



office of
COMMUNITY INVESTMENT
and INFRASTRUCTURE

450- 0042022-000

Date: March 3, 2022

To: Business & Employment Subcommittee of the
Hunters Point Shipyard Citizen's Advisory Committee

Cc: Hunters Point Shipyard Citizen's Advisory Committee

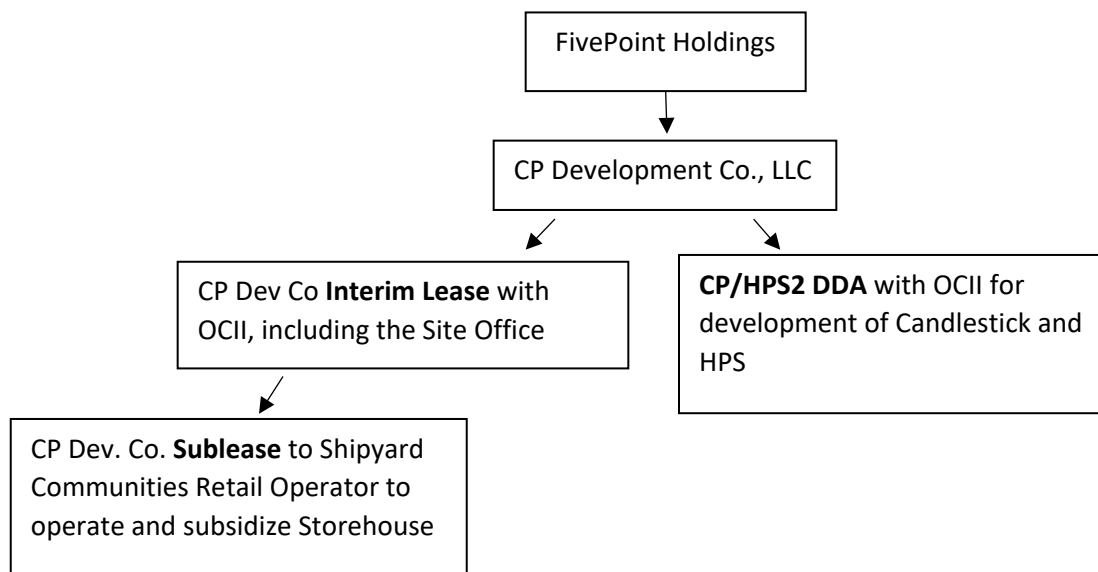
From: Lila Hussain, Senior Project Manager
Ray Lee, Contract Compliance Supervisor

Re: Status of the Storehouse Retail Store and HPS1 Public Facilities Management and Maintenance Contract

As requested at the Hunters Point Shipyard Citizen's Advisory Committee (CAC) meeting of February 14, 2022, this memorandum provides information to the members of the CAC Business & Employment Subcommittee concerning two separate items within Hunters Point Shipyard Phase 1: (A) the status of the Storehouse Retail Store within the Site Office Building at 451 Galvez Avenue; and (B) background information concerning the proposed Property Management and Maintenance Contract for Public Facilities within HPS Phase 1. We present the following information as background for the Business & Employment Committee's discussion and consideration of these two agenda items.

A. Storehouse Retail Store

- The Storehouse Retail Store (Storehouse) is a food retail shop operated by Shipyard Communities Retail Operator, LLC ("Operator"), a wholly-owned subsidiary of FivePoint Holdings, whom also controls CP Development Co., LLC, the master developer under the CP/HPS 2 DDA and also the lessee/manager of OCII properties under the Hunters Point Shipyard Interim Lease.



