MEMORANDUM

TO: Community Investment and Infrastructure Commissioners

FROM: Tiffany Bohee
Executive Director

SUBJECT: Authorizing a First Amendment to the Personal Services Contract with Public Financial Management, Inc., a Pennsylvania Corporation, to increase the contract amount by $13,038 for a total contract amount not to exceed $62,788; former Yerba Buena Center Redevelopment Project Area

In July 2013, the Office of Community Investment and Infrastructure ("OCII") and Public Financial Management, Inc. ("PFM") entered into a $49,750 Personal Services Contract ("Contract") for consulting services related to the disposition of the Successor Agency's Yerba Buena Gardens real property assets ("YBG Assets"). PFM was asked to investigate and recommend (1) an ownership/management governing structure for the YBG Assets, and (2) long-term capital financing alternatives to fund future capital improvements to the YBG Assets. In January 2014, PFM completed its work under the Contract and issued its final report, which was transmitted to the Commission by Informational Memorandum dated February 4, 2014.

Although PFM has completed its work under the Contract, it incurred fees that exceeded the $49,750 maximum amount payable under the Contract (the "Original Contract Amount"). The Contract’s scope of services required PFM to solicit feedback from YBG stakeholders in individual interviews, small group interviews, or large community meetings. These outreach efforts were a major part of PFM’s work and required more of PFM’s time than either staff or PFM anticipated. Additionally, PFM’s comprehensive final report required additional time for revisions based on feedback from staff of OCII and the City and County of San Francisco.

As a result, the proposed First Amendment to the Contract ("First Amendment") will increase the Original Contract Amount by $13,038 (the "Additional Contract Amount") to cover PFM’s time over and above the time allotted in the Contract for community outreach and preparation of a final report, for a maximum amount payable under the Contract of $62,788. See Attachment 1 for a copy of the proposed First Amendment.

Funding for the Additional Contract Amount appears on line #141 of the Successor Agency’s 13-14B Recognized Obligation Payment Schedule ("ROPS"), which was previously approved by the State of California’s Department of Finance ("DOF"). The funding source is revenue generated from OCII’s tenants at YGB (i.e., Marriott Hotel, Metreon, Yerba Buena Lane retail tenants, several small commercial retail leases, and an operating agreement) and an annual development fee from the St. Regis Hotel. The revenue is deposited into the Successor Agency’s

1 OCII set-aside $200,000 in its fiscal year 2013-14 budget for YBG disposition planning work and included that figure in Line #141 of its DOF-approved ROPS 13-14A and 13-14B.
YBG separate account established for this purpose and is restricted to uses related to YBG operations and property management activities.

Staff recommends this First Amendment to the Contract in order pay PFM the Additional Contract Amount and close-out this Contract.

(Originated by Denise Zermani, Development Specialist)

Tiffany Bohce
Executive Director

Attachment 1: First Amendment to Personal Services Contract
Attachment 1

First Amendment to Personal Services Contract
OFFICE OF COMMUNITY INVESTMENT AND INFRASTRUCTURE  
(SUCCESSOR AGENCY TO THE SAN FRANCISCO REDEVELOPMENT AGENCY)

FIRST AMENDMENT TO PERSONAL SERVICES CONTRACT

This First Amendment to the Personal Services Contract (the "First Amendment") is entered into as of March ____ , 2014 (the "Effective Date"), by and between the Office of Community Investment and Infrastructure, the Successor Agency to the Redevelopment Agency of the City and County of San Francisco, a public body organized and existing under the laws of the State of California (the "OCII" and/or the "Successor Agency"), and Public Financial Management, Inc., a Pennsylvania corporation ("Contractor").

RECITALS

This First Amendment is made with reference to the following facts and circumstances:

A. On July 12, 2013, the Successor Agency and the Contractor entered into a Personal Services Contract ("Contract") for consulting services related to the disposition of the Successor Agency’s Yerba Buena Gardens real property assets ("YBG Assets"). The Contractor was asked to investigate and recommend (1) an ownership/management governing structure for the YBG Assets, and (2) long-term capital financing alternatives to fund future capital improvements to the YBG Assets. The Contract expires on June 30, 2014.

