


**CITY AND COUNTY OF SAN FRANCISCO**

**BOARD OF SUPERVISORS**

**BUDGET AND LEGISLATIVE ANALYST**

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December 5, 2025

**TO:** Budget and Finance Committee  
**FROM:** Budget and Legislative Analyst   
**SUBJECT:** December 10, 2025 Budget and Finance Committee Meeting

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<p><b>Item 2</b> <b>File 25-1129</b></p>	<p><b>Department:</b> Public Utilities Commission</p>
<p><b>EXECUTIVE SUMMARY</b></p>	
<p style="text-align: center;"><b>Legislative Objectives</b></p> <ul style="list-style-type: none"> <li>• The proposed resolution would approve Amendment No. 1 to the agreement between the San Francisco Public Utilities Commission (SFPUC) and GEI Consultants, Inc. (GEI) for specialized engineering services for dams and reservoirs to increase the maximum agreement amount by \$7,000,000 for a new total not-to-exceed amount of \$18,000,000, with no change to the 11-year term, from June 29, 2020, to June 29, 2031.</li> </ul> <p style="text-align: center;"><b>Key Points</b></p> <ul style="list-style-type: none"> <li>• Following the Oroville Dam spillway crisis in 2017, the California Division of Safety of Dams (DSOD) ordered the SFPUC to assess all spillways of dams in DSOD’s jurisdiction.</li> <li>• In September 2019, the SFPUC initiated a request for proposals (RFP) process to establish a pool of qualified dam safety engineers. From that solicitation, in 2020, the Board of Supervisors approved three agreements between the SFPUC and HDR, AECOM, and GEI, each with a \$11,000,000 not-to-exceed and an 11-year term.</li> <li>• Under the proposed amendment, GEI will continue to provide a range of engineering services, including civil, electrical, mechanical, structural, geotechnical, and tunnel engineering, as well as cost estimating, surveying, materials testing, and risk assessments.</li> <li>• The amendment adds two new projects: (1) the Moccasin Dam and Reservoir Long Term Improvement Project and (2) the O’Shaughnessy Dam Outlet Works Phase II Project.</li> <li>• SFPUC is transferring the projects from the HDR agreement into this agreement because HDR has since been contracted to act as the program management consultant for the Water Capital Improvement Program.</li> <li>• In the most recent Consultant Performance Evaluation for GEI, covering the period of July 1, 2024, to June 30, 2025, the SFPUC rated GEI’s overall performance as "Excellent."</li> </ul> <p style="text-align: center;"><b>Fiscal Impact</b></p> <ul style="list-style-type: none"> <li>• The proposed amendment increases the total agreement amount by \$7,000,000 (63.6 percent), from an original authorization of \$11,000,000 to a new total not-to-exceed amount of \$18,000,000 over the eleven-year term (April 2020 through April 2031).</li> <li>• Contract costs are funded by water and power customers, depending on the project.</li> </ul> <p style="text-align: center;"><b>Recommendation</b></p> <ul style="list-style-type: none"> <li>• Approve the proposed resolution.</li> </ul>	

## MANDATE STATEMENT

City Charter Section 9.118(b) states that any contract entered into by a department, board or commission that (1) has a term of more than ten years, (2) requires expenditures of \$10 million or more, or (3) requires a modification of more than \$500,000 is subject to Board of Supervisors approval.

## BACKGROUND

### Hetch Hetchy Regional Water System Spillway Assessment

The Hetch Hetchy Regional Water System, operated by the San Francisco Public Utilities Commission (SFPUC), is an infrastructure network that supplies approximately 85 percent of the water used by 2.7 million customers in Alameda, Santa Clara, San Mateo, and San Francisco counties.<sup>1</sup> This system relies on assets, including dams, reservoirs, powerhouses, and tunnels that stretch from the Sierra Nevada to the San Francisco Peninsula, some dating back to the 1920s.

Following the Oroville Dam spillway crisis in 2017, which caused the evacuation of more than 180,000 people, regulatory scrutiny on hydraulic structures and spillways intensified statewide. That year, the California Division of Safety of Dams (DSOD) ordered the SFPUC to conduct condition assessments of spillways for all dams under DSOD jurisdiction.<sup>2</sup> Specialized dam and reservoir engineering services are necessary for substantive structural, hydraulic, and seismic rehabilitation beyond routine maintenance.