London N. Breed
MAYOR

Sally Oerth
INTERIM
EXECUTIVE DIRECTOR

Miguel Bustos
CHAIR

Mara Rosales
Bivett Brackett
Dr. Carolyn Ransom-Scott
COMMISSIONERS

One S. Van Ness Ave.
5th Floor
San Francisco, CA
94103

415 749 2400

www.sfocii.org

- Until the COVID pandemic, the Operator operated the Storehouse pursuant to CP Development Co., LLC's rights under the Interim Lease. The Interim Lease is an enforceable obligation that OCII is permitted to continue to administer after dissolution of the Former San Francisco Redevelopment Agency.
- FivePoint subsidizes Operator's operation of the Storehouse. In the 2019 and 2018 Profit and Loss statements for the Storehouse, the Storehouse operation loss for 2019 was \$289,172 and \$358,297 for 2018.
- Recently, FivePoint informed OCII that the Operator is exploring reopening of the Storehouse but does not have a definitive date for the reopening.
- Until the Interim Lease is terminated, only FivePoint has the ability to operate or oversee the operation of the Storehouse or a similar retail operation. Under Dissolution Law, OCII is not authorized to expend funds to subsidize a retail space at the Storehouse location.
- OCII has requested that FivePoint provide an update to the CAC concerning its plans for reopening the Storehouse. This item can be discussed further as a separate agenda topic.
- The presence of the Storehouse within the Site Office Building is unrelated to the public facilities property management and maintenance contract separately being considered by the CAC B&E Subcommittee and further discussed as Item B, below. Monies generated by the Community Facilities District fund the public facilities property management and maintenance contract for parks, open space, streetscapes and community facilities. They are not currently allowed to be used to subsidize the operation of the Storehouse, or to perform landlord property management of a retail establishment within the Storehouse space.

B. Hunters Point Shipyard Phase 1 Public Facilities Property Management and Maintenance Contract

The following information provides additional background on the Contract. Staff look forward to providing additional information in responding to CAC members questions.

Requirements for OCII to Maintain Facilities

Under the Phase 1 DDA, the Developer is required to construct the Public Facilities, which comprise the Hillpoint parks, open space and streetscape elements, and includes the community-serving portions of the Site Office Building. After each Facility is completed and OCII confirms the Facility was constructed according to plan, OCII accepts the Facility through the issuance of a Certificate of Completion. Once a Facility is accepted, OCII is obligated to maintain the Facility as the owner, and therefore must engage a management and maintenance contractor to perform said work.

Contracting Process Summary

OCII has issued three separate Requests for Proposals for the management and maintenance of these Facilities, beginning back in 2017. OCII has twice reissued the RFP to allow local businesses to organize their services to satisfy the property management requirements and needs of the RFP. After the most recent RFP issuance, the solicitation, evaluation, interview, and selection of a contractor for the Hunters Point Shipyard Phase 1 Public Facilities Management and Maintenance contract was conducted carefully and diligently. As directed by an Evaluation and Selection Panel comprised of two CAC members, Neola Gans and Servio Gomez, Michael Hochstoeger (Lennar), and Lila Hussain (OCII), OCII began contract negotiations with MJF & Associates ("MJF"). The estimated cost for contract services was approximately \$500,000 (exclusive of capital and utility costs). MJF's initial response to the RFP included contract service costs of approximately \$893,453. At OCII's request, MJF submitted an updated budget, which totaled \$528,290. MJF ultimately chose to withdraw from contract negotiations in October 2021 (as discussed in the timeline provided as Attachment 1).

Contract negotiations then began with the second highest ranked respondent to the RFP, Parklab Open Space Management ("POSM"), which resulted in the recommendation to award the subject contract to POSM. POSM's proposed operating budget is approximately \$524,005 and includes the addition of streetscape maintenance which is expected to come online in FY22-23. Additional fixed costs for insurance and utilities costs have resulted in a total operating budget of \$777,255; these costs are not unique to POSM and would have been required to be included for any contractor. The overall budget includes a capital budget of \$385,000. Combined, the operating and capital budgets amount to \$1,162,255.

Please refer to Attachment 1, for the chronology summarizing the contracting process.

Contract Funding Source

The funding source for the maintenance contract is through a special tax levy for a defined district ("Community Facilities District") which consists of the majority of the parcels within Hunters Point Shipyard Phase 1. HPS Dev Co has completed parks on Hilltop, and per the HPS 1 DDA, OCII must provide Certificates of Completion for these completed facilities and begin to undertake management and maintenance of the facilities with CFD funds. Thus, we are making a recommendation to the CAC that OCII to enter into a contract with Parklab Open Space Management.

