

## MEMORANDUM

May 3, 2018

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

**FROM:** Elaine Forbes  
Executive Director

**SUBJECT:** Request approval to Issue a Request for Qualifications Soliciting As-Needed Real Estate Economics and Related Professional Services

**DIRECTOR'S RECOMMENDATION:** Approve the Attached Resolution

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### EXECUTIVE SUMMARY

Port staff is seeking the Port Commission's authorization to advertise a Request for Qualifications ("RFQ") for as-needed professional services. The objective of the RFQ process is to qualify a pool of up to four consultant teams with expertise in a variety of professional disciplines, including real estate economics, land use planning, urban design and architecture, historic preservation, transportation planning, and other related services. These services are utilized on Port projects that require highly specialized expertise that does not exist within existing personnel resources. In addition, these as-needed consulting resources augment staff capacity when existing Port and other city staff is unavailable to perform the required work due to other project demands.

After the evaluation and scoring of qualified consultants, Port staff will recommend awarding professional services contracts to the four highest-ranked consultant teams. Port staff expect that these contracts will have an initial 3-year term with an option for an additional year at the Port's sole discretion, and a total cumulative not-to-exceed value of \$3 million. The contracts will function as master agreements under which the Port will issue Contract Service Orders ("CSOs") for specific projects and work scopes as needs arise.

**THIS PRINT COVERS CALENDAR ITEM NO. 10B**

This contract procurement process is subject to authorization by the Civil Service Commission (“CSC”); accordingly, Port staff submitted a Personal Services Contract (“PSC”) request on April 27, 2018. The CSC previously approved similar contract services in 2008, 2011, and 2016.

## **STRATEGIC OBJECTIVES**

This contract opportunity will support 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 (“BAE”); Century Urban, LLC (“Century Urban”); Economic & Planning Systems (“EPS”); and Seifel Consulting. Each of the consultant teams also included a number of 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, has 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.

## **PROJECT SCOPE**

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 planning to issue a "Request for Interest" for roughly a dozen finger piers and structures in the Embarcadero Historic District. Depending on the results of that effort, subsequent 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 Seawall Lot 337 Associates (a subsidiary of the San Francisco Giants), and the Pier 70 Waterfront Site with 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 Policy Development

The Real Estate Division is working on developing or updating Portwide facilities data, evaluating marina values and operation, and Portwide policy documents to guide strategic leasing decisions. Staff has identified facility data and policies related to lease extensions, which are needed to effectively manage the Port's assets.

### 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.

## **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
- Maritime and surface transportation planning and analysis
- Planning graphics and public information documents

## **SELECTION PROCESS**

Port staff proposes a RFQ to procure the requested services through a fair and competitive process, facilitated and monitored by the City's Contract Monitoring Division ("CMD"). Port staff and a CMD representative will convene an evaluation panel consisting of at least one Port staff member and two non-Port representatives. The panel will have expertise in the required fields, knowledge of the project areas and objectives, and meet diversity goals as determined by CMD. The evaluation process will include the following steps:

### Written Proposal Evaluation, Ranking and Pre-Qualification

After Port and CMD staff review proposals for responsiveness, the evaluation panel will score each written proposal based upon criteria included in the RFQ. Expected criteria include an understanding of project objectives, experience of the firm and project staff,

and management approach. Port staff intends to screen the initial submittals and advance the consulting teams scoring at least 75% on the written phase of the evaluation process to the oral interviews.

### Oral Interviews

Interviews with the short-listed firms will last approximately 45 minutes and include a firm presentation and responses to a list of standard questions. The selection panel members will individually score each firm and a total score will be tabulated. Following the completion of the interviews, Port staff intends to recommend award of contracts to up to four of the highest ranked consulting teams.

### Contract Negotiation and Award

After negotiating satisfactory contract terms and fees with the highest-ranked consulting firms, Port staff will request that the Port Commission approve awards of master agreements to up to four consulting teams.

## **LOCAL BUSINESS ENTERPRISE**

It is the goal of the Port to maximize participation of Local Business Enterprises (“LBEs”) in its contracting opportunities. Potential roles for LBEs in this contract include financial analysis, development and land use planning, real estate lease negotiations, urban design and architecture, and community relations.

The City’s Administrative Code Chapter 14B, the Local Business Enterprise and Non-Discrimination in Contracting Ordinance, establishes discounts for LBE prime consultants and empowers the CMD to set a project specific goal for LBE subconsultant participation.

For these proposed professional services contracts, the ordinance establishes rating discounts for LBE prime consultants and joint ventures as follows:

- Five percent (5%) to a Joint Venture with LBE prime contractor participation that equals or exceeds thirty-five percent (35%) but is under forty percent (40%);
- Seven and one-half percent (7.5%) to a Joint Venture with LBE prime contractor participation that equals or exceeds forty percent (40%); and
- Ten percent (10%) to an LBE prime contractor or a Joint Venture among LBE prime contractors.

