MEMORANDUM

TO: Community Investment and Infrastructure Commissioners
FROM: Tiffany Bohee
Executive Director
SUBJECT: Authorizing, pursuant to the Transbay Implementation Agreement, a memorandum of agreement with the San Francisco County Transportation Authority in an amount not to exceed $2,883,900 for construction of the realignment of the Folsom Street Off-Ramp; Transbay Redevelopment Project Area

EXECUTIVE SUMMARY

The Transbay Redevelopment Project Area ("Project Area") was adopted in 2005 with the purpose of redeveloping 10 acres of property owned by the State of California (the "State-owned parcels") and generating funding for the new Transbay Transit Center ("TTC"), other public infrastructure, and the development of affordable housing. The Transbay Redevelopment Project Area Implementation Agreement ("Implementation Agreement") is an enforceable obligation that requires the Office of Community Investment and Infrastructure ("OCII") to, among other things, "execute all activities related to the implementation of the Transbay Redevelopment Plan, including but not limited to, activities related to major infrastructure improvements." (Section 2.1(d) of the Implementation Agreement at p.4). On April 15, 2013, the California Department of Finance ("DOF") determined "finally and conclusively" that the Implementation Agreement, along with other Transbay-related documents, is an enforceable obligation that will not require additional DOF review in the future, although expenditures under the Implementation Agreement are subject to continuing DOF review.

On April 30, 2013, the Commission authorized a personal services contract with the San Francisco County Transportation Authority ("SFCTA") in an amount not to exceed $365,585 to complete construction documentation for the realignment of the Folsom Street Off-Ramp in the Project Area. Realigning this off-ramp is a major component of the infrastructure work called for in the Implementation Agreement. Currently, the off-ramp cuts through the middle of Block 8, a site designated for a 740-unit residential development. OCII intends to issue the requests for proposals for Block 8 by the end of the year. Realigning the off-ramp will create a better pedestrian environment and allow OCII to work with a selected development team to develop Block 8 to its full potential. Construction of the residential development on Block 8 is scheduled to begin in early 2015, after the realignment of the off-ramp has been completed.

Under the current personal services contract, SFCTA has been working with the California Department of Transportation ("Caltrans") on the realignment and is close to receiving final approvals. The proposed new agreement would allow SFCTA to hire a construction manager to complete a constructability analysis of the realignment in advance of seeking competitive bids.
for the construction, which is scheduled to begin in 2014. The proposed new agreement includes funding for the construction manager as well as a not-to-exceed amount for the hard construction cost of the realignment. In addition, there are costs for various City and County of San Francisco ("City") agencies for approving the construction documents and reviewing the work in the field prior to acceptance.

The expenditures for the reconfiguration of the Folsom Street Off-Ramp, which include both the current personal services contract and the proposed new agreement, is included in the Successor Agency's Recognized Obligation Payment Schedule 13-14A ("ROPS 13-14A") for the period July 1, 2013, to December 31, 2013, as Item # 106, which was approved by DOF.

Staff recommends authorizing the agreement with the San Francisco County Transportation Authority in an amount not to exceed $2,883,900 for construction of the realignment of the Folsom Street Off-Ramp.

BACKGROUND

The Transbay Redevelopment Project Area ("Project Area") was adopted in 2005 with the purpose of redeveloping the State-owned parcels in order to generate funding for the Transbay Joint Powers Authority ("TJPA") to construct the new TTC.

The Transbay Redevelopment Project Area Implementation Agreement (the "Implementation Agreement") is an enforceable obligation that requires the OCII to, among other things, "execute all activities related to the implementation of the Transbay Redevelopment Plan, including but not limited to, activities related to major infrastructure improvements." (Section 2.1(d) of the Implementation Agreement at p.4). On April 15, 2013, the California Department of Finance ("DOF") determined "finally and conclusively" that the Implementation Agreement, along with other Transbay-related documents, is an enforceable obligation that will not require additional DOF review in the future, although expenditures under the Implementation Agreement are subject to continuing DOF review.

One of the major infrastructure improvement activities is the realignment of the Folsom Street Off-Ramp. This off-ramp cuts diagonally across Transbay Block 8 and significantly diminishes its development potential, as well as blocking pedestrian access on the west side of Fremont Street. By realigning the off-ramp to intersect with Fremont Street at a 90-degree angle, OCII satisfies two main objectives of the Redevelopment Plan in increasing pedestrian mobility and increasing the land value of Block 8.

