CITY AND COUNTY OF SAN FRANCISCO

BOARD OF SUPERVISORS

BUDGET AND LEGISLATIVE ANALYST

1390 Market Street, Suite 1150, San Francisco, CA 94102 (415) 552-9292
FAX (415) 252-0461

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TO: Budget and Finance Committee

FROM: Budget and Legislative Analyst

SUBJECT: July 15, 2026 Budget and Finance Committee Meeting

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Item 1 **File 26-0444**	**Department:** Early Childhood (DEC)

EXECUTIVE SUMMARY

Legislative Objectives

- The proposed resolution would approve the second amendment to the grant agreement between DEC and the Children's Council of San Francisco. The amendment would increase the value of the grant by $70,545,604, from $164,346,004 to $234,891,608. The term of the grant would remain unchanged from October 1, 2022 to June 30, 2027.

Key Points

- Under the grant, Children's Council administers grants to childcare organizations for wage and benefit enhancements and for education.
- Self-reported data from Children's Council shows that hourly wages have increased from $24.28 in 2023 to $34.80 in 2026 and 1,445 early educators received wage grants in FY 2024-25.

Fiscal Impact

- The FY 2026-27 grant budget is $75.4 million. The grant is primarily funded by Commercial Rent tax revenues. Approximately $71 million, or 93.5 percent, of expenditures in FY 2025-26 and FY 2026-27 are passthroughs to agencies and educators. DEC did not provide data on the amount of funding for each grant program.

Policy Consideration

- We recommend DEC improve performance management by (a) establishing targets for each service and outcome objective, (b) measure performance against targets on an annual basis, and (c) expand outcome objectives to measure the impact of the grants on the size of the early educator network and to measure the quality of the workforce registry data.

Recommendations

1. Request DEC to:
    a. Establish targets for each service and outcome objective,
    b. Measure performance against targets on an annual basis,
    c. Expand outcome objectives to measure the impact of the grants on the size of the early educator network and quality of workforce registration data.
    d. Provide the historical and projected annual spending for each grant type
2. Approval of the proposed resolution is a policy matter for the Board of Supervisors.

MANDATE STATEMENT

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

BACKGROUND

Proposition C ("Baby Prop C") and the Early Care and Education for All Initiative

On June 5, 2018, San Francisco voters passed Proposition C (colloquially known as "Baby Prop C"), a Commercial Rent Tax for Child Care and Early Education by authorizing an additional tax on commercial property/leases with annual gross receipts over $1 million that would provide additional City funding to support early care and education services for children aged zero to five years old.

Business and Tax Regulations Code Article 21 Section 2112 specifies four allowable uses for Commercial Rent Tax revenue prog, including (1) up to two percent of the proceeds to be distributed to the Tax Collector and other City departments for administration of the commercial rents tax; (2) refunds of overpayments of the tax; (3) 15 percent of all amount remaining after application of (1) and (2) to the General Fund to be expended for any purposes of the City; and (4) all remaining amounts to funding, including administrative costs, "Eligible Programs."

Business and Tax Regulations Code Article 21 Section 2112 specifies "Eligible Programs" to mean:

(A) Support for quality early care and education for children under the age of six in San Francisco families at 85 percent or less of State Median Income;

(B) Support for quality early care and education for children under the age of four in San Francisco families earning up to 200 percent of the Area Median Income;

(C) Investment in comprehensive early care and education services that support the physical, emotional, and cognitive development of children under the age of six; and

(D) Increasing compensation (including but not limited to wages, benefits, and training) of care professionals and staff in order to improve the quality and availability of early care and education for children under the age of six.

It is the increasing compensation of care professionals and staff that is the subject of the proposed grant agreement between the Department of Early Childhood (DEC or Department) and the Children's Council.

April 2023 Board of Supervisors Approval of New Grant Agreement (File 23-0206)

In April 2023, the Board of Supervisors adopted a resolution (File 23-0206) that retroactively approved a new grant agreement between the Department of Early Childhood and the Children's Council. This was the first iteration of the Workforce Compensation contract between DEC and the Children's Council to provide workforce compensation administrative services for the Early Care and Education Workforce Development and Compensation Initiatives for the period of October 1, 2022 through June 30, 2025 in an amount not to exceed $164,346,004. This grant was amended in June 2025 to extend the term to June 30, 2027 with no increase to the not to exceed amount.

The grant was awarded following a competitive solicitation in which Children's Council was the top scoring proposer of two proposals. The procurement authority in the RFP stated that the maximum contract duration was five years, so DEC will have to reprocure this service after October 2027.

Early Education Workforce Compensation Initiative

Exhibit 1 below summarizes the workforce compensation initiatives funded by the proposed grant.

Exhibit 1: Workforce Compensation Initiatives

Phase	Description	Funding Formula
Phases 1: Wage Enhancements	Grants to teachers/agencies to increase teacher wages. Grants include Educator Salary Support Grants (EESSG), for ongoing teacher wage enhancements, began in 2022. CARES 3.0 stipends, for providers that serve low-income families, began in FY 2025-26.	EESSG grants vary based on teacher education, permit level, and role. Additional funding of 22% of minimum required teacher wage to allow for higher wages and retirement benefits. Grants may also be used for payroll taxes. CARES 3.0 grants are also based on teacher education, permit level, and role.
Phase 2: Benefit Enhancements	EESSG grants to teachers/agencies to increase teacher fringe benefits. Began in 2022.	Grant amounts for benefits are fixed per teacher and range from $10,300 - $25,750, depending on the size of the provider.
Phase 3: Working Conditions	A pilot program to start in FY 2026-27 providing substitute teacher support for early educators in family childcare home settings, serving approximately 100 early educators currently pursuing higher education.	Under Development.

Phase	Description	Funding Formula
Phase 4: Workforce Pathways	Stipend for Early Educator Professional Development Program (SEEPD) provide stipends for completion of course-base professional development milestones. Began in FY 2024-25.	Stipends range from $600 to $13,000, depending on number of milestones achieved.

Source: DEC

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would approve the second amendment to the grant agreement between the Department of Early Childhood and the Children's Council of San Francisco. The amendment would increase the not to exceed amount of the grant by $70,545,604 from $164,346,004 to $234,891,608. The term of the grant would remain unchanged from October 1, 2022 to June 30, 2027.

Services

Under the grant agreement, the Children's Council provides workforce compensation administrative services for the four Early Care and Education Workforce Compensation Initiatives listed above, including disbursing workforce initiative funds to childcare providers and maintaining adequate internal controls over fund disbursement. In addition, Children's Council provides technical assistance to childcare providers, including developing templates and delivering multilingual trainings on grant administration and required systems.

The target populations of the proposed grant agreement are early educators in the City's Early Learning for All Network and early learning programs serving 50 percent or more income eligible children (below 100% of State Median Income (SMI)) in their agency/program, previously referred to as "Green Tier" agencies. DEC determines eligibility of childcare providers.

Changes to Grant Plan/Scope of Work

The draft second amendment expands data and compliance responsibilities, including for:

- wage verification
- benefits verification
- workforce retention tracking
- educational attainment tracking
- workforce registry participation monitoring
- racial equity reporting
- educator recruitment and vacancy tracking, and,
- ongoing data quality reviews.

Children's Council must also maintain secure data systems, support providers using required databases, troubleshoot reporting problems, and ensure privacy compliance.

Subcontractors

The proposed grant also funds the following subcontractors in Exhibit 2.

Exhibit 2: Subcontractors

Subcontractor	Role
California Workforce Registry	Transcript verification for each early educator and maintaining the online application platform for CARES 3.0 wage stipends and SEEPD education stipends.
City College of San Francisco	Child development course sponsorship for cohorts of educators working at Early Learning for All sites. Support educators with enrollment/registration, and provision of professional development advising outside of traditional Monday to Friday, 9-5pm hours
California Early Childhood Mentor Program	Support the development of family childcare owner/operators in mentorship training for their employees who are participating in course-based professional development
Child Care Providers United (CCPU)	Evaluate current stipends provided by CCPU and how they fit within DEC's Workforce Compensation Initiatives and ELFA network.
ECE STEP	Provision of substitute pool for family childcare providers in the ELFA network

Source: DEC

Performance Monitoring

The most recent performance report dated September 2025 includes self-reported outcome data covering six of the eight program outcome measures, as shown below for Phase 1 Educator Salary Support Grants (EESSG). CARES 3.0 Teacher stipends were not implemented until FY 2025-26, so no annual report is available for that program.

1. Increased Compensation- the performance report shows that a change in average hourly wage of $10.52 between the baseline (2023) hourly wage ($24.28) and the present average hourly wage ($34.80). These tables also show these figures broken down by provider location, race, primary language, position title, highest education level, and over time by quarter.

   According to DEC staff, 1,445 early educators received wage enhancements in FY 2024-25 (compared to 1,370 early educators in FY 2023-24) and 46 agencies participated in the wage enhancement grants in FY 2024-25, which is the same number of agencies that participated in FY 2023-24.

2. Early Educator Job Satisfaction and Preparatory Time- the performance report shows that overall job satisfaction remained stable with modest improvements in communication between agency staff and leadership, level of support and resources, and opportunities for professional development. Areas that showed deterioration in educators' intentions of increasing work hours and intentions to seek educational opportunities in the early care and education field. The performance report also found a modest increase in educators reporting that they "typically have enough time to prepare and plan" for their work day (63 percent to 66 percent agreement).

3. Fringe Benefits and Health Access- the performance report does not report in detail about health care access and fringe benefits.

4. Racial Equity- the performance report shows the number of staff in leadership roles as well as the number of staff moving up in position title by race and primary language. The performance report found that the largest increase in leadership roles was observed among Lead/Co-Lead Teachers who identify as Hispanic or Latino and that Asian EESSG staff had the most upward position title changes.

5. Educational Attainment- the performance report found that 146 Phase One individuals at 30 different EESSG-participating agencies have increased their educational attainment during the reporting period compared to Q4 2023. The performance report also shows educational attainment by primary language, race, and agency/site; however, the report and DEC did not provide information on the total number of people increasing their education in the reporting period.

   A related grant program, Stipends for Early Educator Professional Development (SEEPD), was launched in 2024 in response to educators needing support in reaching their course-based professional development milestones. In its first year there were 858 participants who received support in reaching various milestones from degree attainment to upgrades in their Child Development Permit. In 2025, SEEPD participation to 968 participants.

6. Educator Recruitment & Educator Retention- the performance report found an overall continued downward trend of reported vacancies for Phase One educator roles, from 279 vacancies in late 2023 to 36 vacancies in Q4 FY 2024-25. The performance report also shows educator recruitment by agency, race/ethnicity, and primary language. The performance report also found that 70 percent of Phase One staff who were working at EESSG-participating agencies at the baseline period (2023) were still working at the same agencies, and that educators that identify as Black/African American and Asian were the most retained.

7. Workforce Registry Data Quality & Workforce Registry Participation- the performance report does not report in detail about workforce registry data quality and workforce registry participation.

   DEC reports that all early educators in the ELFA network are required to maintain a CA Workforce Registry account. Participants in DEC funded wage support and stipend programs are required to maintain their educational qualification records on the CA Workforce Registry. For EESSG educators, the educational qualifications, employer and wage information is verified against payroll records for accuracy.

8. System Development & Continuous Quality Improvement- the performance report found increases in Agency administrator-reported satisfaction with grant implementation, specifically with communication from/with Children's Council staff (8 percent increase in satisfaction) and in reporting forms (10 percent increase in satisfaction).

Fiscal Monitoring

Children's Council and its grants are reviewed as part of the City's Fiscal and Compliance Monitoring process. The most recent monitoring report (FY 2025-26) for Children's Council had no findings identified and reported that the agency had successfully implemented all corrective actions in the previous monitoring cycle.[1]

As noted above, Children's Council is responsible for ensuring funds are properly disbursed to childcare providers. According to DEC staff, they also review supporting documentation to verify that wage stipends and grants for wage enhancement and are made to eligible teachers.

FISCAL IMPACT

The proposed second amendment to the grant agreement between the Department of Early Childhood and the Children's Council would increase the not to exceed amount of the grant by $70,545,604 from $164,346,004 to $234,891,608. Exhibit 3 below shows the expenditures for the proposed grant agreement. The contract is primarily funded by Commercial Rent tax revenues with a small[2] State/Federal Quality Counts California Workforce Pathways award applied to SEEPD.

[1] The FY 2024-25 fiscal and compliance monitoring report found $459.39 in unallowable expenses (for sugary beverages, gratuity, and transportation network company rides), which was returned to DEC.

[2] According to DEC staff the award varies by year, but is approximately $468,000.

Exhibit 3: Workforce Administration Grant Actual and Estimated Expenditures

	Actual	Actual	Actual	Budgeted	Proposed	
Cost Category	**FY 2022-23**	**FY 2023-24**	**FY 2024-25**	**FY 2025-26**	**FY 2026-27**	**Total**
Staff	$518,193	$882,788	$968,900	$1,204,328	$1,341,569	$4,915,778
Operating Costs	$195,834	$136,442	$127,557	$189,996	$192,480	$842,309
Subcontractors	$0	$0	$171,131	$612,866	$2,382,866	$3,166,863
Indirect	$107,104	$152,884	$164,468	$209,149	$262,037	$895,642
Passthrough	$26,967,386	$23,771,966	$31,780,160	$71,275,754	$71,275,754	$225,071,020
Total	**$27,788,517**	**$24,944,080**	**$33,212,216**	**$73,492,093**	**$75,454,706**	**$234,891,612**

Source: DEC

As shown in Exhibit 3 above, approximately $71 million, or 93.5 percent, of expenditures in FY 2025-26 and FY 2026-27 are passthroughs to agencies and educators. Approximately $1.3 million, or 1.8 percent of total grant expenditures will support an estimated 9.85 full time equivalent (FTE) Children's Council staff in FY 2026-27. Further, approximately $2.4 million, or 3.2 percent, of the grant expenditures would support various subcontractors, a $1.7 increase from FY 2026-27. Approximately $190,000, or 0.2 percent, is budgeted to support operating costs such as rent, utilities, and software.

According to DEC Finance Manager Taylor, the primary driver of growth in the wage enhancements (contained within the "Passthrough" cost category) is programmatic expansion. In its initial two years, the wage enhancements were only through the wage enhancement program (EESSG). In FY 2024-25 DEC added the education stipends (SEEPD) grants. Additionally, in FY 2025-26 DEC added the teacher stipends (CARES 3.0) and workforce registry programs. Further, the budgets for FY 2025-26 and FY 2026-27 also include budgeted amounts for the working conditions initiative, which DEC staff anticipate implementing by FY 2026-27. We requested but did not receive data on the amount of pass-through funding by grant program.

POLICY CONSIDERATION

Performance Management

Under the proposed grant, Children's Council is to administer the grants to early education providers to increase compensation. The grant includes service and outcome objectives, which are shown in Appendix I below, including providing training, issuing payments and 1099s to grant recipients, and performing unspecified monitoring activities. We recommend DEC improve performance management by (a) establishing targets for each service and outcome objective, (b) measure performance against targets on an annual basis, and (c) expand outcome objectives to measure the impact of the grants on the size of the early educator network. These recommendations are consistent with the Controller's "Nonprofit Contract Monitoring Standards and Guidelines," which required City Departments to establish performance targets for all non-profit contracts by June 30, 2025 and measure performance against targets annually.

In addition, while DEC provided a report that showed changes in wages, demographics, educational attainment, and staff vacancies at providers receiving grants (as summarized above), the data were only for the wage enhancement grants. At our request, DEC requested data from Children's Council to show how many educators and childcare organizations received wage enhancement and education grants over time, but that data is not routinely tracked and the grant has no target for the number of educators receiving grants. Children's Council also issued grants for benefits enhancements, but the number of people receiving those grants and their impact was not reported to us. We also do not know whether the early care and education system is providing more childcare slots since the implementation of these grants.

