MEMORANDUM

TO: Community Investment and Infrastructure Commissioners

FROM: Tiffany Bohee, Executive Director

SUBJECT: Authorizing the execution of a Modification to the Security Services Cooperative Agreement with the U.S. Department of the Navy (the “Navy”) for security services on Navy-owned land at the Hunters Point Shipyard that (1) extends the term until the last Navy-owned parcel is transferred to the Successor Agency or the Conveyance Agreement with the Navy is terminated, whichever is sooner, or the Navy has satisfied the criteria to sell Navy-owned parcels to third parties as set forth in the Conveyance Agreement, and (2) allows Security Services Cooperative Agreement expenditures that are authorized through the annual budget without additional Commission action, paid for by the Navy; Hunters Point Shipyard Project Area

EXECUTIVE SUMMARY

The Navy still owns about 336 acres of land at the Hunters Point Shipyard (the “Shipyard”). The Successor Agency is responsible for providing certain security services (“Security Services,” further defined below) on this federally owned land while it is still under the Navy’s ownership, pursuant to the 2004 Conveyance Agreement between the Navy and the Successor Agency, also known as the Office of Community Investment and Infrastructure (“OCII”). The Conveyance Agreement required the former San Francisco Redevelopment Agency (the “SFRA”), and now OCII, to enter into a Security Services Cooperative Agreement with the Navy that outlined the Security Services to be provided (the “Security Cooperative Agreement”). The Navy pays for these services.

Up until earlier this year, OCII provided these services through a third-party security contractor that was selected after a competitive procurement process. Since March 2014 the Shipyard’s master developer (“Lennar”) has been providing Security Services through its own third-party security contractor, A-1 Services.

The original Security Cooperative Agreement, which was entered into in 2004, provided for a 1-year term with four 1-year extensions that must be approved annually by the Navy. It was therefore extended through 2009, when a new Security Cooperative Agreement was approved, which now expires on September 30, 2014. The Navy and OCII staff wish to modify the Security Cooperative Agreement to extend its term and also make it less cumbersome to administer (the "Modification"). The Modification would (1) remove the 5-year term and extend the term of the Security Cooperative Agreement until the last Navy-owned parcel is transferred to OCII or the Conveyance Agreement with the Navy is terminated, whichever is sooner, or the Navy has satisfied the criteria to sell Navy-owned parcels to third parties as set forth in the Conveyance Agreement, and (2) authorize the Executive Director to make Security Cooperative
Agreement expenditures once authorized through OCII's annual budget without additional Commission action, paid for by the Navy, subject to the availability of funds (See Exhibit 1). Staff believes these modifications will streamline the process for providing Security Services on the Navy’s land at the Shipyard and reduce OCII’s operational costs.

Staff recommends approval of the Modification to the Security Cooperative Agreement.

BACKGROUND

The Conveyance Agreement between the Navy and SFRA (and now OCII) includes a process for transferring Navy-owned land at the Shipyard to OCII, after the Navy has completed environmental remediation to levels consistent with the intended reuse of the property. The Navy still owns about 336 acres of land at the Shipyard. Under the Conveyance Agreement, OCII is responsible for providing Security Services on this federally owned land while it is still under the Navy’s ownership, SFRA and the Navy entered into the Security Cooperative Agreement, to satisfy the requirements of the Conveyance Agreement.

The Security Cooperative Agreement

The SFRA and the Navy entered into the first Security Cooperative Agreement on October 1, 2004. It had a term of five years, and expired on September 30, 2009. The SFRA and the Navy then entered into a second Security Cooperative Agreement on October 1, 2009, which also had a term of five years. It expires on September 30, 2014.

Under this agreement, OCII must ensure the provision of the following Security Services for the Navy’s land and property at the Shipyard:

(1) **Regular Roving Patrols.** The security contractor patrols the perimeter of the Navy’s land and checks all of the Navy’s unoccupied buildings for unauthorized entries or other problems. The roving patrols occur 16 hours per day, seven days a week. Security personnel do not perform police duties (including the power to arrest), bear arms or use deadly force. Instead, they only detect, deter, and report occurrences of trespass, theft, vandalism, dumping, and other unauthorized activities. Security personnel are instructed to detain trespassers, report incidents, and turn over detainees to the proper authorities.

