



Edwin M. Lee  
Mayor

Micki Callahan  
Human Resources Director

Date: December 2, 2016

To: The Honorable Civil Service Commission

Through: Micki Callahan *Micki Callahan*  
Human Resources Director

From: Cynthia Hamada, MTA  
Shamica Jackson/Stacey Lo, PUC  
Stacey Camillo, DPW  
Kimmie Wu, TTX

Subject: **Personal Services Contracts Approval Request**

This report contains four (4) personal services contracts (PSCs) in accordance with the revised Civil Service Commission (CSC) procedures for processing PSCs that became effective on November 5, 2014.

The services proposed by these contracts have been reviewed by Department of Human Resources (DHR) staff to evaluate whether the requesting departments have complied with City policy and procedures regarding PSCs. The proposed PSCs have been posted on the DHR website for seven (7) calendar days. CSC procedures for processing PSCs require that any appeal of these contracts be filed in the office of the CSC, Executive Officer during the posting period.

No timely appeals have been filed regarding the PSCs contained in this report. These proposed PSCs are being submitted to the CSC for ratification/approval.

DHR has prepared the following cost summary for personal services contracts that have been processed through the Department of Human Resources to date:

Total of this Report	YTD Expedited Approvals FY2016-2017	Total for FY2016-2017
\$24,791,000	\$522,392,872	\$1,536,763,830

Cynthia Hamada  
Municipal Transportation Agency  
1 South Van Ness Ave., 6<sup>th</sup> Floor  
San Francisco, CA 94103  
(415) 701-5381

Shamica Jackson  
Stacey Lo  
Public Utilities Commission  
525 Golden Gate Ave., 8th Floor  
San Francisco, CA 94102  
SJ: (415) 554-0727  
SL: (415) 554-1860

Stacey Camillo  
Department of Public Works  
1155 Market Street, 4th Floor  
San Francisco, CA 94103  
(415) 554-4886

Kimie Wu  
Treasurer / Tax Collector  
1 Dr. Carlton B. Goodlett Pl., Rm. 140  
San Francisco, CA 94102  
(415) 554-0889

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Published on *Personal Services Request Database* (<http://apps.sfgov.org/dhrdrupal>)[Home >](#)**POSTING FOR****December 19, 2016****PROPOSED PERSONAL SERVICES CONTRACTS – REGULAR****Commission Hearing Date**

2016-12-19

**APPLY**

<b>PSC No</b>	<b>Dept Designation</b>	<b>PSC Amount</b>	<b>Description of Work</b>	<b>PSC Estimated Start Date</b>	<b>PSC Estimated End Date</b>	<b>Type of Approval</b>
46666 - 16/17	MUNICIPAL TRANSPORTATION AGENCY	\$1,000,000.00	The consultant will provide as-needed, professional event management services from conception to completion. Services include: plan, design and produce events; ensure compliance with insurance, legal, health and safety obligations; specify staff requirements and coordinate their activities; market, promote and publicize event; proactively handle any arising issues and troubleshoot any emerging problems; provide feedback, periodic and post-event reports; liaise with stakeholders; solicit sponsorships; research market, and, identify event opportunities. Organize facilities and manage all event details such as decor, catering, entertainment, transportation, location, invitee list, special guests, equipment, promotional material, and security.	March 1, 2017	February 28, 2022	REGULAR
42354 - 16/17	PUBLIC UTILITIES COMMISSION	\$23,000,000.00	As-needed services in the areas of: wastewater management and planning; stormwater management and planning; knowledge management; asset management; environmental, hazardous materials, and regulatory compliance; and health and safety.	January 1, 2017	December 31, 2021	REGULAR
40529 - 16/17	GENERAL SERVICES AGENCY - PUBLIC WORKS	\$600,000.00	The primary scope of work is to provide cleaning personnel for graffiti abatement services outside of the Bureau's routine operating responsibilities that affect both the public and private properties. The work consists of, but not limited to, removing graffiti from walls, pavement, structures and other improvements as needed and determined by Public Works. The Department anticipates awarding 2 contracts.	November 1, 2016	December 31, 2022	REGULAR

**TOTAL AMOUNT \$24,600,000****PSA**

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## Posting For December 19, 2016

### Proposed Modifications to Personal Services Contracts

Commission Hearing Date

2016-12-19

APPLY

PSC Number	Commission Hearing Date	Department	Additional Amount	Cumulative Total	Description	Start Date	End Date	Approval Type
4082 12/13 - MODIFICATIONS	December 19, 2016	TREASURER/TAX COLLECTOR -- TTX	\$191,000	\$2,031,000	<p>The City and County of San Francisco will be replacing the current financial management system with PeopleSoft in July 2017(FSP Project). This will require the Treasurer &amp; Tax Collector to make necessary configurations changes to the Wausau cashiering system. These interfaces and configurations changes allow for the crediting and posting of 50% of general fund receivables. The Department has previously procured a proprietary software solution for Cashiering under PSC# 4035 09/10 approved on 9/21/2009. The software must be configured to meet the requirements for the new PeopleSoft.</p> <p><b>Scope Change:</b> The City and County of San Francisco and Office of the Treasurer and Tax Collector is implementing PeopleSoft for financial management that is planned to go live in July 2017. The Department must integrate the existing cashiering and bank systems with PeopleSoft to ensure the timely processing of wire payments and non-wire reporting.</p>	07/01/2017	06/26/2021	REGULAR

**TOTAL AMOUNT \$191,000**

**Regular/Continuing/Annual  
Personal Services Contracts**

PERSONAL SERVICES CONTRACT SUMMARY ("PSC FORM 1")

Department: MUNICIPAL TRANSPORTATION AGENCY -- MTA

Dept. Code: MTA

Type of Request:  Initial  Modification of an existing PSC (PSC # \_\_\_\_\_)

Type of Approval:  Expedited  Regular  Annual  Continuing  (Omit Posting)

Type of Service: As-Needed Professional Event Planning Services

Funding Source: Operating Budget

PSC Amount: \$1,000,000

PSC Est. Start Date: 03/01/2017

PSC Est. End Date: 02/28/2022

**1. Description of Work**

**A. Scope of Work/Services to be Contracted Out:**

The consultant will provide as-needed, professional event management services from conception to completion. Services include: plan, design and produce events; ensure compliance with insurance, legal, health and safety obligations; specify staff requirements and coordinate their activities; market, promote and publicize event; proactively handle any arising issues and troubleshoot any emerging problems; provide feedback, periodic and post-event reports; liase with stakeholders; solicit sponsorships; research market, and, identify event opportunities. Organize facilities and manage all event details such as decor, catering, entertainment, transportation, location, invitee list, special guests, equipment, promotional material, and security.

**B. Explain why this service is necessary and the consequence of denial:**

The San Francisco Municipal Transportation Agency (SFMTA) hosts a number of high-profile events, e.g., the Cable Car Bell Ringing Contest, Muni Heritage Weekend, that require intense, specialized and, on occasion, immediate event planning demands. The consequences of denial will be that the SFMTA staff will be unable to meet the event planning requirements during these peak demand periods and could possibly place the community at risk.

**C. Has this service been provided in the past? If so, how? If the service was provided under a previous PSC, attach copy of the most recently approved PSC.**

These services were provided with oversight by agency staff via purchase order. Due to changes in purchase order procedures, the SFMTA is now required to use a personal services contract.

**D. Will the contract(s) be renewed?**

Yes.

**E. If this is a request for a new PSC in excess of five years, or if your request is to extend (modify) an existing PSC by another five years, please explain why.**

The SFMTA is allowing ample time for the RFP and start-up of this PSC. The contract is for 3 years with two 2-yr. options for extension. The duration in this initial submission would not allow for all 5 years.

**2. Reason(s) for the Request**

**A. Indicate all that apply (be specific and attach any relevant supporting documents):**

Short-term or capital projects requiring diverse skills, expertise and/or knowledge.

Services required on an as-needed, intermittent, or periodic basis (e.g., peaks in workload).

B. Explain the qualifying circumstances:

Must possess expertise in event management and are required to organize facilities and manage all event details such as decor, catering, entertainment, transportation, location, invitee list, special guests, equipment, promotional material, and security. The SFMTA staff will be unable to meet the event planning requirements during these peak demand periods and could possibly place the community at risk.

**3. Description of Required Skills/Expertise**

A. Specify required skills and/or expertise: The consultant must possess demonstrated expertise in event management and provide a portfolio of previously managed events with corresponding references. Must possess the ability to manage multiple projects independently and upon demand. Demonstrated skill in developing and executing strategic earned and purchased promotional multimedia coverage including capacity to purchase media (TV, radio, etc.) advertising direct from vendors. Excellent time management and communication skills, verbal and written. Proficiency working in a culturally diverse community environment is required.

B. Which, if any, civil service class(es) normally perform(s) this work? 4119, Events & Facilities Specialist;

C. Will contractor provide facilities and/or equipment not currently possessed by the City? If so, explain: No.

**4. If applicable, what efforts has the department made to obtain these services through available resources within the City?**

Class 4119 Events and Facilities Specialist would be able to do a portion of this work. This classification applies to the War Memorial and Performing Arts and Recreation and Park departments only.

**5. Why Civil Service Employees Cannot Perform the Services to be Contracted Out**

A. Explain why civil service classes are not applicable.

Civil service classes can only perform a portion of this work and are specific to the War Memorial and Recreation and Park. This work also requires full-time attention on a short-term basis.

B. If there is no civil service class that could perform the work, would it be practical and/or feasible to adopt a new civil service class to perform this work? Explain. No. This work is sporadic and on an as-needed basis only.

**6. Additional Information**

A. Will the contractor directly supervise City and County employee? If so, please include an explanation.  
No.

B. Will the contractor train City and County employees and/or is there a transfer of knowledge component that will be included in the contract? If so, please explain what that will entail; if not, explain why not.  
Training is not a part of this service.

C. Are there legal mandates requiring the use of contractual services?  
No.

D. Are there federal or state grant requirements regarding the use of contractual services? If so, please explain and include an excerpt or copy of any such applicable requirement.  
No.

E. Has a board or commission determined that contracting is the most effective way to provide this service? If so, please explain and include a copy of the board or commission action.  
No.

F. Will the proposed work be completed by a contractor that has a current PSC contract with your department? If so, please explain.  
No.



7. **Union Notification:** On 09/22/2016, the Department notified the following employee organizations of this PSC/RFP request:  
Professional & Tech Engrs, Local 21; SEIU 1021 Miscellaneous

I CERTIFY ON BEHALF OF THE DEPARTMENT THAT THE INFORMATION CONTAINED IN AND ATTACHED TO THIS FORM IS COMPLETE AND ACCURATE:

Name: Cynthia Hamada Phone: 415.701.5381 Email: cynthia.hamada@sfmta.com

Address: 1 South Van Ness Avenue, 6th Floor San Francisco, CA 94103

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**FOR DEPARTMENT OF HUMAN RESOURCES USE**

PSC# 46666 - 16/17

DHR Analysis/Recommendation:

Civil Service Commission Action:

Commission Approval Required

DHR Approved for 12/19/2016

# Receipt of Union Notification(s)

## Hamada, Cynthia

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**From:** dhr-psccordinator@sfgov.org on behalf of cynthia.hamada@sfmta.com  
**Sent:** Thursday, September 22, 2016 10:00 AM  
**To:** Hamada, Cynthia; Lopez, Ricardo; Basconcillo, Katherine A;  
pcamarillo\_seiu@sbcglobal.net; Wendy.Frigillana@seiu1021.org;  
pscreview@seiu1021.org; ted.zarzecki@seiu1021.net; davidmkersten@gmail.com;  
ablood@cirseiu.org; xiumin.li@seiu1021.org; Sin.Yee.Poon@sfgov.org;  
david.canham@seiu1021.org; jtanner940@aol.com; L21PSCReview@ifpte21.org;  
Hamada, Cynthia; DHR-PSCCoordinator, DHR  
**Subject:** Receipt of Notice for new PCS over \$100K PSC # 46666 - 16/17

RECEIPT for Union Notification for PSC 46666 - 16/17 more than \$100k

The MUNICIPAL TRANSPORTATION AGENCY -- MTA has submitted a request for a Personal Services Contract (PSC) 46666 - 16/17 for \$1,000,000 for Initial Request services for the period 03/01/2017 – 02/28/2022. Notification of 30 days (60 days for SEIU) is required.

After logging into the system please select link below, view the information and verify receipt:

<http://apps.sfgov.org/dhrdrupal/node/8111> For union notification, please see the TO: field of the email to verify receipt. If you do not see all the unions you intended to contact, the PSC Coordinator must change the state back to NOT READY, make sure the classes and unions you want to notify are selected and SAVE. Then VIEW the record and verify the list of unions and emails. EDIT the document again , change the state back START UNION NOTIFICATION and SAVE. You should receive the email with all unions to the TO: field as intended

PERSONAL SERVICES CONTRACT SUMMARY ("PSC FORM 1")

Department: PUBLIC UTILITIES COMMISSION -- PUC

Dept. Code: PUC

Type of Request:  Initial  Modification of an existing PSC (PSC # \_\_\_\_\_)

Type of Approval:  Expedited  Regular  Annual  Continuing  (Omit Posting)

Type of Service: Wastewater & Stormwater Services (PRO.0054)

Funding Source: WWE, Capital & Operating Budget

PSC Duration: 5 years

PSC Amount: \$23,000,000

**1. Description of Work**

**A. Scope of Work/Services to be Contracted Out:**

As-needed services in the areas of: wastewater management and planning; stormwater management and planning; knowledge management; asset management; environmental, hazardous materials, and regulatory compliance; and health and safety.