### Procurement Strategy

The SFPUC uses a "master service agreements" procurement to prequalify engineering, construction management, and project management vendors and deploy them, as needed, for projects. According to the SFPUC, this strategy helps supplement internal engineering staff and capital project execution by avoiding the 6 to 12-month administrative delay required to issue a new contract solicitation for each project.

### Procurement and Contractor Selection

On September 12, 2019, SFPUC initiated a request for proposals (RFP) process to establish a pool of qualified dam safety engineers. The RFP was advertised with the intent to select up to three consulting firms.

HDR Engineering, Inc. (HDR), GEI Consultants, Inc. (GEI), and AECOM Technical Services, Inc. (AECOM) were the three highest-scoring qualified proposers, with GEI ranked second.

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<sup>1</sup> The Hetch Hetchy Regional Water System sources its water from the Tuolumne River watershed in the high Sierra Nevada mountains and delivers it via a gravity-fed aqueduct

<sup>2</sup> The DSOD exercises regulatory authority over dams in California to prevent failure and safeguard life and property.

### Contract History

On March 6, 2020, the Board of Supervisors approved two agreements between the SFPUC and HDR and AECOM, each with a \$11,000,000 not-to-exceed and an 11-year term.<sup>3</sup>

On April 18, 2020, the Board of Supervisors approved the agreement with GEI for a not-to-exceed amount of \$11,000,000 and an 11-year term from April 2020 to April 2031 for planning and engineering design support for five projects (File 20-0166).<sup>4</sup>

On October 28, 2025, the SFPUC Commission approved Amendment No. 1 to the agreement between the SFPUC and GEI.

### DETAILS OF PROPOSED LEGISLATION

The proposed resolution would approve Amendment No. 1 to the agreement between the San Francisco Public Utilities Commission (SFPUC) and GEI Consultants, Inc. (GEI) for specialized engineering services for dams and reservoirs to increase the maximum agreement amount by \$7,000,000 for a new total not-to-exceed amount of \$18,000,000, with no change to the 11-year term, from June 29, 2020, to June 29, 2031.

### Scope of Work

Under the proposed amendment, GEI will continue to provide a range of engineering services, including civil, electrical, mechanical, structural, geotechnical, and tunnel engineering, as well as cost estimating, surveying, materials testing, and risk assessments.<sup>5</sup>

The amendment adds two new projects with new specific tasks: (1) the Moccasin Dam and Reservoir Long Term Improvement Project and (2) the O'Shaughnessy Dam Outlet Works Phase II Project.

#### The Moccasin Dam and Reservoir Long-Term Improvement Project

Built in 1930, Moccasin Dam regulates the Moccasin reservoir and stabilizes water flow between the Moccasin Powerhouse (for electricity generation) and the Foothill Tunnel (for water transmission).

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<sup>3</sup> According to SFPUC, this long duration for infrastructure projects enables "cradle-to-grave" engineering support from initial assessment through design, bidding, and construction.

<sup>4</sup> The five projects include the (1) Cherry Valley Dam Spillway project that addresses erosion and increases capacity for updated flood estimates, (2) Early Intake Dam Rehabilitation that involves installing a liner to mitigate alkali-aggregate reaction in the concrete, (3) Eleanor Dam Rehabilitation that addresses seismic stability and concrete spalling, (4) Eleanor Dam Bridge Rehabilitation that repairs the bridge, and (5) the Priest Condition Assessment and Monitoring Project that involves installing instrumentation to monitor dam movement due to settlement and deflection.

<sup>5</sup> Services are executed through a task order process. Following negotiation of the scope and budget for a specific task, and Controller certification of funding, a notice to proceed is issued.

On March 22, 2018, a severe storm caused rapid runoff and debris clogged the upstream diversion dam bypass,<sup>6</sup> sending the full flow of Moccasin Creek into the reservoir. The water level rose within one foot of the top of the dam. Seepage (the slow escape of water through the dam structure or foundation, a potential precursor to internal erosion failure) was observed downstream, and the backup spillway suffered severe erosion.<sup>7</sup>

Following the 2018 event, the California Division of Safety of Dams (DSOD) downgraded the dam's rating to "Fair" and imposed a reservoir level restriction. This restriction prevents the installation of flashboards (temporary barriers used to increase reservoir levels) in the main spillway. This results in a reduction of 50 acre-feet in storage capacity, representing approximately 9.4 percent of the reservoir's total 530 acre-feet capacity. Consequently, it constrains the Moccasin Powerhouse's ability to generate peak power, impacts SF Clean Power Enterprise's revenue, and complicates water-delivery operations.