RECOMMENDATIONS

1. Request DEC to:
    a. Establish targets for each service and outcome objective.
    b. Measure performance against targets on an annual basis.
    c. Expand outcome objectives to measure the impact of the grants on the size of the early educator network and quality of workforce registration data.
    d. Provide the historical and projected annual spending for each grant type
2. Approval of the proposed resolution is a policy matter for the Board of Supervisors.

Appendix 1: Service & Outcome Objectives, Proposed Grant with Children's Council

1. At the beginning of every fiscal year, develop applicable templates and reporting procedures to support the implementation of the initiatives;
2. Provide ongoing trainings of required systems in English, Spanish and Cantonese;
3. Provide tailored trainings related to grant administration to all eligible recipients, including reporting requirements, submission timelines, allowable expenses, and restricted versus unrestricted funds;
4. Provide ongoing technical assistance via chat, email, phone or in-person at traditional and non-traditional (as needed) hours to programs or educators addressing and resolving technical issues;
5. Reach out to providers via email, phone, or in person regarding eligible staff who have not updated their profile within the prior three months to confirm accuracy of all data in the Workforce Registry/Early Educator Transcript Verification and Stipend Application Support;
6. Issue approved payments to eligible programs or educators in a timely and accurate manner;
7. Maintain an accounting of payments by grant type, program/educator, or other methods and maintain accurate ledgers;
8. Issue 1099s to eligible recipients in a timely and accurate manner as required by law and provide replacements as requested or needed (if applicable);
9. Perform monitoring activities for eligible educators and programs at specified intervals; and
10. (Added by the 1st Amendment): Provide DEC with quarterly reports containing data on program participation levels, funding disbursed, and other key performance indicators. Ad hoc reports will be generated and submitted to funder or City as needed within a specified timeline.

Source: Proposed Grant

Appendix 2: Other Success Metrics, Proposed Grant with Children's Council

Revised categories	Collection Frequency	Source of Data	Primary Change
Increased Compensation	Annual	Quarterly reports from agencies	Change to annual reporting timeframe
Early Educator Job Satisfaction & Prep Time and Planning	Annual	Educator survey	Switch this to annual reporting and survey distribution. Combine Job Satisfaction with Prep and Planning Time.
Fringe Benefits & Health Care Access	Annual	Quarterly reports from agencies	Combine Health Care Access and Fringe Benefits into one annual report.
Racial Equity	Annual	Administrator Workforce registry/Early Educator Transcript Verification and Stipend Application Support	Annual reporting.
Educational Attainment	Biannual	Quarterly reports from agencies Administrator	Biannual or quarterly movement more likely?
Educator Recruitment & Educator Retention	Biannual	Quarterly reports from agencies	Recruitment and retention combined
Workforce Registry Data Quality & Workforce Registry Participation	Biannual	Workforce registry/Early Educator Transcript Verification and Stipend Application Support	Sync timing with Retention and Recruitment.
System Development & Continuous Quality Improvement	Biannual	Administrator survey	Shift to biannual.

Source: Proposed Grant

Item 3 **File 26-0717**	**Department:** Recreation and Parks Department

EXECUTIVE SUMMARY

Legislative Objectives

- The proposed resolution would approve the City's purchase of 5000 Hunters Point Boulevard from Pacific Gas and Electric Company (PG&E) for $575,000 and a purchase and sale agreement between the parties.

Key Points

- The property at 5000 Hunters Point Boulevard is 13,734 square feet and lies within India Basin Waterfront Development project site. It is currently owned by PG&E and previously functioned as a transmission tower site. To allow for the park project to move forward and sell the property to the City, PG&E relocated the tower, which connects the City's grid to the Hunters Point Substation.
- Acquisition of the site would support renovation of the broader park to improve access from Hunters Point Boulevard to the shoreline, and to serve as a deposit location for excess soil generated by the park's regrading work (as most of this parcel's existing grade level is lower than the surrounding park), thus avoiding off-haul and disposal costs.
- PG&E would retain an easement for access to underground utility infrastructure beneath the property.
- The purchase price of $575,000 was negotiated and exceeds the appraised value of the site. However, the price is less than PG&E's costs to remove the tower.

Fiscal Impact

- Under the proposed resolution, the City would acquire 5000 Hunters Point Boulevard for $575,000. The source of funding is the Open Space Acquisition fund, which has a current balance of $11.8 million. Development and ongoing maintenance of the site will be funded by the Department's budgets for development and maintenance of the India Basin Waterfront Park.

Recommendation

- Approve the proposed resolution.

MANDATE STATEMENT

Administrative Code Section 23.3 states that the Board of Supervisors must approve acquisitions of real property by resolution. An appraisal of the property is required if the Real Estate Division determines that the fair market value is greater than $10,000 and an appraisal review if the fair market value is greater than $200,000.

City Charter Section 16.107(b) requires that the City set aside from the annual property tax levy an amount equivalent to two and one-half cents ($0.025) for each one hundred dollars ($100) assessed property valuation which is to be deposited into the Park, Recreation and Open Space Fund. Charter Section 16.107(f)(3) states that an allocation of not less than five percent of the monies to be deposited in the Fund shall be dedicated to the acquisition of real property.

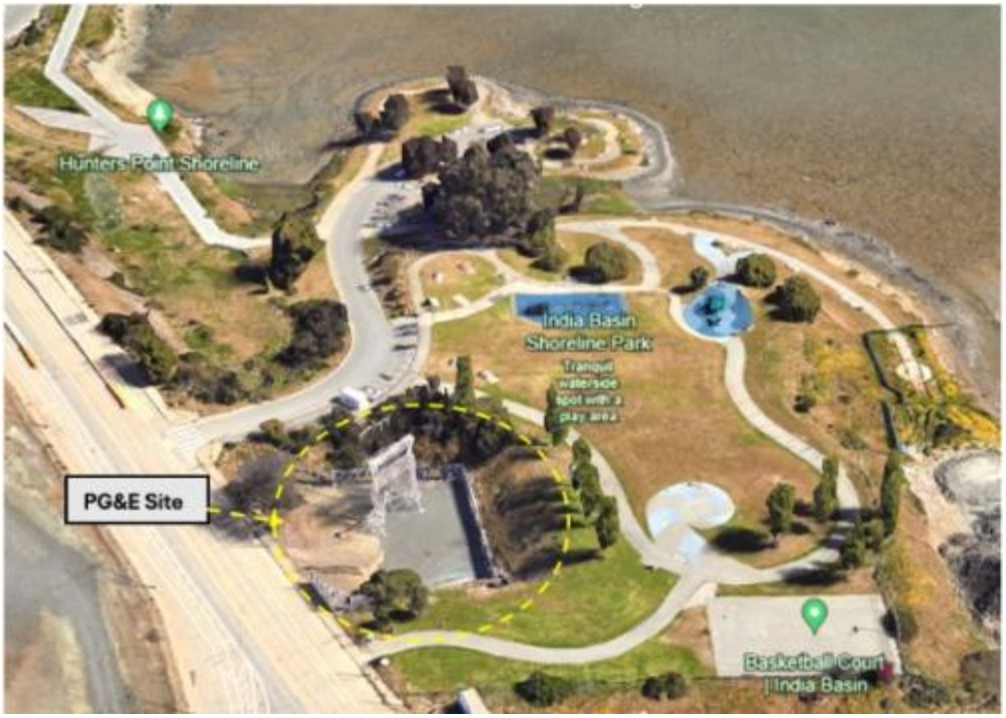
BACKGROUND

India Basin Waterfront Park Development

The Recreation and Parks Department's (REC) India Basin Waterfront Park Development project is a project to convert 900 Innes Ave from a post-industrial brownfield into a waterfront park and to connect 900 Innes Ave with the existing India Basin Shoreline Park with a total land area of 10-acres. This development is part of a larger effort to provide pedestrian and bicycle connections on 1.5 miles of waterfront open space along the San Francisco Bay and to promote access to open space to a historically disadvantaged community. Thus far, Phase 1 (900 Innes Remediation) was completed in 2021, Phase 2 (900 Innes Construction) was completed in 2024, and Phase 3 (India Basin Shoreline Park Construction) is slated to be completed by Spring 2028.

The property at 5000 Hunters Point Boulevard is 13,734 square feet and lies within the India Basin Waterfront Development project site. It is currently owned by Pacific Gas and Electric Company (PG&E) and previously functioned as a transmission tower site. To allow for the park project to move forward and sell the property to the City, PG&E relocated the tower, which connects the City's grid to the Hunters Point Substation. Exhibit 1 below shows the location of the PG&E property.

Exhibit 1: India Basin Shoreline Park and PG&E Site Location



Source: REC

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would approve the City's purchase of 5000 Hunters Point Boulevard from PG&E for $575,000 and a purchase and sale agreement between the parties. This purchase would allow the Recreation and Parks Department to continue renovations as part of the India Basin Waterfront Park Development project, while preserving PG&E access through reservation of an easement to PG&E for underground utilities.

Acquisition of the 5000 Hunters Point Boulevard site would support renovation of the broader park to improve access from Hunters Point Boulevard to the shoreline, and to serve as a deposit location for excess soil generated by the park's regrading work (as most of this parcel's existing grade level is lower than the surrounding park), thus avoiding off-haul and disposal costs.

Once developed, this site would include irrigation, power and drainage infrastructure, as well as park amenities such as benches, pathways, plantings and park signage. The City and PG&E have preliminarily agreed to a Purchase and Sale Agreement as follows.

Purchase and Sale Agreement

Under the proposed Purchase and Sale Agreement (Purchase Agreement), the City will pay PG&E a purchase price of $575,000. As required under Administrative Code Chapter 23.3, REC obtained an appraisal and a review appraisal of the property. The purchase price of $575,000 was negotiated and exceeds the appraised value of the site. However, the price is less than PG&E's

costs to decommission, demolish, and remove the existing transmission tower. This removal work has already been completed.

The Recreation and Parks Department could not provide PG&E's costs to remove the transmission tower, but the Department estimates it would cost the City much more than $385,000, which reflects the difference between the proposed purchase price of $575,000 and the appraised value of $190,000, to remove the tower on its own.

Environmental Conditions

According to an August 2024 staff memo to the Recreation and Park Commission on the proposed acquisition, PG&E completed a Phase I environmental site assessment, and at the City's request, a Phase II assessment to confirm Phase I soil sampling and analysis findings. Soil testing findings do not show areas of concern.

The City plans to fill in the below-grade site with soil from the surrounding site, as well as hardscape or at least one foot of clean fill in compliance with the DPH-approved Site Mitigation Plan for the India Basie Shoreline Park Project.

Reserved Easement

PG&E reserves a utility easement for underground electric duct banks, conduits, and cables across the property. PG&E reserves associated access, maintenance, and vegetation-management rights.

Sale Contingent on John McLaren Park Easement

Section 7.2 of the proposed purchase agreement establishes that the sale of the site is conditioned on PG&E's acquisition of a separate easement to install an underground utility line under John McLaren Park at Visitacion Avenue and Mansell Street for the Egbert Switching Station Project, which is unrelated to the India Basin Waterfront Project. This resolution was negotiated alongside this separate transaction because both projects have similar project teams and timeframes, according to Recreation and Parks Department staff.

Open Space Acquisition Roster

REC staff assess sites for potential acquisition based on the site's ability to meet the three policy goals set forth in REC's Acquisition Policy. The three goals include: (1) identify sites that serve High Need areas and/or areas where there is a deficiency in open space as defined by the Recreation and Open Space Element of the General Plan (ROSE); (2) identify sites that leverage other funding sources for the purchase, development, and/or ongoing maintenance; and (3) identify sites that encourage a variety of potential recreational and open space uses and users. REC staff also consider other elements when assessing a site for acquisition such as challenges for development or use of the site, community support, existing trees or vegetation, site topography, and other elements.

Sites that are determined to be desirable for acquisition based on the goals above are added to a roster of potential purchases by the Open Space Fund for further site analysis and due diligence. 5000 Hunters Point Boulevard was added to this roster on June 10, 2025.

FISCAL IMPACT

Purchase Cost

The cost of the acquisition of the 5000 Hunters Point Boulevard site is $575,000. The source of funding is the Open Space Acquisition fund, which has a current balance of $11.8 million according to REC staff.

Development and Maintenance Costs

REC staff did not provide cost estimates for development and maintenance of the site. Development of the parcel would be funded by the Indian Basin Waterfront Park project budget, which is approximately $105 million for Phase 3. According to REC staff, ongoing maintenance of the site is anticipated and part of the Department's budget for the India Basin Waterfront Park.

RECOMMENDATION

Approve the proposed resolution.

Item 4 **File 26-0718**	**Department:** Recreation and Parks Department

EXECUTIVE SUMMARY

Legislative Objectives

- The proposed resolution would approve a purchase and sale agreement between the City and the Pacific Gas and Electric Company (PG&E) to provide an easement to PG&E to install underground utilities along Visitacion Avenue in John McLaren Park for $950,000.

Key Points

- PG&E plans to install a new high voltage underground transmission line under City streets and through John McLaren Park under Visitacion Avenue and Mansell Street (the Cable Project). This proposed 3.1-mile-long transmission line will connect existing transmission lines in Brisbane and the Egbert Switching Station in San Francisco. The line would be installed, operated, and maintained by PG&E. The proposed Cable Project would increase reliability of electrical service to San Francisco, especially in the case of an emergency.
- The Recreation and Parks Department (REC) developed the Visitation Avenue Pedestrian and Bicycle Safety Project (Vis Ave Safety Project) to take advantage of PG&E's work on the roadway. Under this proposal, PG&E's work will include curb-to-curb repaving along Visitacion Avenue, and the proposed sale of the easement will partially fund adjacent safety improvements, including new sidewalks, bikeways, and lighting, along with traffic-calming features to slow vehicle speeds.
- The purchase price of $950,00 was negotiated and exceeds the appraised value of the easement to provide sufficient funding for the adjacent safety improvement project along Visitacion Ave and support park purpose for the easement.

Fiscal Impact

- Sale of the easement within John McLaren Park to PG&E will generate $950,000 in revenues to the City. According to REC staff, the revenue generated from the easement will be allocated toward the Visitacion Avenue Pedestrian and Bicycle Safety Improvement Project, which has an estimated construction budget of $3.5 million and a total project budget of $5.7 million.

Recommendation

- Approve the proposed resolution.

MANDATE STATEMENT

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

City Charter Section 9.118(c) states that any sale of real property owned by the City and County of San Francisco is subject to Board of Supervisors approval.

BACKGROUND

The Pacific Gas and Electric Company (PG&E) plans to install a new high voltage underground transmission line under City streets and through John McLaren Park under Visitacion Avenue and Mansell Street (the Cable Project). This proposed 3.1-mile-long transmission line will connect existing transmission lines in Brisbane and the Egbert Switching Station in San Francisco. The line would be installed, operated, and maintained by PG&E. The Cable Project would increase reliability of electrical service to San Francisco, especially in case of an emergency. According to an August 2024 Recreation and Parks (REC) Department staff memo to the Recreation and Park Commission, the Cable Project will allow San Francisco electric system greater flexibility and independence to adapt to potential losses in service.

A portion of John McLaren Park (under Visitacion Avenue and a portion of Mansell Street) is not covered by the existing franchise agreement between the City and PG&E. This portion of land is under jurisdiction of the Recreation and Parks Department and is not designated public right-of-way under the jurisdiction of Public Works. Because of this, PG&E requires City authorization to install infrastructure through the park.

The Recreation and Parks Department developed the Visitation Avenue Pedestrian and Bicycle Safety Project (Vis Ave Safety Project) to take advantage of PG&E’s work on the roadway. Under this proposal, PG&E’s work will include curb-to-curb repaving along Visitacion Avenue, and the proposed sale of the easement will partially fund adjacent safety improvements. The Department is coordinating with PG&E to ensure the Vis Ave Safety Project improvements are not disturbed by PG&E’s work.

2018 McLaren Park Vision Plan

This plan was created in Spring 2018 based on over two years of community outreach. This plan aims to improve access and safety of McLaren Park by consolidating routes, restoring habitats, and redesigning roadway corridors. This plan calls for improvements to be made along the same corridor where PG&E proposes to install the Cable Project.