**B. Explain why this service is necessary and the consequence of denial:**

Federal and State environmental and regulatory agencies require permits, compliance and reporting actions by Wastewater Enterprise for its operations and maintenance activities. Based on our experience with the current as-needed contracts, these services are necessary due to the aging the wastewater infrastructure and regulatory requirements. The as-needed work has reduced our contracts' capacity greatly in just four years. This new PSC request will allow the SFPUC issue a new request for proposal (RFP) to provide as-needed services that include, but are not limited to: environmental and regulatory compliance; wastewater and stormwater sampling; chronic toxicity testing and analyses; staff development, training and certification/licensing; knowledge management; facility useful life and life cycle assessment and analyses; and low impact design (LID) storm water project development & policy development. Denial of these proposed contract services may lead to unplanned shutdowns and fines from the regulatory agencies and other civil penalties.

**C. Has this service been provided in the past? If so, how? If the service was provided under a previous PSC, attach copy of the most recently approved PSC.**

These as-needed services have been provided in the past by PSC No. 4017-09/10.

**D. Will the contract(s) be renewed?**

No.

**E. If this is a request for a new PSC in excess of five years, or if your request is to extend (modify) an existing PSC by another five years, please explain why.**

The contracts' scope of work includes environmental and regulatory compliance as well as low impact design (LID) storm water project development & policy development. Due to the work's as-needed nature, consultants may need up to five years to complete the project in meeting various deadlines.

**2. Reason(s) for the Request**

**A. Indicate all that apply (be specific and attach any relevant supporting documents):**

Short-term or capital projects requiring diverse skills, expertise and/or knowledge.

Services required on an as-needed, intermittent, or periodic basis (e.g., peaks in workload).

B. Explain the qualifying circumstances:

SFPUC staff provides expertise for a portion of the proposed as-needed work for this contract, but cannot provide the highly specialized "state of the industry" expertise required in its entirety. For example, some tasks require very specific technical expertise (e.g. low impact design; modeling for storm water facilities; toxicity screening for effluent discharges; etc.) that City employees cannot provide; necessitating the use of contracted as-needed services.

**3. Description of Required Skills/Expertise**

- A. Specify required skills and/or expertise: Specialized and technical skills related to wastewater utility operations and management including specially licensed sanitary engineers, third party review regarding combined sewer systems management and planning expertise, hydrologic modeling, regulatory compliance, specialized laboratory services, external expertise in geotechnical analysis, water quality analyses, process optimization, and risk assessment. The SFPUC has utilized consultant expertise in the past for work like mitigating chronic erosion at Ocean Beach which was threatening critical wastewater infrastructure. The City is required to plan for and design sand nourishment activities based on current conditions and approved by the California Coastal Commission before work can be implemented. Consultants are providing beach nourishment design measures while SFPUC staff look for alternatives and design work for long term planning. Also, please note that if there is hydraulic modeling work, the department will look in-house first and then to sister agencies, e.g., SFPW, prior to asking for As-Needed consultant services.
- B. Which, if any, civil service class(es) normally perform(s) this work? 2484, Biologist III; 2485, Supv Biologist; 2488, Supv Chemist; 5207, Assoc Engineer; 5211, Eng/Arch/Landscape Arch Sr; 5212, Engineer/Architect Principal; 5241, Engineer; 5602, Utility Specialist; 6138, Industrial Hygienist;
- C. Will contractor provide facilities and/or equipment not currently possessed by the City? If so, explain:  
No.

**4. If applicable, what efforts has the department made to obtain these services through available resources within the City?**

Civil service classes are performing some of the applicable work as project managers. Where possible, staff has been hired to take over projects initiated by consultants. The permitting work for the municipal separate storm sewer system (MS4) that was developed by consultants resulted in the SFPUC hiring new City staff to maintain the on-going permitting and compliance process. However, since the contract is as-needed in nature, the work is often short term, technical, highly specialized, and may require a third party to maintain transparency with the public. For example, Green infrastructure maintenance planning and certification require consultants with extensive field knowledge of best practices used by other utilities throughout the country. This type of skill is often not available with City staff.

**5. Why Civil Service Employees Cannot Perform the Services to be Contracted Out**

- A. Explain why civil service classes are not applicable.  
The SFPUC is currently utilizing existing staff and civil service classes in other departments (e.g. – 5211, 5212, etc.) through work orders, when necessary. The SFPUC is currently providing training to City staff and will continue to do so in order to deliver some of these services. However, the work to be done under the PSC is required only on a short-term as-needed basis.

B. If there is no civil service class that could perform the work, would it be practical and/or feasible to adopt a new civil service class to perform this work? Explain. No. It would not be practical to adopt a new civil service class to perform this work due to the highly specialized technical nature of the services that is often required on intermittent or periodic basis. Work like stormwater facilities modeling and toxicity screening require expertise beyond what is available among City staff; or at least in sufficient numbers to satisfy unanticipated spikes in workload. However, SFPUC will continue to evaluate possible training of City staff to provide these highly technical services and bring in new staff as was the case for the municipal separate storm sewer system (MS4) permitting.

**6. Additional Information**

- A. Will the contractor directly supervise City and County employee? If so, please include an explanation.  
No.
- B. Will the contractor train City and County employees and/or is there a transfer of knowledge component that will be included in the contact? If so, please explain what that will entail; if not, explain why not. There is no formal training. However, SFPUC will continue to evaluate possible training of City staff to provide these highly technical services and bring in new staff as was the case for the municipal separate storm sewer system (MS4) permitting.
- C. Are there legal mandates requiring the use of contractual services?  
No.
- D. Are there federal or state grant requirements regarding the use of contractual services? If so, please explain and include an excerpt or copy of any such applicable requirement.  
No.
- E. Has a board or commission determined that contracting is the most effective way to provide this service? If so, please explain and include a copy of the board or commission action.  
No.
- F. Will the proposed work be completed by a contractor that has a current PSC contract with your department? If so, please explain.  
No.

**7. Union Notification:** On 08/31/2016, the Department notified the following employee organizations of this PSC/RFP request:  
Architect & Engineers, Local 21; Prof & Tech Eng, Local 21; Professional & Tech Engrs, Local 21

I CERTIFY ON BEHALF OF THE DEPARTMENT THAT THE INFORMATION CONTAINED IN AND ATTACHED TO THIS FORM IS COMPLETE AND ACCURATE:

Name: Shamica Jackson Phone: 415-554-0727 Email: SJackson@sewater.org

Address: 525 Golden Gate Avenue, 8th Floor San Francisco, CA 94102

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**FOR DEPARTMENT OF HUMAN RESOURCES USE**

PSC# 42354 - 16/17

DHR Analysis/Recommendation:

Civil Service Commission Action:

Commission Approval Required

DHR Approved for 12/19/2016

# Receipt of Union Notification(s)

**From:** [Paul Kim](#)  
**To:** [Kyger, Todd](#)  
**Cc:** [Jackson, Shamica](#)  
**Subject:** RE: PSC Form Draft 11232016 L21.docx  
**Date:** Wednesday, November 23, 2016 11:00:26 AM

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Hi Todd,

With the revisions made to the PSC summary, the union has no objection with PSC #42354 moving forward. Thank you.

Paul Kim  
Representative/Organizer  
IFPTE Local 21  
1167 Mission St, 2<sup>nd</sup> Floor  
San Francisco, CA 94103  
(415) 914-7351

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**From:** Kyger, Todd [mailto:TKyger@sfwater.org]  
**Sent:** Wednesday, November 23, 2016 10:56 AM  
**To:** Paul Kim <pkim@ifpte21.org>  
**Cc:** Jackson, Shamica <SJackson@sfwater.org>  
**Subject:** PSC Form Draft 11232016 L21.docx

Please see attached PSC for your review and final confirmation.

Thank you,

Todd



**From:** [dhr-psccordinator@sfgov.org](mailto:dhr-psccordinator@sfgov.org) on behalf of [SJackson@sfgwater.org](mailto:SJackson@sfgwater.org)  
**To:** [Jackson, Shamica; amakayan@ifpte21.org](mailto:Jackson_Shamica@amakayan@ifpte21.org); [L21PSCReview@ifpte21.org](mailto:L21PSCReview@ifpte21.org); [Jackson, Shamica; DHR-PSCCoordinator, DHR](mailto:Jackson_Shamica@DHR-PSCCoordinator_DHR)  
**Subject:** Receipt of Notice for new PCS over \$100K PSC # 42354 - 16/17  
**Date:** Wednesday, August 31, 2016 3:45:49 PM

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RECEIPT for Union Notification for PSC 42354 - 16/17 more than \$100k

The PUBLIC UTILITIES COMMISSION -- PUC has submitted a request for a Personal Services Contract (PSC) 42354 - 16/17 for \$20,000,000 for Initial Request services for the period 05/01/2017 – 04/30/2022. Notification of 30 days (60 days for SEIU) is required.

After logging into the system please select link below, view the information and verify receipt:

<http://apps.sfgov.org/dhrdrupal/node/8041> For union notification, please see the

TO: field of the email to verify receipt. If you do not see all the unions you intended to contact, the PSC Coordinator must change the state back to NOT READY, make sure the classes and unions you want to notify are selected and SAVE. Then VIEW the record and verify the list of unions and emails. EDIT the document again , change the state back START UNION NOTIFICATION and SAVE. You should receive the email with all unions to the TO: field as intended

## Additional Attachment(s)

PERSONAL SERVICES CONTRACT SUMMARY ("PSC FORM 1")

Department: PUBLIC UTILITIES COMMISSION Dept. Code: PUC

Type of Request: [ ] Initial [x] Modification of an existing PSC (PSC # 4017-09/10)

Type of Approval: [ ] Expedited [ ] Regular [ ] Omit Posting

Type of Service: Specialized and Technical As-Needed Wastewater Services - (CS-955/CS-203/ CS-1030)

Funding Source: WWE-Capital & Operating Budgets

PSC Original Amount: \$9,000,000 PSC Original Approved Duration: 07/20/09 - 10/31/14 (5 year)
PSC Mod#1 Amount: no amount added PSC Mod#1 Duration: 12/13/11-02/14/15 (15 weeks 1 day)
PSC Mod#2 Amount: \$1,000,000 PSC Mod#2 Duration: no duration added
PSC Mod#3 Amount: no amount added PSC Mod#3 Duration: 02/15/15-07/31/15 (23 weeks 5 days)
PSC Mod#4 Amount: \$20,000,000 PSC Mod#4 Duration: 08/01/15-12/31/17 (2 years 22 weeks)
PSC Mod#5 Amount: \$950,000 PSC Mod#5 Duration: 01/01/18-09/30/19 (1 year 38 weeks)
PSC Mod#6 Amount: PSC Mod#6 Duration:
PSC Cumulative Amount Proposed: \$30,950,000 PSC Cumulative Duration Proposed: 10 years 10 weeks

1. Description of Work

A. Scope of Work:

Specialized and technical as-needed services in the areas of wastewater and storm water services; asset management services; security, asset control and emergency response services; environmental, hazardous materials and waste, and regulatory compliance services; health and safety services; specialized technical operation/maintenance services; and Enterprise operations and management services.

B. Explain why this service is necessary and the consequence of denial:

Federal and State Environmental and Regulatory Agencies require reporting and compliance by Wastewater Enterprise for its operations and maintenance activities. City staff do not have the specialized knowledge or skills necessary to provide these services. Denial of these contracted services will lead to fines from the regulatory agencies and other civil penalties.

C. Has this service been provided in the past. If so, how? If the service was provided via a PSC, provide the most recently approved PSC # and upload a copy of the PSC.

Services have been provided in the past through earlier PSC request. See 4017-09/10

D. Will the contract(s) be renewed? No.

2. Union Notification: On 07/28/15, the Department notified the following employee organizations of this PSC/RFP request: Teamsters, Local 856 Health Workers; Stationary Engineers, Local 39; Professional & Tech Engrs, Local 21; Prof & Tech Ei

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FOR DEPARTMENT OF HUMAN RESOURCES USE

PSC# 4017-09/10

DHR Analysis/Recommendation:

Commission Approval Not Required

Approved by DHR on 08/06/2015

**3. Description of Required Skills/Expertise**

A. Specify required skills and/or expertise:

Specialized and technical skills related to wastewater utility operations and management including specially licensed sanitary engineers, combined sewer systems management and planning expertise, hydrologic modeling, regulatory compliance, specialized laboratory services, geotechnical analysis, water quality analyses, process optimization, risk assessment, sustainability analysis, performance assessment, and health and safety services.

B. Which, if any, civil service class(es) normally perform(s) this work?  
5209,5212,7373,5602,2464,6139,

C. Will contractor provide facilities and/or equipment not currently possessed by the City? If yes, explain:  
No.

**4. Why Classified Civil Service Cannot Perform**

A. Explain why civil service classes are not applicable:

The SFPUC is currently utilizing existing staff and civil service classes in other departments through work orders, when necessary. However, periodically, some tasks require very specific technical expertise (e.g. low impact design for storm water facilities) that City employees cannot provide; necessitating the use of contracted as-needed services. The SFPUC is currently providing training to City staff and will continue to do so in order to deliver some of these services.

B. Would it be practical to adopt a new civil service class to perform this work? Explain.

No. It would not be practical to adopt a new civil service class to perform this work due to the highly specialized technical nature of the services required. However, SFPUC will continue to evaluate possible training of City staff to provide these highly technical services in the future.

