MEMORANDUM

TO: Office of Community Investment and Infrastructure Commissioners

FROM: Tiffany Bohee
Executive Director

SUBJECT: Authorizing a First Amendment to the Personal Services Contract with Hawk Engineers Inc., a California Corporation, to expand the scope of services and to increase the contract amount by $50,000 to provide infrastructure technical support services for Phase 1 of the Hunters Point Shipyard for a total contract amount not to exceed $100,000; Hunters Point Shipyard Redevelopment Project Area

Authorizing a First Amendment to the Personal Services Contract with Hawk Engineers, Inc., a California Corporation to expand the scope of services and to increase the contract amount by $74,000 to provide infrastructure technical support services for Phase 2 of the Hunters Point Shipyard and Candlestick Point for a total contract amount not exceed $124,000; Hunters Point Shipyard Redevelopment Project Area and the Bayview Hunters Point Redevelopment Project Area

EXECUTIVE SUMMARY

The Office of Community Investment and Infrastructure ("OCII") has two disposition and development agreements ("DDA") with Lennar Urban ("Lennar" or "developer") for the integrated planning and development of approximately 780 acres located along the southeastern waterfront of San Francisco. The first phase of development at the Hunters Point Shipyard (the "Phase 1 DDA or Phase 1") will ultimately include up to 1,600 homes, 27% to 40% of which will be affordable, and 26 acres of open space. The first residential units are anticipated to be available by the end of 2014. The second DDA is for the Candlestick Point/Hunters Point Shipyard Phase 2 ("Phase 2 DDA or Phase 2"), which provides for an additional 10,500 new housing units to be located at Shipyard and Candlestick Point, 32% of which will affordable, including the rebuilding of the Alice Griffith public housing development consistent with the City’s HOPE SF program. Together, these two DDAs are being implemented simultaneously and integrated cohesively as one project (the "Project"). A project of this scale and complexity requires an integrated team being continuously involved in the Project and maintaining a deep understanding of the ever-changing tasks at-hand.

Both DDAs include an Interagency Cooperation Agreement ("ICA") as well as an agreed upon Design Review and Document Approval Procedure ("DRDAP"). The ICA sets out a framework for cooperation between OCII, the Developer, and City Agencies (San Francisco Department of Public Works ("DPW"), San Francisco Public Utilities Commission, San Francisco Fire Department, and San Francisco Municipal Transportation Agency) with respect to the review and approval of the Project’s infrastructure applications for construction and provides the scope
of infrastructure improvements that will be built for the Project. The ICA also details DPW’s obligation to review and approve subdivision mapping, Street Vacations, Public Improvement Agreements, Improvement Permits, Determination of Completeness (“DOC”), submittal to the Board of Supervisors for Acceptance and Acquisition of public infrastructure.

To help implement the Project with respect to the ICA and DRDAP, OCII contracts directly with DPW, the customary lead in processing subdivision mapping and infrastructure improvement plans; which acts as the central department for processing of permits needed to construct the infrastructure improvements. In addition to this role, DPW assists Lennar and OCII in obtaining regulatory approvals and other entitling approvals and agreements.

The ICA allows for a third party consultant to be hired to assist City and OCII staff, in coordination with DPW, with efficiently fulfilling their respective obligations for expeditiously processing permits related to the implementation of the Project. Since 2000, Hawk Engineers Inc. ("Hawk") has provided this technical resource to DPW and OCII through a contract with Lennar. In 2013 Lennar elected to not continue its contract with Hawk; however, OCII and DPW staff determined that Hawk’s expertise was still needed in order to support the review of the various infrastructure plans and permits that were underway. OCII therefore entered into two contracts with Hawk as of January 2014 with a $50,000 scope of work and budget each to Phase 1 and Phase 2 (the “Phase 1 Hawk Contract” and “Phase 2 Hawk Contract” respectively, or the “Contracts”). At this time Hawk has completed the scope of work for both Contracts and has utilized the full budget amount. The current term of both Contracts does not need to be amended since it permits the Executive Director the right to extend the term a maximum of two times, each for a period of up to six months by written notification of such extension before the end of the term.