Visitacion Avenue Pedestrian and Bicycle Safety Project

This project was developed based on the 2018 McLaren Park Vision Plan to improve pedestrian and bicyclist safety along the Visitacion Avenue corridor by adding new sidewalks, bikeways, and lighting, along with traffic-calming features to slow vehicle speeds. The proposed Cable Project would be developed adjacent and without disruption to the Visitacion Avenue Pedestrian and Bicycle Safety Project.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would approve a purchase and sale agreement between the City and PG&E to provide an easement to PG&E to install underground utilities as part of the Cable Project for $950,000. The resolution also finds that the proposed sale of the easement furthers a public purpose because the transaction supports safety improvements along Visitacion Avenue through McLaren Park.

Easement Deed

Under the proposed permanent easement deed, PG&E will construct, operate, and maintain an underground electrical transmission line within the easement area, along with necessary facilities and rights of entry, subject to the City's continued use of the park land. Before performing any work in the easement area, PG&E must submit plans for the City's review and approval (via a temporary minor encroachment permit), comply with Locate and Mark Rules to identify existing utilities, and ensure no damage to City facilities. Both parties must give 30 days' written notice before any excavation, except in emergencies, while initial Cable Project construction requires 90 days' advance notice. The City retains the right to use the subsurface of its property for its own utilities and to grant nonexclusive rights to third parties within the easement area. PG&E must restore any disturbed areas to pre-existing conditions within 12 months and must repave affected roadways curb-to-curb following initial Cable Project installation.

The easement is granted with no defined expiration term and no extension mechanism.

Purchase and Sale Agreement

Under the proposed Purchase and Sale Agreement (Purchase Agreement), PG&E will pay the City $950,000 for the easement. The purchase price includes a $50,000 deposit due within five business days of the effective date. As required under Administrative Code Chapter 23.3, REC obtained an appraisal and a review appraisal of the property. The purchase price was negotiated and exceeds the appraised value. According to REC staff, a $950,000 purchase price was agreed upon to provide sufficient funding for the adjacent safety improvement project along Visitacion Ave and support park purpose for the easement.

Contingencies

This agreement is dependent on the execution of a separate property transaction where PG&E will decommission their transmission tower at 5000 Hunters Point Boulevard and transfer property to REC, subject to Recreation and Park Commission and City approvals. This resolution was negotiated alongside this separate transaction because both projects have similar project teams and timeframes. The proposed purchase agreement stipulates that closing of the proposed sale will occur at the same time as closing of the sale of 5000 Hunters Point Boulevard.

FISCAL IMPACT

Sale of the easement within John McLaren Park to PG&E will generate $950,000 in revenues to the City. According to REC staff, the revenue generated from the easement will be allocated toward the Visitacion Avenue Pedestrian and Bicycle Safety Improvement Project, which has an estimated construction budget of $3.5 million and a total project budget of $5.7 million.

RECOMMENDATION

Approve the proposed resolution.

Item 8 **File 26-0773**	**Department:** Mayor's Office of Housing and Community Development

EXECUTIVE SUMMARY

Legislative Objectives

- The proposed resolution would approve a first amendment to the loan agreement between the City and 1234 Great Highway, LLC, increasing the not to exceed loan amount by $3,248,500, from $24,000,000 to $27,248,500. The resolution would also approve an amended promissory note and deed of trust, reflecting the new loan amount.

Key Points

- In December 2023, the Board of Supervisors approved a $24.0 million loan to 1234 Great Highway LLC, an affiliate of TNDC, to acquire the properties located at 1225 La Playa, 1270 Great Highway, and 1280 Great Highway and fund predevelopment activities for the proposed affordable housing development. The proposed project is a 216-unit apartment building affordable for low-income and formerly homeless seniors. The building will also contain an adult day health care center to be operated by Self Help for the Elderly.
- Similar to other projects in MOHCD's pipeline, the project is stalled due to lack of state financing. The project sponsor anticipated receiving approximately $35 million from the State's Multifamily Housing Program (MHP), but the project did not receive an award, and applications for the program are on hold pending voter approval of additional state bond funding. MOHCD reports that there are no viable financing alternatives at this time.
- The project has completed the design phase with entitlements pending approval by the Planning Department. The proposed loan would reimburse eligible predevelopment expenditures and allow the sponsor to repay interim debt, thereby reducing interest costs.

Fiscal Impact

- The proposed $3,248,500 in additional predevelopment loan funding would be paid from the Housing Trust Fund, increasing the predevelopment loan from $651,500 to $3,900,000.
- At this time, there is no change to the project's estimated total development cost of $187.2 million or the anticipated City subsidy of $344,000 per unit, pending gap financing.

Recommendation

- Approve the proposed resolution.

MANDATE STATEMENT

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

BACKGROUND

In January 2023, the Mayor's Office of Housing and Community Development (MOHCD) issued a Notice of Funding Availability (NOFA) for the acquisition and predevelopment of affordable rental housing in high-resource neighborhoods. Following evaluation of proposals, MOHCD selected Tenderloin Neighborhood Development Corporation (TNDC) and Self-Help for the Elderly (SHE) to develop the property located at 1234 Great Highway into 216 units of affordable senior housing.

In December 2023, the Board of Supervisors approved a $24.0 million loan to 1234 Great Highway LLC, an affiliate of TNDC, to acquire the properties located at 1225 La Playa, 1270 Great Highway, and 1280 Great Highway and fund predevelopment activities for the proposed affordable housing development (File 23-1198). Of the total loan amount, $23.35 million financed property acquisition and $651,500 funded predevelopment costs. Acquisition financing was provided from the City's 2023 Certificates of Participation and Low and Moderate Income Housing Asset Fund.

The acquisition loan enabled the project sponsor to refinance a short-term acquisition loan and acquire the approximately 0.70-acre site for future affordable housing development. At the time of approval, MOHCD anticipated that the project would begin construction in 2026 following receipt of state and federal financing. The property has continued operating as a commercial motel during the interim period to offset holding costs.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would:

- Approve a first amendment to the loan agreement between the City and 1234 Great Highway LLC, increasing the not to exceed loan amount by $3,248,500, from $24,000,000 to $27,248,500;
- Approve an amended and restated secured promissory note increasing the predevelopment loan amount from $651,500 to $3,900,000;
- Approve an amendment to the deed of trust to reflect the increased loan amount and revised funding sources;
- Authorize the Director of the Mayor's Office of Housing and Community Development to execute the amended loan documents and make non-material modifications necessary to implement the resolution.

Project Financing

At the time the Board approved the original acquisition and predevelopment loan in December 2023, MOHCD anticipated the project would seek approximately $35 million in permanent financing for development through the State's Multifamily Housing Program (MHP) and other state and federal funding sources. Since then, available MHP funding has been exhausted, and the program is not currently accepting new applications pending voter approval of additional state bond funding. Proposition 1, which will be before voters in the November 2026 election, would approve $11.25 billion in State general obligation bonds for affordable housing.

According to MOHCD project manager Jenny Collins, the lack of available state financing has delayed construction for nearly all projects in the Department's affordable housing pipeline, including the project at 1234 Great Highway. MOHCD further reports that no viable alternative financing sources are available and cannot estimate when funds could become available, but indicated that additional information may be available following the November 2026 election. Until additional financing opportunities emerge, the project will remain on hold, and the proposed loan amendment is intended to preserve the sponsor's financial capacity and maintain the project's readiness to compete for future funding. The project has completed the design phase with entitlements pending approval by the Planning Department.

Loan Agreement

The proposed resolution would increase the City's not to exceed loan amount from $24,000,000 to $27,248,500. The acquisition loan amount of $23,348,500 and initial predevelopment loan of $651,500 were funded by the City's Low and Moderate Income Housing Asset Fund and 2023 Certificates of Participation. The additional $3,248,500 would be provided from the Housing Trust Fund, increasing the predevelopment loan from $651,500 to $3,900,000.

The acquisition loan would continue to bear no interest and would be repaid upon transfer of the property to the City at the start of construction. The amended predevelopment loan would continue to accrue simple interest at three percent annually, although the Director of the Mayor's Office of Housing and Community Development (MOHCD) may reduce the interest rate to as low as zero percent if necessary to maintain the project's financial feasibility. The predevelopment loan would mature on the fifty-fifth anniversary of the project's conversion date or, if construction does not commence by the outside construction commencement date specified in the loan agreement, upon that date, unless extended by MOHCD.

Extension to Outside Construction Commencement Date and 95% Occupancy Date

The proposed amended loan agreement extends the outside construction commencement date by three years to December 31, 2031 and extends the outside date for achieving a 95 percent occupancy date by five years to December 31, 2034.

According to Section 3.8 of the existing loan agreement, which is unchanged, if the City determines by the outside construction commencement date that the 1234 Great Highway project is unlikely to be developed within a reasonable time period for any reason, including TNDC inability to obtain necessary financing, the City may require either that: (i) TNDC transfer the fee title to the property to another nonprofit corporation, limited partnership or limited liability company designated by the City with the intention that the property be developed for affordable housing; or (ii) that TNDC convey the fee title to City for an amount equal to the outstanding principal balance of the Loan, plus accrued and unpaid interest.

Additional Loan Condition

The proposed amendment to the loan agreement adds an additional condition to the loan, which prohibits the sponsor from seeking additional financing for the project without prior written approval from MOHCD to ensure future financing commitments are coordinated and remain consistent with the project's overall financing plan. Other material terms of the loan agreement would remain substantially unchanged.

Loan Documents

In addition to the Amended and Restated Loan Agreement, the proposed resolution also approves the following associated loan documents:

- The Amended and Restated Secured Promissory Note for the predevelopment loan; and
- The First Amendment to the Deed of Trust, which secures the loan.

FISCAL IMPACT

The proposed legislation would increase the City's existing not to exceed loan amount by $3,248,500 in predevelopment financing from $24.0 million to $27.25 million. As shown in Exhibit 1, the additional funding would be used to repay an outstanding Corporation for Supportive Housing (CSH) predevelopment loan, reimburse TNDC for eligible predevelopment costs previously advanced with organizational funds, and pay a portion of the developer fee earned upon project entitlement. The $3.2 million loan will be funded completely by Housing Trust Fund monies.

Exhibit 1: Sources and Uses

Sources and Uses	Amount	Per Unit
Sources		
Housing Trust Fund	$3,248,500	$16,324
Total Sources	**$3,248,500**	**$16,324**
Uses		
CSH Loan Repayment*	2,410,826	12,114
Sponsor Reimbursement**	672,674	3,380
Developer Fee	165,000	829
Total Uses	**$3,248,500**	**$16,324**

Source: MOHCD

(*) Inclusive of a $38,165 contingency beyond the CSH loan balance of $2,372,661. The CSH loan funded approximately $2.3 million in soft costs for predevelopment (including architect and engineering fees, property taxes, and other costs) and a $88,720 developer fee.

**The Sponsor Reimbursement would reimburse the sponsor for soft costs for predevelopment, including architect and design team costs and other costs

The proposed amendment shifts a portion of the City's anticipated predevelopment financing from the construction financing stage to the current predevelopment period. The Board previously approved $24.0 million in City financing, including $651,500 for predevelopment activities, with the expectation that the sponsor would obtain interim private financing to fund additional predevelopment work until construction financing closes. Because construction financing has been delayed, the proposed loan would allow the City to retire that interim debt, thereby reducing interest costs, and reimburse eligible predevelopment expenditures at this time rather than after construction financing is secured.

The proposed amendment does not revise the project's estimated total development cost of approximately $187.2 million. At the time of the original loan approval, MOHCD estimated that the City would ultimately provide approximately $74.2 million in acquisition, predevelopment, and permanent financing, or approximately $344,000 per affordable unit. Other funding sources are expected to be Low Income Housing Tax Credits, California Department of Housing and Community Development Multi-Family Housing Program loan, Federal Housing Loan Bank Affordable Housing Program grant funds, developer equity, interim use income, and a private loan.[1] According to MOHCD, the proposed amendment advances a portion of anticipated predevelopment funding but does not change the Department's current estimate of the project's total financing needs.

RECOMMENDATION

Approve the proposed resolution.

[1] MOHCD notes that due to the typical sequencing of permanent financing, the sponsor has not yet applied for Low Income Housing Tax Credits (LIHTC) due to the delays in securing state funds.

Item 9 **File 26-0774**	**Department:** Mayor's Office of Housing and Community Development

EXECUTIVE SUMMARY

Legislative Objectives

- The proposed resolution would approve and authorize the Director of Property and MOHCD Director to enter into a ground lease at 1939 Market Street with Mercy Housing California 109, L.P., an affiliate of Mercy Housing, for a lease term of 75 years with one 24-year option to extend and an annual base rent and fees of $15,100.

Key Points

- MOHCD acquired the property at 1939 Market Street in 2020 to develop affordable housing. Mercy Housing and Openhouse were selected through a competitive solicitation in 2021. The project is a 15-story high rise development which will feature 187 affordable housing units, primarily serving LGBTQ+ seniors.
- The approval of the proposed ground lease will permit the timely demotion of the property's existing structures, estimated to take place in the third quarter of 2026.
- The proposed lease includes provisions requiring City approval of construction plans and major project changes and automatically terminates if project financing does not close by February 23, 2027.

Fiscal Impact

- Total rent and fees under the proposed ground lease will be $15,100 paid to the City each year. The Department will return to the Board to seek approval for gap financing once State tax credit financing has been finalized later this year. Total development costs for the project are projected to be $177,036,217.

Recommendation

- Approve the proposed resolution.

MANDATE STATEMENT

Administrative Code Section 23.30 states that the Board of Supervisors shall approve all leases on behalf of the City as landlord by resolution for which the term is longer than a year and costs over $15,000 per month. Leases of City property that require Board of Supervisors approval may be less than market rate if the Board of Supervisors finds that doing so would serve a public purpose.

BACKGROUND

Acquisition of Property at 1939 Market

The Board of Supervisors approved a Purchase and Sale Agreement in February 2020 (File 20-0042) to acquire property at 1939 Market Street for a price of $12 million and place the property under the jurisdiction of the Mayor's Office of Housing and Community Development (MOHCD). The acquired property consisted of a two-story office building and adjacent paved parking area totaling 12,000 square feet. MOHCD intended to convert the site into affordable housing but did not yet have a developer or target population in place. As a condition of the purchase agreement, MOHCD assumed the leases of the three existing tenants at the site for a period of two years while the Department developed project plans.

Development Status

In November 2020, MOHCD issued a Request for Qualifications (RFQ) to develop affordable housing on nine sites in San Francisco. MOHCD received two responses for the site at 1939 Market from the 16 unique development teams responding to the multi-site RFQ. The RFQ solicited proposals from developers for a senior housing project at 1939 Market. An evaluation panel comprised of two community members and 11 City staff issued the following scores for the submissions based on the responding team's development experience (40 points) and project concept (60 points).

Exhibit 1: Responses and Scores for 1939 Market Site

Responding Team	Score (out of 100 points)
Mercy Housing / Openhouse	89
Tabernacle Community Development Corp. / The Pacific Companies	78

Source: MOHCD

MOHCD selected Mercy Housing and Openhouse to develop the site at 1939 Market as the highest-scoring team in April 2021. Under their joint venture partnership, Mercy is the lead of real estate development while Openhouse, a 501(c)3 community organization for LGBTQ+ seniors, leads the project's vision components.[1] 1939 Market Street and four other project sites

[1] Mercy Housing and Openhouse have partnered on two previous affordable housing developments at 55 Laguna and 95 Laguna, which completed construction in 2017 and 2020, respectively.

make up the first cohort to start development activities with the stated goal of achieving project completion in 2025.

The Citywide Affordable Housing Loan Committee granted predevelopment funding to Mercy Housing in November 2021, and the developer made progress towards permitting and design development through 2024. However, due to unsuccessful solicitation of Affordable Housing and Sustainable Communities (AHSC) funding,[2] Mercy Housing paused activities and conducted an analysis of the viability of integrating market-rate units to support financial feasibility. The analysis concluded that a unit mix of affordable and market-rate units would not be feasible without a complete redesign of the project, and the project continued with its original submitted schematics.

