

COMMUNITY BENEFIT AGREEMENT 2019-June 2020
(CCSF Business & Tax Regulations Code §906.3(c)(5))

between

CITY AND COUNTY OF SAN FRANCISCO,

And

PAE Engineers, Inc.

This **COMMUNITY BENEFIT AGREEMENT 2019-JUNE 2020** ("Community Benefit Agreement") is made as of January 1, 2019 in the City and County of San Francisco, State of California, by and between **PAE Engineers, Inc. ("PAE")**, 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, and is currently scheduled to expire on or about May 20, 2019; and,

WHEREAS, Pursuant to Payroll Expense Tax Ordinance Section 902, "person" is defined to include business entities as set forth in San Francisco Business and Tax Regulations Code Article 6, §6.2-15; and,

WHEREAS, In order for a person 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 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 the Central Market Street and Tenderloin Area Payroll Expense Tax Exclusion for calendar year 2018, utilizing an application form approved by OEWD, and is contemplating it will apply for an extension to cover the period that Section 906.3 is in effect in 2019, and understands must enter into a binding Community Benefit Agreement with the City Administrator for all periods when the exclusion would apply; and,

WHEREAS, The Parties believe that securing an agreement to provide these benefits until June 30, 2020 will allow PAE to better engage in long-term planning and long-term investments and partnerships with local community organizations; and,

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

WHEREAS, PAE and the City Administrator have mutually agreed to the terms of this Community Benefit Agreement as set forth herein and in the attached Appendix A which is incorporated herein by reference; and,

WHEREAS, as set forth in this Community Benefit Agreement, 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; and,

WHEREAS, PAE acknowledges and understands that it will not obtain an extension of the exclusion for 2019 unless, among other things, it timely files an affidavit with OEWD affirming that it continues to meet the eligibility criteria of Section 906.3, the City Administrator finds in her reasonable discretion that PAE has made sufficient progress during calendar year 2019 towards meeting its obligations under this Community Benefit Agreement, and that OEWD (as verified by the Treasurer-Tax Collector) finally determines that PAE remains eligible for the exclusion going forward; and,

WHEREAS, The Parties each acknowledge and understand that PAE shall have the option to not perform the obligations of this Community Benefit Agreement during

calendar 2020, if it elects not to seek an extension and provides written notice to the City Administrator 60 days before the end of calendar year 2019, in which case the City Administrator will notify OEWD and the Treasurer-Tax Collector that there is no longer a binding Community Benefit Agreement for 2019 as required by Section 906.3(c)(5); and,

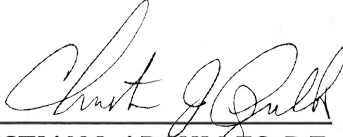
NOW, THEREFORE, The Parties voluntarily enter into this binding Community Benefit Agreement under Section 906.3(c)(5).

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

CITY

PAE

By: 
NAOMI M. KELLY
CITY ADMINISTRATOR

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

Approved as to form:

Manu Pradhan
Deputy City Attorney

-- Appendix A --

PAE COMMUNITY BENEFIT AGREEMENT 2019-June 2020

PAE will focus its efforts on providing, as set forth herein, those community benefits that are deemed the highest priority by the Central Market Street and Tenderloin Area Citizens Advisory Committee ("CAC"), and the residents, small businesses, and the various community organizations advocating for the Central Market Street and the Tenderloin area neighborhood. 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).

PAE hereby agrees to provide community benefits for the duration of Calendar Year 2019 through June 30, 2020 that are substantially equivalent to the following:

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 and Lever Inc., which is entering into its own Community Benefit Agreement with the City effective January 1, 2019 until June 30, 2019, have created a strategic plan for a coalition in 2019 to support San Francisco public schools and their affiliated organizations serving children in the Tenderloin, Mid-Market and SOMA area. PAE and Lever will pursue this opportunity together over the course of the 2019 calendar year and will invite other companies in the Tenderloin, Mid-Market and SOMA area to collaborate with them during the first year of their initiative and in future years.

- a. PAE and Lever will fundraise and seek in-kind donations over the course of 2019 to benefit San Francisco Public Schools in the Central Market and Tenderloin area.
 - b. PAE and Lever will endeavor to generate interest and participation in their initiative from neighboring companies and organizations. The goal is to recruit at least three companies in addition to PAE and Lever to join PAE and Lever in supporting SF Public Schools.
 - c. PAE and Lever will join at least 3 other companies in the Tenderloin, Mid-Market and SOMA area to provide cash grants and in-kind donations to local schools. The goal is to provide grants and donations reaching a total value of at least \$40,000 in 2019. The schools PAE and Lever have worked with in the past are: Tenderloin Community School, Redding Elementary, and Bessie Carmichael Elementary. The goal is for each company to directly undertake efforts to support an SF Public School of their choice, so as to create meaningful engagement and aid during this inaugural year and in future years. PAE will provide educational material and teaching support to a public school in the Tenderloin and Central Market area for a week-long engineering series.
2. PAE will provide educational material and teaching support to a public school in the Tenderloin and Central Market area for a week-long engineering series.
 3. PAE will offer a double match month to employees in our San Francisco office one time per school-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 to incentivize staff giving.
 4. PAE will create a strategic plan subject to City Administrator approval to continue our efforts to support quality educational experiences for children in the Tenderloin and Central Market areas January through June 2020.

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. PAE will host one Week of Service and five Days of Service over the course of January 2019 through June 2020. 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 The Healing WELL, Tenderloin Community School, Project Open Hand, St. Anthony's and Glide.

3. PAE will provide not less than \$7,500 in grants to organizations in the Central Market and Tenderloin Area.
4. PAE will provide approximately \$10,000 worth of pro bono engineering services to projects in the Tenderloin and Central Market areas for energy efficiency retrofits, building upgrades and similar projects over the span of January 2019 through June 2020. This commitment is in addition to the \$20,000 in pro bono services we will provide to fulfill our 2018 commitment.

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 45% of everyday catering (food and beverage) from independently owned vendors in the local Tenderloin and Central Market areas.
2. PAE will maintain and house a list of local, independently owned resources that all employees will have access to.

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 will continue our Community Speaker Series with at least six events over the course of eighteen months. These events are designed to introduce PAE's staff to neighborhood stakeholders while fostering a discussion on resilient and sustainable community planning, affordable housing and sustainability within the Tenderloin and Central Market Area.
2. PAE is committed to collaborating with other local companies that have Community Benefit Agreements for fundraising and other activities.
3. Christian Agulles, PAE Managing Principal, is currently serving a two year term on the Tenderloin Community Benefit District Board of Directors.
4. 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.

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