



London Breed, Mayor
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To: San Francisco Recreation and Park Commission
Capital Committee

Through: Philip A. Ginsburg, General Manager
Stacy Bradley, Director, Capital + Planning

From: Kelli Rudnick, Project Manager, Capital Division

Subject: San Francisco Marina Improvement and Remediation Project – Sole Source Contract Award

Agenda Wording

Discussion and possible action to adopt a resolution awarding a sole source contract to Moffat & Nichol in the amount of \$6,499,918 to complete marina engineering design at the San Francisco Marina, in accordance with Section 6.73 of the Administrative Code.

Strategic Plan

Strategy 1: Inspire Public Space: Keep today's parks safe, clean, and fun; promote our parks' historic and cultural heritage; and build the great parks of tomorrow.

- Objective 1.2: Strengthen the quality of existing parks and facilities.
- Objective 1.3: Steward and promote good park behavior
- Objective 1.4: Preserve and celebrate historic and cultural resources

Strategy 2: Inspire Play: Promote active living, well-being and community for San Francisco's diverse and growing population.

- Objective 2.2: Strengthen and promote the safety, health and well-being of San Francisco's youth and seniors.
- Objective 2.3: Work with partners and neighborhood groups to activate parks through organized events, activities, and unstructured play

Strategy 3: Inspire Investment: Through community engagement, advocacy, and partnerships, cultivate more financial resources to keep San Francisco's parks and programs accessible for all.

- Objective 3.1: Increase public investment to better align with infrastructure needs and service expectations
- Objective 3.2: Broaden engagement and strengthen external communications with park users and park partners.



Background

Pacific Gas & Electric (PG&E) previously owned and operated a coal gasification plant near the Gas House Cove (East Harbor). Elevated concentrations of chemical compounds have been discovered in subsurface soils and sediments underlying the site. In 2002 the City of San Francisco (“The City”) commenced legal action against PG&E arising out of the presence of the chemical compounds at the site (the “CERCLA Action”), and on June 2, 2004, the court in the CERCLA Action entered an order dismissing the City’s action without prejudice, in order to allow PG&E and the Recreation and Park Department (RPD) (acting as the City) to attempt to carry out a settlement related to the investigation and cleanup of the chemical compounds at the site. RPD and PG&E entered into a series of Cost Sharing Agreements which allowed RPD and PG&E to continue with site investigation, planning, and other activities in a timely and cost-effective manner, while reserving their rights to assert their respective positions concerning the CERCLA Action.

As a result of the above investigations and planning efforts, RPD and PG&E identified an option to develop and complete a joint project (the “San Francisco Marina Improvement and Remediation Project”), including the planning, outreach, design, permitting, and construction phases, that addresses environmental concerns and increases recreational opportunities for the public. This joint project is outlined in the Final Settlement Agreement (FSA) (Exhibit A), executed on March 25, 2021, between the City (RPD) and PG&E, which resolves the legal battle from 2001, and provides the framework for the San Francisco Marina Improvement and Remediation project (the SF Marina Project) and a cost share agreement. The guiding principles of the SF Marina Project are to address environmental remediation concerns, enable environmental stewardship, and provide the public with increased recreational opportunities and water access amenities, in a financially sustainable and holistic manner. The environmental remediation will be developed under the guidance of the Regional Water Quality Control Board (RWQCB) and the State Water Resources Control Board’s (SWRCB) Site Cleanup Program (SCP).

Project Description

RPD’s guiding principles during the development of the settlement agreement include 1) Environmental Cleanup; 2) Increased Public Access & Amenities, and; 3) Fiscal Sustainability. A proposed project framework was developed to define the terms of the FSA and includes both the clean-up of the East Harbor and the construction of new public amenities. The proposed clean-up would result in the demolition of existing docks/berths located in the southern half of East Harbor, removal of sediments containing elevated concentrations of PAHs, installation of permeable barriers on the shoreline, and backfilling with an engineered cap to remove potential pathways of exposure. The resulting depth at the southern portion of East Harbor will be too shallow for existing marina operations and as such RPD would propose to relocate those berths. The new shallow area would provide opportunity for approximately 5-acres of protected open water, allowing for small, non-motorized water recreation. The northern portion of East Harbor would remain a marina with the proposed re-construction those slips and a potential berth for water taxi service. The proposal includes relocating the lost East Harbor berths into an expanded West Harbor, protected by a new breakwater. The new breakwater is intended to be designed to minimize sand deposition to reduce the Department’s on-going O&M costs associated with the attenuator and excessive sand deposition.