**5. Additional Information (if "yes", attach explanation)**

	<u>YES</u>	<u>NO</u>
A. Will the contractor directly supervise City and County employee?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
B. Will the contractor train City and County employee?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
C. Are there legal mandates requiring the use of contractual services?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
D. Are there federal or state grant requirements regarding the use of contractual services?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
E. Has a board or commission determined that contracting is the most effective way to provide this service?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
F. Will the proposed work be completed by a contractor that has a current PSC contract with your department?	<input type="checkbox"/>	<input checked="" type="checkbox"/>

THE ABOVE INFORMATION IS SUBMITTED AS COMPLETE AND ACCURATE ON BEHALF OF THE DEPARTMENT HEAD ON 07/28/15 BY:

Name: Shamica Jackson Phone: 415-554-0727 Email: SJackson@sfgwater.org

Address: 525 Golden Gate Avenue, 8th Floor San Francisco, CA

PERSONAL SERVICES CONTRACT SUMMARY ("PSC FORM 1")

Department: GENERAL SERVICES AGENCY - PUBLIC WORKS -- DPW

Dept. Code: DPW

Type of Request:  Initial  Modification of an existing PSC (PSC # \_\_\_\_\_)

Type of Approval:  Expedited  Regular  Annual  Continuing  (Omit Posting)

Type of Service: As-Needed Graffiti Abatement Services

Funding Source: General Fund

PSC Amount: \$600,000

PSC Est. Start Date: 11/01/2016 PSC Est. End Date 12/31/2022

**1. Description of Work**

A. Scope of Work/Services to be Contracted Out:

The primary scope of work is to provide cleaning personnel for graffiti abatement services outside of the Bureau's routine operating responsibilities that affect both the public and private properties. The work consists of, but not limited to, removing graffiti from walls, pavement, structures and other improvements as needed and determined by Public Works. The Department anticipates awarding 2 contracts.

B. Explain why this service is necessary and the consequence of denial:

The City's Graffiti Removal and Abatement Ordinance requires graffiti to be removed from private and public property to maintain the health, safety and welfare of the community. Private property owners are notified when graffiti shall be abated, however, if they fail to abate the graffiti within 30 days, the Ordinance states "that where the owner and/or any Offending Party fail to either remove the graffiti or request a hearing within 30 calendar days from the date of the notice, the Director may initiate proceedings in accordance with this Article 23 to enter upon the property and abate the graffiti." If this service is denied, Public Works will not be able to support the requirements of this Ordinance.

C. Has this service been provided in the past? If so, how? If the service was provided under a previous PSC, attach copy of the most recently approved PSC.

This service has been provided previously through PSC 4016-10/11; Approved October 7, 2013.

D. Will the contract(s) be renewed?

No.

E. If this is a request for a new PSC in excess of five years, or if your request is to extend (modify) an existing PSC by another five years, please explain why.

PSC duration exceeds 5 years to account for time necessary for advertising and awarding. Contract shall be no more than 5 years.

**2. Reason(s) for the Request**

A. Indicate all that apply (be specific and attach any relevant supporting documents):

Services required on an as-needed, intermittent, or periodic basis (e.g., peaks in workload).

B. Explain the qualifying circumstances:

Abatement services are only required on an as-needed basis and does not require nor is sufficient for a new/existing civil service class to perform this work.

**3. Description of Required Skills/Expertise**

- A. Specify required skills and/or expertise: Knowledge, experience, ability and resources to conduct special cleaning, and graffiti abatement services above or outside of the Bureau's responsibilities; provide specialized equipment for abatement; or provide personnel for special events as needed where abatement is required.
- B. Which, if any, civil service class(es) normally perform(s) this work? 7281, Street Environ Svcs Oprs Supv; 7346, Painter; 7501, Environmental Service Worker; 7514, General Laborer;
- C. Will contractor provide facilities and/or equipment not currently possessed by the City? If so, explain: It is anticipated that the contractor may be asked to provide equipment for special abatement projects- types of equipment that might be provided include equipment for removing stains from concrete or brick sidewalks or granite curbs, removing graffiti from a variety of surfaces, or abating as needed.

**4. If applicable, what efforts has the department made to obtain these services through available resources within the City?**

The City would require multiple classifications to perform this work and expend a great amount of resources, whereas the contractor has positions that can perform all aspects of the work. This work is only needed on an intermittent basis, so the use of civil service classes are not feasible.

**5. Why Civil Service Employees Cannot Perform the Services to be Contracted Out**

- A. Explain why civil service classes are not applicable.  
There are currently civil service classes that can perform this work. However, this service is needed on an as needed and intermittent basis only when graffiti needs to be abated. There is not enough work to warrant a full time city employee.
- B. If there is no civil service class that could perform the work, would it be practical and/or feasible to adopt a new civil service class to perform this work? Explain. No. At this point in time, the amount of work anticipated is not sufficient in quantity or sufficiently different from the duties and responsibilities of existing classes to justify the creation of a new class.

**6. Additional Information**

- A. Will the contractor directly supervise City and County employee? If so, please include an explanation.  
No.
- B. Will the contractor train City and County employees and/or is there a transfer of knowledge component that will be included in the contract? If so, please explain what that will entail; if not, explain why not.  
No training will be provided, as the City already has civil service classifications that can perform this work.
- C. Are there legal mandates requiring the use of contractual services?  
No.
- D. Are there federal or state grant requirements regarding the use of contractual services? If so, please explain and include an excerpt or copy of any such applicable requirement.  
No.
- E. Has a board or commission determined that contracting is the most effective way to provide this service? If so, please explain and include a copy of the board or commission action.  
No.
- F. Will the proposed work be completed by a contractor that has a current PSC contract with your department? If so, please explain.  
No.

7. **Union Notification:** On 10/07/2016, the Department notified the following employee organizations of this PSC/RFP request:  
Laborers, Local 261; Painters, Local 4

I CERTIFY ON BEHALF OF THE DEPARTMENT THAT THE INFORMATION CONTAINED IN AND ATTACHED TO THIS FORM IS COMPLETE AND ACCURATE:

Name: Stacey Camillo Phone: 415-554-4886 Email: stacey.camillo@sfdpw.org

Address: 1155 Market Street, 4th Floor San Francisco, CA 94103

\*\*\*\*\*

**FOR DEPARTMENT OF HUMAN RESOURCES USE**

PSC# 40529 - 16/17

DHR Analysis/Recommendation:

Civil Service Commission Action:

Commission Approval Required

DHR Approved for 12/19/2016

# Receipt of Union Notification(s)



## Tsang, Tiffany (DPW)

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**From:** dhr-psccordinator@sfgov.org on behalf of stacey.camillo@sfdpw.org  
**Sent:** Friday, October 07, 2016 4:36 PM  
**To:** Camillo, Stacey (DPW); cityworker@sfcwu.org; LiUNA.local261@gmail.com; Tsang, Tiffany (DPW); DHR-PSCCoordinator, DHR (HRD)  
**Subject:** Receipt of Notice for new PCS over \$100K PSC # 40529 - 16/17

RECEIPT for Union Notification for PSC 40529 - 16/17 more than \$100k

The GENERAL SERVICES AGENCY - PUBLIC WORKS -- DPW has submitted a request for a Personal Services Contract (PSC) 40529 - 16/17 for \$600,000 for Initial Request services for the period 11/01/2016 – 12/31/2022. Notification of 30 days (60 days for SEIU) is required.

After logging into the system please select link below, view the information and verify receipt:

<http://apps.sfgov.org/dhrdrupal/node/8163> For union notification, please see the TO: field of the email to verify receipt. If you do not see all the unions you intended to contact, the PSC Coordinator must change the state back to NOT READY, make sure the classes and unions you want to notify are selected and SAVE. Then VIEW the record and verify the list of unions and emails. EDIT the document again , change the state back START UNION NOTIFICATION and SAVE. You should receive the email with all unions to the TO: field as intended

# Additional Attachment(s)

October 7, 2013 Regular Meeting

Amended

MINUTES

Regular Meeting

October 7, 2013

2:00 p.m.

ROOM 400, CITY HALL

1 Dr. Carlton B. Goodlett Place

CALL TO ORDER

2:00 p.m.

ROLL CALL

President Scott R. Helfond	Present
Vice President E. Dennis Normandy	Present
Commissioner Douglas S. Chan	Present
Commissioner Kate Favetti	Present
Commissioner Gina Roccanova	Present

President Scott R. Helfond presided.

REQUEST TO SPEAK ON ANY MATTER WITHIN THE JURISDICTION OF THE CIVIL SERVICE COMMISSION BUT NOT APPEARING ON TODAY'S AGENDA (Item No. 2)

None.

APPROVAL OF MINUTES (Item No. 3)

Regular Meeting of September 16, 2013

Action: Adopted the minutes. (Vote of 5 to 0)

**ANNOUNCEMENTS (Item No. 4)**

Executive Officer Jennifer Johnston announced that there were changes to the Agenda with respect to Item # 9 (appeal by Jason Cardoza of his background rejection for a 1934 Storekeeper Position with the San Francisco Police Department) and Item #10 (appeal by Aaron Lampkin of his background rejection for a 9209 Police Service Aide Position with the City and County of San Francisco) as a result of the advice she had received from the City Attorney's Office that morning. Specifically, upon revisiting the Issue, Deputy City Attorney Sallie Gibson expressed some concerns about hearing the appeals in Open Session due to confidentiality and privacy implications in light of the extensive background rejection reviews, and particularly given the fact that the San Francisco Police Department obtains the information by means of a confidential database. Accordingly, both items were postponed to a meeting in the near future so that they may be heard in Closed Session.

**HUMAN RESOURCES DIRECTOR'S REPORT (Item No. 5)**

None.

**EXECUTIVE OFFICER'S REPORT (Item No. 6)**

None.

0266-13-8 Review of Request for Approval of Proposed Personal Services Contracts.  
(Item No. 7)

PSC#	Department	Amount	Type of Service	Type of Approval	Duration
4023-13/14	Airport Commission	\$300,000	The contracted work will consist of an intercept and online survey of 25,000 air passengers departing San Francisco International (SFO) and Oakland International (OAK) Airports. The survey will be conducted for a full year at both SFO and OAK to capture seasonal fluctuations, and will involve developing a survey instrument and programming electronic devices, interviewing air traffic passengers, probing accuracy of responses, correcting and compiling specialized data, and preparing survey analysis reports.	Regular	10/31/2015

4024-13/14	Public Utilities Commission	\$100,000	The selected vendor will submit shop drawings, and basic operating procedures, and will provide design support for membrane filtration (MF) equipment which is a critical component of the proposed recycled water treatment facility.	Regular	1/22/2017
4026-13/14	Municipal Transportation Agency	\$650,000	The contractor will design, install and maintain a closed-circuit (CCTV) wireless video surveillance system to monitor nineteen (19) surface public parking facilities primarily for administrative and maintenance needs. This work will include the entire design of the system and installation of mounting equipment, cameras and network devices to communicate back to a centralized control station dedicated to monitoring these properties. Maintenance of the entire system is also included.	Regular	1/14/2018
4027-13/14	Public Health	\$4,000,000	Contractor will provide as-needed primary care physician services to persons living in San Francisco, including preventative, diagnostic, and related emergency care. Services will be provided at DPH primary care community clinics.	Regular	6/30/2018
3062-12/13	Business, Economic Development	Current Approved Amount \$49,950 Increase Amount Requested \$49,950 New Total Amount Requested \$99,900	Contractor will provide an economic development action plan for two additional "Invest in Neighborhoods Initiative" communities. This will entail reviewing the results of the corridor assessment findings and reports being prepared by the Planning Department and other community partners; identifying any gaps in the data collection; studying existing conditions, including land use, circulation, and streetscape conditions; attending and facilitating community workshops; conducting analyses of market opportunities and development feasibility; participating in meetings with City staff members throughout the process, including the facilitation of a synthesis session to discuss baseline condition findings and the results of the community outreach; and determining a draft list of economic actions and strategies to be implemented in the neighborhood study area.	Modification	12/31/2014
4108-09/10	Airport Commission	Current Approved Amount \$7,400,000 Increase Amount Requested \$6,300,00 New Total Amount Requested \$13,700,000	Work will include providing project controls and reporting, project scheduling, project budgeting, document control, project coordination, project planning, design management and construction management services for Airport Terminal and Facility Projects. This request is for all Airport Capital Improvement Project work excluding Terminal 2. The T3 East Improvements Project, the second contract under the Terminal 3 (T3) Program has started, and is closely interrelated to the Boarding Area E (BAE) Project that both projects needed to be closely coordinated. A joint Administrative Construction Management team was created to maintain consistency of reporting, overall program oversight, and coordination and to generate cost savings for the Program. The new proposed modification is due to the additional administrative construction management services that will support the T3 Program.	Modification	2/1/2017
4113-10/11	Port Commission	Current Approved Amount \$600,000 Increase Amount Requested \$200,000 New Total Amount Requested \$800,000	Development and implementation of a comprehensive media and strategic marketing program targeting national, regional and local audiences. This ongoing media and marketing campaign is necessary for the Port to promote the new James R. Herman Cruise Terminal at Pier 27 for increased cruise business and special events; and several development projects in the Southern Waterfront, including the Pier 70 Opportunity Area and the proposed Piers 30-32 Golden State Warriors Arena.	Modification	12/31/2018
3012-13/14	Municipal Transportation Agency	Current Approved Amount \$49,000 Increase Amount Requested \$1,000,000 New Total Amount Requested \$1,049,000	The San Francisco Municipal Transportation Agency (SFMTA) requires street teams to provide outreach, information and public relations services and serve as the SFMTA "ambassadors" to the general public at sports events, street fairs, parades concerts, and other public events. The teams would also provide services during crises such as transit agency shutdowns, direct the SFMTA's customers to current or re-routed transit connections, and provide other transit information as needed in multiple languages.	Modification	10/31/2018

