	\$119,792	\$13,805	\$133,597	37%	4%
Northgate/AGS (JV-MBE)		\$1,000,000	22%	\$220,000	\$132,049	\$0	\$27,844	\$27,844	21%	21%
SCA Environmental (LBE-MBE)		\$1,000,000	22%	\$220,000	\$465,024	\$68,124	\$170,010	\$238,134	51%	37%
<b>Subtotal, Environmental &amp; Related</b>		<b>\$3,000,000</b>		<b>\$660,000</b>	<b>\$963,055</b>	<b>\$187,916</b>	<b>\$211,659</b>	<b>\$399,575</b>	<b>41%</b>	<b>22%</b>
<b>Public Relations</b>										
Bonner Communications (LBE-WBE)		\$300,000	Micro	N/A	\$4,327	\$0	\$4,327	\$4,327	100%	0%
Davis & Associates (LBE-MBE)		\$300,000	21%	\$63,000	\$91,202	\$89,933	\$1,268	\$91,201	100%	1%
Next Steps Marketing (LBE-WBE)		\$300,000	Micro	N/A	\$164,233	\$164,233	\$0	\$164,233	100%	0%
<b>Subtotal, Environmental &amp; Related</b>		<b>\$900,000</b>			<b>\$269,762</b>	<b>\$254,166</b>	<b>\$5,595</b>	<b>\$259,761</b>	<b>100%</b>	<b>2%</b>
<b>TOTAL As-Needed Contracts</b>		<b>\$11,900,000</b>		<b>\$2,280,000</b>	<b>\$3,709,164</b>	<b>\$951,280</b>	<b>\$781,821</b>	<b>\$1,733,101</b>	<b>47%</b>	<b>21%</b>

**ATTACHMENT 3:  
Construction Contracts, FY 2018-19  
(July 1, 2018 - June 30, 2019)**

CONSTRUCTION CONTRACTS										
Construction Contracts	Project Title	Total Contract Amt.	LBE Goal %	LBE Goal Amount	Total FY 2017-18					
					Total Payments in FY	LBE Prime Payments	LBE Sub Payments	Total LBE Payments	Overall LBE%	Sub LBE %
<b>14B Contracts</b>										
Power Engineering (Non-LBE)	Pier 29 & 31.5 Structural Projects IV	\$7,516,768	3%	\$225,503	\$9,330,603	\$0	\$365,239	\$365,239	4%	4%
C.F. Contracting (LBE-OBE)	Pier 29 Utility Upgrade	\$944,250	24%	\$226,620	\$63,357	\$33,600	\$0	\$33,600	53%	0%
Hoseley Corporation (LBE-OBE)	Pier 94 Backlands	\$9,330,603	20%	\$1,866,121	\$7,528,471	\$4,404,277	\$1,827,670	\$6,231,947	83%	24%
KCK Builders (LBE-OBE)	Pier 31 Utilities & Restroom	\$2,743,400	21%	\$576,114	\$434,434	\$195,424	\$188,434	\$383,858	88%	43%
Gordon N. Ball (Non-LBE)	Crane Cove Park Improvements	\$17,845,000	21%	\$3,747,450	\$5,948,101	\$0	\$596,931	\$596,931	10%	10%
Trinet Construction (LBE-WBE)	Pier 94-96 Storm Drain	\$1,242,400	25%	\$310,600	\$87,438	\$87,438	\$0	\$87,438	100%	0%
<b>Subtotal, 14B Contracts</b>		<b>\$39,622,421</b>		<b>\$6,952,408</b>	<b>\$23,392,404</b>	<b>\$4,720,739</b>	<b>\$2,978,274</b>	<b>\$7,699,013</b>	<b>33%</b>	<b>13%</b>
<b>Micro-LBE Contracts</b>										
Trinet Construction (LBE-WBE)	Pier 23 MEP Upgrade	\$772,585	Micro	N/A	\$657,738	\$420,049	\$196,788	\$616,837	94%	30%
G.Y. Engineering (LBE-MBE)	Pier 27 Passenger Shelter	\$826,133	Micro	N/A	\$826,133	\$641,853	\$184,280	\$826,133	100%	22%
<b>Subtotal, Micro-LBE Contracts</b>		<b>\$772,585</b>	Micro	N/A	<b>\$1,483,871</b>	<b>\$1,061,902</b>	<b>\$381,068</b>	<b>\$1,442,970</b>	<b>94%</b>	<b>26%</b>
<b>TOTAL Construction Contracts</b>		<b>\$40,395,006</b>		<b>\$6,952,408</b>	<b>\$24,876,275</b>	<b>\$5,782,641</b>	<b>\$3,359,342</b>	<b>\$9,141,983</b>	<b>37%</b>	<b>14%</b>

