




MEMORANDUM

April 8, 2022

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

FROM: Elaine Forbes
Executive Director 

SUBJECT: Informational presentation regarding Waterfront Resilience Program (WRP) Local Business Enterprise (LBE) Subcontracting and WRP Equity Actions

DIRECTOR'S RECOMMENDATION: Information Only – No Action Required

Executive Summary

This report provides an overview of LBE Subcontracting in the Waterfront Resilience Program (WRP), including the CH2M HILL Engineers (CH2M HILL) contract and enhancing equity within the WRP.

Equity and social value are priorities and leading principles for the Port and the WRP. The WRP continues to develop a robust, holistic social inclusion and equity plan to ensure a holistic and measurable approach is taken to guide the Program, as we advance this ongoing effort, we will continue to report quarterly progress to the Port Commission.

The CH2M HILL CMD-approved LBE subcontracting participation requirement is 21.19%. Cumulative LBE payments on the contract are 23.9% through December 2021, up from 22.9% the previous quarter. The total CH2M HILL contract value is \$55.6M. Through December 2021, the Port has issued \$33.9M in task authorizations and made \$31.1M in payments.

Waterfront Resilience Program LBE and Equity Efforts

Commitment to Equity

San Francisco and the Port is at the forefront of adaptation and mitigation for climate change by creating a resilient, equitable waterfront. The WRP understands that climate change disproportionately impacts vulnerable communities and, through its work, aims to respond to the

needs of San Franciscans most impacted through community engagement, planning, project selection, contracting, programming, workforce development, and more.

The WRP is committed to making equitable investments along the Port's jurisdiction to prioritize critical life safety and disaster response assets and functions and ensure equitable access to the waterfront now and in the future. Some examples of this commitment to equity in action include:

- On December 14, 2021, WRP staff presented Embarcadero Early Projects designed to reduce seismic risk and near-term flood risk to the Port Commission¹. These projects were identified through a northern waterfront adaptation strategy planning process over the course of 2020-21. These projects, including those funded with the Proposition A bond, prioritize urgent seismic and flood risk using a people-first approach to support the Port Commission as it makes critical life-safety and disaster response decisions. This adaptation strategy planning process is now underway for the Port's southern waterfront.
- Development of adaptation strategies is a single, integrated process by which the WRP is developing adaptation strategies at a variety of scales to address seismic and flood risks along San Francisco's waterfront over the next century. Prior to recommending any adaptation strategy, all strategies will be reviewed using evaluation criteria specific to social equity, including life safety, emergency response, social cohesion and community resilience, and historic character, informed by Port, City, and community priorities collected from a robust community engagement process.
- Community and stakeholder engagement efforts reflect the WRP's commitment to equity, as the team works to solicit meaningful input from stakeholders and the community about their concerns, priorities, and values at all stages of the Program, use this information to inform the Program and frame future outreach, and – importantly – reflect back to the public how their input shaped the Port's work.

The WRP recognizes that investing in LBE's and minority owned businesses is an important factor in improving equity but is only one component in a suite of opportunities available to improve social value and equity on major infrastructure programs. The WRP continues to work with the Port's Manager of Diversity, Equity and Opportunity and Port Equity Champions to follow the Port's Race Equity Action Plan and to focus the actions of the WRP and measure WRP performance against these actions.

Future Contracting and Workforce Opportunities

As the City and Port prioritize economic recovery from COVID-19, the WRP reaffirms our commitment to working alongside our local businesses, including Port tenants, to ensure San Francisco's waterfront continues to be a source of strength for the entire city, region, and state.

Particularly as the WRP moves through the planning phase towards selection of first projects, preparing business and workers from historically excluded communities for future opportunities is a top priority.

¹ December 14, 2021 Port Commission Staff Report: https://sfport.com/files/2021-12/12142021_Item%2012A%20Waterfront%20Resilience%20Program%20Early%20Projects_final.pdf

Led by the Allen Group, with support from RDJ Enterprises and Davis & Associates (all African-American owned businesses), the WRP is currently planning workforce development and LBE engagement and outreach efforts to facilitate workforce training for the types of jobs the Program will generate in the design and construction phases and to position LBE subcontractors for success in bidding as members of teams pursuing future Program-funded contracts.

The team also intends to identify a broader pool of firms qualified by the Federal government as Disadvantaged Business Enterprises² qualified to perform future design, engineering, construction, or related tasks for the Program.