As authorized by the Citywide Affordable Housing Loan Committee in March 2025, MOHCD and Mercy Housing applied for and were awarded a total of $47.6 million in AHSC funds to go towards affordable housing development ($35.0 million) and Citywide transit improvements ($12.6 million).

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would approve and authorize the Director of Property and MOHCD Director to enter into a ground lease at 1939 Market Street with Mercy Housing California 109, L.P., an affiliate of Mercy Housing, for a lease term of 75 years with one 24-year option to extend and an annual base rent and fees of $15,100.

Project Description

The proposed development is a 15-story building featuring 187 affordable residential units and approximately 1,500 square feet of ground floor commercial space. The project is designed to serve LGBTQ+ seniors, with all units consisting of studios or one-bedroom apartments affordable to households earning no more than 60 percent Area Median Income (AMI). Two units will be reserved for on-site managers, and 40 will be designated as permanent supportive housing for formerly homeless seniors (with an ongoing subsidy from the General Fund via the Local Operating Subsidy Program). Mercy Housing will utilize subsidies and solicit referrals from multiple sources serving low-income seniors, veterans, and HIV/AIDS-affected persons.[3] Construction is expected to start in January 2027, and the building will be fully leased by June 2029.

[2] The Affordable Housing and Sustainable Communities (AHSC) Program under the California Department of Housing and Community Development funds projects that implement land-use, housing, transportation, and agricultural land preservation practices that reduce greenhouse gas emissions. The Department notes the first rejection of AHSC funding was due to funding availability and possible points lost on the narrative section of the application.

[3] According to the preliminary gap loan evaluation report, 1939 Market will solicit subsidies and referrals from Plus Housing, Local Operating Subsidy (LOSP), Veteran Affairs Supportive Housing (VASH), Senior Operating Subsidy (SOS), and the Affordable Housing Opportunity Fund (AHOF) programs.

Openhouse has executed a Letter of Intent to use the ground floor commercial space for mental health support services and as a community gathering space for the Openhouse community. The space buildout and services will be paid for by Openhouse. All residents will have access to health service coordination inclusive of basic health and needs assessments, education, wellbeing checks, and linkages to care. Mercy Housing will staff two full-time (FTE) resident services coordinators who will oversee building-wide programming and connection to Openhouse staff. Two additional FTEs will staff the building as case managers to support the individual needs of the permanent supportive housing residents.

Ground Lease

The proposed ground lease between the City and Mercy Housing is for a term of 75 years with an option to extend it for an additional 24 years. The ground lease includes an annual rent of $100 per year, plus a $15,000 annual monitoring fee,[4] to be paid beginning January 31st of the calendar year following the earlier of (1) issuance of the first certificate of occupancy, or (2) the third anniversary of the lease's effective date. Mercy Housing is responsible for all taxes, assessments, utilities, maintenance, and other costs associated with the property in addition to the annual rent.

Key Conditions

The approval of the proposed ground lease will permit the timely demolition of the structures at the project site. MOHCD will subsequently return to the Board of Supervisors for approval of the project's gap financing loan. The proposed lease agreement includes a provision that automatically terminates the lease if all financing required to construct the project has not closed escrow by February 23, 2027. According to MOHCD Project Manager Matthew Graves, the Department anticipates bringing legislation to the Board by the end of 2026 once State tax credit awards are determined and anticipates closing project financing in January 2027.

The proposed lease agreement includes several provisions granting the City oversight of project design and construction. The developer must submit construction plans and material change orders for City approval, provide monthly construction progress reports, furnish performance and payment bonds prior to construction, and obtain all required permits and regulatory approvals. The lease also establishes construction deadlines, while allowing extensions for City review delays or qualifying force majeure events.

Interim Use

Of the three tenants at 1939 Market Street whose leases were assumed by the City at the time of acquisition, two have vacated and one continues to occupy and pay rent to the City on a month-to-month basis. The tenant, a public relations firm occupying two office units, is aware of the project schedule, has waived rights to relocation compensation, and will vacate by the time demolition begins in Fall 2026.

[4] A condition of the site's designation as surplus land is for the technical base rent to total $100, per MOHCD Project Manager Matthew Graves. This designation increase's the project's competitiveness for HCD funds.

FISCAL IMPACT

Total rent and fees under the proposed ground lease will be $15,100 paid to the City each year. Mercy Housing will be responsible for all charges, taxes, and other obligations related to the property.

Project Development Budget

Exhibit 2 below presents the preliminary development sources and uses for the development of 1939 Market, which has an estimated total development cost of $177,036,217. MOHCD expects to finalize the project budget after the State Low-Income Housing Tax Credit awards are announced in August 2026 and will then return to the Board of Supervisors to seek approval of the project's $52.36 million gap financing loan.

Exhibit 2: Estimated Developer Sources and Uses at 1939 Market (subject to later Board of Supervisors Approval)

Sources	
Name	**Amount**
MOHCD/OCII	$52,360,000
Tax Credit Equity	72,329,654
Housing & Community Development	35,000,000
Citi Permanent Loan	7,500,000
GP Equity	2,000,000
Developer Fee^	4,000,000
MOHCD Bridge Loan	2,000,000
Accrued Interest	1,846,563
Total	*$177,036,217*
Uses	
Category	**Amount**
Acquisition*	$12,000
Hard Costs	130,592,408
Soft Costs	32,621,111
Reserves	1,610,697
Developer Costs	12,200,000
Total	*$177,036,217*

Source: MOHCD
(^) Already paid to and spent down by Mercy Housing.
(*) Mercy Housing acquisition costs are comprised of the transfer taxes for the property. The $12,000,000 million acquisition price for the property was paid by the City in 2020 and is not accounted for in the $177 million development costs.

RECOMMENDATION

Approve the proposed resolution.

Item 10 **File 26-0728**	**Department:** Department of Technology (DT)

EXECUTIVE SUMMARY

Legislative Objectives

- The proposed resolution would approve the first amendment to the contract between the Department of Technology (DT) and Zones, LLC (Zones) for the purchase of Microsoft Enterprise products, increasing the agreement by $60 million for an amount not to exceed $115 million, and extending the term by three years for a total term of September 1, 2023 through August 31, 2029, with three remaining one-year options to extend through August 31, 2032.

Key Points

- In July 2023, the Board of Supervisors approved a contract between DT and Zones for the purchase of Microsoft Enterprise products for an initial three-year term from September 1, 2023 through August 31, 2026, with the option of six one-year extensions and an amount not to exceed $55 million.
- The proposed amendment will continue to allow City departments, except the Municipal Transportation Agency, to procure Microsoft enterprise software, cloud services, productivity applications, cybersecurity tools, server software, and related licensing through a centralized enterprise agreement administered by DT.
- The amendment maintains the existing maximum reseller markup of 0.5 percent on all Microsoft products and adds provisions governing artificial intelligence technologies, restrictions on the use of City data for AI training, and enhanced data security protections.

Fiscal Impact

- The cost of the contract is $17.6 million per year, funded the annual operating budgets of various City departments purchasing Microsoft products and services.
- DT estimates that centralized procurement under the contract will avoid approximately $10.5 million in costs over the three-year extension term through license optimization, participation in Microsoft's government purchasing program, and negotiated discounts.

Recommendation

- Approve the proposed resolution.

MANDATE STATEMENT

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

BACKGROUND

The City purchases Microsoft software products through authorized resellers, as Microsoft distributes these products exclusively through its reseller network. Zones, LLC (Zones) is an authorized Microsoft reseller that facilitates the procurement and licensing of Microsoft software products and related technology services. In July 2023, the Board of Supervisors approved a contract between the Department of Technology (DT) and Zones for the purchase of Microsoft Enterprise products for an initial three-year term from September 1, 2023 through August 31, 2026, with the option of six one-year extensions and an amount not to exceed $55 million (File 23-0694). DT now proposes exercising three of the six one-year options to extend the agreement by three years from September 1, 2026 through August 31, 2029.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would approve the first amendment to the contract between DT and Zones for the purchase of Microsoft Enterprise products, increasing the agreement by $60 million for an amount not to exceed $115 million, and extending the term by three years for a total term of September 1, 2023 through August 31, 2029, with three remaining one-year options to extend through August 31, 2032.

Products and Pricing Structure

Under the proposed amendment, the City would be able to continue purchasing all Microsoft products for all City departments, except for the Municipal Transportation Agency (MTA), which has its own Microsoft Enterprise contract. The products covered by the contract include Microsoft enterprise software licenses, cloud-based productivity and collaboration tools, security and identity management solutions, server and infrastructure software, cloud platform services, and related subscription licenses, add-ons, and upgrades. The proposed amendment does not change the list of products, which is shown in Exhibit 1 below:

Exhibit 1: Microsoft Products Available Under Proposed Amendment

Microsoft Category	Microsoft Products
Enterprise Online Services	Basic Office 365 Enterprise and Windows 10 Enterprise
Enterprise Products	Office 365 Pro Plus, Enhanced Windows 10 Enterprise, Core CAL Suite, Enterprise CAL Suite
Additional Products	Enhanced Office 365 Enterprise, Project Online, Visio Online, Dynamics 365, Azure, SQL Server, Windows Server
Server & Tools Products	SharePoint Server, SQL Server, BizTalk Server, Visual Studio, Core Infrastructure Suites

Source: DT, Proposed Amendment

The contract maintains a maximum markup of 0.5 percent on all Microsoft products. According to DT, this pricing structure is estimated to be approximately 12 to 15 percent below comparable retail pricing, depending on the applicable Microsoft purchasing program and product category.

The amendment adds new provisions governing artificial intelligence and data security, including definitions for artificial intelligence (AI) technologies, prohibitions on using City data to train AI systems without prior written approval, restrictions on the use of generative AI in contract deliverables, and enhanced protections for the management and confidentiality of City data.

In addition, under the proposed amendment, Appendix A3 updates the custom Microsoft licensing terms negotiated in 2023 to clarify that the agreement applies not only to currently enrolled City departments, but also to any successor entities. This revision ensures continued coverage under the Microsoft Enterprise Enrollment in the event of future departmental reorganizations, consolidations, transfers of functions, or name changes, without requiring additional amendments to the agreement.

Spending by Department

Since FY 2023-24, DT has spent the most of any department ($35.4 million), followed by the Public Utilities Commission ($5.2 million) and the Department of Public Health ($3 million). As shown in Exhibit 2 below, these three departments account for approximately 88 percent of encumbrances to date from FY 2023-24 to FY 2025-26 (as of 6/30/26).

Exhibit 2: Departmental Encumbrances from FY 2023-24 to FY 2025-26 (as of 6/30/26)

Department	FY 2023-24	FY 2024-25	FY 2025-26	Total
Dept of Technology	$10,267,204	$12,198,225	$12,968,158	$35,433,587
Public Utilities	1,351,724	1,742,951	2,065,243	5,159,918
Public Health	871,432	1,309,943	871,796	3,053,171
Human Services	389,982	639,022	664,094	1,693,099
Airport	384,293	415,690	417,340	1,217,323
Public Works	197,032	263,457	296,823	757,312
City Attorney	227,288	239,335	257,660	724,283
Police	163,195	163,195	221,695	548,084
Sheriff	63,237	153,800	188,543	405,580
Retirement	65,415	65,415	65,415	196,246
Building Inspection	40,300	40,300	40,300	120,901
Children, Youth & Families	36,468	37,450	46,934	120,852
Planning	27,911	0	55,822	83,733
Controller	26,593	26,593	26,593	79,780
Port	17,673	17,673	17,673	53,020
Juvenile Probation	3,074	13,071	22,092	38,237
Human Resources	0	9,447	9,447	18,894
Recreation & Parks	4,889	4,889	4,889	14,668
Adult Probation	3,502	3,502	3,502	10,506
Community Investment & Infrastructure	3,122	3,122	3,122	9,365
Fire	911	911	911	2,733
Treasurer-Tax Collector	983	393	393	1,769
Total	**$14,146,230**	**$17,348,385**	**$18,248,446**	**$49,743,061**

Source: Department of Technology

The City's Microsoft 365 licenses, including Exchange Online email, Outlook, Word, Excel, PowerPoint, Teams, OneDrive, and related services, are administered and managed centrally by DT. Departments seeking to procure additional Microsoft products or services, such as Azure[1] or SQL Server[2], are required to obtain approval from DT and the Office of Contract Administration (OCA) prior to submitting purchase orders to Zones (the authorized reseller). According to DT, this centralized review process helps ensure compliance with City technology standards, licensing requirements, and procurement policies.

[1] Microsoft Azure is a cloud services platform that allows organizations to host applications, store data, and access computing resources over the internet.
[2] Microsoft SQL Server is database software used to store and manage information that supports business operations and applications.

Performance Monitoring

Appendix C of the contract establishes service level standards for hosted software services, including system availability, response times, technical support, and performance reporting. The contract also provides performance credits and termination remedies for repeated failures to meet established performance standards. DT states the department actively monitors vendor performance through regular business reviews with Microsoft and Zones, including oversight of responsiveness, order fulfillment, licensing accuracy, issue resolution, and overall contract administration. According to DT, Zones has consistently performed in accordance with contractual standards and requirements.

FISCAL IMPACT

The proposed amendment increases the not-to-exceed contract amount by $60 million from $55 million to $115 million. DT projects spending $17.6 million per year. The basis for the spending by department under the proposed extension through August 31, 2029 is outlined below in Exhibit 3.

As of June 30, 2026, $49,743,061 had been spent on the contract with projected expenditures of up to $51,500,000 through the end of the existing term on August 31, 2026 (93.6 percent of current not-to-exceed amount).

Exhibit 3: Projected Departmental Spending under Proposed Amendment

Department	Year 4 (Sept 2026 to Aug 2027)	Year 5 (Sept 2027 to Aug 2028)	Year 6 (Sept 2028 to Aug 2029)	Total
Dept of Technology	$12,651,772	$12,651,772	$12,920,223	$38,223,767
Public Health	720,882	720,882	720,882	2,162,646
Human Services	567,739	567,739	567,739	1,703,217
Public Works	64,706	64,706	64,706	194,118
Police	171,649	171,649	171,649	514,947
City Attorney	284,664	284,664	284,664	853,992
Sheriff	198,531	198,531	198,531	595,593
Adult Probation	3,673	3,673	3,673	11,019
Planning	29,641	29,641	29,641	88,923
Fire	932	932	932	2,796
Recreation & Parks	5,281	5,281	5,281	15,843
Retirement System	67,714	67,714	67,714	203,142
Human Resources	9,920	9,920	9,920	29,760
Controller	28,367	28,367	28,367	85,101
Children, Youth & Families	38,042	38,042	38,042	114,126
Juvenile Probation	13,986	13,986	13,986	41,958
Treasurer-Tax Collector	1,053	1,053	1,053	3,159
Subtotal (General Fund Depts)	*$14,858,552*	*$14,858,552*	*$15,127,003*	*$44,844,107*
Public Utilities Commission	2,260,149	2,260,149	2,260,149	6,780,447
Airport	404,803	404,803	404,803	1,214,409
Building Inspection	42,561	42,561	42,561	127,683
Port	18,911	18,911	18,911	56,733
Community Investment & Infrastructure	3,371	3,371	3,371	10,113
Subtotal (Enterprise Depts)	*$2,729,795*	*$2,729,795*	*$2,729,795*	*$8,189,385*
Subtotal (All Departments)	**$17,588,347**	**$17,588,347**	**$17,856,798**	**$53,033,492**
Contingency				6,966,508
Total	**$20,000,000**	**$20,000,000**	**$20,000,000**	**$60,000,000**

Source: Department of Technology

According to DT, projected expenditures are based on current Microsoft license deployments across City departments. Departments are expected to review their Microsoft licensing inventories and deactivate licenses that are no longer needed prior to the September 1, 2026 effective date of the proposed amendment. DT reports that departments procure licenses based on their individual operational requirements and that each department's Chief Information Officer, Information Technology Director, or equivalent technology manager is responsible for evaluating business needs and determining appropriate licensing levels. Year 4 projected expenditures are lower than FY 2025-26 spending of $18.2 million despite an average eight percent increase in Microsoft unit pricing. DT attributes the reduction to license optimization and additional negotiated discounts (as further discussed below).