(2) **Access Control.** The security contractor staffs the one entry/exit gate that leads into and out of the Shipyard 24 hours per day, seven days a week. They monitor and control access to the Shipyard to prevent theft, trespassing, and vandalism.

(3) **Reporting.** The security contractor is responsible for maintaining daily activity reports, incident reports, and other reports that document the scope of services being performed and the overall state of security at the Shipyard. Security personnel are required to report any emergencies to the appropriate authorities.

(4) **Administration.** The security contractor is responsible for maintaining all required permits, licenses, and employee certificates. They also are responsible for notifying the Navy and other appropriate authorities if there is a breach of security, hazards to life or
property, a hazardous material detection, an arrest of any individual, a terrorist threat or act, any work-related injury, and any incident requiring intervention by the City of San Francisco (the “City”), among other things.

(5) **Provision of Equipment and Materials.** The security contractor is required to provide all equipment and materials necessary to perform the scope of services, including uniforms, vehicles, and communication equipment.

The Navy pays for the Security Services to the Navy-owned property, and OCII’s obligations are limited to the extent of the funds paid by the Navy. As the Navy-owned land is remediated and conveyed to OCII for development, the Security Cooperative Agreement with respect to the land is terminated. But OCII requires Lennar to continue to provide security on the transferred land, which is paid for by Lennar and/or transferees. Lennar gets reimbursed from OCII (with Navy funds) for the portion of its costs to provide Security Services on Navy-land.

**Security Services Contractor**

For 10 years, between 2004 and 2014, the SFRA procured the Security Services directly and entered into personal services contracts with third-party security providers that were selected after a competitive procurement process. As OCII’s contract with its security provider was concluding at the end of 2013, OCII requested that Lennar take over the contracting and provision of Security Services through the auspices of the Interim Lease between OCII and Lennar. As with other professional services contracts for the Shipyard, Lennar’s contracting requires first consideration for small business enterprises (“SBE”).

Lennar issued a request for proposals for security services at the Shipyard on December 19, 2013 (“RFP”). It was advertised for 30 days in the San Francisco Examiner, the Sun Reporter, and the Small Business Exchange newspapers. Lennar also advertised this business opportunity through the African American Chamber of Commerce, the Hispanic Chamber of Commerce, and the Asian Chamber of Commerce, and it outreached to all City-certified small and local business enterprises that provide security. Lennar received 11 proposals. The proposals were reviewed by a selection panel comprised of three Lennar representatives, one OCII representative, one member of the Shipyard Citizens Advisory Committee (“CAC”), and one representative from the Navy. At the end of the review process, the selection panel selected A-1 Protective Services Inc. (“A-1 Services”), as the firm that best met all of the selection criteria outlined in the RFP, including having the most competitive pricing.

A-1 Services is a City certified woman/minority-owned SBE located in the Bayview-Hunters Point neighborhood. The company has 33 years of experience in the industry, including experience in the Bayview-Hunters Point neighborhood. It also stated a strong commitment to hire from the Bayview-Hunters Point neighborhood. The personal services contract between Lennar and A-1 Services was executed on February 10, 2014, and the company began working at the Shipyard on March 1, 2014.
DISCUSSION

Proposed Modification to the Security Cooperative Agreement

As currently drafted, the Security Cooperative Agreement is cumbersome to administer. It has a term of only one year, with four one-year extensions that must be approved by the Navy and the Commission on an annual basis. Since the last parcel owned by the Navy isn’t scheduled to be transferred to OCII until 2021, the Navy has agreed to streamline the process through the proposed Modification by extending the term until the last Navy-owned parcel is transferred to OCII, or the Conveyance Agreement with the Navy is terminated, (or the Navy satisfies criteria for transfer to other parties if OCII doesn’t accept a parcel transfer) whichever is sooner, unless the Conveyance Agreement is sooner terminated by either party.