In the last quarter, RDJ Enterprises and CH2M completed a search for a new engineering intern that will be hired by CH2M to assist the Port on the predesign of Waterfront Resilience Program Early Projects.

Racial Equity Actions

The Waterfront Resilience Program has authorized a task with CH2M to work with the Port's equity leads to develop an approach to ensuring that equity is fully integrated into the Waterfront Resilience Program. This initial task includes a "Discovery" Phase for the consultant team to review all relevant materials for the Program and conduct targeted interviews. The goal of this initial task is to gain sufficient background and understanding on Program scope and opportunities for equitable outcomes to develop a draft roadmap to equity which will serve as the foundation for a more detailed scope of work to develop a Waterfront Resilience Program Equity Action Plan.

CH2M HILL Engineers Planning, Engineering and Environmental Services Contract

CH2M HILL's LBE Subcontracting Efforts to Date

The Port executed a contract agreement with CH2M HILL (\$36,349,740) to provide planning, engineering, and environmental services for the Embarcadero Seawall Program in November 2017. At contract execution, the LBE subcontracting requirement for the agreement was 21% (\$7,633,456). In April 2020, the Port executed a contact amendment to amend the contract scope and increase the contract amount to \$55,684,130, following Port Commission approval on September 24, 2019 and the Board of Supervisor's approval on November 19, 2019. The CMD approved LBE subcontracting participation goal after the executed amendment increased to 21.19% (\$11,799,467).

Figure 1 shows the major tasks completed or in progress for Phase 1 (Planning and Program Development) of the CH2M HILL contract and the associated LBE participation percentage for each. It also shows CH2M HILL's projected LBE participation for Phases 2 and 3, with increased LBE participation compared to Phase 1. Phase 2 Task Authorizations have begun to be scoped this year.

² State agencies such as CalTrans maintain DBE information:
<https://dot.ca.gov/programs/civil-rights/dbe-certification-information>