Approximately $38.2 million, or 72 percent of projected expenditures over the three-year extension, is associated with centrally managed Microsoft 365 services and related enterprise licensing administered by DT. These costs are charged back to departments through internal work orders. In addition, individual departments may procure supplemental Microsoft products through their own enrollments under the agreement. As shown in Exhibit 3, departments with the highest estimated annual expenditures for these additional products include the Public Utilities Commission ($2.3 million), Department of Public Health ($721,000), and Human Services Agency ($568,000).

The proposed amendment includes approximately $7.0 million in contingency funding, representing 11.7 percent of the total proposed amendment authority of $60.0 million. According to DT, the contingency functions as a reserve to accommodate unforeseen licensing needs without requiring additional Board approval or a separate procurement process. Examples include licenses for new employees, contractors, interns, cybersecurity initiatives, new software deployments, and increased Microsoft Azure cloud usage associated with departmental projects. The contingency also provides capacity for Microsoft's annual "true-up" process, through which actual software usage is reconciled against licensed quantities and departments pay for any additional licenses utilized during the year. If DT utilizes contingency authority to procure licenses on behalf of other departments, those costs would be recovered through internal work order billings.

Cost Avoidance

DT estimates that the proposed amendment will avoid approximately $10.5 million in costs over the three-year term compared to decentralized procurement and non-enterprise pricing arrangements. According to DT, this estimate consists of approximately $1.05 million from anticipated license reductions identified through the 2026 process, $6.0 million from participation in Microsoft's government purchasing program compared to estimated retail pricing, and approximately $3.45 million from negotiated Microsoft incentives and discounts associated with the renewal.[3]

DT reports that it maintains a dashboard tracking Microsoft email license usage across City departments and has identified approximately 1,500 email licenses that have not been accessed for more than six months. Based on an average annual cost of approximately $233 per license, eliminating these inactive licenses is projected to reduce costs by approximately $350,000 annually, or $1.05 million over the proposed three-year extension term. DT provides departments with monthly lists of potentially inactive accounts for review; however,

[3] According to DT, the $3.45 million estimate represents the difference between Microsoft's initial renewal pricing proposal and the final negotiated pricing proposal after application of Microsoft incentive discounts. DT reports that the department compared Microsoft's December 2025 renewal quote to a revised May 2026 proposal that incorporated negotiated discounts of 25 percent on qualifying citywide Microsoft 365 licensing for Years 4 and 5 and 15 percent for Year 6. DT estimates that the cumulative reduction in costs resulting from these negotiated discounts is approximately $3.45 million over the three-year extension term.

departments are responsible for determining whether licenses remain necessary to support operational, business, or programmatic needs before accounts are deactivated. As previously mentioned, departments are expected to review and deactivate unnecessary Microsoft licenses prior to the September 1, 2026 effective date of the proposed amendment.

Funding Source

The contract is funded by the annual operating budgets of City departments purchasing Microsoft products and services. Under the proposed amendment, projected departmental spending (as shown in Exhibit 3) indicates that approximately 84.6 percent of contract spending, excluding contingency funding, will be supported by General Fund departments and approximately 15.4 percent will be supported by enterprise and other special revenue departments.

RECOMMENDATION

Approve the proposed resolution.

Item 11 File 26-0673	Department: Office of Contract Administration

EXECUTIVE SUMMARY

Legislative Objectives

- The proposed resolution would authorize a second amendment to the agreement between the Office of Contract Administration (OCA) and Canon U.S.A., Inc (Canon) to increase the maximum amount by $6,300,000, resulting in a total not-to-exceed amount of $15,300,000. The amendment does not change the term of the contract, which ends December 15, 2030.

Key Points

- Based on the results of a solicitation conducted by another government entity, OCA awarded contracts to the top three proposers, including Canon, to provide departments with options to lease, rent, or purchase multi-function devices such as copier machines. Canon received the third-highest overall ranking, and the highest pricing score.
- The City's contract with Canon allows departments to obtain catalog discounts for equipment, which is applied by product category, and with reductions ranging from 1 percent to 60 percent from Canon's published list prices.
- Approximately $7.2 million of the existing not to exceed amount of $9.0 million has been spent or is committed to being spent under existing equipment leases, with approximately $1.8 million remaining uncommitted. OCA is requesting an amendment to the agreement so that departments can enter into additional equipment leases.

Fiscal Impact

- The proposed amendment would increase the Canon contract not to exceed amount by $6,300,000 for a new contract amount of $15,300,000 based on historical spending, with a 20 percent contingency and a $3.1 million allowance for anticipated future leases.
- To date, departments have spent approximately $1.1 million annually under the contract. Based on the anticipated future leases, annual spending is expected to increase to approximately $1.9 million.
- This contract will be funded by the existing operating budgets of City departments that rent, lease, or buy copiers and related equipment.

Recommendation

- Approve the proposed resolution.

MANDATE STATEMENT

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

BACKGROUND

The Office of Contract Administration (OCA) manages the procurement of copier machine leases, rentals, and purchases for City departments. The City has three existing contracts for copier machines, including a contract with Canon U.S.A., Inc (Canon). These contracts are part of the City's CopySmart program, which provides departments with options to lease, rent, or purchase multi-function devices such as copier machines. The City primarily uses the CopySmart contracts for multi-year copier machine leases.

Solicitation and Agreement History

San Francisco Administrative Code Section 21.16(b) permits OCA to select a contractor based on the results of a competitive solicitation conducted by another government entity. Using this authority, OCA entered into contracts with three contractors, including Canon, based on the results of Request for Proposals (RFP) #00811-FEB2020 issued by the University of California/OMNIA for copier equipment leasing, rental, and purchasing. The RFP was issued on April 21, 2020, and received seven proposals. All proposals were evaluated on criteria such as pricing, product offerings, and technological support, including maintenance. Canon received the third-highest overall ranking, and the highest pricing score. OCA awarded contracts to the top three proposers, including Canon, to provide a variety of equipment options and to promote competitive offerings between the contractors. Exhibit 1 below shows the total score by proposer.

Exhibit 1: Procurement Results

Supplier	Final Average Score	Contract Awarded
Xerox Corporation	**3.44**	**Yes**
Ricoh USA, Inc.	**3.33**	**Yes**
Canon, Inc.	**3.17**	**Yes**
TOSHIBA AMERICA BUSINESS	3.14	No
Sharp Electronics Corporation	3.10	No
Konica Minolta Business Solutions	3.06	No
HP Inc.	2.76	No

Source: OMNIA Partners

Original Agreement

The Office of Contract Administration (OCA) and Canon Solutions America, Inc. established an agreement for copier leases and rentals on April 1, 2024. The agreement originally covered the period from April 1, 2024, to December 15, 2025, with an option to extend the agreement through December 15, 2030 (provided the agreement between Canon and the University of California Office of the President is also extended) and a not-to-exceed amount of $9,000,000.

Novation Agreement

A Novation Agreement transferring all obligations under the Original Agreement from the original contractor, Canon Solutions America, Inc., to the current contractor, Canon U.S.A., Inc., was completed between the City and the original contractor on July 1, 2025. The novation did not change the original agreement's term or not-to-exceed amount. The City's contract with Canon U.S.A., Inc. resulted from the Novation Agreement, which followed Canon Solutions America, Inc. notifying OCA of a change in its business entity structure and the merger of the two Canon entities, with Canon U.S.A., Inc. remaining as the surviving entity. Other than identifying Canon U.S.A., Inc. as the transferee, no terms or conditions of the agreement were changed.

First Amendment

On November 26, 2025, the City and the contractor signed the First Amendment to the Agreement, extending the term through December 15, 2030, with no change to the not-to-exceed amount. The maximum term is contingent on Canon receiving annual renewals of its contract with the University of California Office of the President.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would approve a second amendment to the agreement between OCA and Canon to increase the maximum amount by $6,300,000, resulting in a total not-to-exceed amount of $15,300,000. The amendment does not change the term of the contract, which ends December 15, 2030.

Term and Option to Purchase Equipment

The existing term of the agreement is April 1, 2024 to December 15, 2030. However, the agreement may be terminated early if the agreement between Canon and the University of California Office of the President is not extended through December 15, 2030.

In addition, equipment leases can have initial terms of three, four, or five years, but the maximum lease term may not exceed five years. An equipment lease term may extend after the term end date of the agreement provided the lease term ends by March 31, 2034, or within ten years of the term start date of the agreement.

The maximum term for equipment rentals is one year. The City has the option to purchase equipment on the last day of the lease or rental term for a purchase price equal to the fair market value on the date of purchase.

Pricing

The City's contract with Canon allows departments to obtain various types of equipment, including office copiers and high-speed production equipment. Catalog discounts are applied by product category, with reductions ranging from 1 percent to 60 percent from Canon's published list prices. Additional discounts on monthly lease rates and per-copy charges may apply depending on the lease term. The pricing aligns with the terms offered under Canon's University of California/OMNIA contract.

Usage

OCA monitors the total dollar amounts committed under the CopySmart contracts. These commitments include prior expenditures, current fiscal year encumbrances, and projected costs for the remaining years of active 3-, 4-, and 5-year copier leases. OCA is requesting an amendment to the agreement because the committed amount under the contract is approaching the current not-to-exceed amount of $9,000,000, and departments cannot enter into new equipment leases without additional contract authority. Exhibit 2 provides additional information with a breakdown of the five departments with the highest committed amounts under the Canon contract.

Exhibit 2: City Department Users of Canon Contract, As of May 11, 2026

Department	Spend To-Date	Additional Amount Committed[1] in Existing Leases	Total Amount Spent or Committed
Public Library	$485,228	$1,600,834	$2,086,062
City Administrator's Office	514,732	1,287,685	1,802,417
Human Services Agency	803,234	57,477	860,711
Police Department	0	550,771	550,771
Public Works	104,763	203,792	308,555
Remaining Departments	307,596	1,242,530	1,550,126
Total	**$2,215,553**	**$4,943,089**	**$7,158,642**

Source: OCA

1"Total Amount Committed" refers to total anticipated cost of a copier lease over the lease term

As shown above, approximately $7.2 million of the existing, not to exceed amount of $9.0 million, has been spent or is committed to be spent under existing equipment leases, with approximately $1.8 million remaining uncommitted. According to OCA, the San Francisco Public Utilities Commission and Police Department wish to enter into additional leases totaling approximately $3.1 million, pending approval of the proposed resolution.

FISCAL IMPACT

The proposed amendment would increase the Canon contract not to exceed amount by $6,300,000 for a new contract amount of $15,300,000. This amount is based on the City's historical use of the Canon contract and projected lease commitments through the latest allowable lease end date under the agreement. Exhibit 3 below outlines the basis for OCA's calculation.

Exhibit 3: Proposed Contract Not to Exceed Amount

	Amount
Total Expenditures to-date (25 months)	$2,215,553
Total Funds Needed through Contract End Date (95 months through 3/31/2034)[1]	8,289,621
Contingency (20%)	1,657,924
Additional Contingency (for known future Leases)[2]	3,080,000
Total Budget and Contingencies	**$15,243,098**
Proposed Contract Not to Exceed Amount (rounded up to nearest hundred thousand)	**$15,300,000**

Source: OCA Memo

1 The latest possible lease end date allowed under the terms of the CopySmart contract is 3/31/2034. Total funds needed of $8.3 million includes approximately $4.9 million already committed under existing leases

2 The Police Department and Public Utilities Commission are anticipated to enter into new property leases subject to Board approval of the proposed amendment

The proposed budgets incorporate recent spending patterns, previously committed contract amounts, and the additional funds needed through the latest allowable lease end date. OCA calculated the required increase based on total expenditures to date, approximately $2.2 million dollars, which is approximately $1.1 million per year. The calculation also includes a 20 percent contingency and a $3.1 million allowance for anticipated future leases. According to OCA staff, the anticipated future leases are expected to result in additional annual expenditures of approximately $0.8 million.

Funding for this contract will be provided through the existing operating budgets of City departments that rent, lease, or buy copiers and related equipment.

RECOMMENDATION

Approve the proposed resolution.

Item 12 **File 26-0725**	**Department:** Office of Contract Administration (OCA)

EXECUTIVE SUMMARY

Legislative Objectives

- The proposed resolution authorizes the first amendment to the City's contract, Sigillo Supply Inc., for the supply of plumbing materials. The contract increases the contract's not-to-exceed (NTE) amount from $3,200,000 to $15,510,000 and extends the length of the contract by two years, from November 30, 2029, to November 30, 2031.

Key Points

- On July 24, 2024, the OCA issued an Invitation for Bids (IFB) to establish new term contracts for plumbing supplies, which resulted in five contracts being executed, including one with Sigillo Supply Inc., which covered 14 line items of the IFB for supplies such as plumbing fixtures, pipes, valves, hand tools, fasteners and adapters.
- Various departments across the City now use the Sigillo contract for plumbing supplies, with the San Francisco Public Utilities Commission (SFPUC), the Department of Public Works (DPW) and the Airport (AIR) being the three largest users, having spent $1.97 million cumulatively from the start of the contract on December 1, 2024.
- Departments have purchased more plumbing materials from the Sigillo contract than anticipated. Based on spending rates since the start of the contract and the remaining contract balance, the current NTE amount will be exhausted by mid-August 2026 if no amendment to the contract is approved.

Fiscal Impact

- The new total NTE amount of $15,510,000 is based on historical spending with this supplier from the contract start date of December 1, 2024, through March 5, 2026. The NTE calculation projects out this monthly historical spending through November 30, 2031, when the contract would expire, for an average of approximately $2.9M per year.
- Funding for this contract will be provided through the existing operating budgets of City departments that utilize plumbing supplies.

Recommendation

- Approve the proposed resolution.

MANDATE STATEMENT

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

BACKGROUND

City and Departmental Need for Plumbing Supplies

The City manages an extensive network of public facilities, including hospitals, government offices, and utility infrastructure. Proper maintenance of these facilities is required to ensure the health, safety, and well-being of the public and City employees. Maintenance responsibilities include the ongoing purchase of plumbing supplies to enable the repair and enhancement of water and wastewater systems.

Sigillo Supply Inc is one of the five City's suppliers of plumbing supplies.

Procurement Process

On July 24, 2024, the OCA issued an Invitation for Bids (IFB) to establish new OCA term contracts for plumbing supplies. The IFB was structured into two product aggregates to address departmental requirements:

- Aggregate 1 (A1) comprised 30 product lines, each representing different manufacturers. Bidders could submit offers on any or all lines, and contracts were awarded to the two lowest responsive and responsible bidders for each line.
- Aggregate 2 (A2) included 472 specific plumbing items primarily utilized by the SFPUC. Bidders were required to submit bids for all items within this aggregate, and the contract was awarded to the lowest responsive and responsible bidder for the entire set. Sigillo Plumbing Solutions did not win the A2 product group, so these supplies are not analyzed in this report.

The IFB also provided an estimated not to exceed amount for each product line, based on historical spending.

OCA received bids from six respondents following the IFB, with three respondents deemed unresponsive for at least one of the Aggregate 1 product lines. Bidders were required to have at least $1 million in annual plumbing supply sales in each of the last three years and proposals were evaluated based on cost, with product group A1 being evaluated based on the percentage discount off the manufacturer's list price. OCA awarded five contracts in total, including awarding Sigillo Supply Inc a contract that covered 13 line items of individual manufacturers that are commonly used by the City, as well as one "Miscellaneous Manufacturers" line item which covered 106 less frequently used manufacturers.