2010-08/09	Public Health	<p>Current Approved Amount \$26,000,000</p> <p>Increase Amount Requested \$28,300,000</p> <p>New Total Amount Requested \$ 54,300,000</p>	<p>Contractor provides Pharmacy Benefits Management (PBM) services for DPH Community Behavioral Health Services (CBHS) clients by maintaining a network of pharmacies in San Francisco, electronically screening prescriptions for eligibility, processing payments for prescriptions written by CBHS authorized prescribers for covered medications, and providing fiscal intermediary services for Patient Assistance Programs (PAP) operator(s). CBHS offers a wide range of services to all ages through a combination of County clients and contracts with private community-based organizations, serving approximately 22,500 clients who need nearly 53,400 prescriptions each year. Prescriptions must be filled through 120 independent and chain retail pharmacies located throughout the City (no mail orders) which are appropriately accessible to clients, including meeting the needs of San Francisco's culturally diverse patient populations with linguistic capabilities in at least 5 specific non-English languages (Cantonese, Mandarin, Russian, Spanish, and Vietnamese). Services also include 24/7 online, point-of service electronic claims adjudication, as well as tracking on copayments and unmet MediCal share of cost, and utilizing electronic interfaces with existing and planned CBHS client information systems.</p>	Modification	6/30/2018
4007-09/10	Public Works	<p>Current Approved Amount \$450,000</p> <p>Increase Amount Requested \$350,000</p> <p>New Total Amount Requested \$ 800,000</p>	<p>The Department of Public Works (DPW) will award one (1) contract for a three (3) year period, up to \$100,000 per fiscal year based on the availability of funds. This contract is for the purpose of sidewalk and gutter cleaning in the Tenderloin District area. The Tenderloin is a densely populated area with many people loitering/living on the sidewalks. The focus is on this area in particular due to the high volume of calls and complaints for street cleaning services. DPW is NOT responsible for cleaning the sidewalks; however, the Bureau of Street Environmental Services (BSES) staff will abate unsafe sidewalk conditions (such as the removal and steaming of urine, feces, needles, health and tripping hazards) to ensure the safety of the City's residents and visitors. Past experience has shown that cleaning the sidewalks requires the adjacent gutters to also be cleaned or the litter will blow back onto the sidewalk. It is therefore imperative that a complete litter removal process is performed to be effective. BSES staff needs additional resources, especially on days when our staffing is smaller, to assist in the cleaning effort especially cleaning/removing the aforementioned substances from the sidewalk.</p>	Modification	4/1/2016
* 4016-10/11	Public Works	<p>Current Approved Amount \$400,00</p> <p>Increase Amount Requested \$400,00</p> <p>New Total Amount Requested \$800,000</p>	<p>Contractor shall fully provide multi-surface graffiti abatement services, on private property, within the city limits of San Francisco. This multi-surface graffiti removal process will include scraping, priming, power washing, color matching and painting the application of environmentally safe chemical removers and cleaning agents. The department anticipates awarding 2 as needed contracts, each not to exceed \$200,000.</p>	Modification	9/30/2016
4039-11/12	Public Works	<p>Current Approved Amount \$220,000</p> <p>Increase Amount Requested \$230,000</p> <p>New Total Amount Requested \$450,000</p>	<p>An engineer is being sought to prepare permit documents, construction bid documents and provide construction phase services as the Engineer of Record (EOR). The EOR will design and oversee the completion of the non-structural bracing and anchoring in the Plant Services Building on the San Francisco General Hospital campus to meet the Office of Statewide Health Planning and Development (OSHPD) Nonstructural Performance Category-4 (NPC-4) and other seismic requirements. The original PSC #4039-11/12 was approved on 10/03/2011 for \$150,000, and modified on 9/19/2012 for \$70,000. A consultant has been under contract and provided specialized engineering services for utility bracing and equipment anchorage. The services proposed within this PSC Modification will enable the consultant to add interior wall replacement to the design services. It was discovered during design investigations that the existing interior walls do not meet OSHPD's NPC4 seismic requirements.</p>	Modification	4/30/2015

**Action:** Adopted the report; Approved the request for proposed personal services contracts. Notified the Office of the Controller and the Office of Contract Administration. (Vote of 5 to 0)

**0261-13-1** **Status Report on Pilot Rule 411A Position Based Testing Program for San Francisco Municipal Transportation Agency Service – Critical Positions or Classes.**  
(Item No. 8)

**Speaker:** Derek Kim, San Francisco Municipal Transportation Agency

**Action:** Accepted the staff report. (Vote of 5 to 0)

**0205-13-4** **Appeal by Jason Cardoza of his Background Rejection for a 1934 Storekeeper Position with the San Francisco Police Department. (Item No. 9)**

**Action:** Postponed to a future meeting when the matter may be heard in Closed Session.

**0185-13-4** **Appeal by Aaron Lampkin of his Background Rejection for a 9209 Police Service Aide Position with the City and County of San Francisco. (Item No. 10)**

**Action:** Postponed to a future meeting when the matter may be heard in Closed Session.

**0268-13-2** **Request to Grant Permanent Civil Service Status to Adrienne Anderson, Temporary Civil Service in Class 1844 Senior Management at the San Francisco Municipal Transportation Agency upon Completion of the Applicable Probationary Period. (Item No. 11)**

**Speaker:** Derek Kim, San Francisco Municipal Transportation Agency

**Action:** Accepted the report; approved the request to grant status to Adrienne Anderson in class 1844 Senior Management. (Vote of 5 to 0)

**Modification**  
**Personal Services Contracts**



## PERSONAL SERVICES CONTRACT SUMMARY ("PSC FORM 1")

Department: TREASURER/TAX COLLECTORDept. Code: TTXType of Request:  Initial  Modification of an existing PSC (PSC # 4082 12/13)Type of Approval:  Expedited  Regular  Annual  Continuing  (Omit Posting)Type of Service: Cashiering System Configuration Professional ServicesFunding Source: General FundPSC Original Approved Amount: \$1,000,000PSC Original Approved Duration: 03/01/13 - 06/30/15 (2 years 17 weeks)PSC Mod#1 Amount: \$490,000PSC Mod#1 Duration: 07/08/14-12/31/15 (26 weeks 2 days)PSC Mod#2 Amount: \$350,000PSC Mod#2 Duration: 05/04/15-06/30/17 (1 year 25 weeks)PSC Mod#3 Amount: \$191,000PSC Mod#3 Duration: 07/01/17-06/26/21 (3 years 51 weeks)PSC Cumulative Amount Proposed: \$2,031,000PSC Cumulative Duration Proposed: 8 years 16 weeks**1. Description of Work****A. Scope of Work/Services to be Contracted Out:**

The Gross Receipts Tax and Business Registration Fees Ordinance (2012) Proposition E) was approved by San Francisco voters on November 6, 2012. It mandates that the City implement changes to local business taxes and registration fees by January 1, 2014 with a phased implementation through 2018. The Treasurer & Tax Collector has previously procured a proprietary software solution for Cashiering under PSC# 4035 09/10 approved on 9/21/2009. The software must be configured to meet the requirements of the Ordinance.

**Scope Change**

The City and County of San Francisco is implementing PeopleSoft for financial management that is planned to go live in July 2017(FSP Project). This will require the Treasurer & Tax Collector to make necessary configurations changes. These interfaces and configuration changes allow for the crediting and posting of 50% of the General Fund receivables.

**B. Explain why this service is necessary and the consequence of denial:**

Configuration of the cashiering system must occur in order for the Treasurer & Tax Collector to collect taxes and fees totaling approximately \$500 million annually. Denial would result in the City failing to meet the voter approved mandated timeline and put millions of tax dollars at risk.

**C. Has this service been provided in the past? If so, how? If the service was provided under a previous PSC, attach copy of the most recently approved PSC.**

Yes

D. Will the contract(s) be renewed?  
Potentially, if needed.

E. If this is a request for a new PSC in excess of five years, or if your request is to extend (modify) an existing PSC by another five years, please explain why:  
There was a delay in starting the PSC and we need extra time.

**2. Reason(s) for the Request**

A. Display all that apply

Services that require resources that the City lacks (e.g., office space, facilities or equipment with an operator).

Explain the qualifying circumstances:

The City does not have access to the source code. Modifying software would violate our license agreement.

B. Reason for the request for modification:

Add time.

**3. Description of Required Skills/Expertise**

A. Specify required skills and/or expertise: Expertise and authorization to configure the Wausau FC software. Experience working with the Wausau FC cashiering solution as an analyst and knowledge of the Wausau FC functionality.

B. Which, if any, civil service class(es) normally perform(s) this work? 1062, IS Programmer Analyst; 1063, IS Programmer Analyst-Senior; 1064, IS Prg Analyst-Principal;

C. Will contractor provide facilities and/or equipment not currently possessed by the City? If so, explain: No.

**4. If applicable, what efforts has the department made to obtain these services through available resources within the City?**

Not Applicable

**5. Why Civil Service Employees Cannot Perform the Services to be Contracted Out**

A. Explain why civil service classes are not applicable.

Wausau FC is a proprietary software and the City could not modify without voiding our service agreement. City and County does not have access to the source code.

B. If there is no civil service class that could perform the work, would it be practical and/or feasible to adopt a new civil service class to perform this work? Explain: No. Wausau FC is a proprietary software and the City could not modify without voiding our service agreement. The City does have existing programmer and business analyst classes that perform this type of work; however, the City does not have access to the source code and the expertise in the Wausau FC software.

**6. Additional Information**

- A. Will the contractor directly supervise City and County employee? If so, please include an explanation.  
No.
- B. Will the contractor train City and County employees and/or is there a transfer of knowledge component that will be included in the contact? If so, please explain what that will entail; if not, explain why not.  
A minimum of 60 hours will be designated for staff development to ensure Treasurer and Tax Collector's Information Technology staff (approx. 3 persons) can support and maintain application. Training will consist of a mix hands-on configuration and knowledge transfer.
- C. Are there legal mandates requiring the use of contractual services?  
No.
- D. Are there federal or state grant requirements regarding the use of contractual services? If so, please explain and include an excerpt or copy of any such applicable requirement.  
No.
- E. Has a board or commission determined that contracting is the most effective way to provide this service? If so, please explain and include a copy of the board or commission action.  
No.
- F. Will the proposed work be completed by a contractor that has a current PSC contract with your department? If so, please explain.  
Yes, Wausau Financial

7. **Union Notification:** On 11/22/16, the Department notified the following employee organizations of this PSC/RFP request:  
Architect & Engineers, Local 21;

I CERTIFY ON BEHALF OF THE DEPARTMENT THAT THE INFORMATION CONTAINED IN AND ATTACHED TO THIS FORM IS COMPLETE AND ACCURATE:

Name: Kimmie Wu Phone: 4155540889 Email: Kimmie.wu@sfgov.org

Address: 1 Dr Carlton B Goodlett Pl, Room 140, , San Francisco, CA 94102

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**FOR DEPARTMENT OF HUMAN RESOURCES USE**

PSC# 4082 12/13

DHR Analysis/Recommendation:

Civil Service Commission Action:

Commission Approval Required

DHR Approved for 12/19/2016

# Receipt of Union Notification(s)

**Choi, Suzanne (HRD)**

**From:** dhr-psccoordinator@sfgov.org on behalf of Kimmie.wu@sfgov.org  
**Sent:** Tuesday, November 22, 2016 3:26 PM  
**To:** Fried, Amanda (TTX); amakayan@ifpte21.org; L21PSCReview@ifpte21.org; Finkle, Erica (MYR); DHR-PSCCoordinator, DHR (HRD)  
**Subject:** Receipt of Modification Request to PSC # 4082 12/13 - MODIFICATIONS

PSC RECEIPT of Modification notification sent to Unions and DHR

The TREASURER/TAX COLLECTOR -- TTX has submitted a modification request for a Personal Services Contract (PSC) for \$191,000 for services for the period July 1, 2017 -- June 26, 2021. For all Modification requests, there is a 7-Day noticed to the union(s) prior to DHR Review.

If SEIU is one of the unions that represents the classes you identified in the initial PSC and the cumulative amount of the request is over \$100,000, there is a 60 day review period for SEIU

After logging into the system please select link below:

<http://apps.sfgov.org/dhrd/portal/node/3641>

Email sent to the following addresses: [L21PSCReview@ifpte21.org](mailto:L21PSCReview@ifpte21.org) [amakayan@ifpte21.org](mailto:amakayan@ifpte21.org)

## Additional Attachment(s)

## ARTICLE 12-A-1: GROSS RECEIPTS TAX ORDINANCE

- Sec. 950. Findings and Purpose.
- Sec. 951. Short Title.
- Sec. 952. Definitions.
- Sec. 952.1. Advance Payment.
- Sec. 952.2. Cash Discount.
- Sec. 952.3. Gross Receipts.
- Sec. 952.4. NAICS Code.
- Sec. 952.5. Related Entity.
- Sec. 952.6. Sale and Sell.
- Sec. 953. Imposition of Gross Receipts Tax.
- Sec. 953.1. Gross Receipts Tax Applicable to Retail Trade; Wholesale Trade; and Certain Services.
- Sec. 953.2. Gross Receipts Tax Applicable to Manufacturing; Transportation and Warehousing; Information; Biotechnology; Clean Technology; and Food Services.
- Sec. 953.3. Gross Receipts Tax Applicable to Accommodations; Utilities; and Arts, Entertainment and Recreation.
- Sec. 953.4. Gross Receipts Tax Applicable to Private Education and Health Services; Administrative and Support Services; and Miscellaneous Business Activities.
- Sec. 953.5. Gross Receipts Tax Applicable to Construction.
- Sec. 953.6. Gross Receipts Tax Applicable to Financial Services; Insurance; and Professional, Scientific and Technical Services.
- Sec. 953.7. Gross Receipts Tax Applicable to Real Estate and Rental and Leasing Services.
- Sec. 953.8. Tax on Administrative Office Business Activities.
- Sec. 953.9. Persons or Combined Groups Engaged in Multiple Business Activities.
- Sec. 954. Exemptions and Exclusions.
- Sec. 954.1. Small Business Exemption.
- Sec. 955. Persons Deriving No Gross Receipts from Business Activities Outside the City.
- Sec. 956. Allocation and Apportionment for All Persons Deriving Gross Receipts from Business Activities Both Within and Outside the City.
- Sec. 956.1. Allocation of Receipts from Real, Personal, Tangible and Intangible Property.
- Sec. 956.2. Apportionment of Receipts Based on Payroll.
- Sec. 956.3. Combined Returns.
- Sec. 957. Tax Collector Authorized to Determine Gross Receipts.
- Sec. 958. Administration of the Gross Receipts Tax Ordinance.
- Sec. 959. Rate of Gross Receipts Tax: Controller Computation.
- Sec. 960. The "Payroll Expense Tax Exclusion" Credit.
- Sec. 961. Central Market Street Limit.
- Sec. 962. Amendment of Ordinance.
- Sec. 963. Effect of State and Federal Authorization.
- Sec. 964. Severability.

