

**COMMUNITY BENEFIT AGREEMENT 2018
MEMORANDUM OF UNDERSTANDING
(CCSF Business & Tax Regulations Code §906.3(c)(5))**

Between

CITY AND COUNTY OF SAN FRANCISCO CITY ADMINISTRATOR,

And

PAE ENGINEERS, Inc

This **COMMUNITY BENEFIT AGREEMENT 2016 MEMORANDUM OF UNDERSTANDING** (this "**Community Benefit Agreement**") is made as of January 1, 2018 in the City and County of San Francisco, State of California, by and between **PAE ENGINEERS, Inc**, and the **CITY AND COUNTY OF SAN FRANCISCO**, a municipal corporation ("**City**") acting by and through the City Administrator,

WITNESSETH:

WHEREAS, San Francisco Business and Tax Regulations Code Article 12-A ("**Payroll Expense Tax Ordinance**") establishes a Payroll Expense Tax within the City and County of San Francisco; and,

WHEREAS, Section 906.3 "Central Market Street and Tenderloin Area Payroll Expense Tax Exclusion" ("**Section 906.3**") of the Payroll Expense Tax Ordinance provides an exclusion from the Payroll Expense Tax for defined persons and businesses within the Central Market Street and Tenderloin Area, for certain periods of time; and,

WHEREAS, Pursuant to Payroll Expense Tax Ordinance §902, a "person" or "business" is defined for this purpose by San Francisco Business and Tax Regulations Code Article 6, §6.2-15; and,

WHEREAS, In order for a person or business to qualify for the Central Market Street and Tenderloin Area Payroll Expense Tax Exclusion, Section 906.3 requires: Filing of a timely application with the City's Office of Economic and Workforce Development ("**OEWD**") on a form that has been approved by OEWD and the City's Treasurer-Tax Collector; and

WHEREAS, Section 906.3(c)(5) further provides that, as part of the application, a person or business with an annual payroll expense that exceeds one million dollars as defined, "shall enter into a binding Community Benefit Agreement with the City

Administrator in order to be eligible for the payroll expense tax exclusion under this Section;" and,

WHEREAS, PAE submitted an initial application for Central Market Street and Tenderloin Area Payroll Expense Tax Exclusion to OEWD utilizing an application form approved by OEWD and must enter into a binding Community Benefit Agreement with the City Administrator to be granted its payroll tax exclusion; and,

WHEREAS, On behalf of the City, the City Administrator wishes to enter into a Community Benefit Agreement with PAE for this purpose; and,

WHEREAS, PAE and the City Administrator have mutually agreed to the terms of the Community Benefit Agreement 2018 that is attached and incorporated herein by reference as Appendix A; and,

WHEREAS, as set forth in this Community Benefit Agreement 2018, PAE will:

1. Provide quality educational experiences to neighborhood youth, focusing on STEM learning opportunities.
2. Further the development of the Tenderloin and Central Market Area as a healthy and sustainable neighborhood for all.
3. Support the local economy.
4. Develop and maintain longstanding relationships with neighborhood stakeholders.
5. Appoint a Community Liaison to engage continuously with the neighborhood.

WHEREAS, PAE will expend good faith efforts to fulfill its responsibilities under this Community Benefit Agreement 2018; and,

WHEREAS, The Parties each acknowledge and understand that this Community Benefit Agreement is entered into and binding upon PAE for calendar year 2018 pursuant to San Francisco Business and Tax Regulations Code §906.3, provided that OEWD (as verified by the Treasurer-Tax Collector) finally determines that PAE is eligible for the exclusion; and,

WHEREAS, The Parties each acknowledge and understand that, pursuant to Section 906.3(c)(5), PAE may request that the City Administrator enter into other Community Benefit Agreements with PAE in future years and that the City Administrator may require different or additional provisions in such future Agreements;

WHEREAS, The Parties wish to memorialize their agreement to the PAE Community Benefit Agreement 2018 that is attached and incorporated herein by reference as Appendix A, by a Memorandum of Understanding;

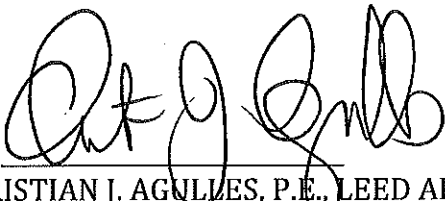
NOW, THEREFORE, The Parties voluntarily enter into this Community Benefit Agreement 2018 Memorandum of Understanding and hereby adopt the PAE Community Benefit Agreement 2018 that is attached and incorporated herein by reference as Appendix A, as PAE's 2018 binding Community Benefit Agreement with the City Administrator for calendar year 2018 under San Francisco Business and Tax Regulations Code §906.3(c)(5).

