



Shireen McSpadden, Executive Director

London Breed, Mayor

To	Homelessness Oversight Commission
Through	Shireen McSpadden, Executive Director
From	Marion Sanders, Chief Deputy Director Gigi Whitley, Chief of Finance and Administration Edilyn Velasquez, Director, Contracts
Date	March 21, 2024
Subject	Agreement Approval: Dolores Street Community Services Casa Esperanza Site Rehabilitation

<i>Agreement Information</i>	
F\$P#	1000031896
Provider	Dolores Street Community Services
Program Name	Casa Esperanza Site Rehabilitation
Agreement Action	Original Agreement
Agreement Term	April 1, 2024 – March 31, 2026

Agreement Amount

New	Contingency¹	Total Not to Exceed (NTE)
\$2,047,058	\$543,112	\$2,590,170

<i>Funding Information</i>	
Funding Sources²	100% Our City Our Home (Prop C)

The Department of Homelessness and Supportive Housing (HSH) Contracts team requests authorization to enter into a new contract agreement with Dolores Street Community Services for the provision of Casa Esperanza Site Rehabilitation for the period of April 1, 2024 to March 31, 2026. This new agreement is for new services.

Background

The 2021 Mayor’s Homelessness Recovery Plan proposed the largest expansion of permanent supportive housing in decades. HSH’s Fiscal Year 2021-2023 adopted budget included Our City, Our Home funding for acquisition of new permanent supportive housing (PSH) sites. With the support of competitive state Homekey grants, the City directly acquired 3061 16th Street, also known as Casa Esperanza, to serve Transitional Aged Youth (TAY). Through a competitive procurement, Dolores Street Community Services was awarded a Lease and Property Management agreement to provide master lease and property management services at the site, and project management services to support the predevelopment work necessary for site rehabilitation and conversion to PSH. This Site Rehabilitation agreement shall fund the construction and completion of the rehabilitation project.

¹ Contingency is calculated based off total project costs across Lease and Property Management agreement and this Site Rehabilitation agreement.

² The funding sources listed reflect current and future years.

Services to be Provided

The purpose of the contract is to oversee project and construction management, including associated construction costs, for the rehabilitation of Casa Esperanza, which contains 25 units. Dolores Street Community Services provides lease and property management services as well as predevelopment services for the rehabilitation project under a separate agreement with HSH.

Selection

The Board of Supervisors adopted Ordinance No. 61-19, which authorizes HSH to enter into and amend contracts and grants without adhering to the Administrative Code provisions regarding requirements for construction work, procurement, and personal services related to the shelter crisis, which is valid until March 2024, or until the Point In Time (PIT) count is at 5,350.

Dolores Street Community Services was selected through a streamlined selection process (Solicitation of Information (SOI) #134.1) that enabled HSH to evaluate proposed program models and program budgets from nonprofit service providers.

• **Agreement Materials**

- Exhibit A, Services to be Provided
- Exhibit B, Budget



**Exhibit A, Services to be Provided
by
Dolores Street Community Services
Casa Esperanza Site Rehabilitation**

I. Background

Beginning in 2021, HSH began a historic expansion in permanent supportive housing. The Fiscal Year 2021-2023 Adopted Budget included Our City, Our Home funding for acquisition of new permanent supportive housing (PSH) sites, and HSH embarked on a direct acquisition model. With the support of state Homekey grants, the City acquired 3061 16th Street, also known as Casa Esperanza, to serve Transitional Aged Youth (TAY). Dolores Street Community Services was awarded a Lease and Property Management agreement to provide master lease and property management services at the site, and project management services to support the predevelopment work necessary for site rehabilitation and conversion to PSH. This site rehabilitation agreement shall fund the construction and completion of the rehabilitation project.

II. Purpose of Agreement

The purpose of the contract is to oversee project and construction management and associated construction costs for the rehabilitation of Casa Esperanza.

III. Served Population

Contractor shall provide project management services at Casa Esperanza, which houses TAY aged 18 to 29 years old.