Next Steps

OCII is available to respond to any questions from the Chair, the Business & Employment Subcommittee and CAC members about the scope of work.

We look forward to answering your questions and further discussing the Contract.

Attachment 1: Chronology

Attachment 1
Chronology of the Process for the HPS1 Public Facilities
Management and Maintenance Contract

The following is a chronology of the solicitation, evaluation and negotiation process for the HPS1 Public Facilities Management and Maintenance Contract.

On **June 2, 2021**, the Request for Proposal (“RFP”) was released to the public after OCII staff informed the CAC of the RFP release in May 2021. To ensure small business participation and lower the barrier to compete, the RFP requested budget proposals that do not include utility costs. The reason was to not burden a business for a pass-through cost that OCII could pay directly, lessening the cash flow needs of a business. The RFP outreach consisted of direct emails to over 32 SBEs in landscaping, janitorial and property management firms, many of whom are SBEs based in Bayview. Advertisement of the RFP was also published via web postings in *SF Bayview*, the *Small Business Exchange*, the City Partner Website and OCII’s website.

The deadline for submission of RFPs was **July 16, 2021**. Four proposers submitted proposals and three firms were shortlisted for interviews: MJF & Associates (“MJF”), Parklab Open Space Management (“POSM”), and Your All Day Everyday Janitorial Service (“YADEJS”).

The evaluation and selection panel (“Panel”) interviewed MJF, Parklab, and YADEJS on **July 28, 2021**. After interviews and deliberation, the Panel narrowed the selection to two firms: MJF and POSM but determined that additional information was needed from each of these two proposers in order to properly evaluate and score their proposals and interviews.

In August, a request for additional information and an updated budget was made to both MJF and POSM, with a requirement to attend a site tour. On **August 16, 2021**, both MJF and POSM attended the site tour with OCII and HPS Dev Co (Lennar) representatives to thoroughly review the site and answer additional questions.

On **September 8, 2021**, after receiving responses from each proposer to the Panel’s request for additional information and an updated budget, and after concluding deliberations that began six days earlier, the Panel selected MJF as the intended awardee.

On **September 24, 2021**, in accordance with the Panel’s instructions, OCII began contract negotiations with MJF.

On **October 7, 2021**, OCII was informed by MJF that it decided not to continue with the negotiation process. The reason provided by the principal for withdrawing from the contract was that it was due to personal reasons, and it would be a disservice if he were to continue. During the next five days, OCII staff members, including those from project management and contract compliance, made individual calls to MJF to determine whether additional clarification or assistance could be provided. During these calls, OCII staff conveyed support to MJF in an attempt to relieve concerns and doubts about the complexities and risks of entering into the contract. **On October 12, 2021, MJF made its final decision and officially withdrew from the contract.**

On **November 5, 2021**, after significant discussions and assessment, OCII notified POSM, the next responsive proposer, of the withdrawal by the other proposer and inquired as to whether it was still interested in the contract. POSM affirmed its interest and contract negotiations began shortly thereafter.

Between **November 2021 through February 10, 2022 (3 months)**, OCII and POSM negotiated the subject contract, which remained in-line with CFD (Community Facility District) special tax levy, with an operating budget target of approximately \$500k (similar to MJF's budget proposal). The negotiated POSM operations budget for the Scope of Services is \$524,005. This budget amount consists of the added scope of Hilltop streetscape maintenance which is expected to transfer for maintenance during the next fiscal year. The total annual operating budget also includes reimbursable costs for utilities for the public facilities (\$178,250) and insurance (\$75,000), resulting in a total Fiscal Year 2022-23 operating budget of \$777,255. The total contract budget also includes an estimated capital budget of \$385,000 for anticipated capital repairs and replacements for Nautical Swing repair, Site Office Building siding replacement and other capital needs. These capital costs are not reimbursed to the contract unless actual capital repairs take place. Combined, the FY 2022-23 operating and capital budgets total \$1,162,255.