Furthermore, updated modeling indicates the existing 1929 spillways are undersized for modern probable maximum flood standards. The project aims to enable the dam to safely pass a probable maximum flood event without overtopping or causing damage, and to repair damage caused by the 2018 storm.

GEI's technical scope includes designing a new, high-capacity concrete auxiliary spillway, implementing flood-proofing for the Powerhouse, and conducting geotechnical remediation of seepage pathways. The project is currently at the 35 percent design phase. GEI's responsibilities include (1) validating the prior design vendor's 35 percent design, (2) advancing the project through 100 percent design, (3) addressing DSOD comments to obtain construction authorization, (4) providing bid and award phase support, and (5) providing engineering support during construction.

The estimated total project cost has increased from the initial 2022 budget of \$73.18 million to a current 2025 forecast of \$142.2 million to \$155 million, with construction costs escalating from \$35 million to approximately \$100 million.<sup>8</sup>

Design completion and DSOD authorization are estimated by June 30, 2028. Construction is anticipated to start on October 1, 2028, and finish by June 30, 2032.

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<sup>6</sup> An upstream diversion dam bypass is an engineered system that redirects a portion or all of a river's flow around a diversion dam and its associated facilities for environmental protection, construction activities, sediment management, or flood control.

<sup>7</sup> An auxiliary, or backup, spillway is a secondary, less frequently used spillway that manages high floodwaters when a dam's primary spillway is at capacity

<sup>8</sup> The SFPUC attributes the significant variance to underdeveloped initial estimates during the 35 percent design phase, longer construction timeline estimates, and increased concrete/steel and general construction costs. Revised analysis required thicker spillway walls/slabs, temporary excavation support, temporary water retaining structures (assuming dry conditions), a necessary transition structure, blasting/difficult rock excavation, and a construction risk contingency.

### O'Shaughnessy Dam Outlet Works Phase II Project

O'Shaughnessy Dam, which was completed in 1923 and raised in 1938 to increase its water supply and power generation, holds the Hetch Hetchy Reservoir in Yosemite National Park, the start of the Hetch Hetchy Water System. Many components are original and are reaching the end of their service lives. A condition assessment of the "dam outlet works", consisting of valves, gates, and conduits that control the release of water, identified the need for improvements to ensure safe and reliable operation, which is critical for operational flexibility and the ability to drain the reservoir in an emergency, a capability required by DSOD.

Design and construction have faced constraints because the dam is located inside Yosemite National Park which requires strict environmental compliance. For example, the reservoir cannot be drained, requiring underwater work, such as diving or remotely operated vehicles, and it is a historic landmark that requires aesthetic preservation.

Based on the prioritization of asset condition, the project is being implemented in two phases.

Phase I began in January 2023 and is estimated to be completed in December 2025 with a total estimated budget of \$43.7 million. The project involved replacing or fixing the dam's water control system by installing new temporary barriers, repairing outdated sliding doors and the large, curved gates used on the spillway (replacing seals, hinges, and rivets, and repainting the gates), fixing the spillway concrete, and installing a new temporary pipe with a shut-off valve.

Phase II is currently in the planning/pre-design stage with an estimated completion date of December 2041. Phase II includes completing an overhaul of the dam's water control mechanisms by replacing old, high-pressure valves that are worn out, repairing and restoring other large water-flow control gates, installing a new emergency shut-off valve for the bypass pipe, and improving the underground tunnel that diverts or releases water.

### **Justification for Transfer**

SFPUC is transferring the Moccasin Dam and Reservoir and the O'Shaughnessy Dam Outlet Works Phase II projects from a separate agreement held by HDR Engineering Inc. (HDR) into this agreement to mitigate a developing conflict of interest. The SFPUC confirms that these two projects will be formally removed from HDR's agreement via a corresponding amendment. Under HDR, the Moccasin Dam and Reservoir Project had advanced to 35 percent in the design phase. However, the SFPUC states that HDR now has a potential conflict of interest that prevents it from performing the final design, due to HDR's role in a separate Water Capital Program Management Contract.