## **SEC. 950. FINDINGS AND PURPOSE.**

The voters hereby find and declare as follows:

1. San Francisco is the only major city in California that levies its entire business tax on payroll expense. This exclusive payroll-based tax discourages job creation and economic growth, lowers wages, and provides an unstable revenue stream.
2. San Francisco currently charges a flat rate on its payroll expense tax base. Instituting a tiered rate structure, in which businesses are taxed based on their gross receipts, will better distribute the tax burden according to a business's ability to pay.
3. Gross receipts is the most common business tax base among California's largest cities.
4. Amending San Francisco's business tax system to include a gross receipts tax will promote revenue stability by diversifying the tax base.
5. The rate schedules and the small business exemption for businesses with receipts under \$1,000,000 provide particular tax relief to small businesses.
6. The legislation will gradually phase in the new gross receipts tax over a five-year period, beginning in tax year 2014, to allow businesses time to adjust to the change and to minimize the risk to the City and to taxpayers of instability in City revenues during the transition from the payroll expense tax to a gross receipts tax.
7. Also beginning in tax year 2014, the payroll expense tax will be adjusted, over the same period, in increments that are consistent with the phase in of the gross receipts tax.
8. Each year during the phase-in period, the formula dictates an increase in the gross receipts tax rate and an adjustment in the payroll expense tax rate that is expected to reduce the payroll expense tax rate to zero by or before 2018. The Controller will calculate the annual increase in the gross receipts tax rate and the adjustment in the payroll expense tax rate by applying formulas specified in this legislation.

(Added by Proposition E, App. 11/6/2012, Oper. 1/1/2014)

## **SEC. 951. SHORT TITLE.**

This Article shall be known as the "Gross Receipts Tax Ordinance" and the tax this Article imposes shall be known as the "Gross Receipts Tax."

(Added by Proposition E, App. 11/6/2012, Oper. 1/1/2014)

## **SEC. 952. DEFINITIONS.**

Except where the context otherwise requires, the terms used in this Article shall have the meanings given to them in Sections 6.2-1et seq. of Article 6 and in Article 12-A.

(Added by Proposition E, App. 11/6/2012, Oper. 1/1/2014)

### **SEC. 952.1. ADVANCE PAYMENT.**

"Advance payment" means a nonrefundable payment for the purchase of property or services to be delivered or performed in the future.

(Added by Proposition E, App. 11/6/2012, Oper. 1/1/2014)

### **SEC. 952.2. CASH DISCOUNT.**

"Cash discount" means a deduction from the invoice price of goods or charge for services which is allowed if the bill is paid on or before a specified date, or paid in cash rather than by credit card.

(Added by Proposition E, App. 11/6/2012, Oper. 1/1/2014)

### **SEC. 952.3. GROSS RECEIPTS.**

(a) "Gross receipts" means the total amounts received or accrued by a person from whatever source derived, including, but not limited to, amounts derived from sales, services, dealings in property, interest, rent, royalties, dividends, licensing fees, other fees, commissions and distributed amounts from other business entities. Except as otherwise specifically provided in this Article, gross receipts includes but is not limited to all amounts that constitute gross income for federal income tax purposes. Except as otherwise specifically provided in this Article, gross receipts includes all receipts, cash, credits and property of any kind



or nature and including any amount for which credit is allowed by the seller to the purchaser, without any deduction therefrom on account of the cost of the property sold, the cost of materials used, labor or service costs, interest paid or payable, losses or any other expense whatsoever, except that cash discounts allowed or taken on sales shall not be included as gross receipts. Gross receipts, including advance payments, shall be included in a taxpayer's gross receipts at the time such receipts are recognized as gross income for federal income tax reporting purposes.

(b) "Gross receipts" with respect to any lease or rental shall include payment for any services that are part of the lease or rental, whether received in money or otherwise, that are paid to, on behalf of, or for the benefit of, the lessor, and all receipts, cash, credits, property of any kind or character and the fair market value of services so paid or rendered by the lessee.

(c) **Treatment of Taxes.** "Gross receipts" shall not include the amount of any federal, state, or local tax imposed on or with respect to retail sales whether imposed upon the retailer or upon the purchaser and regardless of whether the amount of tax is stated as a separate charge, or such part of the sales price of any property previously sold and returned by the purchaser to the seller which is refunded by the seller by way of cash or credit allowances given or taken as part payment on any property so accepted for resale. Gross receipts shall also not include any federal, state or local tax imposed upon a person for which that person is reimbursed by means of a separately stated charge to a purchaser, lessee, licensee or customer. Gross receipts shall not include any amount of third-party taxes that a taxpayer collects from or on behalf of the taxpayer's customers and remits to the appropriate governmental entity imposing such tax. Gross receipts shall not include any tax refunds received by a person from a governmental entity. Gross receipts shall include any federal, state or local tax not specifically excluded in this subsection.

(d) "Gross receipts" shall not include any amount received from or charged to any person that is a related entity to the taxpayer. Nor shall gross receipts include any grants received from governmental entities or any gifts. Gross receipts shall not include any investment receipts. "Investment receipts" includes interest, dividends, capital gains, other amounts received on account of financial instruments, and distributions from business entities, provided such items are directly derived exclusively from the investment of capital and not from the sale of property other than financial instruments, or from the provision of services, to any person. Gross receipts also shall not include any allocations of income or gain, or distributions (such as dividends, interest and other returns on capital) from an entity treated as a pass-through entity for federal income tax purposes, provided such allocations or distributions are derived exclusively from an investment in such entity, and not from any other property sold to, or services provided to, such entity. Any gross receipts of a pass-through entity which is subject to the gross receipts tax shall not also constitute gross receipts of any owner of that entity.

(e) Notwithstanding the provisions of subsection (a), "gross receipts" from the sale or exchange of stocks or other similar written instruments evidencing a right to participate in the assets of any business, or of bonds or other evidence of indebtedness, or of any other marketable securities (collectively referred to in this Article as "financial instruments"), or of any real property, shall not include the cost to acquire the financial instrument(s), or real property, sold or otherwise exchanged or converted. Nor shall "gross receipts" include the amount received by the original issuer of a financial instrument in exchange for such issuance. To the extent that any loss on the sale or exchange of financial instruments reduces the gross income of a person for federal income tax purposes in the year the loss is incurred, that loss shall reduce gross receipts from the sale or exchange of financial instruments, but in no event shall those receipts be less than zero, and in no event may any such loss be carried back or carried forward to reduce gross receipts in a tax year other than that in which the loss was incurred.

(f) No person shall be deemed to be engaging in business in the City if that person is an individual whose only gross receipts within the City are derived from investments of that individual's own funds in financial instruments. Gross receipts of an individual shall not include interest, dividends, capital gains and similar items or investment income earned from the investment of that individual's own capital.

(g) For purposes of this Article and Article 12, and notwithstanding Section 6.2-12 of Article 6, no person shall be deemed to be engaging in business within the City if its activities in the City consist solely of one or more of the following:

(1) contracting with, acting through, or otherwise using the services of, any investment advisor or affiliate thereof which is not a related entity;

(2) maintaining documents of formation, incorporation, or registration within the City;

- (3) being an owner, member, or other participant in an entity engaging in business within the City which is a pass-through entity for federal income tax purposes; or
- (4) having trustees or directors who meet or reside within the City.

(Added by Proposition E, App. 11/6/2012, Oper. 1/1/2014)

#### **SEC. 952.4. NAICS CODE.**

"NAICS code" means the numerical classification for business activities established in the North American Industry Classification System used by federal governmental agencies to classify business establishments; references in this Article to particular numerical NAICS codes are intended to apply the definitions and descriptions adopted in that system as of the effective date of this Article.

(Added by Proposition E, App. 11/6/2012, Oper. 1/1/2014)

#### **SEC. 952.5. RELATED ENTITY.**

A person is a "related entity" to a taxpayer if that person and the taxpayer are permitted or required by the California Franchise Tax Board under Section 25102 *et seq.* of the California Revenue and Taxation Code, or any successor, to have their income reflected on the same combined report. For purposes of this Article, if two or more persons derive gross receipts solely from sources within California, and their business activities are such that, if conducted both within and outside California, a combined report would be required under the California Revenue and Taxation Code, or any successor, then those persons are related entities regardless of whether they file a combined report under the California Revenue and Taxation Code, or successor.

(Added by Proposition E, App. 11/6/2012, Oper. 1/1/2014)

#### **SEC. 952.6. SALE AND SELL.**

"Sale" and "sell" mean the making of any transfer of title, in any manner or by any means whatsoever, to property for a price, and to the serving, supplying or furnishing, for a price, of any property fabricated or made at the special order of consumers who do or who do not furnish directly or indirectly the specifications or materials therefor. A transaction whereby the possession of property is transferred but the seller retains the title as a security for the payment of the price shall likewise be deemed a sale.

(Added by Proposition E, App. 11/6/2012, Oper. 1/1/2014)

#### **SEC. 953. IMPOSITION OF GROSS RECEIPTS TAX.**

- (a) Except as otherwise provided under this Article, the City imposes and every person engaging in business within the City shall pay an annual gross receipts tax measured by the person's gross receipts from all taxable business activities attributable to the City. A person's liability for the gross receipts tax shall be calculated according to Sections 953.1 through 953.7.
- (b) The gross receipts tax is a privilege tax imposed upon persons engaging in business within the City for the privilege of engaging in a business or occupation in the City. The gross receipts tax is imposed for general governmental purposes. Proceeds from the tax shall be deposited in the City's general fund and may be expended for any purposes of the City.
- (c) The voters intend by adopting this measure to authorize application of the gross receipts tax in the broadest manner consistent with the provisions of this Article and the requirements of the California Constitution, the United States Constitution, and any other applicable provision of federal and state law.
- (d) The gross receipts tax imposed under this Article is in addition to the payroll expense tax imposed under Article 12-A. Persons not otherwise exempt from the gross receipts tax or payroll expense tax shall pay both taxes. Persons exempt from either the gross receipts tax or payroll expense tax, but not both, shall pay the tax from which they are not exempt.
- (e) Except for subsection (d) of this Section, the tax on Administrative Office Business Activities imposed by Section 953.8 is intended as a complementary tax to the gross receipts tax, and shall be considered a gross receipts tax for purposes of this Article.
- (f) For a five year period beginning in 2015, the Treasurer, Controller, and Chief Economist shall jointly prepare an annual report to the Mayor and Board of Supervisors on the implementation of the measure. The report shall include projections of collections of the gross receipts tax, compare these projections to those anticipated in preparation of the measure, and outline impacts of the measure on San Francisco's economy and business community. The report may recommend policy, administrative, or technical changes for the consideration of the Mayor and Board of Supervisors that further the goals established in the measure.

(Added by Proposition E, App. 11/6/2012, Oper. 1/1/2014)

## **SEC. 953.1. GROSS RECEIPTS TAX APPLICABLE TO RETAIL TRADE; WHOLESALE TRADE; AND CERTAIN SERVICES.**

(a) The base gross receipts tax rate provided by this Section is applicable to the business activities of retail trade, wholesale trade, and certain services. Commencing on the operative date of the Gross Receipts Tax Ordinance, the Controller shall compute the tax rate in accordance with Section 959, but the base tax rate provided by this Section is:

- 0.075% (e.g., \$0.75 per \$1,000) for gross receipts between \$0 and \$1,000,000
- 0.100% (e.g., \$1 per \$1,000) for gross receipts between \$1,000,001 and \$2,500,000
- 0.135% (e.g., \$1.35 per \$1,000) for gross receipts between \$2,500,001 and \$25,000,000
- 0.160% (e.g., \$1.60 per \$1,000) for gross receipts over \$25,000,000

(b) Retail trade includes the activity of retailing any type of personal property, generally without significantly transforming its characteristics, and rendering services incidental to the retail sale of property; it includes business activity described in NAICS codes 44 and 45.

(c) Wholesale trade includes the activity of wholesaling property, generally without transformation, and rendering services incidental to the sale of property on a wholesale basis; it includes business activity described in NAICS code 42.

(d) Certain services includes the repair and maintenance services, personal and laundry services, and religious, grantmaking, civic, professional and similar organizations that are not otherwise exempt; it includes business activity described in NAICS codes 811, 812 and 813.

(e) The amount of gross receipts from retail trade activities and from wholesale trade activities subject to the gross receipts tax shall be one-half of the amount determined under Section 956.1 plus one-half of the amount determined under Section 956.2.

(f) The amount of gross receipts from certain services activities subject to the gross receipts tax shall be the total amount determined under Section 956.2.