The overall Marina Improvement Project proposal is consistent with the Bay Plan in its effort to preserve and increase all types of boating uses including motorized and non-motorized uses.

Project Benefits

- Addresses contaminated and impaired sediments
- Maintains and enhances public access to the bay
- Expands recreational amenities for the general public
- Preserves recreational motorized boating
- No interest loan for overall marina improvements
- Address shoaling and sedimentation resulting in frequent dredging and O&M costs
- Improved public access
- Provide opportunity for multi-modal transit options

The community engagement and conceptual design phase for the open space and recreation project is estimated to begin in fall 2022. RPD will work with the design consultant team to develop and confirm the Marina design through a comprehensive community and stakeholder outreach process which will include, but will not be limited to, multiple community workshops, stakeholder interviews, surveys, and meetings. RPD recognizes this as a highly engaged and organized community who are passionate about their Marina and recreation opportunities and are invested in the future the San Francisco Marina for current users and for future generation.

Sole Source Justification

Under Section 6.73 of the San Francisco Administration Code, the Recreation and Park Commission (the “Commission”) may award a contract for works or services to a sole source based on the following circumstance:

Work or services deemed to be available only from the original source in the case of a follow-on Contract for the continued work or services, when it is likely that award to any other source would result in: (A) substantial duplication of cost to the City that is not expected to be recovered through competition; (B) unacceptable delays in fulfilling the City's requirements; or (C) loss of warranty protection.

As described in the attached memorandum (Exhibit C), the Department finds that a sole source procurement to Moffatt & Nichol as the prime consultant for marina engineering design and to lead peer review and design integration of remediation design of the East Harbor being performed by a consultant team under PG&E for the San Francisco Marina Improvement and Remediation Project is necessary and appropriate, as a follow-on contract that was awarded through a competitive bid process, and an award to another source through a new competitive solicitation would result in substantial duplication of costs to the City, and an unacceptable delay for the project, and would result in the City not meeting its obligations under the Final Settlement Agreement (FSA) executed on March 25, 2021, (City And County of San Francisco v. Pacific Gas and Electric Company, et al., No. C 01-0316 SBA. RESOLUTION NO. 93-21).

Costs and Repayment

The target budget for the joint project as contemplated in the FSA is \$130M. RPD and PG&E have agreed to an additional \$60M in contingency for a not-to-exceed amount of \$190M. (see Attachment A in the FSA (Exhibit A) and pasted below).

**ATTACHMENT A
(Initial) Project Budget**

TASK	ESTIMATE
1 PRE-CONSTRUCTION PROGRAM MANAGEMENT	3,523,000
2 CEQA/REGULATORY COMPLIANCE	4,450,000
3 PUBLIC FUEL DOCK	2,289,000
4 EAST HARBOR REMEDIATION	67,961,000
5 EAST HARBOR RENOVATION, PUBLIC ACCESS AND RECREATIONAL AMENITIES	23,897,000
6 WEST HARBOR BREAKWATER AND MARINA IMPROVEMENTS	27,880,000

TARGET BUDGET AMOUNT \$130,000,000

Repayment Terms

All project costs will be initially funded by PG&E with the City's share reimbursed solely out of Marina revenues. As defined in the FSA RPD's repayment terms to PG&E for the \$130M project is split 9% / 91%. RPD is responsible for \$11.7M payable over 30 years with zero. RPD's repayment does not start until completion of all work and after Marina revenues begin. PG&E's costs under this agreement is \$118.3M of the first \$130M. Note that no additional impacts are expected to the General Fund with this cost structure.

Environmental Review

In tandem with this item, RPD staff are bringing before this Commission an agenda item for approval of contract for Professional CEQA Services. It is expected that the project will require either a subsequent/supplemental to the 2007 EIR, or a new EIR.

Staff Recommendation

Discussion and possible action to adopt a resolution awarding a sole source contract to Moffat & Nichol in the amount of \$\$6,499,918 to complete marina engineering design at the San Francisco Marina, in accordance with Section 6.73 of the Administrative Code.

Attachments

- Exhibit A: Final Settlement Agreement
- Exhibit B: Summary of Work and Fee Proposal
- Exhibit C: Sole Source Memorandum
- Exhibit D: CMD Waiver