There is an ongoing need for the technical support services for both Phases 1 and 2 and staff has determined that a competitive solicitation process through a request for proposals (“RFP”) should be undertaken to secure these type of services on a longer term basis. However, staff anticipates that the RFP process won’t be completed until the end of the year. In order to ensure that the review and approval of infrastructure plans and permits is not delayed while the RFP process is ongoing, staff recommends amending both Contracts (the “First Amendments”) to provide Hawk with additional scope and budget to provide the needed services on an interim basis.

Staff recommends authorizing the First Amendment to the Phase 1 Hawk Contract to expand the scope of services and to increase the contract amount by $50,000 to provide infrastructure technical support services for Phase 1 of the Hunters Point Shipyard for a total contract amount not exceed $100,000; and

Staff also recommends authorizing the First Amendment to the Phase 2 Hawk Contract to expand the scope of services and to increase the contract amount by $74,000 to provide infrastructure technical support services for Phase 2 of the Hunters Point Shipyard and Candlestick Point for a total aggregate amount not to exceed $124,000.

BACKGROUND

Hawk has been the only technical resource for the DPW Task Force for many major development projects since 2000, including but not limited to, the Mission Bay Project since 2000; the Hunters Point Shipyard, Phase 1 Project since 2005; and the Hunters View Project
(Hope SF) since 2009. Since 2005, Lennar has contracted directly with Hawk to provide technical support for the Project, but Lennar elected not to renew its contract with Hawk effective June 30, 2013. OCII and DPW determined that such technical support services were still required in order to keep Phases 1 and 2 of the Project on track. Since Hawk was uniquely qualified to fulfill that role at that time due its experience with the Project, OCII entered into a two short-term Contracts with Hawk for the period of January 1, 2014 to December 31, 2014 to ensure that DPW had adequate technical support to meet sensitive timelines associated with Phase 2’s Alice Griffith development project, Phase 1’s open space permit applications and the City’s acceptance of constructed infrastructure for the Hilltop neighborhood for the newly constructed units.

There is still significant work ahead to be completed on the project, and staff has determined that the most appropriate course of action to secure services on a longer term basis is through a competitive Request for Proposals, Staff anticipates releasing the RFP in the next month and the process would be completed by the end of this year. However, until a permanent consultant is selected through the competitive process, staff recommends providing Hawk with additional scope and budget to ensure that the Project’s infrastructure deliverables do not experience any significant delays.

**DISCUSSION**

Per the ICA, the Developer, OCII, and/or the City may retain third-party professionals to assist the City and OCII staff with efficiently fulfilling their respective obligations for expeditious processing of permits under this ICA and the DRDAP. Implementation of the Project requires a significant amount of technical infrastructure and negotiation amongst the City’s various departments, OCII and Lennar prior to issuing final permits. For example, in Phase 2, the new Alice Griffith public housing replacement project, which is part of the Mayor’s Hope SF Program, has received a $30.5 million grant for below-market housing. The grant is contingent upon on project being occupied by September 30, 2016. The current schedule requires immediate efforts and resources for the DPW Taskforce to complete the many tasks such as Sub-Division Regulations, Master Utility Plans, Street Vacation and Vesting Tentative Sub-Division Map.

Under the current Contracts, Hawk is already assisting in supporting DPW’s Taskforce role in coordinating and seeking such permit and plan approvals on horizontal infrastructure and City acceptance once the infrastructure has been completed. On Phase 2, Hawk helps coordinate City comments and approval from City departments and will eventually recommend to DPW Taskforce to issue a permit to install the infrastructure. Infrastructure acceptance by the City is a defined legislated process for which multiple exhibits need to be prepared. Hawk currently helps prepare those exhibits and memoranda. In addition to those tasks, final maps need to be created for mapping legal lots that reconfigure streets and vertical development pads. Hawk currently helps coordinate City comments and sign off from City departments on those maps.

**Amended Scope of Services and Budget**

The requested services from Hawk are for separate and distinct scopes, as well as for two distinct projects: Phase 1 and Phase 2, each requiring deliverables that are different in nature.

The First Amendments for the Phase 1 Hawk Contract and Phase 2 Hawk Contracts are included as Attachments A and B, respectively. A summary of the Scope of Services and Budget
anticipated under both First Amendments are included as Attachment A and B for Phase 1 and Phase 2 respectively and generally include the following tasks:

**Phase 1 Hawk Contract First Amendment**

A. Scope of Work:
1. Coordinate final submittal of the Phase 1 Hilltop Regional Parks Permit application
2. Coordinate the final plan/permit submittal for select pocket parks.
3. Revised utilities and streetscape improvements at Hillside.
4. Secure City acceptance of constructed infrastructure at the Phase 1 Hilltop and Hillside sites
5. Implementation assistance with the Phase 2 Financing Plan and Alternative Financing (as further discussed below).