(Added by Proposition E, App. 11/6/2012, Oper. 1/1/2014)

## **SEC. 953.2. GROSS RECEIPTS TAX APPLICABLE TO MANUFACTURING; TRANSPORTATION AND WAREHOUSING; INFORMATION; BIOTECHNOLOGY; CLEAN TECHNOLOGY; AND FOOD SERVICES.**

(a) The base gross receipts tax rate provided by this Section is applicable to the business activities of manufacturing, transportation and warehousing, information, biotechnology, clean technology, and food services. Commencing on the operative date of the Gross Receipts Tax Ordinance, the Controller shall compute the tax rate in accordance with Section 959, but the base tax rate provided by this Section is:

- 0.125% (e.g., \$1.25 per \$1,000) for gross receipts between \$0 and \$1,000,000
- 0.205% (e.g., \$2.05 per \$1,000) for gross receipts between \$1,000,001 and \$2,500,000
- 0.370% (e.g., \$3.70 per \$1,000) for gross receipts between \$2,500,001 and \$25,000,000
- 0.475% (e.g., \$4.75 per \$1,000) for gross receipts over \$25,000,000

(b) Manufacturing includes the activity of transforming materials, substances or components into new products by mechanical, physical or chemical means; it includes the activity of assembling component parts of manufactured products; it includes business activity described in NAICS codes 31, 32 and 33.

(c) Transportation and warehousing includes the activities of providing transportation of passengers and/or goods, warehousing and storage for goods, scenic and sightseeing transportation, and support activities related to modes of transportation; it includes business activity described in NAICS codes 48 and 49.

(d) Information includes producing and distributing information or cultural products; providing the means to transmit or distribute those products; and processing data; it includes business activity described in NAICS code 51.

(e) For purposes of this Article, biotechnology includes the activity of biotechnology business as defined in Section 906.1 of Article 12-A, and clean technology includes the activity of clean technology business as defined in Section 906.2 of Article 12-A.

(f) Food services includes the activity of preparing meals, snacks and/or beverages to customer order for

immediate on-premises or off-premises consumption; it includes drinking places; it includes business activity described in NAICS code 722.

(g) The amount of gross receipts from all business activities described in this Section subject to the gross receipts tax shall be one-half of the amount determined under Section 956.1 plus one-half of the amount determined under Section 956.2.

(Added by Proposition E, App. 11/6/2012, Oper. 1/1/2014)

### **SEC. 953.3. GROSS RECEIPTS TAX APPLICABLE TO ACCOMMODATIONS; UTILITIES; AND ARTS, ENTERTAINMENT AND RECREATION.**

(a) The base gross receipts tax rate provided by this Section is applicable to each of the following business activities: accommodations; utilities; and arts, entertainment and recreation. Commencing on the operative date of the Gross Receipts Tax Ordinance, the Controller shall compute the tax rate in accordance with Section 959, but the base tax rate provided by this Section is:

- 0.300% (e.g., \$3 per \$1,000) for gross receipts between \$0 and \$1,000,000
- 0.325% (e.g., \$3.25 per \$1,000) for gross receipts between \$1,000,001 and \$2,500,000
- 0.325% (e.g., \$3.25 per \$1,000) for gross receipts between \$2,500,001 and \$25,000,000
- 0.400% (e.g., \$4 per \$1,000) for gross receipts over \$25,000,000

(b) Accommodations includes the activity of providing lodging or short-term accommodations for travelers, vacationers, or others; it includes business activity described in NAICS code 721.

(c) Utilities includes the activities of the generation, transmission and distribution of electric power, the distribution of natural gas, the provision and distribution of steam supply, the treatment and distribution of water supply, and the removal of sewage; it includes business activity described in NAICS code 22; it excludes establishments primarily engaged in waste management services.

(d) Arts, entertainment and recreation include the activity of operating facilities or providing services to meet cultural, entertainment or recreational interests of customers or patrons; it includes business activity described in NAICS code 71.

(e) The amount of gross receipts and from accommodations subject to the gross receipts tax shall be the total amount of gross receipts derived from or related to properties located or used within the City.

(f) The amount of gross receipts from utilities subject to the gross receipts tax shall be one-half of the amount determined under Section 956.1 plus one-half of the amount determined under Section 956.2.

(g) The amount of gross receipts from arts, entertainment and recreation subject to the gross receipts tax shall be the total amount determined under Section 956.2.

(Added by Proposition E, App. 11/6/2012, Oper. 1/1/2014)

### **SEC. 953.4. GROSS RECEIPTS TAX APPLICABLE TO PRIVATE EDUCATION AND HEALTH SERVICES; ADMINISTRATIVE AND SUPPORT SERVICES; AND MISCELLANEOUS BUSINESS ACTIVITIES.**

(a) The base gross receipts tax rate provided by this Section is applicable to the business activities of private education and health services, and administrative and support services. This rate also applies to all business activities not otherwise exempt and not elsewhere subjected to a gross receipts tax rate or an administrative office tax by this Article. Commencing on the operative date of the Gross Receipts Tax Ordinance, the Controller shall compute the tax rate in accordance with Section 959, but the base tax rate provided by this Section is:

- 0.525% (e.g., \$5.25 per \$1,000) for gross receipts between \$0 and \$1,000,000
- 0.550% (e.g., \$5.50 per \$1,000) for gross receipts between \$1,000,001 and \$2,500,000
- 0.600% (e.g., \$6 per \$1,000) for gross receipts between \$2,500,001 and \$25,000,000
- 0.650% (e.g., \$6.50 per \$1,000) for gross receipts over \$25,000,000

(b) Private education and health services include the activity by persons other than governmental agencies of providing instruction and training in any subject, or of providing health care or social assistance for individuals; it includes business activity described in NAICS codes 61 and 62.

(c) Administrative and support services includes the activity of performing routine support activities for

the day-to-day business activities of others; it includes business activity described in NAICS code 56.

(d) The amount of gross receipts from all business activities described in this Section subject to the gross receipts tax shall be determined under Section 956.2.

(Added by Proposition E, App. 11/6/2012, Oper. 1/1/2014)

### **SEC. 953.5. GROSS RECEIPTS TAX APPLICABLE TO CONSTRUCTION.**

(a) The base gross receipts tax rate provided by this Section is applicable to the business activity of construction. Commencing on the operative date of the Gross Receipts Tax Ordinance, the Controller shall compute the tax rate in accordance with Section 959, but the base tax rate provided by this Section is:

- 0.300% (e.g., \$3 per \$1,000) for gross receipts between \$0 and \$1,000,000
- 0.350% (e.g., \$3.50 per \$1,000) for gross receipts between \$1,000,001 and \$2,500,000
- 0.400% (e.g., \$4 per \$1,000) for gross receipts between \$2,500,001 and \$25,000,000
- 0.450% (e.g., \$4.50 per \$1,000) for gross receipts over \$25,000,000

(b) Construction includes the activity of preparing sites for, subdividing land for, or working on, buildings or engineering projects (including highways and utility systems); it includes business activity described in NAICS code 23.

(c) The amount of gross receipts from construction subject to the gross receipts tax shall be one-half of the amount determined under Section 956.1 plus one-half of the amount determined under Section 956.2. The amount of gross receipts so determined shall then be reduced by any amounts which were included in a person's gross receipts within the City pursuant to Section 956.1, and which that person paid to a subcontractor possessing a valid business registration certificate with the City during the tax year. There shall be no reduction for any other costs, including without limitation costs for materials, fees, equipment, or other services. In order to claim such a reduction, a person must maintain an itemized schedule of payments to subcontractors and information sufficient to enable the Tax Collector to verify that the subcontractor possessed a valid business registration certificate with the City.

(Added by Proposition E, App. 11/6/2012, Oper. 1/1/2014)

### **SEC. 953.6. GROSS RECEIPTS TAX APPLICABLE TO FINANCIAL SERVICES; INSURANCE; AND PROFESSIONAL, SCIENTIFIC AND TECHNICAL SERVICES.**

(a) The base gross receipts tax rate provided by this Section is applicable to the business activities of financial services; insurance; and professional, scientific and technical services. Commencing on the operative date of the Gross Receipts Tax Ordinance, the Controller shall compute the tax rate in accordance with Section 959, but the base tax rate provided by this Section is:

- 0.400% (e.g., \$4 per \$1,000) for gross receipts between \$0 and \$1,000,000
- 0.460% (e.g., \$4.60 per \$1,000) for gross receipts between \$1,000,001 and \$2,500,000
- 0.510% (e.g., \$5.10 per \$1,000) for gross receipts between \$2,500,001 and \$25,000,000
- 0.560% (e.g., \$5.60 per \$1,000) for gross receipts over \$25,000,000

(b) Financial services includes the activities of engaging in or facilitating financial transactions; it includes business activities described in NAICS codes 521, 522 and 523.

(c) Insurance includes the activities of facilitating or supporting the pooling of risk by underwriting insurance and annuities; the activities covered by this Section include those of persons not exempt from the gross receipts tax based on business activities described in NAICS code 524.

(d) Professional, scientific and technical services includes the activity of providing for others, specialized professional, scientific, or technical services that require a high degree of expertise and training; it includes business activity described in NAICS code 54.

(e) The amount of gross receipts from the activities described in this Section subject to the gross receipts tax shall be the amount determined under Section 956.2.

(Added by Proposition E, App. 11/6/2012, Oper. 1/1/2014)

### **SEC. 953.7. GROSS RECEIPTS TAX APPLICABLE TO REAL ESTATE AND RENTAL AND LEASING SERVICES.**

(a) The base gross receipts tax rate provided by this Section is applicable to the business activities of real estate and rental and leasing services. Commencing on the operative date of the Gross Receipts Tax Ordinance, the Controller shall compute the tax rate in accordance with Section 959, but the base tax rate provided by this Section is:

- 0.285% (e.g., \$2.85 per \$1,000) for gross receipts between \$0 and \$1,000,000
- 0.285% (e.g., \$2.85 per \$1,000) for gross receipts between \$1,000,001 and \$5,000,000
- 0.300% (e.g., \$3.00 per \$1,000) for gross receipts between \$5,000,001 and \$25,000,000
- 0.300% (e.g., \$3.00 per \$1,000) for gross receipts over \$25,000,000

(b) Real estate and rental and leasing services includes the activities of renting, leasing, or otherwise allowing the use of tangible or intangible assets, and the activity of providing related services; it includes business activity described in NAICS code 53.

(c) The amount of gross receipts from real estate and rental and leasing services subject to the gross receipts tax shall be the total amount of gross receipts derived from or related to properties located or used within the City. Gross receipts shall not include amounts derived from or related to properties located or used outside the City.

(Added by Proposition E, App. 11/6/2012, Oper. 1/1/2014)

## **SEC. 953.8. TAX ON ADMINISTRATIVE OFFICE BUSINESS ACTIVITIES.**

(a) Except as provided in this Section, notwithstanding any other provision of this Article and in lieu of the other taxes provided by this Article and Article 12-A for any person or combined group, commencing on the Operative Date of the Gross Receipts' Tax Ordinance, every person engaging in business within the City as an administrative office, as defined below, shall pay an annual administrative office tax measured by its total payroll expense that is attributable to the City. If a person is a member of a combined group, then its tax shall be measured by the total payroll expense of the combined group attributable to the City. Such combined group shall pay only the administrative office tax. The administrative office tax rate for each tax year is 1.400 percent.

(b) "Engaging in business within the City as an administrative office" means that:

(1) a person is engaging in business within the City during the tax year and over 50 percent of the total combined payroll expense within the City of that person and its related entities for the preceding tax year was associated with providing administrative or management services exclusively to that person or related entities;

(2) the total combined number of employees of that person and its related entities within the United States as of the last day of the preceding tax year exceeded 1,000; and

(3) the total combined gross receipts of that person and its related entities reported on United States federal income tax return(s) for the preceding tax year exceeded \$1,000,000,000.

(c) For purposes of subsection (b) only, a related entity shall include any person who could be included in the same combined report under California Revenue and Taxation Code Section 25102 but for the existence of a water's edge election under Section 25110 of that Code.

(d) "Administrative or management services" comprises internal support services provided on an enterprise-wide basis, such as executive office oversight, company business strategy, recordkeeping, risk management, personnel administration, legal, accounting, market research and analysis, and training services; it does not include sales personnel or personnel actively engaged in marketing, research and development, direct customer service, and product support services. The Tax Collector is authorized to classify in its reasonable discretion which personnel employed by any person provide administrative or management services.

(e) A person provides administrative office services exclusively for itself or a related entity only if the final recipient of those services is at a location where that person or a related entity conducts business activities.

(f) "Payroll expense" for purposes of this Section shall have the meaning given to that term by Sections 902.1 *et seq.* of Article 12-A, except that Section 902.1(b) of Article 12-A shall not apply for purposes of determining whether a person is engaging in business within the City as an administrative office. Section 902.1(b) shall apply for all other purposes under this Section. The portion of the payroll expense of a person or combined group that is attributable to the City shall be determined as set forth in Section 904 of Article

12-A.

(g) In addition to the administrative office tax provided in subsection (a), any person engaging in business within the City as an administrative office exclusively for itself or a related entity shall apply for a registration certificate and pay a registration fee, as provided in Article 12.

(h) Except as provided in this Section, the provisions of Article 6 and Article 12 apply to the administrative office tax. In particular, and without limiting the applicability of the balance of Article 6, the provisions of Sections 6.9-1 through 6.9-3, inclusive, of Article 6, regarding due dates, returns and prepayments, apply to the administrative office tax.

(Added by Proposition E, App. 11/6/2012, Oper. 1/1/2014)

## **SEC. 953.9. PERSONS OR COMBINED GROUPS ENGAGED IN MULTIPLE BUSINESS ACTIVITIES.**

If a person, or a combined group as described in Section 956.3, engages in business activities described in more than one of Sections 953.1 through 953.7, inclusive, of this Article, the rate or rates of gross receipts tax to be applied to that person or group, and the method for determining gross receipts in the City, shall be determined as follows:

(a) If more than 80 percent of its gross receipts, determined in accordance with Section 956, are derived from business activities described in only one of Sections 953.1 through 953.7, inclusive, then the rules of that applicable Section apply to all of its gross receipts derived from all business activities.