IV. Description of Services

Contractor shall provide project management and construction management for site rehabilitation work, including:

- A. Conversion of the five tourist units to residential units;
- B. Conversion of the ground floor retail/ mercantile use to office/ community uses for management and services offices;
- C. Additional improvements to the site such as:
 - 1. Community room and kitchen,
 - 2. Resident mail area,
 - 3. Establishing a trash collection area,
 - 4. Social enterprise space, and
 - 5. Additional work to comply with all applicable building code requirements.

V. Location and Time of Services

Contractor shall provide services at 3061 16th Street, San Francisco, CA 94103 during normal business hours: Monday- Friday, 7:00 AM – 6:00 PM.

VI. Service Requirements

- A. Entitlements, Design, Permitting: Contractor shall manage the process of property conversion from its current use to PSH, conversion of the ground floor retail/mercantile use to office/community uses for management and services offices and community areas for residents, including working with and submitting materials

(for approvals and close outs) to the appropriate City agencies, and participation in any required public hearings.

- B. Construction Management and Contract Negotiation/Administration: Contractor shall supervise the architect's and general contractor's performance for the duration of the project, which may include but not limited to pre-construction, cost estimating for the work at each phase, subcontractor bidding of construction documents, negotiation of construction contracts and during construction, and execution of the permitted scope of work. Contractor shall also manage such contracts including contract compliance and invoicing. HSH reserves the right to review subcontracts prior to execution. Contractor is responsible for submitting change orders to HSH for written approval prior to implementation or commitment of work.
- C. Budget Management and Administration: Contractor shall manage and adhere to the approved budget and make commercially reasonable efforts to promote cost savings and efficiencies. Owner and Contractor contingency may only be utilized at HSH's sole discretion and with prior written approval. The construction draw procedure is outlined in Exhibit C, Method of Payment. Any unspent development funds are to be returned to HSH upon final payment to Contractor.
- D. Schedule Management: Contractor is responsible for managing the general contractor's schedule and holding them accountable to meet their schedule milestones and substantial completion date, as delineated in general contractor's contract with Contractor.
- E. Procurement: To effectively perform project management and construction management of the improvements, Contractor shall subcontract work to subject matter experts and experienced contractors. Contractor is required to hire an experienced project manager to deliver the project as described in this scope of work. Contractor is to competitively procure and enter into any necessary professional services contracts, such as architect, engineer, general contractor, project management, construction management, and related services, for the duration of the project. Such procurement and administration shall comply with all applicable laws.
- F. Financing and Compliance: Where applicable, Contractor shall coordinate and assist in funding applications to state and federal funding sources (e.g., Project Homekey) and/or assist with any reporting and compliance obligations related to applicable local, city, state or federal funding related to the project.
- G. Temporary Relocation: If there are existing occupants that will be affected by the rehabilitation, Contractor shall work with property management, support services provider, architect, general contractor, and any other applicable consultants, to develop a phased on-site relocation plan or identify any time-limited off-site relocation, create a complete budget for the on-site and off-site relocation, ensure that the timing for phased rehabilitation and on-site relocation is incorporated into the general contractor's rehabilitation construction schedule and manage the temporary

relocation process (including working with residents to provide them with communication regarding relocation timing, moving assistance, cleaning of units to allow for on-site relocation, etc.) in compliance with all applicable laws. Any temporary relocation of residents must be reviewed and approved by HSH.

- H. Accounts and Records: Contractor shall keep such books of account and other records in connection with the design and construction, which may include but is not limited to vouchers, statements, receipted bills and invoices and all other records, covering all collections, if any, disbursements, correspondence, and other data in connection with design and construction of the project prior to final completion of the project. All project documents are to be saved in the designated Box folder and made available to HSH at HSH's request and in the format requested.
- I. Meetings and Site Visits: Contractor is required to hold a weekly Owner, Architect, Contractor (OAC) meetings, pay app meetings, and other additional meetings as required. HSH will conduct a monthly site visit with the Contractor to review progress on site.
- J. Project Close Out: Contractor shall coordinate delivery of project close out documents to HSH and property management. Documents include, but not limited to, specs and warranty doc/binder, Operations and Maintenance (O&M) manuals, warranty log (for the 11-month warranty walk), Cost Certification of development expenses (due 90 days after project completion), as-built drawings and other documentation required prior to releasing of the retention. Documents shall be stored in Box and onsite with property management. Contractor shall coordinate and schedule site inspections, punch walks, and warranty walks. Contractor shall follow up and coordinate warranty items with the general contractor, architects, HSH, property management, and support services as needed. Contractor shall ensure warranty items are delivered in a timely manner.