CMD set the LBE subcontracting participation goal for this proposed contract at 13%. Each selected prime contractor will be obligated to subcontract a minimum of 13% of the total contract value to certified LBE firms. The LBE subcontracting goal is based on the number of LBEs available to perform work with respect to the project’s proposed scope. While previous as needed real estate economic consulting contracts had a LBE subcontracting goal of 21%, this RFQ has a lower participation goal due to a decrease in planning services and an increased demand for financial analysis, which is provided by fewer LBE firms.

## OUTREACH EFFORTS

Subject to Port Commission authorization, Port staff will advertise the RFQ opportunity on the Port and Office of Contract Administration websites. LBE firms certified to provide services identified in the RFQ will be contacted directly through phone calls and emails.

Additionally, Port staff will send copies of the RFQ to interested parties compiled through industry market research. The Port will host a pre-submittal conference to review the RFQ, answer respondent questions, and provide a networking opportunity for potential bidders. Port staff will also advertise the RFQ using the following resources:

- Contract Monitoring Division Directory of Certified LBEs
- San Francisco African American Chamber of Commerce
- Hispanic Chamber of Commerce of San Francisco
- Chinese Chamber of Commerce, San Francisco
- LGBTQ Chamber of Commerce, San Francisco (Golden Gate Business Association)
- San Francisco Local Business Enterprise Advisory Committee
- San Francisco Chamber of Commerce
- #@SFPORT (Port Twitter account)
- City and County of San Francisco Bids and Contracts Database

## PROPOSED SCHEDULE

<u>Activity</u>	<u>Target Date</u>
Port Commission Authorization to Advertise	May 8, 2018
Commence RFQ Advertisement	May 21, 2018
Pre-submittal Meeting	June 6, 2018
Submission Due Date	June 22, 2018
Interviews	Week of July 16, 2018
Commission Request to Award Contract	August 7, 2018
New Contracts Commence	September 1, 2018

## FUNDING

Funding for these services is subject to appropriation through the Port's operating budget. The primary line item source is 'Professional & Specialized Services' within the Real Estate & Development Division and the Waterfront Development Project, which supports strategic real estate and development efforts.

## **SUMMARY**

Port staff recommends that the Port Commission approve the attached resolution authorizing staff to advertise a Request for Qualifications soliciting as-needed real estate economics and related professional services as described above.

Prepared by: Boris Delepine, Contracts Coordinator

and

Rebecca Benassini, Assistant Deputy  
Director Real Estate & Development

For: Katharine Petrucione, Deputy Director  
Finance & Administration

and

Michael Martin, Deputy Director  
Real Estate & Development

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

**RESOLUTION NO. 18-27**

WHEREAS, in 2016, the Port issued a Request for Qualifications (“2016 RFQ”) for “As Needed Real Estate Economics and Planning Services” to support Port staff in its planning and management of mixed-use waterfront projects and public-private partnerships; and

WHEREAS, the Port’s current set of as-needed Real Estate Economics and Related Consulting Services contracts executed pursuant to the 2016 RFQ authorization have provided a timely and cost-effective vehicle for the provision of professional services; and

WHEREAS, Port staff requires consultant expertise and assistance in the areas of real estate economics, land use planning, urban design, architecture, historic preservation, transportation planning, and other areas for projects currently in the planning, negotiations, and entitlement phases as well as for future waterfront projects; and

WHEREAS, Port staff seeks Port Commission authorization to issue a Request for Qualifications for Real Estate Economics and Related Consulting Services (“RFQ”), to award a new “As-Needed” list of pre-qualified consulting teams; and

WHEREAS, the City’s Contract Monitoring Division has exclusive authority granted by the Board of Supervisors and the City’s Administrative Code (Sections 14B.8) to set Local Business Enterprise (“LBE”) subcontracting goals for professional service contracts; and

WHEREAS, the Contract Monitoring Division staff reviewed the proposed scope of work for the proposed RFQ and, based on the availability of LBE firms set a 13% LBE subcontracting goal for this RFQ; and

WHEREAS, Upon final evaluation of RFQ responses, Port staff intend to recommend to the Port Commission contract awards to not more than the top-ranked four consulting firms, and Port staff will work with the firms selected for contract awards to exceed the 13% LBE subcontracting goal to greatest extent possible; now; therefore be it

RESOLVED, that the San Francisco Port Commission hereby authorizes Port staff to advertise a RFQ for a maximum of four Real Estate Economics and Related Consulting Services contracts, for a total amount not to exceed \$3,000,000, each contract with a term of three years, and an option to extend each term for one additional year in the Port’s sole discretion, on as-needed basis for consulting services.

***I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of May 8, 2018.***

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Secretary