B. Budget: The original Budget provided for $50,000. The First Amendment would add $50,000 for a total amount not to exceed $100,000.

**Phase 2 Hawk Contract First Amendment**

A. Scope of Work:
1. Infrastructure support services for Alice Griffith development which includes coordinating the review and distribution of a variety horizontal infrastructure construction relation documents.
2. Assist DPW Taskforce staff in coordinating citywide comments on all public improvement plans.
3. Assist with the second Sub-Phase of Candlestick Point regional retail plans infrastructure plan documents.

B. Budget: The original Budget provided for $50,000. The First Amendment would add $74,000 for a total amount not to exceed $124,000.

The term of the Contracts does not need to be amended in the First Amendments since both Contracts permits the Executive Director the authority to extend the term a maximum of two times, each for a period of up to six months, by written notification of such extension to the Contractor before the end of the term.

**Source of Funding**

The Contracts’ expenses are reimbursable by Lennar under the Shipyard’s Phase 1 and Phase 2 DDAs. On December 14, 2012, the California State Department of Finance (“DOF”) issued a Final and Conclusive Determination under California Health and Safety Code § 34177.5 (i), that the Shipyard’s Phase 1 DDA and the Phase 2 DDA are enforceable obligations that survived the dissolution of the Agency. The Contracts are in furtherance of, and is necessary to complete, Agency obligations under the Phase 1and Phase 2 DDAs, the DRDAP, and the ICA. The Contracts are shown on line HPSY 381 for both Phase 1 and Phase 2 of the approved Recognized Obligation Payment Schedule (“ROPS”), which has been approved by the Oversight Board and DOF, and will be included on each successive ROPS until expiration or termination of the Contracts.
Sole Source Procurement

OCII’s Purchasing Policy, Section IX. (D) permits the Executive Director to solicit a proposal from only one source (“Sole Source”) under certain conditions. The procurement for Hawk meets the following Sole Source criteria from the Purchasing Policy: “The proposed Contractor has previously provided the needed Goods or Services to the Agency and, in doing so, has performed satisfactorily and gained specific information and experience making the proposed Contractor uniquely qualified to provide the needed Goods or Services.” As discussed earlier Hawk has been the only technical resource for the DPW Task Force for both Phase 1 and Phase 2. As support staff, Hawk worked on the Phase 1 and 2 DDAs, ICA, Subdivision Code, Subdivision Regulations, Acquisition Agreement, Infrastructure Plan, Master Utility Plans, Street Vacation, Off-Site Improvements, Grading Plan, Alternative Materials Plan, Schedules and Estimates, the Alice Griffith Infrastructure plans, Property Ownership Study, Streetscape Plan and the Public Utilities Commission (“PUC”) Design Criteria. Hawk has performed satisfactorily during their current existing contract period with OCII. Further, Hawk’s expertise and accumulated knowledge on the Phase 1 and Phase 2 infrastructure matters continue to be critical to the negotiations and implementation of the various Project initiatives described above.

CALIFORNIA ENVIRONMENTAL QUALITY ACT

The Commission’s authorization of the First Amendments to the Contracts with Hawk to provide technical infrastructure support services in association with the implementation of the Phase 1 and 2 DDAs is statutorily exempt from the California Environmental Quality Act (“CEQA”) Section 15378(b)(5). The First Amendments to the Contracts would allow for an increase of the Contracts' budgets and changes to their respective scope of work under the Contracts as described above, but would not change the Project. Authorization of the First Amendments is an administrative activity that is not a “Project”, as defined by the California Environmental Quality Act (“CEQA”) Guidelines. The First Amendments will not independently result in a physical change in the environment and is not subject to environmental review under CEQA.

(Originated by Lila Hussain, Acting Project Manager, Phase 2 Hunters Point Shipyard and Candlestick Point)

Tiffany Bohce
Executive Director

Attachment A: First Amendment to Phase 1 Hawk Contract
Attachment B: First Amendment to Phase 2 Hawk Contract