and searchable databases:
<https://ucp.dot.ca.gov/licenseForm.htm>

Figure 1 – Task Level LBE Breakdown and Timing

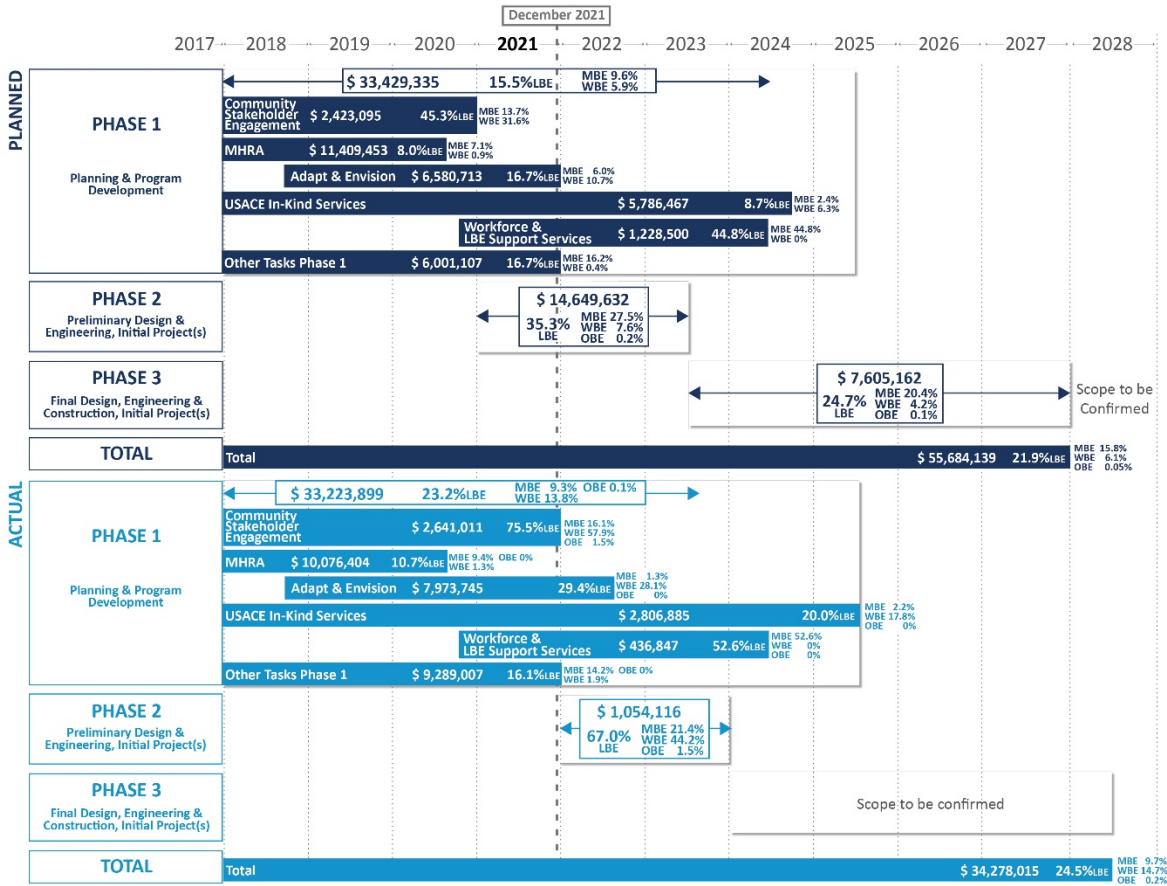
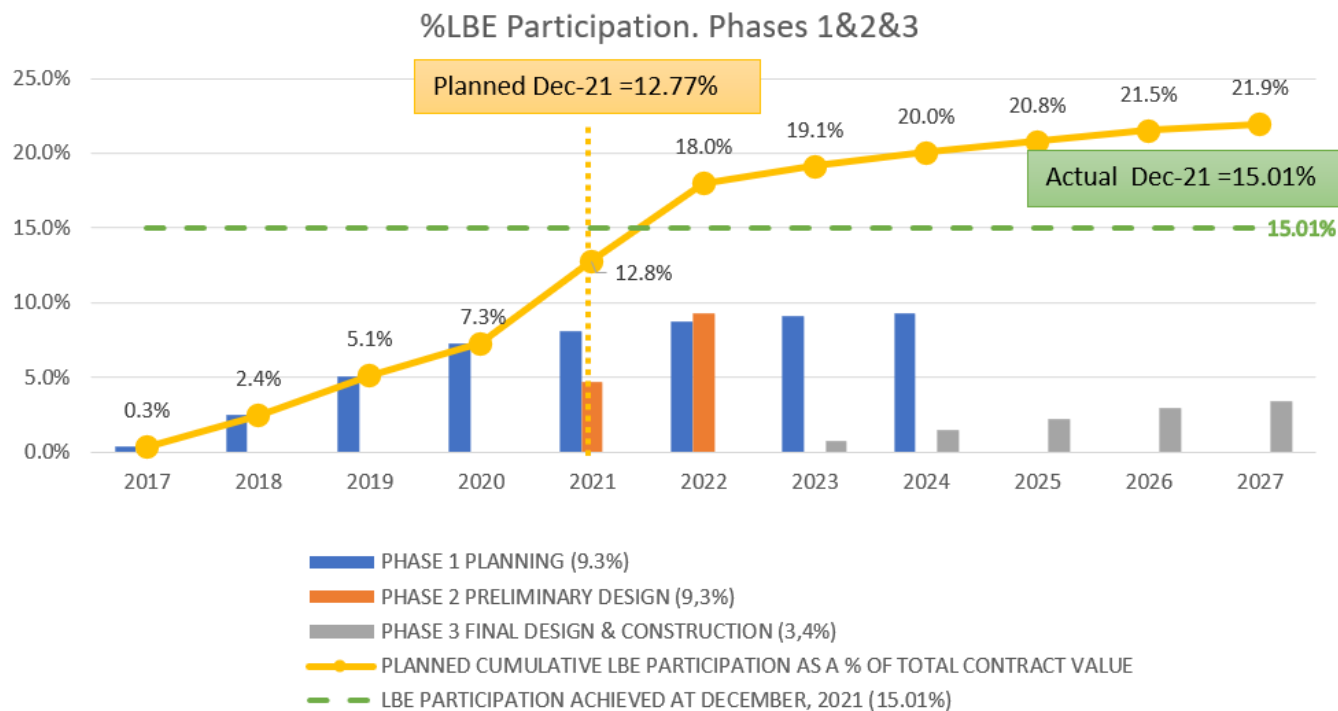


Figure 2 shows the projected cumulative increase in LBE participation through the duration of the CH2M HILL contract. Expenditures with LBE's is currently 2.2% ahead of plan with actual payments in December 2021 of 15.0% versus planned expenditure of 12.8%.

Figure 2 – Projected LBE participation as % of the total contract value (Phases 1-3)



CH2M LBE Participation

Total CH2M HILL contract value is \$55.6M. Through December 2021, the Port has issued \$33.9M in task authorizations and made \$31.1M in payments, with \$7.4M (23.9%) paid for services completed by LBE subconsultants.