Original Contract

On December 1, 2024, the aforementioned contract with Sigillo Supply Inc was executed, with an original five-year term lasting through November 30, 2029. The contract covered the 14 total line items for plumbing supplies from the IFB that were awarded to Sigillo. Based on the historical expenditures of all City departments, each solicitation line won by Sigillo was assigned an estimated not-to-exceed (NTE) amount. These individual NTE amounts were then summed, resulting in a total contract NTE amount of $3.2 million. The contract also included a provision giving the City the option to extend the contract for two years and allowing the contract NTE amount to be increased in the event that the City's expenditures were greater than the initial NTE amount.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution authorizes the Office of Contract Administration to amend the contract with Sigillo Supply Inc for the supply of plumbing materials. The contract increases the not-to-exceed amount by $12,310,000 to $15,510,000 and extends the term of the contract by two years, from November 30, 2029 to November 30, 2031.

Scope of Services Provided

This extension of the contract with Sigillo Supply Inc continues City departments' access to a range of plumbing supplies at discounted rates. Departments will be able to procure products from 119 different manufacturers at fixed percentage discounts off the manufacturers' list prices. The covered manufactures offer a wide variety of plumbing supplies, including plumbing fixtures, pipes, valves, hand tools, fasteners and adapters.

Pricing Structure and Adjustments

The contract's pricing mechanism is designed to provide cost-savings to departments while being flexible enough to accommodate market fluctuations. Pricing is based on fixed percentage discounts off the manufacturers' list prices for each product line, with the discounts ranging from 5 to 70 percent. While the percent discounts are fixed for the duration of the contract, since Sigillo Supply Inc does not directly control manufacturers' list prices, the NTE amount calculation includes a 15 percent contingency buffer to account for any changes in pricing or usage above current levels.

Performance Monitoring

The contract includes specific performance standards to ensure reliable service and product quality. Key performance metrics encompass timely reporting, accurate invoicing, responsive customer service, product quality, and adherence to delivery schedules. Failure to meet these standards may result in monetary credits to the City ranging anywhere from $10 to $100 per occurrence. No prior performance evaluations of this supplier have been conducted, but the OCA reports that there have not been any notable issues with the delivery of the existing contract and that no performance credits have been issued since it first went into effect in December 2024.

To-date Usage

Among City departments, the San Francisco Public Utilities Commission (SFPUC) is the leading user of plumbing supplies from Sigillo Supply Inc. The SFPUC relies on these materials for the operation of water treatment plants, sewage systems, and water distribution networks. After the SFPUC, the Department of Public Works (DPW) and the Airport (AIR) are also notable users of plumbing supplies, as they require these supplies to maintain the plumbing systems in the buildings and infrastructure that they maintain. The full breakdown of plumbing supply expenditures and encumbrances across departments since the contract with Sigillo Supply Inc went into effect can be seen in Exhibit 1 below.

Exhibit 1: Total Purchase Orders for Sigillo Contract, by Department, from December 1, 2024 to March 5, 2026

Department	December 1, 2024 to December 31, 2024	January 1, 2025 to December 31, 2025	January 1, 2026 to March 5, 2026	Total
PUC	$164,964	$616,608	$81,147	$862,720
DPW	$54,517	$479,620	$75,348	$609,485
AIR	$180,052	$320,000	-	$500,052
PRT	-	$148,862	$21,930	$170,792
ADM	$4,102	$143,214	$20,232	$167,548
DPH	$11,222	$131,858	$7,668	$150,747
LIB	-	$20,000	-	$20,000
Total	**$414,857**	**$1,860,162**	**$206,324**	**$2,481,344**

Source: OCA Memo to Board of Supervisors dated 06/18/26

As shown above, expenditures to date have significantly outpaced the original NTE amount, with about $2.48M encumbered in the first 15 months of the contract. At this rate, the NTE amount would be exhausted by mid-August 2026.

The driving reason behind usage exceeding original projections is that compared to expectations, departments have been relying more heavily on the Aggregate 1 product lines from a variety of manufacturers rather than the 472 specific plumbing items covered by the Aggregate 2 contract. While there are three other suppliers who were also awarded A1 contracts, departments have been ordering high volumes of plumbing materials from Sigillo Supply Inc in particular, which according to the OCA may be because they were awarded more line items than other bidders and supply the “Miscellaneous Manufacturer Group” line item which covers 107 different manufacturers. This has resulted in actual expenditures and encumbrances exceeding projections so that even without increases in manufacturing list prices, the contract has been drawn down faster than anticipated.

FISCAL IMPACT

The total not-to-exceed amount of $15,510,000 is based on historical spending on this supplier from the contract start date through March 5, 2026, when data for these calculations was pulled.

The calculation projects this monthly historical spending through November 30, 2031, when the contract would expire, and as noted includes a 15 percent contingency to account for potential increases to pricing and departmental usage. The calculation also takes into account the remaining contract balance and is rounded to the nearest ten thousand. The details of the NTE calculation are displayed below in Exhibit 2.

Exhibit 2: Contract NTE Calculation for Contract ID 1000031880 with Sigillo Supply Inc.

Description	Value
Current Executed Contract NTE	$3,200,000
Additional Funds Needed through Contract End Date (Before Adjustments)	$11,330,929
Less Remaining Contract Balance (Current Executed Contract NTE - Total PO Encumbrances as of Report Run Date)	($718,656)
Plus 15% Contingency	$1,699,639
Additional Funds Needed through Contract End Date (After Adjustments)	$12,311,912
Proposed Revised Executed Contract NTE (Rounded to nearest ten thousand)	**$15,510,000**

Source: OCA

Funding for this contract will be provided through the existing operating budgets of City departments that utilize plumbing supplies, primarily the SFPUC, PWC, and AIR. These expenditures are anticipated to draw from the departments' accounts dedicated to infrastructure maintenance and improvement.

RECOMMENDATION

Approve the proposed resolution.

Item 13 **File 26-0672**	**Department:** Real Estate Division (RED), Department of Homelessness and Supportive Housing (HSH)

EXECUTIVE SUMMARY

Legislative Objectives

- The proposed resolution would authorize the Director of Property, on behalf of the Department of Homelessness and Supportive Housing (HSH), to execute a lease with W.Y.L. Orion Properties, LLC, as landlord, for approximately 31,200 square feet, with buildings totaling approximately 22,965 square feet, located at 125 Bayshore Boulevard, for a ten-year term with two five-year extension options. The initial annual base rent would be $655,200 with three percent annual escalation.

Key Points

- In 2018, the Board of Supervisors approved a lease between the City, as tenant, and W.Y.L. Orion Properties, LLC, as landlord, for a former warehouse site at 125 Bayshore Boulevard for use as a Navigation Center. Following expiration of the lease in September 2023, HSH continued occupancy under a holdover arrangement while evaluating potential expansion of the facility. HSH elected to retain the existing premises and negotiate a new lease. The site would continue operating as a Navigation Center throughout the proposed lease term and currently has capacity for 128 beds. The facility served approximately 569 unduplicated clients in FY 2025-26.
- The proposed lease would provide approximately 31,200 square feet of site area, including approximately 22,965 rentable square feet of building area, at an initial annual rent of $655,200 ($21 per square foot) with annual rent escalations of three percent. The Real Estate Division (RED) determined that the proposed rent is at or below fair market value based on a May 2026 survey of comparable properties.

Fiscal Impact

- Over the initial ten-year term, total rent is estimated at $7.5 million, including annual rent escalations of three percent. If either extension option is exercised, rent would be adjusted to fair market value at that time.
- Lease costs would be funded by the General Fund.

Policy Consideration

- The proposed lease represents a significant shift from the original lease approved in 2018, which provided for an initial six-month term and five one-year extension options. In contrast, the proposed lease would authorize occupancy through 2046 if both five-year extension options are exercised. According to RED and HSH, the longer lease term reflects the successful operation of the Bayshore Navigation Center, the City's ongoing need for emergency shelter capacity, and the opportunity to secure favorable rental rates in a competitive industrial real estate market.

Recommendation

- Approve the proposed resolution.

MANDATE STATEMENT

City Charter 9.118(c) states that any lease, modification, amendment, or termination of a lease that had an initial term of ten years or more, including options to extend, or that had anticipated revenues of $1 million or more is subject to Board of Supervisors approval.

BACKGROUND

Navigation Centers provide unsheltered San Franciscans room and board while case managers work to connect them to income, public benefits, health services, shelter, and housing. In January 2018, the Board of Supervisors approved a lease between the City, as tenant, and W.Y.L. Orion Properties, LLC, as landlord, for a former warehouse site at 125 Bayshore Boulevard for use by the Department of Homelessness and Supportive Housing (HSH) for a new Navigation Center. The lease had an initial six-month term plus five one-year annual renewals, thereafter, commencing from approximately January 30, 2018 to no later than September 30, 2023 and an annual rent of $489,000 with three percent annual increases (File 17-1288). In October 2018, HSH opened the 128-bed Bayshore Navigation Center. According to HSH, the lease was put on holdover on June 1, 2024 after expiration of the lease in September 2023 with annual rent of $655,200 The lease remained on holdover while HSH evaluated a potential expansion of the facility.[1] Following review of the site, HSH elected to retain the existing premises and negotiate a new lease.

HSH states that the Bayshore Navigation Center served approximately 569 unduplicated clients during FY 2025-26. The facility continues to operate at a capacity of 128 beds and provides shelter, case management, housing navigation, and supportive services. Consequently, this proposed lease at 125 Bayshore Boulevard is now being considered by the Board of Supervisors for approval to continue use of the premises as a Navigation Center.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would authorize the Director of Property, on behalf of HSH, to execute a lease with W.Y.L. Orion Properties, LLC, as landlord, for approximately 31,200 square feet, with buildings totaling approximately 22,965 square feet, located at 125 Bayshore Boulevard, for a ten-year term with two five-year extension options. The initial annual base rent would be $655,200 with three percent annual escalation.

The proposed resolution would also (1) find that the lease is consistent with the City's General Plan and the eight priority policies of Planning Code, Section 101.1(b) and (2) authorize the Director of Property to make further amendments to the lease so long as they do not increase

[1] Upon expiration of the lease, the City had not yet determined the long-term use of the Navigation Center. To maintain operations while evaluating future needs, the City continued occupancy under a holdover arrangement. The Real Estate Division (RED) negotiated a reduced holdover rent of 116 percent of the prior rental rate, rather than the 125 percent rate permitted under the lease (per Section 22.13 of the 2018 lease). According to RED, the landlord cooperated throughout the holdover period, providing the City flexibility to assess long-term operational requirements. In early 2025, HSH began evaluating a potential expansion into the adjacent warehouse as part of the Mayor's initiative to add 1,500 shelter beds; that option remains under consideration.

the City's liabilities. The lease term would commence upon Board of Supervisors' and Mayor's approval of the resolution.

Exhibit 1 below summarizes the terms and conditions of the lease provisions.

Exhibit 1. Summary of Proposed Lease

	Proposed Lease
Premises	22,965 rentable square feet (12,965 rentable square feet of warehouse space and 10,000 square feet of office space) on 125 Bayshore Boulevard. Buildings are located on approximately 31,200 square feet of land.
Initial Annual Base Rent	$655,200 ($21 per square foot)
Rent Escalation	3% annually Rent resets to market rate at each lease term extension
Utilities and Services	City is responsible for contracting directly with service and utility providers and paying for separately metered utilities and services, including janitorial, refuse removal, pest control and security services.
Term	10 years from the commencement date.
Options to extend	Two five-year options to extend
Maintenance	Landlord responsible for building exterior and structure and most building systems. City responsible for maintaining interior elements. HVAC repairs: • Years 1 – 3: Landlord responsible • Years 4 -6: Landlord and City share cost 50/50 • Remaining lease: City responsible
Option to Purchase	Lease provides City's right of first refusal if the Landlord decides to sell the property
Tenant Improvements	No tenant improvements are currently planned. Tenant improvements are subject to mutual agreement and Board approval, with the City reimbursing approved costs, including any approved costs exceeding the guaranteed maximum price. The Landlord may perform future tenant improvements if requested by the City. The Landlord will initially front construction costs, and the City will reimburse approved costs. The Landlord will receive an additional 5 percent fee for construction administration/management.

Source: Proposed Lease Agreement
Note: Lease term commences upon approval of the proposed resolution.

Site Usage

As previously mentioned, the Bayshore Navigation Center at 125 Bayshore Boulevard would continue to operate as a Navigation Center throughout the proposed lease term. The facility currently has capacity for 128 beds and can serve up to 128 adults experiencing homelessness at any given time. HSH does not currently anticipate changes to the facility's use under the proposed lease but notes that future operational changes, including potential changes to bed capacity, remain subject to further analysis.

Base Rent Determination

RED determined the proposed annual rent of $655,200 ($21.00 per square foot) is at or below fair market rent based on a survey of comparable leases conducted in May 2026. According to RED, the rent per square foot is calculated using the approximately 31,200 square feet of site area, rather than the approximately 22,965 rentable square feet of building area (as was done for the prior lease), because HSH is occupying the entire footprint of the parcel, and not solely the buildings. An appraisal was not required under Administrative Code Section 23.27 because the proposed rent is less than $45 per square foot. The base rent will be escalated by three percent annually.

Tenant Improvements

Under the proposed lease, the landlord may perform future tenant improvements if requested by the City. The landlord will initially front construction costs, and the City will reimburse approved costs. The landlord will receive an additional five percent fee for construction administration/management. According to RED, a five percent fee is consistent with market rates for a project of this size. Tenant improvements are subject to mutual agreement and Board approval, and the City would reimburse approved tenant improvement costs, including any approved costs exceeding the guaranteed maximum price.

According to HSH, no City-funded tenant improvements are currently planned; however, RED included this provision to preserve the City's ability to undertake future tenant improvements if needed.

Utilities and Services

Under the proposed lease, the City is responsible for contracting directly with service and utility providers and paying for separately metered utilities and services, including janitorial, refuse removal, pest control and security services. According to HSH, these costs are budgeted through the contract with Five Keys Schools and Programs (Five Keys), which operates the Bayshore Navigation Center.[2] According to the contract’s Appendix B, utilities (which include electricity, water, gas, phone, and refuse services) are budgeted at $250,000 annually in FY 2026-27 and FY 2027-28. The total cost of the Five Keys grant to operate the site is $4.8 million in FY 2026-27, which is funded by the General Fund and a State grant.

Repairs and Maintenance

Under the proposed lease, the landlord is responsible for all HVAC repair, maintenance, and replacement costs during Years 1 through 3. During Years 4 through 6, the landlord and City would share HVAC costs equally, with the City reimbursing the landlord for 50 percent of

[2] According to FY 2024-25 program monitoring results for the Bayshore Navigation Center, Five Keys met most program and operational requirements but fell short of HSH's targets for Coordinated Entry assessments and service referrals. Five Keys submitted a corrective action plan to address the findings and strengthen service plan oversight, which HSH accepted and subsequently closed the monitoring review.

approved costs. Beginning in Year 7 and continuing through the remainder of the lease term and any extension terms, the City would assume responsibility for all HVAC repair, maintenance, and replacement costs. The landlord would remain responsible for maintaining and repairing the building's structural and exterior components, including the roof, foundation, bearing walls, and exterior walls.

First Right of Offer to Purchase

The proposed lease includes a First Right of Offer to Purchase allowing the City to purchase the property during the lease term. If the landlord elects to sell or transfer the property to an unrelated third party, the landlord must first offer the property to the City at the proposed sale price. The City would have 30 days to either accept the proposed price or submit a counteroffer. If the parties agree on a purchase price, they would enter into a purchase and sale agreement, subject to approval by the Board of Supervisors. According to RED, the City currently has no plans to exercise this right.

FISCAL IMPACT

As shown in Exhibit 2 below, over the initial 10-year term, HSH would pay $7,511,134 in total rent, which includes the three percent annual rent escalation. If an option to extend the term is exercised, the rent for the extended term would be set at fair market rent at that time.