In February 2025, the Board of Supervisors awarded the HDR Stantec Joint Venture, a program management contract for Hetch Hetchy Water Capital Improvement Programs, with an \$80 million not-to-exceed limit for a ten-year term (File 25-0020). This contract positions HDR as an extension of the SFPUC staff responsible for overseeing schedules, auditing costs, ensuring quality assurance/quality control of other consultants, and validating budgets. If HDR were to act as both the designer and the program manager, it would be auditing its own work. Best practice prohibits a program manager from approving their own scope changes or validating their own cost estimates, necessitating this transfer.

The SFPUC reports that the City Attorney's Office participated in discussions on the contracting strategy and provided advice during the preparation of the amendment; however, it did not conduct a formal conflict-of-interest review.

SFPUC staff recommend transferring the remaining scopes to GEI because there are similarities in technical requirements and geography with GEI's existing scope. Utilizing GEI's existing contract vehicle will also avoid the 6-12 month delay associated with a new request for proposals (RFP) process.

### **Justification for Increase**

SFPUC is increasing the not-to-exceed amount because the original contract amount was based on the Fiscal Year 2019-2028 Capital Improvement Program and primarily funded the project needs assessment phases. As needs assessments have been completed, SFPUC has adjusted the capital program budgets to reflect the updated scopes and requirements. Furthermore, transferring a complex engineering project at the 35 percent design stage introduces liability risks. The amendment requires GEI to review, validate, and confirm all deliverables developed by HDR before GEI can assume the role of engineer of record. GEI estimates the cost for this validation task at \$150,116 and the duration at approximately two months.

### **Liability**

GEI has confirmed that by accepting this scope and continuing the design, it will assume all liability for the entire design (including the initial 35 percent completed by HDR) and will provide signed and stamped contract documents as the Engineer of Record, ensuring a single point of accountability.

However, due to the unique nature of the transfer, HDR (as program manager) will be responsible for overseeing GEI's validation of HDR's prior design work. Therefore, the SFPUC contract manager assigned to this agreement will also be responsible for coordinating this aspect of HDR's oversight role.

### **Local Business Enterprise Participation**

The RFP established a minimum of 7 percent Local Business Enterprise (LBE) subcontractor participation. GEI committed to 12 percent LBE subcontractor participation for this contract.<sup>9</sup> This amendment adds \$840,000 in LBE allocation, raising the total commitment from \$1,320,000 to \$2,160,000. LBE Participation as of October 7, 2025, was 1.93 percent of spending to date, equal to approximately \$212,300.

### **Social Impact Partnership**

The Social Impact Partnership commitment, formerly known as Community Benefits, was originally \$145,200; however, proportional to the amendment's increase to the contract value, the total community benefits commitment would increase by \$92,400 to \$237,600 or by 64

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<sup>9</sup> The subcontracting firms are (1) AGS Inc (geotechnical exploration), (2) Divis Consulting (geotechnical exploration), (3) Meridian Surveying Engineering Inc (surveying), (4) McGovern McDonald (environmental engineering).

percent. The commitments are funded through volunteer hours valued at a fixed rate of \$150 per hour.

As of November 2025, the contract is 49.47 percent through its term. GEI has delivered 32.45 percent of its original commitment, totaling \$47,117.<sup>10</sup> The remaining commitment, including the amendment, is \$190,483. The revised commitments are summarized in Exhibit 1.

**Exhibit 1: Amended Social Impact Partnership Commitments**

Category	Volunteer Hours	Amount
Original Commitment	968	\$145,200
Delivered to Date	(314)	(\$47,117)
Amendment Increase	616	\$92,400
<b>Total Remaining</b>	<b>1,270</b>	<b>\$190,483</b>
<b>Total</b>	<b>1584</b>	<b>\$237,600</b>

Source: SFPUC

Note: GEI estimates 720 hours to public education and 864 hours to environmental and community health.

**Performance**

In the most recent Consultant Performance Evaluation for GEI, covering the period of July 1, 2024, to June 30, 2025, the SFPUC rated GEI's overall performance as "Excellent." GEI received "Excellent" ratings in Quality of Service, Schedule Management, Cost Management, Scope Management, and Staff and Resources, and "Good" ratings in Value of Services, and Administrative Functions.

**FISCAL IMPACT**

The proposed amendment increases the total agreement amount by \$7,000,000 (63.6 percent), from an original authorization of \$11,000,000 to a new total not-to-exceed amount of \$18,000,000 over the eleven-year term (April 2020 through April 2031).