**Attachment 4  
Professional Service Contract, FY 2018-19  
(July 1, 2018 - June 30, 2019)**

PROFESSIONAL SERVICES CONTRACTS										
Professional Services Contracts	Service/ Project Title	Total Contract Amt.	LBE Goal %	LBE Goal Amount for Life of the Contract	Total FY 2017-18					
					Total Payments in FY	LBE Prime Payments	LBE Sub Payments	Total LBE Payments	Overall LBE%	Sub LBE %
<b>14B Contracts</b>										
AECOM (Non-LBE)	Crane Cove Park Design & Planning	\$4,079,396	19%	\$775,085	\$436,618	\$0	\$182,795	\$182,795	42%	42%
CH2M Hill (Non-LBE)	Seawall Resiliency Design	\$36,349,740	15%	\$5,452,461	\$7,988,517	\$0	\$988,226	\$988,226	12%	12%
Civic Edge Consulting (LBE-WBE)	Seawall Communications	\$1,695,205	21%	\$355,993	\$378,707	\$184,263	\$131,716	\$315,979	83%	35%
COWI/OLMM (JV-MBE)	Mission Bay Ferry Landing	\$3,981,369	20%	\$796,274	FY18-19	\$184,984	\$388,269	\$553,253	#VALUE!	#VALUE!
Hollins Consulting (Non-LBE)	Technical Support Pier 70/Mission Rock	\$2,400,000	24%	\$576,000	\$127,275	\$84,847	\$42,428	\$127,275	100%	33%
Environmental Science Associates (Non-LBE)	Heron Head's Shoreline Design	\$319,638	4%	\$12,786	\$178,172	\$0	\$25,659	\$25,659	14%	14%
Public Financial Management (Non-LBE)	Financial Advisory Services	\$420,000	15%	\$64,000	\$14,006	\$14,006	\$0	\$0	0%	0%
<b>Subtotal, 14B Contracts</b>		<b>\$49,245,348</b>		<b>\$8,032,599</b>	<b>\$9,123,295</b>	<b>\$448,100</b>	<b>\$1,759,093</b>	<b>\$2,207,193</b>	<b>24%</b>	<b>19%</b>
<b>Non-14B Contracts</b>										
Catharine Hooper (Non-LBE)	Fleet Week Consulting	\$50,000	N/A	N/A	\$16,666	\$0	\$0	\$0	0%	N/A
Cochran Marine (Non-LBE)	Testing & Recommissioning of Shore Power	\$280,000	N/A	N/A	\$12,516	\$0	\$0	\$0	0%	N/A
Goodwin Consulting (Non-LBE)	Mission Rock - Special Tax Consultant	\$50,000	N/A	N/A	\$17,638	\$0	\$0	\$0	0%	N/A
Hunters Point Family (LBE-NPE)	Youth Employment Services	\$210,000	N/A	N/A	\$123,551	\$123,551	\$0	\$123,551	100%	N/A
San Francisco Conservation Corps (LBE-NPE)	Youth Employment Services	\$320,000	N/A	N/A	\$143,339	\$143,339	\$0	\$143,339	100%	N/A
<b>Subtotal, Non-14B Contracts</b>		<b>\$910,000</b>	N/A	N/A	<b>\$313,710</b>	<b>\$266,890</b>	<b>\$0</b>	<b>\$266,890</b>	<b>85%</b>	<b>N/A</b>
<b>TOTAL Professional Services Contracts</b>		<b>\$50,155,348</b>		<b>\$8,032,599</b>	<b>\$9,437,005</b>	<b>\$714,990</b>	<b>\$1,759,093</b>	<b>\$2,474,083</b>	<b>26%</b>	<b>19%</b>

**Attachment 5:  
Pier 70 Development Contract Awards Through July 1, 2019**

<b>Amount Awarded</b>	<b>\$ 94,946,725.00</b>	<b>100%</b>
Awarded to Small & Micro LBE	\$ 35,069,668.00	37%
Awarded to SBA-LBE	\$ 4,182,231	4%
Awarded to Non-LBE	\$ 55,694,826	59%
<b>LBE Award by Size</b>	<b>\$ 39,251,899</b>	<b>100%</b>
Awarded to Small-LBE	\$ 29,139,435	74%
Awarded to Micro-LBE	\$ 5,930,233	15%
Awarded to SBA-LBE	\$ 4,182,231	11%
<b>LBE Award by Type</b>	<b>\$ 39,251,899</b>	<b>100%</b>
Awarded to MBE-LBE	\$ 3,226,647	8%
Awarded to WBE-LBE	\$ 3,541,068	9%
Awarded to OBE-LBE	\$ 32,484,184	83%

**Attachment 6:  
Mission Rock Development Contract Awards Through July 1, 2019**

<b>Amount Awarded</b>	<b>\$ 36,210,399.00</b>	<b>100%</b>
Awarded to Small & Micro LBE	\$ 6,953,439.00	19%
Awarded to SBA-LBE	\$ 653,380	2%
Awarded to Non-LBE	\$ 28,603,581	79%
<b>LBE Award by Size</b>	<b>\$ 7,606,819</b>	<b>100%</b>
Awarded to Small-LBE	\$ 2,644,654	34%
Awarded to Micro-LBE	\$ 4,308,789	57%
Awarded to SBA-LBE	\$ 653,379	9%
<b>LBE Award by Type</b>	<b>\$ 7,606,819</b>	<b>100%</b>
Awarded to MBE-LBE	\$ 2,021,343	27%
Awarded to WBE-LBE	\$ 359,698	5%
Awarded to OBE-LBE	\$ 5,201,278	68%