Exhibit 2. Total Rent by Year Under Proposed HSH Lease

Lease Year	Annual Rent	Annual Rent per Square Foot
Year 1	$655,200	$21.00
Year 2	674,856	$21.63
Year 3	695,102	$22.28
Year 4	715,955	$22.95
Year 5	737,433	$23.64
Year 6	759,556	$24.34
Year 7	782,343	$25.08
Year 8	805,813	$25.83
Year 9	829,988	$26.60
Year 10	854,887	$27.40
Total	**$7,511,134**	

Source: Proposed Lease Agreement

The proposed lease would establish an initial annual rent of $655,200 ($21.00 per square foot), with annual rent escalation of three percent. The initial rent is equal to the current rent paid under the holdover lease.

Lease costs would be paid from the City's General Fund, subject to Board of Supervisors' appropriation approval in HSH's annual budget.

POLICY CONSIDERATION

Long-Term Commitment to Navigation Center Operations

The duration of the proposed lease differs significantly from the original lease approved in 2018. The original lease provided for an initial term of six months with five one-year extension options, reflecting the City's historical use of Navigation Centers as interim shelter facilities. The proposed lease provides for a ten-year term with two additional five-year extension options, potentially allowing occupancy through 2046. According to RED and HSH, the longer lease term reflects the successful operation of the Bayshore Navigation Center, allows the City to secure favorable rental rates in a competitive industrial real estate market and provides for the City's ongoing need for emergency shelter capacity. As previously mentioned, HSH intends to continue operating the Bayshore Navigation Center at 125 Bayshore Boulevard throughout the proposed lease term.

HSH currently oversees the following eight Navigation Centers, which have a combined 1,111 temporary and emergency beds[3]: 1925 Evans Avenue (Bayview SAFE), 600 25th Street (Central Waterfront), 700 Hyde Street (Lower Polk TAY), 555 Beale Street (Embarcadero SAFE), 680 Bryant Street (Taimon Booton), 74 6th Street (Baldwin), 224 S Van Ness Avenue (Division Circle), and 125 Bayshore Boulevard (Bayshore). The City currently has a total of 2,799 adult shelter beds.[4]

RECOMMENDATION

Approve the proposed resolution.

[3] Data source is HSH’s shelter and crisis intervention inventory dashboard, as of July 6, 2026.
[4] Data source is HSH’s shelter and crisis intervention inventory dashboard, as of July 6, 2026.

Item 14 **File 26-0567**	**Department:** Sheriff's Office (SHF)

EXECUTIVE SUMMARY

Legislative Objectives

- The proposed ordinance (a) appropriates $1.9 million in unbudgeted revenue from the U.S. Marshalls, (b) de-appropriates $12.1 million in retirement fringe benefits, vehicles, and various capital projects and work orders, and (c) appropriates $14 million for overtime in the Sheriff's Office.

Key Points

- The Sheriff incurred a Fund 10000 salary and benefit deficit of $7.5 million in FY 2025-26. To manage this deficit, the Sheriff is proposing to (a) appropriate $1.9 million of unbudgeted revenues, (b) de-fund $1.5 million capital projects for the jails in Fund 10020 and $0.7 million in vehicle purchases in Fund 10000 for FY 2025-26, (c) and abate $2.7 million vacation payout spending to a Citywide reserve established for one-time labor costs.
- In addition, the Sheriff's Office exceeded its Fund 10000 overtime budget of $31.7 million in mid-February 2026 and is projecting $46.1 million in total overtime costs in that fund in FY 2025-26. Per Administrative Code Section 3.17, prior to exceeding its budget, the Department should have obtained supplemental appropriation to increase its overtime account.
- To manage its budget, the Sheriff's office reduced overtime from $2.0 million per pay period in January 2026 to $1.6 million in June 2026, saving approximately $4 million.

Fiscal Impact

- The proposed $14 million increase to Sheriff overtime will increase that budget from $41.2 million to $55.2 million in FY 2025-26.

Policy Consideration

- The Mayor's proposed FY 2026-27 – FY 2027-28 budget for Sheriff assumes a further reduction in overtime from $1.6 million per pay period in June 2026 to $1.3 million in pay period in July 2026. In addition, the Department's budget for salaries assumes no net increase in headcount (assuming instead that hiring offset separations). The Sheriff and Mayor's Office should closely monitor overtime spending in the first half of the year and return to the Board of Supervisors to adjust appropriations before the Sheriff's Office exceeds its overtime budget for the year.
- In 2024 and now again in 2026, the Sheriff's Office has had to transfer funding approved for jail projects to overtime.

Recommendation

- Approve the proposed ordinance.

MANDATE STATEMENT

Charter Section 9.105 provides that amendments to the Annual Appropriation Ordinance be subject to Board of Supervisors approval by ordinance, after the Controller certifies the availability of funds.

Administrative Code Section 3.17 states that the Airport; Department of Emergency Management; Fire Department; Police Department; Department of Public Health; Public Utilities Commission; Department of Public Works; Recreation and Park Department; and Sheriff must obtain a supplemental appropriation to exceed the overtime budgets in their annual operating funds.

BACKGROUND

The Sheriff has three primary funding sources for its operations: (1) the General Fund for operations (Fund 10000), Work Ordered General Fund (Fund 10060), which is billed to Public Health and other users of the Sheriff for security, and (3) the General Fund for capital projects (Fund 10020). The Sheriff incurred a Fund 10000 salary and benefit deficit of $7.5 million in FY 2025-26. To manage this deficit, the Sheriff is proposing to (a) appropriate $1.9 million of unbudgeted revenues, (b) de-fund $1.5 million capital projects for the jails in Fund 10020 and $0.7 million in vehicle purchases in Fund 10000 for FY 2025-26, (c) and abate $2.7 million vacation payout spending to a Citywide reserve established for one-time labor costs. The deficit solution is shown below in Exhibit 1. The Sheriff requires new appropriation authority to defund prior appropriations and re-appropriate the spending authority to salary accounts as well as to appropriate unbudgeted revenues. Abating (or shifting) spending from the General Fund to other appropriated sources does not require new appropriation authority.

Exhibit 1: Sheriff General Fund Deficit Solution

Fund 10000 Deficit	($7,531,103)
Vehicle Defunding	$740,000
Capital Project Defunding	$1,552,613
Unappropriated US Marshalls Revenue	$1,926,125
Abatements to other funding sources	
US DOJ COPS Grant	$539,874
Vacation Payouts to Citywide Labor Reserve	$2,772,492
Net	$0

Source: Sheriff's Office

In addition, the Sheriff's Office exceeded its Fund 10000 overtime budget of $31.7 million in mid-February 2026 and is projecting $46.1 million in total overtime costs in that fund in FY 2025-26. Per Administrative Code Section 3.17, prior to exceeding its budget, the Department should have obtained supplemental appropriation to increase its overtime account. The proposed appropriation would increase overtime appropriations.

DETAILS OF PROPOSED LEGISLATION

The proposed ordinance (a) appropriates $1.9 million in unbudgeted revenue from the U.S. Marshalls, (b) de-appropriates 12.1 million in retirement fringe benefits, vehicles, and various capital projects and work orders, and (c) appropriates $14 million for overtime in the Sheriff's Office.

Exhibit 2 below summarizes the proposed appropriation of $14,043,516 by fund and budget control.

Exhibit 2: Appropriation Sources and Uses

Sources	General Fund (GF)	GF Projects	GF Work Order	Total
Unbudgeted Revenue				
US Marshall Revenue	1,926,125			1,926,125
De-Appropriations				
Vehicles Purchases	740,000			740,000
Salaries	3,182,386			3,182,386
Retirement	6,355,128		287,264	6,642,392
Capital Projects		1,552,613		1,552,613
Total Sources	**12,203,639**	**1,552,613**	**287,264**	**14,043,516**
Uses	**General Fund (GF)**	**GF Projects**	**GF Work Order**	**Total**
Overtime	13,756,252		287,264	14,043,516
Total Uses	**13,756,252**		**287,264**	**14,043,516**

Source: Proposed ordinance

As shown above, to increase overtime spending, the Sheriff's Office is (1) appropriating $1.9 million unbudgeted revenues from the U.S. Marshalls, which pays the City to incarcerate people facing federal criminal charges, (2) transfers $9.8 million funding from salary and retirement accounts that are underspent due to position vacancies, (3) defunds $0.7 million in vehicle purchases, which was for a replacement bus and van for jail transportation, and (4) defunds $1.5 million in capital project funding.

According to the Sheriff's Office, the capital projects being de-appropriated include (1) $0.4 million in County Jail 2 and County Jail 3 reinforcement and safety infrastructure upgrades, (2) $0.4 million for County Jail 3 improvements for unfiltered sunlight access, (3) $0.6 million for County Jail 3 Annex in roof painting, and (4) $0.1 million for County Jail 3 Annex shower repairs and smaller ancillary projects.

The Sheriff's budget solution is suboptimal, as it defunds appropriations for vehicles and jail repairs that were deemed urgent and necessary in prior budget processes. At the same time, it also represents an improvement in Sheriff's financial condition. In January 2026, the Sheriff's Office was projecting to overspend its Fund 10000 salary and benefit budgets by $10.5 million. Since that time, the Sheriff's office has reduced spending on overtime for Market Street patrols, HSOC and DMAAC support, DPW street cleaning support, and reduced staffing in custody and non-custody posts. In addition, Deputy recruits and Deputies assigned to the background unit were temporarily detailed to the Custody Operation and Field Operation Divisions to help reduce overtime. Together, these changes resulted in a reduction in overtime from $2.0 million per pay period in January 2026 to $1.6 million in June 2026, savings approximately $4 million.

FISCAL IMPACT

As shown below, the proposed $14 million increase to Sheriff overtime will increase that budget from $41.2 million to $55.2 million in FY 2025-26. As of June 1, 2026, the Sheriff had already spent $47.9 million in overtime in the General Fund, so most of spending as already occurred.

Exhibit 3: FY 2025-26 Overtime Budget and Proposed Increase, Annual Operating Funds

FY 2025-26 Overtime Budget	$41,162,082
Proposed Increase in Ordinance	$14,043,516
New Overtime Budget	$55,205,598
Percent Increase	34%
FY 2024-25 Actual Overtime Expenditures	$50,786,825
New Overtime Budget, Percent of FY 2024-25 Actual Expenditures	9%

Source: Proposed Ordinance and Financial System

The proposed $55.2 million overtime budget is nine percent more than the Sheriff's spending in the prior fiscal year. Labor cost escalation alone cannot explain the increase. According to the Sheriff's Office, overtime is primarily driven by a Deputy Sheriff staffing deficit combined with a return in the jail population to pre-pandemic levels.

POLICY CONSIDERATION

Future Overtime Needs

The Mayor's proposed FY 2026-27 – FY 2027-28 budget for Sheriff assumes a further reduction in overtime from $1.6 million per pay period in June 2026 to $1.3 million in pay period in July 2026. In addition, the Department's budget for salaries assumes no net increase in headcount (assuming instead that hiring offsets separations). The Sheriff and Mayor's Office should closely monitor overtime spending in the first half of the year and return to the Board of Supervisors to adjust appropriations before the Sheriff's Office exceeds its overtime budget for the year.

Capital Projects for Jails

In 2024 and now again in 2026, the Sheriff's Office has had to transfer funding approved for jail projects to overtime. In 2024, the Board of Supervisors approved a $7.2 million reduction in jail projects (File 24-0609). This proposed ordinance would transfer $1.6 million in funding for jail projects. The is still a need for this work and other deferred maintenance and funding for future capital projects is inherently more expensive due to inflation and the tendency for deferred maintenance to cause catastrophic failures.

RECOMMENDATION

Approve the proposed ordinance.

Item 15 **File 26-0677**	**Department:** Homelessness & Supportive Housing (HSH)

EXECUTIVE SUMMARY

Legislative Objectives

- The proposed hearing would release $2,430,466 of the $6,861,866 in reserved funds.

Key Points

- In June 2025, the Board of Supervisors placed $6,861,866 in HSH's FY 2025-26 General Fund budget on Budget & Finance Committee reserve. The funds were budgeted for the Mayor's interim housing expansion, however there was no spending plan available for our review of the June 2025 budget.
- HSH no longer plans to use these funds for shelter expansion. Instead, the Department intends to use the funding to continue community ambassador services at two shelter sites operated by Five Keys: (1) the Embarcadero Navigation Center and (2) a semi-congregate shelter at 685 Ellis Street. Both grants received new General Fund support starting in September 2025 to fund community ambassadors to address neighborhood concerns regarding street conditions near the shelter. The Mayor's proposed FY 2026-27 – FY 2027-28 budget does not include new General Fund funding for these services, so the Department is seeking to use previously appropriated funding to continue the services.
- According to HSH, the ambassadors address trash, loitering, drug use and other street conditions, and create a more consistent point of contact for neighbors. While funding for the ambassadors is in each shelter's grant agreements, the agreements do not include service or outcome objectives related to the ambassador services.

Fiscal Impact

- The proposed release of $2,430,466 would be sufficient for the Embarcadero Navigation Center community ambassadors through December 31, 2027, when the lease for the site ends and through June 30, 2028 for the 685 Ellis Street Shelter, when the grant for the program ends. The proposed budgets are essentially the same for the services at each site in FY 2025-26; there is no increase in service levels nor an inflation adjustment.

Recommendations

- Request HSH add service and outcome objectives for ambassador services to all grants that fund ambassador services. The service and outcome objectives should closely mirror the objectives for the citywide ambassador service listed in the Human Services Agency's 2025 Request for Proposals 1191.
- Approve the proposed release of reserved funds.

MANDATE STATEMENT

City Administrative Code Section 3.3(j) states that the Budget and Finance Committee of the Board of Supervisors has jurisdiction over the City's budget and may reserve proposed expenditures to be released at a later date subject to Board of Supervisors approval. The practice of the Board of Supervisors is for the Budget and Finance Committee to approve release of funds placed on reserve by the Committee, without further Board of Supervisors approval.

BACKGROUND

At our recommendation, in June 2025, the Board of Supervisors placed $6,861,866 in HSH's FY 2025-26 General Fund budget on Budget & Finance Committee reserve. The funds were budgeted for the Mayor's interim housing expansion, however there was no spending plan available for our review of the June 2025 budget.

DETAILS OF PROPOSED LEGISLATION

The proposed hearing would release $2,430,466 of the $6,861,866 in reserved funds.

HSH no longer plans to use these funds for shelter expansion. Instead, the Department intends to use the funding to continue community ambassador services at two shelter sites operated by Five Keys: (1) the Embarcadero Navigation Center and (2) a semi-congregate shelter at 685 Ellis Street. Both grants received new General Fund support starting in September 2025 to fund community ambassadors to address neighborhood concerns regarding street conditions near the shelter. The Mayor's proposed FY 2026-27 – FY 2027-28 budget does not include new General Fund funding for these services, so the Department is seeking to use previously appropriated funding to continue the services.

According to Dylan Schneider, HSH Interim Deputy Director for Administration & Finance, ambassador deployments for these two sites came out of conversations with the community and Board of Supervisors to support areas around the two shelters. The ambassadors address trash, loitering, drug use and other street conditions, and create a more consistent point of contact for neighbors. Between September 2025 and March 2026, ambassadors at the Embarcadero Navigation center engaged 402 community members, filled 210 bags of trash, and collected and properly disposed of 41 needles. At 685 Ellis between September 2025 and June 2026, ambassadors reported 5,317 community engagements (including redirecting loitering individuals, resource connections and general communications with community members), 355 needles safely collected, 2,099 trash bags filled and collected, 40 Narcan administrations and 15 overdose reversals, 895 supportive items distributed (shoes, gloves, socks, clothing, etc.) and 25 calls to 311.

While funding for the ambassadors is in each shelter's grant agreements, the agreements do not include service or outcome objectives related to the ambassador services. HSH should consider adding service and outcome objectives developed for the citywide ambassadors and included in the HSA's 2025 solicitation for those services (RFP 1191). The service and outcome objectives for citywide ambassadors are included in Appendix I to this report.

FISCAL IMPACT

Exhibit 1 below shows the use of the requested $2,430,466.