The breakdown of payments to CMD-certified LBE-MBE's, OBE's and WBE's is shown in the Table 1 below.

Table 1 - CH2M HILL LBE Payments through December 2021

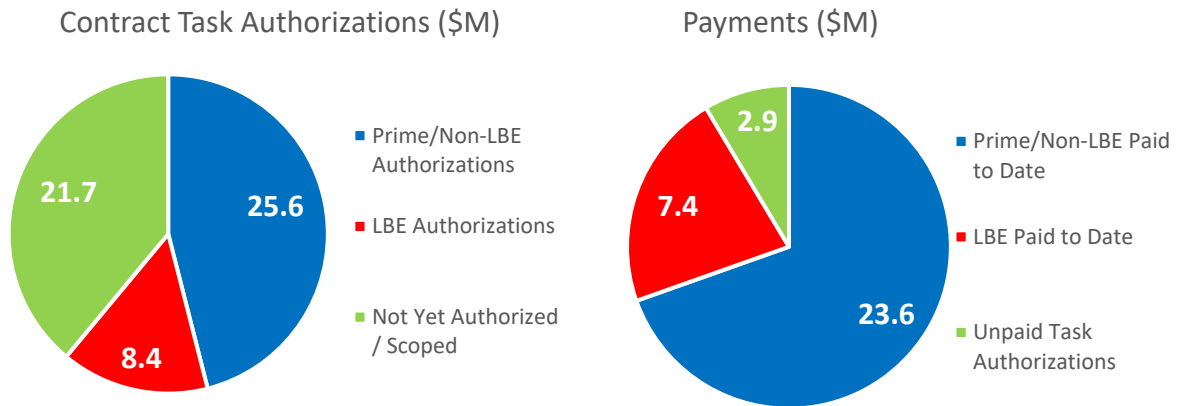
Contract Type	Total Payments	Prime Payments	Sub Payments	Total LBE Payments	Overall %	MBE %	OBE %	WBE %	Sub %
Total Contract	31,073,954	9,721,711	21,352,243	7,424,999	23.9%	6.7%	0.1%	17.4%	34.8%

A breakdown of firms by ethnicity is included in Exhibit A.

Over the last quarter 44.7% of all payments were for work completed by LBE subconsultants with 11.9% of all payments made to minority-owned businesses, including 9.4% to African American-owned businesses and 2.0% to Latino American owned businesses. A full breakdown is included in Exhibit A. No new LBE sub-contractors have been proposed to be added to the CH2M HILL contract this quarter.

As a result of this improving trendline, cumulative LBE payments on the contract have increased from 22.9% to 23.9% in the last quarter. CH2M HILL is committed to meeting its LBE commitment and to continue to look for opportunities to increase LBE participation and add new LBE subconsultants to the contract, where appropriate.

Figure 3 – CH2M HILL LBE participation in Tasks authorized and Payments made through December 2021



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Exhibit A: Waterfront Resilience Program LBE Quarterly Report FY 2021/22 Q2

**Exhibit A:
Waterfront Resilience Program LBE Quarterly Report
Fiscal Year 2021/22 Q2 (October – December 2021)**

BACKGROUND

CH2M HILL Engineers, Inc.

The Port executed a contract agreement with CH2M HILL Engineers, Inc. (\$36,349,740) to provide planning, engineering, and environmental services for the Embarcadero Seawall Program on October 1, 2017. The Local Business Enterprise (“LBE”) subcontracting requirement for the agreement was 21.0%.

The Port executed a contract amendment on April 20, 2020 to amend the contract scope and increase the contact amount to \$56,684,130, following Port Commission approval on September 24, 2019 and the Board of Supervisor’s approval on November 19, 2019. CMD approved an increased subcontracting participation goal of 21.19%, based on the final dollar value of the contract at closeout. Following the September 24, 2019 Port Commission approval of the contract amendment, CH2M has added an additional \$1.1M in newly defined scope for new LBE firms.

To date, CH2M has been paid \$31.1M (55.8% of total contract value), with \$7.4M (23.9% of total invoiced) paid to LBE firms. The percentage paid to LBE firms is up 1.0%, from 22.9% at the end of Q1 2021-22.

CH2M HILL Engineers, Inc. Summary

Awards

- a. Quarter 2 2021/22 Subcontractors Addition or Expanded Scope that results in a change in the LBE commitment by the Prime.