The proposed modifications listed above will reduce OCII’s administrative burden, streamline the annual process of funding the Security Services, and ensure that security is uninterrupted at the Shipyard.

Annual Budget Approvals for Security Services

The Navy requires annual Modification documents to set the budget amount for each fiscal year. The proposed Modification includes a budget amount $303,908. The Navy provides the funding for the Security Services, which are then paid to Lennar through OCII. In order to facilitate approvals of future years’ annual budget amounts, the Resolution includes a provision that authorizes the Executive Director to execute those annual modification documents with the Navy in order to set the budget amount, up to the amount included for Security Services in OCII’s approved annual budget.

Compliance with Redevelopment Dissolution Law

The proposed Modification is in compliance with Dissolution Law. The Security Cooperative Agreement is a requirement of the Conveyance Agreement between the Navy and OCII, which is an enforceable obligation under Dissolution Law. Pursuant to the Conveyance Agreement, OCII is responsible for providing Security Services on the Navy’s land while it is still under the Navy’s ownership, pursuant to the Security Cooperative Agreement. The proposed Modification fulfills OCII’s obligations under the Conveyance Agreement.

Community Input

The CAC concurred with staff’s recommendation to approve the Modification to the Security Cooperative Agreement at its August 2014 meetings.

California Environmental Quality Act (“CEQA”)

The proposed Modification is not a project as defined by CEQA in CEQA Guidelines Section 15378(b)(5) because (i) the action provides security and patrol services within a redevelopment project area, (ii) will not change conditions at the Shipyard, and (iii) will not independently result in a physical change in the environment.
Staff Recommendation

Staff recommends approval of the Modification to the Security Cooperative Agreement with the Navy. Staff believes that the proposed modifications will reduce OCII’s administrative burden, streamline the annual process of funding the Security Services, and ensure that security is uninterrupted at the Shipyard.

(Originated by Thor Kaslofsky, Project Manager, Hunters Point Shipyard)

Tiffani Bohee
Executive Director

Exhibit 1: Proposed Modification to the Security Cooperative Agreement
Exhibit 1
Proposed Modification to the Security Cooperative Agreement
COOPERATIVE AGREEMENT MODIFICATION

The purpose of this modification is to add funds for the annual performance period between 01 October 2014 to 30 September 2015 as required by Section 401 of Cooperative Agreement N62473-09-2-0018 (the “Cooperative Agreement”) between the United States Navy (the “Navy”) and the Successor Agency to the Redevelopment Agency of the City and County of San Francisco (“Caretaker”).

As mutually agreed to herein by both parties, the costs of extended caretaker services for security services shall be $303,908, through 30 September 2015.

This modification also updates Section 701 as written below to be consistent with BRAC law.

Section 701. Term of Agreement

Unless sooner terminated in accordance with its terms, this Agreement will not terminate until the earlier of (i) the termination of the Conveyance Agreement between the Navy and Caretaker, (ii) the date that Parcels A – D are conveyed, or (iii) the Government has satisfied the criteria to sell those parcels to third parties as set forth in Article 3 of the Conveyance Agreement.

Except as set forth in this modification, the general provisions, terms and conditions of the Cooperative Agreement remain the same.

As a result of this Modification, the Cooperative Agreement the total funded amount of the Cooperative Agreement is increased by $303,908 from $1,363,397 to $1,667,305.
IN WITNESS WHEREOF, and intending to be legally bound hereby, the parties to this Base Caretaker Cooperative Agreement, by their authorized representatives, hereby cause this Modification to be executed.

THE CARETAKER

Dated: ____________________________
By: ____________________________
Tiffany Bohee
Executive Director,
Successor Agency to the
San Francisco Redevelopment Agency

APPROVED AS TO FORM:

Dated: ____________________________
By: ____________________________
Charles Sullivan
City and County of San Francisco
Office of the City Attorney

THE UNITED STATES OF AMERICA

Dated: ____________________________
By: ____________________________
Ms. Cindy Readal
Grants Officer