Exhibit 1: Community Ambassador Budget

Shelter Site	FY 2026-27	FY 2027-28	Total
Embarcadero Navigation Center	559,524	279,762	839,286
685 Ellis Shelter	795,590	795,590	1,591,180
Total	**1,355,114**	**1,075,352**	**2,430,466**

Source: HSH

The proposed release of $2,430,466 would be sufficient for the Embarcadero Navigation Center community ambassadors through December 31, 2027, when the lease for the site ends and through June 30, 2028 for the 685 Ellis Street Shelter, when the grant for the program ends.

The proposed budgets for community ambassadors are essentially the same for the services at each site in FY 2025-26; there is no increase in service levels nor an inflation adjustment.

RECOMMENDATIONS

1. Request HSH add service and outcome objectives for ambassador services to all grants that fund ambassador services. The service and outcome objectives should closely mirror the objectives of the citywide ambassador service listed in the Human Services Agency's 2025 Request for Proposals 1191.
2. Approve the proposed release of reserved funds.

Appendix 1: Service and Outcome Objectives for Citywide Ambassador Services

Service Objectives

A. Successfully execute all programmatic requirements 90 percent of the time.

B. Maintain required staff levels 90 percent of the time.

C. Attend 90 percent of recurring City meetings

D. Participate in at least 80 percent of stakeholder meetings.

E. Complete 90 percent of daily data reports.

F. Submit monthly invoices and reports on time and complete 100 percent of the time.

G. Provide a written strategic ramp-down plan within 30 days of the City's request 90 percent of the time.

H. Track and report critical incidents to DEM within 24 hours using an agreed-upon form 90 percent of the time.

I. Manage staff grievances, conflicts, and personnel issues to the City's satisfaction 90 percent of the time.

Outcome Objectives

J. A 20 percent reduction in relevant 911 calls (e.g., disorderly conduct, public intoxication) in service areas over the initial term of the agreement.

K. A 20 percent reduction in relevant 311 service requests and a 30 percent improvement in response times over the initial term of the agreement.

L. 80 percent compliance with engagement protocols, staffing requirements, and public space cleanliness, verified by no-notice inspections by City staff.

M. A minimum of 70 percent of the staff employed have relevant lived experience.

In addition to the listed objectives, the providers must submit monthly reports to the City tracking staffing hours, blocks covered and their rates, daily deployment averages and totals, any unusual or significant incidents, and the number, nature, and outcomes of interventions, de-escalations, overdose reversals, needle disposals, and calls to 311 and 911.

Source: Human Services Agency's 2025 Request for Proposals 1191

The above service and outcome objectives for street ambassadors can serve as a model for HSH to develop its own performance metrics for the street ambassador services that it funds.

Item 16 File 26-0764	Department: Homelessness & Supportive Housing (HSH)

EXECUTIVE SUMMARY

Legislative Objectives

- The proposed hearing would release $4,431,400 of the $6,861,866 reserved funds.

Key Points

- In June 2025, the Board of Supervisors placed $6,861,866 in HSH's FY 2025-26 General Fund budget on Budget & Finance Committee reserve. The funds were budgeted for an interim housing expansion, however at the time there was no spending plan available for review.
- HSH is requesting the release of $4,431,400 of reserved funding to: (a) provide a team of community ambassadors to patrol the SOMA West area above existing service levels; (b) continue community ambassador services at a shelter in Mid-Market; and (c) continue site activation at Hyde & Turk St under a new model.

Fiscal Impact

- The proposed release of $4,431,400 would fund SOMA West and Mid-Market ambassador services through FY 2027-28 and the Hyde & Turk St. activation in FY 2026-27 only. The SOMA West and Mid-Market programs would cost $1,632,700 and $208,000 per year respectively, while the Hyde & Turk activation would cost $750,000 in FY 2026-27.
- The proposed $1.6 million in annual funding for the SOMA West area is in addition to existing annual funding of $734,827 for ambassador services in SOMA West.

Policy Consideration

- While funding for the ambassadors is in subcontracts under HSH's Grant Agreements for the SOMA TAY PSH and Hope House, the agreements do not include service or outcome objectives related to the ambassador services. In addition, entering into direct contracts with these providers could increase HSH's insight and control into the services provided. The City should consider consolidating oversight, contracting, and funding of ambassador services.

Recommendations

- Request that HSH use the reserved funds to enter into direct contracts with providers rather than having grantees sub-contract out these services.
- Request HSH add service and outcome objectives to all grants that fund ambassador services. These objectives should closely mirror the citywide ambassador service objectives listed in the Human Services Agency's 2025 Request for Proposals 1191.
- Approve the proposed release of reserved funds.

MANDATE STATEMENT

City Administrative Code Section 3.3(j) states that the Budget and Finance Committee of the Board of Supervisors has jurisdiction over the City's budget and may reserve proposed expenditures to be released at a later date subject to Board of Supervisors approval. The practice of the Board of Supervisors is for the Budget and Finance Committee to approve release of funds placed on reserve by the Committee, without further Board of Supervisors approval.

BACKGROUND

At our recommendation, in June 2025, the Board of Supervisors placed $6,861,866 in the Department of Homelessness and Supportive Housing's (HSH) FY 2025-26 General Fund budget on Budget & Finance Committee reserve. The funds were budgeted for the Mayor's interim housing expansion, however there was no spending plan available for our review of the June 2025 budget.

HSH has requested the release of $2,430,466 of the reserved funds to fund community ambassador services at two locations that otherwise would have been sunset (File 26-0677). HSH has requested the release of the remaining balance of approximately $4.43 million currently held in reserve to fund community ambassador services in the South of Market and activation in the Tenderloin neighborhood.

DETAILS OF PROPOSED LEGISLATION

The proposed hearing would release $4,431,400 of reserved funding to the Department of Homelessness and Supportive Housing to fund community ambassador programs in the SOMA West, Mid-Market, and activation of the site at Turk & Hyde Street.

HSH no longer plans to use these funds for shelter expansion. Instead, the Department intends to use the funding to continue and expand community ambassador services that support implementation of the Good Neighbor Policy at existing shelters and supportive housing, and support City activation of the site at Turk & Hyde St. in the Tenderloin that will support both existing shelters and supportive housing sites and the larger community. The community ambassador programs and site activations were implemented at these service-intensive corridors in response to community concerns, with ambassadors working to enhance neighborhood safety, deter loitering, and connect individuals with appropriate services. They also work to advance the goals of the Good Neighbor Policy, which aims to minimize negative impacts to surrounding communities and improve street conditions where shelters and supportive housing are located. The proposed use of funds for each location is described below.

SOMA West

HSH has a Grant Agreement with Abode Property Management (Abode) to operate the SOMA Transitional Aged Youth Permanent Supportive Housing (SOMA TAY PSH) building, which provides housing and wraparound services to youth who are experiencing homelessness and are at risk of not making a successful transition to adulthood.

Abode has a subcontract with SOMA West Community Benefit District (SWCBD) for a team of Public Safety Ambassadors to patrol the area around SOMA TAY PSH. SOMA West CBD have further subcontracted this work out to ASPIS Solutions. The original subcontract with SWCBD for $734,827 annually included ambassador staffing of 256 hours per week to provide assistance to the public, conduct wellness outreach to unhoused individuals, and coordinate with local law enforcement agencies as necessary. According to the subcontract, between four and six ambassadors would be provided each day during the week and two or three would be provided each weekend day. In FY 2025-26 HSH approved $296,000 in additional one-time funding to expand the patrol area, but the subcontract did not specify the new staffing levels. According to HSH, since July 2025 the ambassadors in this program have conducted 2,127 welfare checks, responded to 2,448 instances of loitering, and made 483 encampment contacts. HSH will continue to fund ambassador services through the Abode agreement in FY 2026-27 with $734,827 in existing funding.

If the requested reserved funds were released, HSH would use $3,265,400 of total over two years to expand the Public Safety Ambassador program to better respond to community needs and concerns, although exact increases to service levels would be negotiated following the potential release of reserved funds. Given the proposed increased funding level, HSH would explore shifting to direct contracting options with SOMA West CBD, which has provided community ambassador services in the broader area for the past several years.

Mid-Market

HSH has a Grant Agreement with Salvation Army to operate Hope House in the Mid-Market service area, which is an abstinence-based, recovery-focused shelter for adults experiencing homelessness and struggling with addiction.

Salvation Army has a subcontract with Mid-Market CBD (MMCBD) to provide community ambassador services in the area surrounding Hope House site for a six-month term through July 31, 2026. A Safety Ambassador is on shift seven nights a week from 7:00 pm – 5:00 am to support Hope House participants, staff, and neighbors by resolving public health and safety issues and escalating them to City agencies as necessary. The Safety Ambassador also works in tandem with the wider community ambassador program operated by MMCBD to provide trauma-informed support to individuals in crisis in the area and connect them to services. According to HSH, in the four months since the program began, ambassadors have conducted 1,871 location checks and 395 welfare checks, as well as disrupted 256 instances of public sidewalks being blocked and 360 instances of loitering. The cost of these services under the existing six-month contract is $104,000 or $208,000 annually.

If the requested reserved funds were released, HSH would use $416,000 to maintain the community ambassador staffing coverage of the area surrounding Hope House for two years, assuming no increases above current costs.

Tenderloin (Turk & Hyde St.)

The Department of Emergency Management (DEM) previously managed a Grant Agreement with the nonprofit Urban Alchemy to provide services at the Neighborhood Respite Site at the corner of Turk & Hyde Street. Originally opened in 2022, the "Oasis" lot aimed to interrupt a historical drug market by positively activating this corner lot in the Tenderloin. Over the past 4 years, a variety of city grants and contracts have funded various activations at the site, most recently culminating in a new six-month grant with the nonprofit Urban Alchemy. The Oasis aimed to serve as a safe, supportive space offering a drug-free, trauma-informed environment for rest, hydration, and connection to services. Additionally, the site provided water and coffee to guests, outdoor games, and a dog play area to serve both housed and unhoused neighbors.

Urban Alchemy supported the Oasis site from 2022 to June 30, 2026 (when the contract expired) by staffing at least two ambassadors onsite from 7:00 am – 7:00pm daily. These ambassadors helped to deter drug activity, maintain a clean site, and conduct de-escalation interventions in and around the site. The cost of the most recent contract was $537,500 over its six-month duration, or $1,075,000 annualized. Over the first five months of 2026, the site received an average of 2,270 visitors per month and saw a general trend of increasing visitors month-over-month, with a high point in May when 2,707 people used the provided space and services.

According to HSH staff, the City is exploring leasing the site at Turk & Hyde and would work with the appropriate City department to contract with a nonprofit to provide engagement and site activation services. According to HSH, the reactivation of the Turk & Hyde site would support at least eight supportive housing and two interim housing sites in the vicinity[1].

To reactivate the Oasis lot, the appropriate City department would likely contract with a community-based organization or non-profit provider with site activation and community engagement experience. However, it is unlikely that the same level of service could be provided throughout FY 2026-27, as the requested $750,000 is only 70 percent of the annualized cost of the program run at this site by Urban Alchemy.

FISCAL IMPACT

Exhibit 1 below shows the planned use of the requested $4,431,400 across the three identified service areas for FY 2026-27 and FY 2027-28. This requested release of reserve funding, together with the previously mentioned release of reserve funding request would exhaust all remaining HSH funds that had been placed on reserve.

[1] See Appendix 1 for full list of sites.

Exhibit 1: Community Ambassador Budget

Site	FY 2025-26 Budget	FY 2025-26 Budget Annualized	FY 2026-27 Proposed	FY 2027-28 Proposed	Total Proposed
SOMA West	*$1,030,827*	*$734,827*	$1,632,700*	$1,632,700*	$3,265,400*
Tenderloin: Turk & Hyde St.	$537,500	$1,075,000	$750,000	-	$750,000
Mid-Market: Hope House	$104,000	$208,000	$208,000	$208,000	$416,000
Total	**$1,672,327**	**$2,609,827**	**$2,590,700**	**$1,840,700**	**$4,431,400**

Source: HSH

*Does not include $734,827 in existing annual funding that will be maintained through the existing grant agreement for the SOMA TAY PSH site. Total annual funding for SOMA West would be $2,367,527 including the proposed funds.

The proposed release of $4,431,400 would be sufficient to fund the SOMA West and Mid-Market community ambassador programs through June 2028 and the Tenderloin site activation at Turk & Hyde St. through June 2027.

POLICY CONSIDERATION

Service and Outcome Objectives

While funding for the ambassadors is in subcontracts under HSH's Grant Agreements for the SOMA TAY PSH and Hope House, the agreements do not include service or outcome objectives related to the ambassador services. HSH should consider adding service and outcome objectives developed for the citywide ambassadors and included in the HSA's 2025 solicitation for those services (RFP 1191). The service and outcome objectives for citywide ambassadors are included in Appendix 2.

In addition, HSH should consider entering into direct contracts with providers rather than having shelter and permanent supportive housing operators sub-contract out these services. Having direct contracts with ambassador providers would provide HSH with more insight and control over the level and performance of ambassador services. For example, the HSH's grant with Abode includes a subcontract with SOMA West CBD, however the subcontract does not have service levels, performance metrics, or the City's standard contract compliance provisions.

Existing Ambassador Funding

In FY 2026-27, DEM is funding approximately $24 million in street ambassador services, primarily in the same service areas (the Tenderloin and SOMA) that HSH is seeking $6.8 million in release of reserved funding. However, existing SOMA ambassadors are not currently patrolling SOMA West. The City should consider consolidating oversight, contracting, and funding of ambassador services.

RECOMMENDATIONS

1. Request that HSH use the reserved funds to enter into direct contracts with providers rather than having grantees sub-contract out these services.
2. Request HSH add service and outcome objectives for ambassador services to all grants that fund ambassador services. The service and outcome objectives should closely mirror the objectives of the citywide ambassador service listed in the Human Services Agency's 2025 Request for Proposals 1191.
3. Approve the proposed release of reserved funds.

Appendix 1: List of Interim and Supportive Housing Sites Around Hyde & Turk Site

Supportive Housing Sites:

- Vincent Hotel (459 Turk)
- Turk and Eddy Apartments (270 Turk)
- Midori Hotel (240 Hyde)
- Mayfair Hotel (626 Polk)
- Abigail (246 McAllister)
- Essex Hotel (684 Ellis)
- Kelly Cullen Community (220 Golden Gate)
- Cadillac Hotel (385 Ellis).

Interim Housing Sites:

- 685 Ellis Semi-Congregate Shelter
- 260 Golden Gate Family Emergency Shelter and Transitional Housing (129 Hyde)

Appendix 2: Service and Outcome Objectives for Citywide Ambassador Services

Service Objectives

A. Successfully execute all programmatic requirements 90 percent of the time.

B. Maintain required staff levels 90 percent of the time.

C. Attend 90 percent of recurring City meetings

D. Participate in at least 80 percent of stakeholder meetings.

E. Complete 90 percent of daily data reports.

F. Submit monthly invoices and reports on time and complete 100 percent of the time.

G. Provide a written strategic ramp-down plan within 30 days of the City's request 90 percent of the time.

H. Track and report critical incidents to DEM within 24 hours using an agreed-upon form 90 percent of the time.

I. Manage staff grievances, conflicts, and personnel issues to the City's satisfaction 90 percent of the time.

Outcome Objectives

J. A 20 percent reduction in relevant 911 calls (e.g., disorderly conduct, public intoxication) in service areas over the initial term of the agreement.

K. A 20 percent reduction in relevant 311 service requests and a 30 percent improvement in response times over the initial term of the agreement.

L. 80 percent compliance with engagement protocols, staffing requirements, and public space cleanliness, verified by no-notice inspections by City staff.

M. A minimum of 70 percent of the staff employed have relevant lived experience.

In addition to the listed objectives, the providers must submit monthly reports to the City tracking staffing hours, blocks covered and their rates, daily deployment averages and totals, any unusual or significant incidents, and the number, nature, and outcomes of interventions, de-escalations, overdose reversals, needle disposals, and calls to 311 and 911.

Source: Human Services Agency's 2025 Request for Proposals 1191

The above service and outcome objectives for street ambassadors can serve as a model for HSH to develop its own performance metrics for the street ambassador services that it funds.