(b) If its business activities in the City are described in more than one of Sections 953.1 through 953.7, inclusive, and subsection (a) of this Section does not apply, then such person or combined group shall separately compute the gross receipts tax for each set of business activities as provided in the Section applicable to that particular set of business activities, modified as follows:

(1) if the set of business activities described in any of Sections 953.1 through 953.7, inclusive, generates less than 20 percent of the total gross receipts of the person or group, then the receipts and payroll of any such set of activities may be combined for all purposes related to computing the gross receipts tax with whichever set of that person's or group's activities are taxed at the highest rate;

(2) the small business exemption provided in Section 954.1 shall apply only if the sum of receipts within the City from all sets of business activities does not exceed \$1,000,000 in total;

(3) the progressive rates described in Sections 953.1 through 953.7 apply on an aggregate basis for businesses with multiple sets of activities;

(4) the applicable rate for each set of business activities shall be determined in numbered order of the Sections describing each set of business activities; i.e., the gross receipts and tax for business activities described in Section 953.1 should be determined first, Section 953.2 second, and so on;

(5) the rate(s) applicable to any set of activities after the first shall be determined by adding together the gross receipts determined for all previous sets of activities and applying the rate scale commencing with the total gross receipts so determined; and

(6) the gross receipts tax liability for the person or combined group shall be the sum of the liabilities for each set of business activities.

(Added by Proposition E, App. 11/6/2012, Oper. 1/1/2014)

## **SEC. 954. EXEMPTIONS AND EXCLUSIONS.**

(a) Except as provided in subsection (b) of this Section, an organization that is exempt from income taxation by Chapter 4 (commencing with Section 23701) of Part 11 of Division 2 of the Revenue and Taxation Code or Subchapter F (commencing with Section 501) of Chapter 1 of Subtitle A of the Internal Revenue Code of 1986, as amended, as qualified by Sections 502, 503, 504 and 508 of the Internal Revenue Code of 1986, as amended, shall be exempt from taxation under this Article, only so long as those exemptions continue to exist under state or federal law.

(b) An organization otherwise exempt from income taxation under subsection (a) that is directly engaged within the City in an unrelated trade or business within the meaning of Section 513(a) of the Internal Revenue Code of 1986, as amended, and has, from its own operations, unrelated business taxable income within the meaning of Section 512(a)(1) of the Internal Revenue Code of 1986, as amended, shall pay the gross receipts tax on its gross receipts from its unrelated trade or business activities that are attributable to the City. If it is impracticable, unreasonable or improper to allocate such organization's gross receipts as

aforesaid either because of the particular nature of the organization's unrelated trade or business or for any other reason, then the amount of gross receipts reasonably attributable to the organization's unrelated trade or business in the City shall be determined on the basis of all of the relevant facts and circumstances of the particular case, in accordance with any rulings or regulations issued or promulgated by the Tax Collector for this purpose.

(c) Gross receipts as defined in Section 952.3 shall not include receipts from business activities if, and only so long as and to the extent that, the City is prohibited from taxing such receipts under the Constitution or laws of the United States or under the Constitution or laws of the State of California.

(d) **Rent Controlled Buildings Exclusion.** A person subject to the tax may exclude from gross receipts in any tax year 50 percent of the total amount received from the rental of real property to tenants in occupancy at any location in the City, which is subject to limits on rent increases pursuant to the Residential Rent Stabilization and Arbitration Ordinance, San Francisco Administrative Code, Chapter 37, Section 37.1 *et seq.*

(e) **Exclusion of Certain Sales of Real Property.** Gross receipts as defined in Section 952.3 shall not include receipts from any sales of real property with respect to which the Real Property Transfer Tax imposed by Article 12-C has been paid to the City.

(f) For only so long as and to the extent that the City is prohibited from imposing the tax under this Article, the following persons shall be exempt from the gross receipts tax:

(1) Banks and financial corporations exempt from local taxation under Article XIII, Section 27 of the California Constitution and Revenue and Taxation Code Section 23182;

(2) Insurance companies exempt from local taxation under Article XIII, Section 28 of the California Constitution;

(3) Persons engaging in business as a for-hire motor carrier of property under Revenue and Taxation Code Section 7233;

(4) Persons engaging in intercity transportation as a household goods carrier under Public Utilities Code Section 5327;

(5) Charter-party carriers operating limousines that are neither domiciled nor maintain a business office within the City under Public Utilities Code Section 5371.4; and

(6) Any person upon whom the City is prohibited under the Constitution or laws of the State of California from imposing the gross receipts tax.

(g) To the extent that any taxpayer has paid a substantially similar tax to any other taxing jurisdiction on any gross receipts attributed to the City and taxed under this Article, the tax paid to such taxing jurisdiction shall be credited against the tax due under this Article; in no event shall this credit reduce the taxpayer's liability to less than zero.

(Added by Proposition E, App. 11/6/2012, Oper. 1/1/2014)

## **SEC. 954.1. SMALL BUSINESS EXEMPTION.**

(a) Notwithstanding any other provision of this Article, a "small business enterprise," as hereinafter defined for purposes of this Article 12-A-1, shall be exempt from payment of the gross receipts tax, nevertheless, a small business enterprise shall pay the annual registration fee pursuant to Section 855 of Article 12.

(b) For purposes of this Article 12-A-1, the term "small business enterprise" shall mean and include any person or combined group, except for a lessor of residential real estate:

(1) Whose gross receipts within the City for the preceding tax year did not exceed \$1,000,000, adjusted annually in accordance with the increase in the Consumer Price Index: All Urban Consumers for the San Francisco/Oakland/San Jose Area for All Items as reported by the United States Bureau of Labor Statistics, or any successor to that index, as of December 31st of the preceding year, beginning with December 31, 2014; and

(2) Who timely filed a tax return for the tax year, if that person or group had gross receipts in the City of at least \$500,000. If a person is required to file a tax return under this Section, and fails to file a return by the due date, the taxpayer shall be subject to a penalty as specified in subsection (c).

(c) In lieu of the penalty and interest specified in Section 6.17-1 of Article 6 for failure to pay, any person who otherwise qualifies for the small business exemption set forth in this Section, and who had gross receipts in the City of at least \$500,000, who fails to timely file a return shall pay a penalty as follows:

(1) The penalty for the first month, or fraction thereof, that the return is delinquent, shall be 5 percent of



the amount of the tax liability, calculated without regard to the small business exemption in this Section. The penalty shall increase by an additional 5 percent each month, or fraction thereof, that the return is delinquent, up to a maximum of 20 percent of the tax liability. Any penalties remaining unpaid for a period of 90 days or more shall be subject to an additional penalty of 20 percent of the amount of the tax liability excluding penalties and interest.

(2) Penalties are due and payable when assessed. Unpaid penalties shall accrue interest at the rate of 1 percent per month, or fraction thereof, from the date that they are assessed through the date of payment. The total amount of the penalties, interest and fees shall not exceed the amount of the person's gross receipts tax liability for the period but for the small business exemption.

(d) The Tax Collector may, at his or her discretion, reduce the penalty set forth in subsection (c) to not less than \$100 upon a showing that the late filing of the return was due to reasonable cause and not due to willful neglect.

(e) For purposes of this Article 12-A-1, and notwithstanding any other provision of this Section, a lessor of residential real estate is a "small business enterprise" if and only if the lessor leases fewer than 4 units in any individual building. "Residential real estate" means real property where the primary use of or right to use the property is for the purpose of dwelling, sleeping or lodging other than as part of the business activity of accommodations. For purposes of this Article 12-A-1, Article 12-A, and Article 12, a lessor of residential real estate is treated as a separate person with respect to each individual building in which it leases residential real estate units, notwithstanding Section 6.2-15 of Article 6, or Section 956.3 of this Article. The provisions of this subsection apply only to leasing residential real estate units within a building, and not to any business activity related to other space, either within the same building or other buildings, which is not residential real estate. The Tax Collector is authorized to determine what constitutes a separate building and the number of units in a building.

(Added by Proposition E, App. 11/6/2012, Oper. 1/1/2014; amended by Ord. 222-14, File No. 140798, App. 11/7/2014, Eff. 12/7/2014)

## **SEC. 955. PERSONS DERIVING NO GROSS RECEIPTS FROM BUSINESS ACTIVITIES OUTSIDE THE CITY.**

Notwithstanding any other provision of this Article, any person subject to the gross receipts tax who derives non-exempt gross receipts from business activities within the City and derives no gross receipts from business activities outside the City is subject to tax on all non-exempt gross receipts.

(Added by Proposition E, App. 11/6/2012, Oper. 1/1/2014)

## **SEC. 956. ALLOCATION AND APPORTIONMENT FOR ALL PERSONS DERIVING GROSS RECEIPTS FROM BUSINESS ACTIVITIES BOTH WITHIN AND OUTSIDE THE CITY.**

All persons deriving gross receipts from business activities both within and outside the City shall allocate and/or apportion their gross receipts to the City, using the rules set forth in Section 956.1 and 956.2, in the manner directed in Sections 953.1 through 953.7, inclusive, and in Section 953.9 of this Article.

(Added by Proposition E, App. 11/6/2012, Oper. 1/1/2014)

### **SEC. 956.1. ALLOCATION OF RECEIPTS FROM REAL, PERSONAL, TANGIBLE AND INTANGIBLE PROPERTY.**

(a) For all persons required to determine an amount of gross receipts pursuant to this Section, that amount shall be all non-exempt gross receipts within the City as determined hereunder.

(b) Gross receipts from the sale, lease, rental or licensing of real property are in the City if the real property is located in the City.

(c) Gross receipts from sales of tangible personal property are in the City if the property is delivered or shipped to a purchaser within the City regardless of the f.o.b. point or other conditions of the sale.

(d) Gross receipts from the rental, lease or licensing of tangible personal property are in the City if the property is located in the City.

(e) Gross receipts from services are in the City to the extent the purchaser of the services received the benefit of the services in the City.

(f) Gross receipts from intangible property are in the City to the extent the property is used in the City. In

the case of financial instruments, sales are in the City if the customer is located in the City.

(Added by Proposition E, App. 11/6/2012, Oper. 1/1/2014)

### **SEC. 956.2. APPORTIONMENT OF RECEIPTS BASED ON PAYROLL.**

(a) For all persons required to determine an amount of gross receipts pursuant to this Section, that amount shall be all non-exempt combined gross receipts of the person multiplied by a fraction, the numerator of which is payroll in the City and the denominator of which is combined payroll.

(b) Combined gross receipts are the total worldwide gross receipts of the person and all related entities to the person, unless the election provided for in California Revenue and Taxation Code Section 25110 is in effect for the person, in which case combined gross receipts shall be computed consistently with the water's edge election, as set forth therein.

(c) Combined payroll is the total worldwide compensation paid by the person and all related entities to the person, unless the election provided for in California Revenue and Taxation Code Section 25110 is in effect for the person, in which case combined payroll shall be computed consistently with the water's edge election, as set forth therein. A person who has no combined payroll in a tax year shall have no gross receipts under this Section for that tax year.

(d) Payroll in the City is the total amount paid for compensation in the City by the person and by all related entities to the person.

(e) Compensation paid in the City shall be determined as set forth in Section 904 of Article 12-A.

(f) "Compensation" means wages, salaries, commissions and any other form of remuneration paid to employees for services. In the case of any person who has no employees, compensation shall also include all taxable income for federal income tax purposes of the owners or proprietors of such person who are individuals. Those owners or proprietors shall be treated as individuals to whom compensation is paid for purposes of subsection (e).

(g) The apportionment provided by this Section shall not include in either the numerator or the denominator any payroll of persons exempt from tax under subsections (a), (b), or (f) of Section 954.

(Added by Proposition E, App. 11/6/2012, Oper. 1/1/2014)

### **SEC. 956.3. COMBINED RETURNS.**

A person engaging in business within the City must file gross receipts tax returns as provided in Article 6. Those returns must be filed on a combined basis with all of that person's related entities. That person, and all of that person's related entities, constitute a combined group. Every combined group must file a single return; the combined group must choose a single person to file the return on its behalf. Each person within the combined group engaging in business in the City must provide a power of attorney to the person filing the return, authorizing the person filing the return to file said return and to act on behalf of each person with respect to payments, refunds, audits, resolutions, and any other items related to the tax liability reflected in the return. The power of attorney shall be substantially in a form prescribed or approved by the Tax Collector. Each return filed by a combined group constitutes a combined return under this Article and Article 6. The person filing any combined return shall pay the tax liability reflected on the return and any liability determined on audit at the time and in the manner set forth for returns and liabilities in Article 6.

(Added by Proposition E, App. 11/6/2012, Oper. 1/1/2014; amended by Ord. 271-13, File No. 131031, App. 11/27/2013, Eff. 12/27/2013, Oper. 1/1/2014)

### **SEC. 957. TAX COLLECTOR AUTHORIZED TO DETERMINE GROSS RECEIPTS.**

The Tax Collector may, in his or her reasonable discretion, independently establish a person's gross receipts within the City and establish or reallocate gross receipts among related entities so as to fairly reflect the gross receipts within the City of all persons. This authority extends to determining whether any amount excluded from gross receipts by virtue of Section 952.3(f) is in whole or in part compensation or payment for services and thus included in gross receipts.

(Added by Proposition E, App. 11/6/2012, Oper. 1/1/2014)

### **SEC. 958. ADMINISTRATION OF THE GROSS RECEIPTS TAX ORDINANCE.**

Except as otherwise provided under this Article, the Gross Receipts Tax Ordinance shall be administered pursuant to Article 6 of the San Francisco Business and Tax Regulations Code.

(Added by Proposition E, App. 11/6/2012, Oper. 1/1/2014)

## SEC. 959. RATE OF GROSS RECEIPTS TAX: CONTROLLER COMPUTATION.

(a) Commencing on the operative date of the Gross Receipts Tax Ordinance, the Controller shall compute the rate of gross receipts tax for Sections 953.1 through 953.7 in accordance with subsection (b) of this Section. The Controller shall certify and publish such rates on or before September 1 of each year.