B. Although, the Contractor’s final report was published in January 2014 and it has completed its work under the Contract, the Contractor incurred fees that exceeded the $49,750 maximum amount payable under the Contract (the "Original Contract Amount"). The Contract’s scope of services required the Contractor to solicit feedback from YBG stakeholders in individual interviews, small group interviews, or large community meetings. These outreach efforts were a major part of the Contractor’s work and required more of the Contractor’s time than either OCII staff or the Contractor anticipated. Additionally, PFM’s comprehensive final report required additional time for revisions based on feedback from staff of OCII and the City and County of San Francisco. As a result, this First Amendment will increase the Original Contract Amount by $13,038 (the "Additional Contract Amount"), to cover the Contractor’s time over and above the time allotted in the Contract for community outreach and preparation of a final report, for a maximum amount payable under the Contract of $62,788.

C. Funding for the Additional Contract Amount appears on line #141 of the Successor Agency’s 13-14B Recognized Obligation Payment Schedule ("ROPS"), which was previously approved by the State of California’s Department of Finance ("DOF"). The funding source is not property tax revenue, but rather is revenue generated from OCII’s tenants at YBG (i.e., Marriott Hotel, Metreon, Yerba Buena Lane retail tenants, several small commercial retail leases, and an operating agreement) and an annual development fee from the St. Regis Hotel. The revenue is

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1 OCII set-aside $200,000 in its fiscal year 2013-14 budget for YBG disposition planning work and included that figure in Line #141 of its DOF-approved ROPS 13-14A and 13-14B.
deposited into the Successor Agency’s YBG separate account established for this purpose and is restricted to uses related to YBG operations and property management activities.

D. The Successor Agency and the Contractor seek to enter into this First Amendment upon the basis of the terms, covenants and conditions set forth below.

**AGREEMENT**

NOW, THEREFORE, for good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the Successor Agency and the Contractor agree as follows:

1. **Section 3.(A) Compensation** is deleted in its entirety and replaced with the following:

   “The maximum amount payable under this Contract is SIXTY-TWO THOUSAND, SEVEN-HUNDRED AND EIGHTY-EIGHT DOLLARS ($62,788). Compensation shall be based upon the mutually agreed upon Scope of Services and Attachment B, “Budget,” and as provided in this Section 3. All expenses of Contractor are intended to be covered by the compensation paid to Contractor pursuant to the Contract, and no expenses of Contractor shall be reimbursed separately. Funding for the Original Contract Amount ($49,750) and the Additional Contract Amount $13,038) appears on line #141 of the Successor Agency’s DOF-approved ROPS 13-14A and 13-14B. Funding comes from the Successor Agency’s separate account for YBG.”

2. **Attachment B “Budget”** is amended as follows:

   “The maximum amount payable under the Scope of Services for this Contract is SIXTY-TWO THOUSAND, SEVEN-HUNDRED AND EIGHTY-EIGHT DOLLARS ($62,788).”

3. **Miscellaneous.** The following miscellaneous provisions apply to this First Amendment:
   a. **Incorporation.** This First Amendment constitutes a part of the Agreement and any reference in any document to the Agreement as amended hereby.
   b. **Ratification.** To the extent of any inconsistency between this First Amendment and the Agreement, the provisions contained in this First Amendment shall control. Except as otherwise amended hereby, all terms, covenants, conditions and provisions of the Agreement shall remain in full force and effect.
   c. **Counterparts.** This First Amendment may be executed in any number of counterparts, all of which, together, shall constitute the original agreement.
   d. **Integration.** This First Amendment contains the entire agreement between the parties with respect to the subject matter of this First Amendment. Any prior correspondence, memoranda, agreements, warranties or representations relating to such subject matter are superseded by this First Amendment. No prior drafts of this First Amendment or changes from those drafts to the executed version of this First Amendment shall be introduced as evidence in any litigation or other dispute resolution proceeding by either party or any other person, and no court or other body shall consider those drafts in interpreting this First Amendment.

First Amendment
Personal Services Contract with PFM, Inc.
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IN WITNESS WHEREOF the Successor Agency and the Contractor have executed this First Amendment to the Agreement as of the date first above written.

CONTRACTOR:  
PUBLIC FINANCIAL MANAGEMENT, INC., a Pennsylvania corporation

By: ________________________
    Robert Gamble, Managing Director
    Federal Tax Identification No. 23-1992164

SUCCESSOR AGENCY:  
SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY AND COUNTY OF SAN FRANCISCO, a public body, corporate and politic

By: ________________________
    Tiffany Bohee
    Executive Director


Approved as to Form:

______________________________
James B. Morales
Interim General Counsel