IN WITNESS WHEREOF, The parties hereto have caused PAE Community Benefit Agreement 2018 Memorandum of Understanding to be duly executed as of the date first specified herein.

CITY

PAE ENGINEERS, Inc.

By: 
NAOMI M. KELLY
CITY ADMINISTRATOR

By: 
CHRISTIAN J. AGULLES, P.E., LEED AP
MANAGING PRINCIPAL
PAE

Approved as to form:

Manu Pradhan
Deputy City Attorney

-- Appendix A --

PAE Community Benefit Agreement

PAE will focus its efforts in improving the Central market Street and Tenderloin Area (as defined below) as set forth in this Community Benefit Agreement (this “**Community Benefit Agreement**”). PAE believes that the highest priorities for this community are (a) providing quality educational experiences for youth, (b) the development of a healthy and sustainable neighborhood for all, (c) supporting the local economy, and (d) building longstanding relationships with neighborhood stakeholders.

As defined in Section 906.3(b)(1) of the San Francisco Business Tax & Regulations Code, the “Central Market Street and Tenderloin Area” means: the area located in downtown San Francisco, generally including: parcels fronting the south side of Market Street from Eleventh Street to Sixth Street; a portion of parcels fronting the south side of Market Street from Sixth Street to Fifth Street (odd numbered addresses from 999 to 933 Market Street); parcels fronting the north side of Market Street from Van Ness Avenue to Eighth Street; 875 Stevenson Street; and parcels in the area bordered by: Ellis Street from Polk Street to Mason Street (south side only); Mason Street, from Ellis Street to market Street (west side only); Market Street, from mason Street to Charles J. Brenham Place to Larkin Street (north side only); Larkin Street, from McAllister Street to Eddy Street (east side only); Eddy Street, from Larkin Street to Polk Street (north side only); and Polk Street from Eddy Street to Polk Street (north side only); and Polk Street from Eddy Street to Ellis Street (east side only).

In creating this Community Benefit Agreement with the City and County of San Francisco, an agreement included in the application process for the payroll expense tax exclusion in the Central Market Street and Tenderloin Area, PAE would like to emphasize that its intention is to grow the Community Benefit Agreement each year that it takes advantage of the payroll tax exclusion. Therefore, PAE created this first Community Benefit Agreement to be scalable, but will not exhaust PAE’s resources so that PAE can continue to deliver an increasingly robust Community Benefit Agreement.

PAE is committed to creating meaningful engagement within the community. Our vision is to help solve the planet’s energy and water challenges and as a “triple bottom line” company with over 50 years in business, PAE focuses on people, profit, and planet. At PAE we take our role in the community seriously and believe it is important for employees to have direct and sustained involvement in the community. PAE continues to actively seek opportunities to serve the community in the Tenderloin and Central Market areas since relocating our office to the Tenderloin area in March 2017.

PAE believes it can fulfill its commitment to the community and honor this Community Benefit Agreement in the following ways:

Key Area #1: Provide quality educational experiences to neighborhood youth, focusing on STEAM learning opportunities.

PAE will continue to support and participate in the creation of quality educational experiences for youth in the Central Market and Tenderloin area. Through collaboration with local educators, PAE seeks to motivate and inspire students to excel in all subjects, while focusing on STEAM education; integrating Science, Technology, Engineering, the Arts and Mathematics into a cohesive learning paradigm based on the real world.

1. PAE will reach out to public schools in the community, such as Tenderloin Community School, Redding Elementary School and Bessie Carmichael Elementary and Middle Schools, to determine the best means of support. PAE will meet with parents and/or teachers at least 3 times in 2018 to create a measurable strategic plan for inclusion in PAE's 2019 CBA.
2. PAE plans to continue volunteering with The Boys and Girls Club to offer tutoring services and quality STEAM learning opportunities. In order to emphasize our long-term commitment to school-age youth in the Tenderloin and Central Market Area, our goal is to create a team of 2-4 people who will volunteer tutoring services at the Boys and Girls Club two times per month for at least one quarter in 2018.
3. PAE will donate no less than 50 of PAE's children's book, "The Evolution of Egansville," to local libraries, schools, The Boys & Girls Club, and 826 Valencia. The retail value of each book is \$17.99 for a total value of \$899.50. PAE will also offer readings by employees where the books have been donated. The book follows a group of children who inspire their communities to adopt sustainable practices.
4. PAE commits to donating no less than \$2,000 to local Tenderloin and Central Market area public schools.
5. PAE will offer a double match month to employees in our San Francisco office twice per year to incentivize staff giving to local Tenderloin and Central Market area public schools. PAE's leadership team will demonstrate their commitment to local schools and will build excitement around the drive in order to incentivize staff giving.