**Budget Allocation**

The amendment allocates \$9 million intended to fund soft costs (non-construction costs such as engineering design, permitting, and environmental review) for two additional projects. This is achieved through the \$7 million authorization increase, combined with the reallocation of \$2 million in existing unassigned funds from the original agreement authorization. The \$9 million in new scope is split between the Moccasin Dam and Reservoir Project (\$5 million for Design and \$2 million for Engineering Support During Construction) and the O'Shaughnessy Dam Outlet Works Phase II Project (\$2 million for Planning and Design).

<sup>10</sup> The organizations that are receiving volunteers are the Tuolumne County Superintendent of Schools and Camp Sylvester.

With \$15,745,085 allocated, \$2,254,915 is unassigned as a contingency (approximately 12.5 percent of the total authorization). The detailed breakdown of the \$18,000,000 authorization is provided in Exhibit 2.

### Exhibit 2: Total Not-To-Exceed Breakdown by Project

Project Name	Actuals as of 05/19/2025	Amendment No. 1	Proposed Budget
Cherry Valley Dam Spillway	\$1,952,107		\$1,952,107
Early Intake Dam Rehabilitation	1,677,507		1,677,507
Eleanor Dam Rehabilitation	542,203		542,203
Eleanor Dam Bridge Rehabilitation	1,497,170		1,497,170
Priest Condition Assessment & Monitoring	1,076,098		1,076,098
Moccasin Dam and Reservoir - Design		5,000,000	5,000,000
Moccasin Dam and Reservoir - ESDC		2,000,000	2,000,000
O'Shaughnessy Dam and Outlet Works Phase II - Planning/Design		2,000,000	2,000,000
Contingency (12.5 percent)	4,254,915	(2,000,000)	2,254,915
<b>Total</b>	<b>\$11,000,000</b>	<b>\$7,000,000</b>	<b>\$18,000,000</b>

Source: SFPUC

### Bill Rates

Compensation is based on billing rates established in the agreement's fee schedule. Staff rates range from approximately \$115.35 per hour to \$250.08.

The agreement allows annual adjustments based on the Consumer Price Index, but the original contract included conflicting language suggesting the rates were fixed for two years. The SFPUC clarified that, consistent with the RFP, rates were intended to be fixed for only the first year, and increases have been applied annually since the first anniversary of the contract execution date.

### Funding Source

Funds for this Amendment are available from individual projects within the Hetch Hetchy Water Capital Improvements Program. These are Enterprise Funds (Non-General Fund). Costs for joint assets, such as Moccasin Dam, which serve both water delivery and power generation, are typically split between water ratepayers and power customers. The Hetch Hetchy CIP relies significantly on debt financing. Consequently, capital expenditures translate directly into long-term debt service obligations that pressure future utility rates.

### Total Project Costs

The total project costs for the period of FY 2020-21 through FY 2040-41 are \$142,187,984 for the Moccasin Dam Project and \$184,106,942 for the O'Shaughnessy Phase II Project. While Construction Management accounts for the majority of the Moccasin Dam budget at 70.9

percent, Construction represents the primary expense for O’Shaughnessy Phase II at 62.7 percent of the total. Exhibit 3 provides a detailed cost breakdown below.

**Exhibit 3: Total Project Costs for O’Shaughnessy and Moccasin FY 2020-21 to FY 2040-41**

<b>Cost Category</b>	<b>Moccasin Dam Project</b>	<b>% of Total</b>	<b>O’Shaughnessy Phase II Project</b>	<b>% of Total</b>
Project Management	\$2,691,000	1.9%	\$6,844,500	3.7%
Planning and Predesign	7,369,834	5.2%	9,151,400	5.0%
Environmental Planning and Review	5,250,000	3.7%	2,140,000	1.2%
Legal and Right-of-Way Support	312,000	0.2%	374,400	0.2%
Engineering Design	9,302,199	6.5%	15,219,142	8.3%
Bid and Award	117,900	0.1%	314,400	0.2%
Construction	100,800,313	11.5%	115,470,084	62.7%
Construction Management	16,344,738	70.9%	34,593,016	18.8%
<b>Total</b>	<b>\$142,187,984</b>		<b>\$184,106,942</b>	

Source: SFPUC

**RECOMMENDATION**

Approve the proposed resolution.