As shown on the aerial photo in Attachment 1, the Folsom Street off-ramp is located on Block 8, a major development site located on Folsom Street between Fremont and First Streets in the Project Area. The proposed realignment will increase the development potential of Block 8 and improve the pedestrian environment on Fremont and Folsom Streets. As shown on the plan in Attachment 2, the proposed realignment will convert the existing diagonal off-ramp into a straight off-ramp that ends at Fremont Street at a 90-degree angle. The new off-ramp will perform at the same level as the existing off-ramp for vehicles.
The former San Francisco Redevelopment Agency ("Former Agency") first entered into an agreement with SFCTA in 2009 to complete construction documentation and permit drawings for the realignment of the Folsom Street Off-Ramp. That agreement expired just prior to the dissolution of the Former Agency in 2012 and the realignment project was put on hold. On April 30, 2013, Commission authorized a new personal services contract with the SFCTA in an amount not-to-exceed $365,585 to restart the project and complete construction documentation for the realignment in order to obtain the necessary construction permits from Caltrans and seek competitive bids from contractors to construct the work.

SFCTA is ready to submit the completed documents for construction permits. Since this work occurs on both the State Highway system (under the jurisdiction of Caltrans) and City streets, permits are needed from each jurisdiction along with approvals from City agencies. Caltrans has agreed to allow the SFCTA to perform the realignment work under a Caltrans-issued encroachment permit and SFCTA is close to receiving final approvals from Caltrans.

DISCUSSION

To keep the realignment project on schedule with the development of Block 8, staff is requesting authorization from the Commission to enter into an agreement with SFCTA prior to the selection of a construction contractor. This will enable SFCTA to hire a construction manager to complete a constructability analysis before SFCTA prepares the bid documents and begins the selection process. The proposed agreement includes a not-to-exceed amount for the construction cost of the realignment, so that SFCTA can complete the selection process and hire a contractor to complete the construction, as long as the total budget is less than the not-to-exceed amount.

The proposed agreement provides for funding of all the hard and soft costs for a turn-key delivery of the realigned off-ramp. OCII will be funding these costs for the delivered project, with the construction phase estimated to be $2,883,900, including a 10% contingency allowance, as shown in Attachment 3. As the project is currently approaching the permitting and bidding phase, it is necessary for the SFCTA to bring on construction management expertise to handle the daily onsite management of the project and provide quality control review of the work.

The SFCTA is seeking to contract with a construction management firm to oversee the daily operations of the construction contract as a supplement to their staff. It is necessary to have the construction management firm to become intimately familiar with the project and provide expert advice and guidance to the SFCTA beginning with pre-construction activities. The construction management firm will also provide construction surveying, quality control, materials compliance testing, and be the point of contact for any construction related issues. These construction management services are anticipated to cost approximately $400,000.

Hard costs include the construction amount plus budgeted contingency, estimated at approximately $1,800,000. Since the project is not expected to be bid until early 2014, the awarded contract price will not be known until late spring 2014. OCII staff proposes to establish the project budget, both hard costs and soft costs, at an authorized not to exceed amount. Project reserves are set at $255,216 to be used for unforeseen conditions and line item over runs.
Because work will also occur within the City of San Francisco jurisdiction, the San Francisco Department of Public Works will need to approve the construction documents and review the work in the field prior to acceptance. Additionally, the San Francisco Municipal Transportation Agency will provide inspection of the new traffic signal equipment installation, timing coordination with the adjacent traffic signals, and oversight of the street signs and striping for the project. The City costs for these services are approximately $100,000.

If the agreement is approved, staff will provide an update to the Commission once all the contracted costs are secured in spring of 2014.

WORKFORCE REQUIREMENTS

The Former Agency traditionally utilized the contracting policies of partner City agencies, such as the Department of Public Works, when entering into construction agreements for public infrastructure projects such as the Folsom Street Off-Ramp realignment. In this case, SFCTA has adopted policies that are similar to OCII’s policies, such as its Equal Benefits Policy. SFCTA has agreed that where SFCTA has no similar policy in place, they will comply with OCII’s policies, such as the Minimum Compensation and Health Care Accountability Policies, which have been incorporated into the proposed agreement. For the construction manager services under the proposed agreement, SFCTA already selected a Disadvantaged Business Enterprise (“DBE”) that it intends to enter into a contract with following approval of the agreement between OCII and SFCTA.