VII. Reporting Requirements

- A. Contractor shall deliver copies of all project documents such as as-builts, submittals, change orders, permits, specs and warranty information, invoices and pay applications, etc. to property management and HSH. Documentation shall be in a format and delivery method acceptable to HSH (i.e., searchable PDF, excel, upload in Box).
- B. Contractor shall timely and accurately submit invoices and pay applications per Appendix C, Method of Payment. Contractor is responsible for the timeliness, accuracy, and proper documentation.
- C. Contractor shall keep HSH fully informed of the progress of the design, construction and rehabilitation of the site on a frequency mutually agreed upon between Contractor and HSH. This may include ad hoc and/ or reports on a regular cadence, such as monthly, that include summary information on the schedule, budget, change orders,

and construction progress of the project. Contractor shall notify HSH of significant schedule delays and changes and budget variance (overruns and savings).

- D. Contractor shall report critical and serious incidents to HSH within 48 hours. Events include, but not limited to, life endangerment or serious injury, significant damage to a unit that cause units to go offline, displacement or unit transfer of a resident, major service interruptions, damage to the building, insurance events, and recordable events as specified in the General Contractor's contract.
- E. As needed, Contractor shall manage other regulatory reporting such as LCPtracker, Local Business Enterprise (LBE)/ Small Business Enterprise (SBE) reporting and support HSH as needed.

VIII. Monitoring Activities

- A. Program Monitoring: Contractor is subject to program monitoring and/or audits, such as, but not limited to review of the following, Contractor's participant files, administrative records, staff training documentation, postings, program policies and procedures, data reported on Annual Performance Reports (APR), documentation of funding match sources, Disaster and Emergency Response Plan and training, personnel and activity reports, proper accounting for funds and other operational and administrative activities, and back-up documentation for reporting progress towards meeting service and outcome objectives.
- B. Fiscal Compliance and Contract Monitoring: Fiscal monitoring will include review of the Contractor's organizational budget, the general ledger, quarterly balance sheet, cost allocation procedures and plan, State and Federal tax forms, audited financial statement, fiscal and accounting policies, supporting documentation for selected invoices, cash receipts and disbursement journals. The compliance monitoring will include review of Personnel Manual, Emergency Operations Plan, Compliance with the Americans with Disabilities Act, subcontracts, and memorandums of understanding (MOUs), and the current board roster and selected board minutes for compliance with the Sunshine Ordinance.

IX. Modifications to Exhibit

City reserves the right to modify this Exhibit in its sole and absolute discretion, including but not limited to, situations where Contractor has demonstrated issues with spend down, accuracy, and timeliness of invoices. Any changes to the requirements described herein will be communicated to Contractor via written notice at least thirty (30) days prior to expected implementation.

Dolores Street Community Services
FSP 1000031896
Casa Esperanza
3061 16th Street
Exhibit B Budget

USES OF FUNDS	
Unit Construction/Rehab	1,331,934
Demolition	17,500
Environmental Remediation	72,419
Onsite Improvements/Landscaping	5,250
GC Permits	21,306
GC Bond Premium/GC Insurance/GC Taxes	63,990
GC Overhead & Profit	97,479
GC General Conditions	348,405
Hard Cost Construction Contingency	88,775
<i>Total Construction Costs</i>	<i>2,047,058</i>
Owner Contingency - iGMP Contingency	155,175
Owner Contingency	387,937
<i>Total Owner Contingency</i>	<i>543,112</i>
TOTAL USES OF FUNDS	2,590,170