Key Area #2: Further the development of the Tenderloin and Central Market Area as a healthy and sustainable neighborhood for all.

PAE is committed to furthering the development of the Tenderloin and Central Market Area as a healthy and sustainable neighborhood through employee engagement and volunteerism, financial grants, pro bono services, and by engaging in community discussions on community planning, affordable housing and sustainability.

1. PAE provides each employee with 20 hours per year to volunteer within the community during business hours with full compensation. Coordinated opportunities to volunteer within the community will be provided to employees on a monthly basis. We estimate the potential value of this in kind contribution to be \$196,000.

2. One time per quarter, for a total of four times per year, PAE will host a Day of Service for employees. PAE's Days of Service celebrate our communities and our employees' volunteerism. Employees will be encouraged to volunteer with a number of organizations in the Central Market and Tenderloin area. PAE has in the past and will in the future provide volunteer opportunities for employees with organizations such as Project Open Hand, The Boys and Girls Club, Glide, and 826 Valencia. PAE employees volunteered approximately 95 total hours during the November 2017 PAE Day of Service.
3. PAE will provide not less than \$10,000 in grants to organizations in the Central Market and Tenderloin Area. PAE will work with the community to ensure a portion of these funds are provided to individuals as scholarships for attendance at trade schools and/or apprenticeships. We plan to build relationships with organizations in the community and work together to create a strategic plan for providing scholarship funds in 2019.
4. PAE is committed to providing approximately \$25,000 worth of pro bono engineering services to projects in the Tenderloin and Central Market areas for energy efficiency retrofits, building upgrades and similar projects. In preparation, we will work with the San Francisco Housing Authority and Market Street for the Masses to create a mechanism for administering the pro bono services by June 2018.
5. PAE will host one roundtable discussion with local community stakeholders on resilient and sustainable community planning, affordable housing and sustainability within the Central Market and Tenderloin Area.

Key Area #3: Support the local economy.

By committing to make purchases from locally owned, independent businesses, PAE aims to contribute to the growth of local businesses and service providers as well as the area's tax base. PAE believes shopping locally creates jobs for residents, builds community, creates a healthier environment, and strengthens the local economy.

1. PAE will purchase 30% of everyday catering (food and beverage) from independently owned vendors in the local Tenderloin and Central Market areas. This data was previously untracked, by June 2018 PAE will provide a predictive analysis of this cost for the year.
2. PAE will create and house a list of local, independently owned resources that all employees will have access to.
3. With over 225 employees spread across 4 offices on the west coast, PAE will endeavor to house guests to our San Francisco office in local independently owned hotels. This data is previously untracked, by June 2018 PAE will provide a predictive analysis of this cost for the year.

Key Area #4: Develop and maintain longstanding relationships with neighborhood stakeholders.

PAE looks forward to creating and maintaining meaningful and sustained engagement with the Central Market and Tenderloin Area community. PAE is committed to enhancing its relationships with and contributing to the well-being of the Central Market and Tenderloin Area by joining with local organizations to engage employees and to effectively serve the community.

1. PAE is committed to collaborating with other local companies that have Community Benefit Agreements for fundraising and other activities.
2. At least two times per year, PAE will host local organizations to introduce employees to non-profit organizations serving the Tenderloin and Central Market area.
3. PAE will organize a walking tour of the Central Market and Tenderloin area for all staff one time per quarter, for a total of four times per year.
4. Christian Agulles, PAE Managing Principal, is currently serving a two year term on the Tenderloin Community Benefit District Board of Directors.
5. We will seek out two additional employees to serve on the boards of two different non-profit organizations in the Tenderloin and Central Market Area.

Key Area #5: Community Liaison

1. Sarah Dawson will serve as PAE's Community Liaison and can be reached at sarah.dawson@pae-engineers.com.
2. The Community Liaison will attend community meetings on behalf of PAE and will oversee the ongoing community engagement process, including the coordination of donation drives, coordinating grants offered to the community, and employee volunteer programs.
3. PAE's Community Liaison or a representative of the company will attend a minimum of four Citizen's Advisory Committee meetings. If a Community Liaison or a company representative cannot attend a meeting of the Citizen's Advisory Committee, the Community Liaison will notify the Committee staff no later than 72 hours in advance of the meeting.

Evaluation and Reporting

PAE will report progress on this Community Benefit Agreement to the City Administrator on an ongoing basis in a manner mutually agreed to between the City Administrator and PAE.

1. Progress reports on Key Areas will occur once per month and will include information sufficient to determine progress and completion such as PAE's records, emails, public communications, invoices, grant agreements, or verification provided by the participating community organizations.
2. The City Administrator will deem this Community Benefit Agreement successful upon completion of at least 80% of the items in the Community Benefit Agreement provided a good faith effort was made to achieve each item.

-end-