(b) **Gross Receipts Tax Computation.** The Controller shall compute the gross receipts tax rates for each tax year by multiplying each base rate in Sections 953.1 through 953.7 by the "Gross Receipts Tax Rate Adjustment Factor," which shall be determined according to the following table and formulas, but no gross receipts tax rate shall exceed the base rates provided by Sections 953.1 through 953.7.

**Gross Receipts Tax Rate Adjustment Factor Computation Table**

<i>Tax Year</i>	<i>Gross Receipts Tax Rate Adjustment Factor (GADJ<sub>year</sub>)</i>
2014	$GADJ_{14} = 10\%$
2015	$GADJ_{15} = 25\% + EXP_{15}$
2016	$GADJ_{16} = 50\% + EXP_{16}$
2017	$GADJ_{17} = 75\% + EXP_{17}$
2018	$GADJ_{18} = 100\% + EXP_{18}$

Where: "EXP<sub>year</sub>" is the "Excess Payroll Expense Tax Revenue Factor," a percentage that reduces the gross receipts tax rate adjustment factor for a year in which the payroll expense tax rate determined under Section 903.1 of Article 12-A becomes zero, and which adjusts for excess payroll expense tax revenue collected for that tax year. The Controller shall compute EXP<sub>year</sub> according to the following table and formulas:

(1) In any year in which PAYRATE<sub>year</sub> is greater than zero, where PAYRATE<sub>year</sub> is determined under Section 903.1 of Article 12-A, EXP<sub>year</sub> is zero.

(2) In the first year in which PAYRATE<sub>year</sub> is zero, where PAYRATE<sub>year</sub> is determined under Section 903.1 of Article 12-A, EXP<sub>year</sub> shall be computed according to the following table and formulas. In subsequent years, GADJ<sub>year</sub> shall be the same value it was in the prior year:

**Excess Payroll Expense Tax Revenue Factor Computation Table**

<i>Tax Year</i>	<i>Excess Payroll Expense Tax Revenue Factor (EXP<sub>year</sub>)</i>
2015	$EXP_{15} = [(1.125\% + PADJ_{15}) \times (PAYTAX_{14}/PAYRATE_{14})]/(GRTAX_{14}/10\%)$
2016	$EXP_{16} = [(0.750\% + PADJ_{16}) \times (PAYTAX_{15}/PAYRATE_{15})]/(GRTAX_{15}/25\%)$
2017	$EXP_{17} = [(0.375\% + PADJ_{17}) \times (PAYTAX_{16}/PAYRATE_{16})]/(GRTAX_{16}/50\%)$
2018	$EXP_{18} = [PADJ_{18} \times (PAYTAX_{17}/PAYRATE_{17})]/(GRTAX_{17}/75\%)$

Where: PADJ<sub>year</sub>, PAYTAX<sub>year</sub>, and GRTAX<sub>year</sub> are determined under Section 903.1 of Article 12-A.

(c) Notwithstanding any other provision of this Article, in any year in which the payroll expense tax rate determined under Section 903.1 of Article 12-A is zero, the gross receipts tax rates for that year and all future years shall be as the Controller computed for that year, except that for tax year 2021 and all future years, the rate under Section 953.7(a), for gross receipts over \$25,000,000 only, shall be the sum of the rate established under this Section 959(c) and 0.025%. In no event shall the rate established under Section 953.7(a) by the preceding sentence, for gross receipts over \$25,000,000, exceed 0.325%. The Controller shall certify and publish such rates by September 1 of that year.

(d) Notwithstanding any other provision of this Article, the gross receipts tax rates for 2019 and all future years shall be the rates in effect in tax year 2018, except that for tax year 2021 and all future years, the rate under Section 953.7(a), for gross receipts over \$25,000,000 only, shall be the sum of the rate established under this Section 959(c) and 0.025%. In no event shall the rate established under Section 953.7(a) by the preceding sentence, for gross receipts over \$25,000,000, exceed 0.325%. The Controller shall certify and publish such rates on or before September 1, 2019, at which time the Controller's duty to compute, certify and publish the payroll expense tax rate shall cease.

(Added by Proposition E, App. 11/6/2012, Oper. 1/1/2014)

### **SEC. 960. THE "PAYROLL EXPENSE TAX EXCLUSION" CREDIT.**

(a) "Payroll Expense Tax Exclusion Credit" means the dollar amount by which a person would have been able to reduce its payroll expense tax liability pursuant to the Enterprise Zone Tax Credit under Section 906A of Article 12-A, the Biotechnology Exclusion under Section 906.1 of Article 12-A, and/or the Clean Technology Business Exclusion under Section 906.2 of Article 12-A, as if the payroll expense tax were in full force and effect and calculated at a rate of 1½ percent.

(b) "Combined Business Tax Liability" means the sum of the gross receipts tax and the payroll expense tax a person owes for a tax year.

(c) For so long as a particular payroll expense tax exclusion listed under subsection (a) is in effect, without regard to whether the payroll expense tax is otherwise in effect, a person may credit against its combined business tax liability for a tax year the amount of a particular payroll expense tax exclusion credit to which it would be entitled under the payroll expense tax; however, in no event shall such credit reduce a person's combined business tax liability to less than zero. Any person who claims the credit under this Section must meet all of the eligibility requirements of the payroll expense tax exclusion(s) it claims. The credit may be claimed against the tax liability only of the person who qualified for the payroll expense tax exclusion and not against any liability of related entities or other members of that person's combined group.

(Added by Proposition E, App. 11/6/2012, Oper. 1/1/2014)

### **SEC. 961. CENTRAL MARKET STREET LIMIT.**

(a) The "Central Market Street Limit" means a person's payroll expense tax liability for a tax year as determined under the Central Market Street and Tenderloin Area Payroll Expense Tax Exclusion under Section 906.3 of Article 12-A, calculated at a rate of 1½ percent.

(b) "Combined Business Tax Liability" means the sum of the gross receipts tax and the payroll expense tax a person owes that is attributable to location(s) in the Central Market Street and Tenderloin Area as defined in Section 906.3(b) of Article 12-A for a tax year under the rates established for that year.

(c) For so long as the Central Market Street and Tenderloin Area Payroll Expense Tax Exclusion is in effect, without regard to whether the payroll expense tax is otherwise in effect, a person shall owe the lesser of its combined business tax liability or the amount of its Central Market Street limit. Any person who claims the Central Market Street and Tenderloin Area Payroll Expense Tax Exclusion must meet all of the eligibility requirements of that exclusion.

(Added by Proposition E, App. 11/6/2012, Oper. 1/1/2014)

#### **Editor's Note:**

*See Sec. 906.3, "Central Market Street and Tenderloin Area Payroll Expense Tax Exclusion."*

### **SEC. 962. AMENDMENT OF ORDINANCE.**

The Board of Supervisors may amend or repeal Article 12-A-1 of the Business and Tax Regulations Code without a vote of the people except as limited by Article XIII C of the California Constitution.

(Added by Proposition E, App. 11/6/2012, Oper. 1/1/2014)

### **SEC. 963. EFFECT OF STATE AND FEDERAL AUTHORIZATION.**

To the extent that the City's authorization to impose or collect any tax imposed under this Article 12-A-1 is expanded or limited as a result of changes in state or federal law, no amendment or modification of this Article 12-A-1 shall be required to conform the taxes to those changes, and the taxes are hereby imposed and the Tax Collector shall collect them to the full extent of the City's authorization up to the full amount and rate of the taxes imposed under this Article 12-A-1.

(Added by Proposition E, App. 11/6/2012, Oper. 1/1/2014)

## **SEC. 964. SEVERABILITY.**

Except as provided in Section 965(b) below, if any section, sentence, clause, phrase, or portion of Article 12-A-1 is for any reason held to be invalid or unenforceable by a court of competent jurisdiction, the remaining sections, sentences, clauses, phrases, or portions of this Article shall nonetheless remain in full force and effect. The people of the City and County of San Francisco hereby declare that, except as provided in Section 965(b), they would have adopted each section, sentence, clause, phrase, or portion of this Article, irrespective of the fact that any one or more sections, sentences, clauses, phrases, or portions of this Article be declared invalid or unenforceable and, to that end, the provisions of this Article are severable.

(Added by Proposition E, App. 11/6/2012, Oper. 1/1/2014)

## **SEC. 965. SAVINGS CLAUSE.**

(a) No section, clause, part or provision of this Article shall be construed as requiring the payment of any tax that would be in violation of the Constitution or laws of the United States or of the Constitution or laws of the State of California. Except as provided in subsection (b) of this Section, if any section, clause, part or provision of this Article, or the application thereof to any person or circumstance, is held invalid or unconstitutional, the remainder of this Article, including the application of such part or provision to other persons or circumstances, shall not be affected thereby and shall continue in full force and effect. To this end, the provisions of this Article are severable.

(b) If the imposition of the gross receipts tax in Section 953, or any portion of the rate computation under Section 959, of this Article is held invalid or unconstitutional in a final court determination, the remainder of this Article shall be null and void and of no force and effect. For any tax year for which this Article is invalidated pursuant to this Section, the payroll expense tax provided by Article 12-A may be assessed against any person engaging in business in the City during that tax year as if this Ordinance had not been passed, except that such assessment may be made and collected notwithstanding any statute of limitations provided by Article 6.

(Added by Proposition E, App. 11/6/2012, Oper. 1/1/2014)

PERSONAL SERVICES CONTRACT SUMMARY ("PSC FORM 1")

Department: TREASURER/TAX COLLECTOR Dept. Code: TTX

Type of Request:  Initial  Modification of an existing PSC (PSC # 4082 12/13)

Type of Approval:  Expedited  Regular ( Omit Posting)

Type of Service: Cashiering System Configuration Professional Services

Funding Source: <u>General Fund</u>	
PSC Original Approved Amount: <u>\$1,000,000</u>	PSC Original Approved Duration: <u>03/01/13 - 06/30/15 (2 years 17 w</u>
PSC Mod#1 Amount: <u>\$490,000</u>	PSC Mod#1 Duration: <u>07/08/14-12/31/15 (26 weeks 2 days)</u>
PSC Mod#2 Amount: <u>\$350,000</u>	PSC Mod#2 Duration: <u>05/04/15-06/30/17 (1 year 25 weeks)</u>
PSC Cumulative Amount Proposed: <u>\$1,840,000</u>	PSC Cumulative Duration Proposed: <u>4 years 17 weeks</u>

1. **Description of Work**

A. Scope of Work:

The Gross Receipts Tax and Business Registration Fees Ordinance (2012) Proposition E) was approved by San Francisco voters on November 6, 2012. It mandates that the City implement changes to local business taxes and registration fees by January 1, 2014 with a phased implementation through 2018. The Treasurer & Tax Collector has previously procured a proprietary software solution for Cashiering under PSC# 4035 09/10 approved on 9/21/2009. The software must be configured to meet the requirements of the Ordinance.

B. Explain why this service is necessary and the consequence of denial:

Configuration of the cashiering system must occur in order for the Treasurer & Tax Collector to collect taxes and fees totaling approximately \$500 million annually. Denial would result in the City failing to meet the voter approved mandated timeline and put millions of tax dollars at risk.

C. Has this service been provided in the past. If so, how? If the service was provided via a PSC, provide the most recently approved PSC # and upload a copy of the PSC.

Yes

D. Will the contract(s) be renewed? Potentially, if needed.

2. **Union Notification:** On 04/13/15, the Department notified the following employee organizations of this PSC/RFP request: Architect & Engineers, Local 21;

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FOR DEPARTMENT OF HUMAN RESOURCES USE

PSC# 4082 12/13

DHR Analysis/Recommendation:

05/18/2015

Commission Approval Required

Approved by Civil Service Commission with condi

DHR Approved for 05/18/2015

~~05/18/2015~~  
-48-

**3. Description of Required Skills/Expertise**

A. Specify required skills and/or expertise:

Expertise and authorization to configure the Wausau FC software. Experience working with the Wausau FC cashiering solution as an analyst and knowledge of the Wausau FC functionality.

B. Which, if any, civil service class(es) normally perform(s) this work?

1062,1063,1064,

C. Will contractor provide facilities and/or equipment not currently possessed by the City? If yes, explain:

No.

**4. Why Classified Civil Service Cannot Perform**

A. Explain why civil service classes are not applicable:

Wausau FC is a proprietary software and the City could not modify without voiding our service agreement. City and County does not have access to the source code.

B. Would it be practical to adopt a new civil service class to perform this work? Explain.

No. Wausau FC is a proprietary software and the City could not modify without voiding our service agreement. The City does have existing programmer and business analyst classes that perform this type of work; however, the City does not have access to the source code and the expertise in the Wausau FC software.

**5. Additional Information (if "yes", attach explanation)**

YES    NO

- |  |                                     |                                     |
|--|-------------------------------------|-------------------------------------|
| A. Will the contractor directly supervise City and County employee?  | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| B. Will the contractor train City and County employee?<br>Please see attached document Training                                    | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| C. Are there legal mandates requiring the use of contractual services?   | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| D. Are there federal or state grant requirements regarding the use of contractual services?  | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| E. Has a board or commission determined that contracting is the most effective way to provide this service?                        | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| F. Will the proposed work be completed by a contractor that has a current PSC contract with your department? Yes, Wausau Financial | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |

THE ABOVE INFORMATION IS SUBMITTED AS COMPLETE AND ACCURATE ON BEHALF OF THE DEPARTMENT HEAD

ON 04/13/15 BY:

Name: Amanda Fried Phone: 4155540889 Email: amanda.fried@sfgov.org

Address: 1 Dr Carlton B Goodlett Pl, Room 140, San Francisco, CA 94102