For local hiring, SFCTA does not have an adopted policy, but has expressed a preference for using the City’s Local Hire Policy for construction. SFCTA typically uses different policies depending on the source of funding and thus is willing to consider any policy that OCII requests. After careful consideration, staff is proposing to apply the City’s Local Hire Policy, as modified for OCII’s contract administration, on all construction work related to the proposed agreement. This is the approach that the Former Agency used on other public infrastructure projects, which were typically constructed under agreements with the City’s Department of Public Works. The alternative would be to have SFCTA require the selected contractor to enter into a Construction Workforce Agreement similar to the agreements that OCII requires of private developers. The differences between the two policies are shown in the table below:
Table: Comparison of City’s Local Hire Policy and OCII’s Construction Workforce Agreements

<table>
<thead>
<tr>
<th>Requirement</th>
<th>City’s Local Hire Policy</th>
<th>OCII’s Construction Workforce Agreement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local Worker Participation</td>
<td>Minimum 30% of all project work hours (1)</td>
<td>Goal of 50% of all project work hours.</td>
</tr>
<tr>
<td>Disadvantaged Worker</td>
<td>Minimum 15% of all project work hours within each trade (3)</td>
<td>None.</td>
</tr>
<tr>
<td>Participation (2)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Local Apprentice Participation</td>
<td>Minimum 50% of the project work hours performed by apprentices</td>
<td>None.</td>
</tr>
<tr>
<td>Disadvantaged Apprentice</td>
<td>Minimum 25% of the project work hours performed by apprentices within each trade</td>
<td>None.</td>
</tr>
</tbody>
</table>

Notes:

(1) Or the level determined by the Board of Supervisors that is in effect at the time of execution of the agreement between OCII and SFCTA.

(2) A disadvantaged worker is defined in the City’s Local Hire Ordinance as a local resident who (i) resides in a census tract within the City with a rate of unemployment in excess of 150% of the City rate; or (ii) at the time of commencing work has a household income of less than 80% of AMI; or (iii) faces or has overcome at least one of the following barriers to employment: being homeless, being a custodial single parent, receiving public assistance, lacking a GED or high school diploma, participation in a vocational English as a second language program, or having a criminal record or other involvement with the criminal justice system.

(3) If the Board of Supervisors has increased the mandatory participation level beyond 30%, one-half of the specified percentage of project work hours within each trade shall be performed by disadvantaged workers.

As shown in the table, while OCII’s construction workforce agreements have a local hiring goal of 50% of all project work hours, it is only a goal. By contrast, the City’s Local Hire Policy has a minimum local hire level of 30% and includes requirements for hiring disadvantaged workers. In addition, the City’s Local Hire Policy requires that 50% of all project work hours completed by apprentices be performed by local apprentices, which helps lay the groundwork for future employment of younger San Francisco workers.

Staff believes that both policies have strong merit but is proposing to use the City’s Local Hire Policy on this project for several reasons. First, OCII intends to retain the Office of Economic and Workforce Development (“OEWD”) to monitor SFCTA’s compliance with the City’s Local Hire Policy and OEWD has had significant experience in enforcing that policy. In addition, the requirements for disadvantaged workers and local apprentices in the City’s Local Hire Policy address important policy goals that are not present in OCII’s construction workforce agreements. Finally, although this is a relatively small construction project, staff would like to try the City’s Local Hire Policy on this contract in order to compare that policy with OCII’s construction workforce agreement and help to inform any Commission consideration of future policy. The use of the City’s Local Hire Policy for this agreement does not bind OCII to use it on future agreements, but at some point the Commission may wish to consider using the policy on other projects.
NEXT STEPS

SFCTA will submit the construction documents to Caltrans and the City departments for permitting. Once the permits are secured, the SFCTA will advertise the project for a competitive bid solicitation in compliance with the California Public Contract Code and California Labor Code. Staff will update the Commission on the contracted costs after the SFCTA determines the contracted costs in spring 2014. Construction is anticipated to begin in June 2014 and end in January 2015.

CALIFORNIA ENVIRONMENTAL QUALITY ACT

The proposed agreement with SFCTA is exempt from the California Environmental Quality Act ("CEQA"). The activities under the project involve alteration to an existing off-ramp that maintains traffic performance at the same level and would not cause a significant effect on the environment. The project activities were found to be Categorically Exempt, Class 2, from CEQA pursuant to a CEQA Determination by the San Francisco County Transportation Authority on October 2, 2008.

(Originated by Kevin Masuda, Senior Civil Engineer, and Mike Grisso, Senior Project Manager)

Tiffany Bohee
Executive Director

Attachment 1: Existing Folsom Street Off-Ramp
Attachment 2: Proposed Folsom Street Off-Ramp Realignment
Attachment 3: MOA Budget