The Port authorized \$0.8M in task authorizations to CH2M, during Q2 of which 17.6% (\$0.1M) was authorized to LBEs including -0.1% to LBE-WBEs, 17.7% to LBE-MBEs, and 0.0% to LBE-OBEs. The negative LBE-WBE percentage is due to the closeout of tasks that had remaining balances. This balance is returned to the Program budget for reallocation to other tasks.

Invoiced

a. CH2M Payments to LBEs vs Prime/Non-LBEs

	Invoiced through last quarter (\$)	Invoiced through last quarter (%)	This Quarter (\$)	This Quarter (%)	Project to Date (\$)	Project to Date (%)
Invoiced from LBE's	\$6,786,247	22.9%	\$638,752	44.7%	\$7,424,999	23.9%
Invoiced to Prime / Non-LBE's	\$22,859,574	77.1%	\$789,382	55.3%	\$23648,956	76.1%
Total Payments	\$29,645,821	100.0%	\$1,428,133	100.0%	\$31,073,954	100.0%

b. CH2M Payment by Ethnicity

	Invoiced through last quarter (\$)	Invoiced through last quarter (%)	This Quarter (\$)	This Quarter (%)	Project to Date (\$)	Project to Date (%)
African-American	\$1,487,500	5.0%	\$134,892	9.4%	\$1,622,392	5.2%
Arab American	\$5,889	0.0%	\$5,804	0.4%	\$11,693	0.0%
Asian American	\$1,297,362	4.4%	\$0.00	0.0%	\$1,297,362	4.2%
Latino American	\$188,878	0.6%	\$29,182	2.0%	\$218,060	0.7%
Total Payments	\$2,979,628	10.1%	\$169,879	11.9%	\$3,149,508	10.1%

c. Invoiced to Total Commitment

Supplier Name	LBE – and MBE/OBE/WBE	Ethnicity (CMD Code)	Commitment as of Date of Report	CMD Commitment (%)	Total Invoiced (\$)	Total Invoiced (%)
A G S INC	MBE	Asian American	\$278,421	0.5%	\$0	0.0%
BAYCAT	OBE	Non-Minority	\$55,684	0.1%	\$39,759	0.1%
CHS CONSULTING GROUP	MBE	Asian American	\$278,421	0.5%	\$10,044	0.0%
CIVIC EDGE CONSULTING LLC	WBE	Non-Minority	\$556,841	1.0%	\$1,698,593	5.5%
GEOTECHNICAL CONSULTANTS INC	MBE	Asian American	\$1,113,683	2.0%	\$409,845	1.3%
HOLLINS CONSULTING	MBE	African American	\$1,670,524	3.0%	\$1,020,398	3.3%
LOWERCASE PRODUCTIONS	OBE	Non-Minority	\$0	0.0%	\$0	0.0%
R D J ENTERPRISES LLC	MBE	African American	\$278,421	0.5%	\$419,761	1.4%
SAYLOR CONSULTING GROUP	WBE	Non-Minority	\$723,894	1.3%	\$42,016	0.1%
SEDWAY CONSULTING INC	WBE	Non-Minority	\$111,368	0.2%	\$154,752	0.5%
SQAURE ONE PRODUCTIONS	MBE	Asian American	\$111,368	0.2%	\$0	0.0%
STRUCTUS INC	MBE	Asian American	\$2,115,997	3.8%	\$194,763	0.6%
TELAMON ENGINEERING CONSULTANTS INC	WBE	Asian American	\$4,399,046	7.9%	\$682,710	2.2%
COPYMAT	MBE	Arab American	\$105,800	0.2%	\$5,889	0.0%
New LBE & Minority Owned Firm Additions Since Contract Amendment (Maximum Non-Guaranteed Budgets)						
DAVIS & ASSOCIATES	MBE	African American	\$150,000	NA	\$52,881	0.2%
INTERETHNICA	WBE	Latino American	\$189,326	NA	\$107,518	0.3%
SILVESTRUM CLIMATE ASSOCIATES	WBE	Non-Minority	\$50,116	NA	\$1,276,606	4.1%
SITELAB URBAN STUDIOS	WBE	Non-Minority	\$707,188	NA	\$1,303,660	4.2%
THE ALLEN GROUP		African American	\$400,000	NA	\$129,353	0.4%
MOZAIK		Latino American	\$147,000	NA	\$110,542	0.4%
TOTALS			\$13,443,097	21.2%	\$7,664,894	24.7%