

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

April 9, 2021

TO: Budget and Finance Committee

FROM: Budget and Legislative Analyst



SUBJECT: April 14, 2021 Budget and Finance Committee Meeting

TABLE OF CONTENTS

Item	File	Page
2	21-0282 Contract Agreement - Mythics, Inc. - Oracle Products - Not to Exceed \$60,000,000	1
3	21-0283 Agreement - Oracle America, Inc. - Authorizing Participation in Programs to Provide Customer Feedback and Granting License to Use City's Feedback	5
4	21-0250 Contract Amendment - Central City Hospitality House - Behavioral Health Services - Not to Exceed \$15,093,612	9
7	21-0290 Accept and Expend Grants - Retroactive - California Department of Parks and Recreation - Rossi Pool Renovation - \$1,622,072.....	14
8	21-0184 Establishment of Small Business Emergency Relief Program - Funding/ Loan Agreements - California Rebuilding Fund, LLC - Not to Exceed \$2,000,000 - Funding/Grant Agreements - KIVA Capital Management, LLC - Not to Exceed \$1,400,000.....	17

Item 2
File 21-0282

Department: General Services Agency - Department of Technology (DOT)

EXECUTIVE SUMMARY

Legislative Objectives

- The proposed resolution would approve a contract between the Department of Technology (DT) and Mythics, Inc. for the purchase of Oracle products, for term of five years from May 2021 through April 2026 and an amount not to exceed \$60,000,000, and one five-year option to extend through April 2031.

Key Points

- The City currently spends approximately \$11 million per year on Oracle software licenses. These licenses are purchased by nearly 20 departments and often have terms that vary significantly by contract. Consolidating all existing contracts under one contract would reduce City resources required to negotiate and manage the purchase of Oracle products.
- In 2018, Maricopa County, Arizona issued a Request for Proposals (RFP) for Oracle licenses on behalf of all government agencies and nonprofit organizations in the United States. Mythics was determined to be the highest scoring responsive and responsible proposer. The Office of Contract Administration (OCA) reviewed the selection process and determined that it is in the City's best interest to pursue a contract with Mythics under Maricopa County's RFP, consistent with Administrative Code Section 21.16.
- The contract allows City departments to purchase Oracle products through Mythics at a discounted rate. For software products, DT has negotiated a minimum 35 percent discount from Oracle's listed prices. The citywide agreement also standardizes terms pertaining to cybersecurity, data protection, and indemnification that will apply to Oracle products purchased by all City departments. If the City executes the five-year option to extend the contract, DT would renegotiate pricing for Oracle products with Mythics at that time.

Fiscal Impact

- The proposed contract would have an amount not to exceed \$60,000,000 over five years. The not-to-exceed amount is based the City's annual expenditures of approximately \$11 million for existing licenses and hardware and an estimated annual amount of approximately \$1 million for new licenses and hardware.

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.

Administrative Code Section 21.16(b) allows City departments to utilize the competitive procurement process of any other public agency or non-profit made up of multiple public agencies to make purchases of commodities or services for the use of the City under the terms established in that agency's competitive procurement process and as agreed upon by the City and the procuring agency, upon making a determination that (i) the other agency's procurement process was competitive or the result of a sole-source award, and (ii) the use of the other agency's procurement would be in the City's best interests.

BACKGROUND

According to the Department of Technology (DT) and confirmed by the Office of Contract Administration (OCA), the City currently spends approximately \$11 million per year on Oracle software licenses. These licenses are purchased by nearly 20 departments, either directly from Oracle or through its partners. Because departments have negotiated these contracts separately, they have had less bargaining power relative to Oracle and often end up with terms that vary significantly by contract. Consolidating all existing contracts under one contract, therefore, would reduce City resources required to negotiate and manage, on a citywide basis, the purchase of Oracle products.

In 2018, Maricopa County, Arizona issued a Request for Proposals (RFP) for Oracle licenses on behalf of all government agencies and nonprofit organizations in the United States. The RFP was conducted in partnership with OMNIA Partners, a government purchasing cooperative. Maricopa County received six proposals and scored them, as shown in Table 1 below.

Table 1: Proposals and Scores from Maricopa County RFP

Proposer	Score (out of 100)
Mythics	95.00
DLT	94.04
AST Corporation	92.85
Bias Corporation	90.43
Insight Public Sector	88.96
Collier IT	84.00

Source: DT

Mythics was determined to be the highest scoring responsive and responsible proposer. After reviewing Maricopa County's procurement and selection process, OCA determined that it is in the City's best interest to pursue a contract with Mythics using Maricopa County's RFP. OCA's determination is consistent with Administrative Code Section 21.16 which authorizes OCA to determine if the City can utilize the competitive procurement process of another public agency

to make purchases of Commodities or Services, if the use of the other agency's procurement is in the City's best interests. Additionally, Gartner Research, a leading information technology research and advisory company, has confirmed that the pricing offered by Mythics in response to the RFP is competitive.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would approve a contract between DT and Mythics for the purchase of Oracle products, for a term of five years from May 2021 through April 2026 and an amount not to exceed \$60,000,000, with one five-year option to extend through April 2031.

Specifically, the contract allows City departments to purchase Oracle products through Mythics at a discounted rate. For software products (which account for most of the City's Oracle spending), DT has negotiated a minimum 35 percent discount from Oracle's listed prices. Steeper discounts may be further negotiated at the time of each transaction. Additionally, by entering a citywide agreement, Oracle has agreed to waive its annual four percent rate increases for five years. The citywide agreement also standardizes terms pertaining to cybersecurity, data protection, and indemnification that will apply to Oracle products purchased by all City departments.

According to Mr. Brian Roberts, DT Policy Analyst, City departments purchasing licenses under the contract would seek approval from DT to ensure the purchase can meet the City's cybersecurity and other technical requirements. Once approved by DT, the requesting department would send a requisition to OCA, which would process the purchase order on behalf of the requesting department. The requesting department would then pay Mythics directly after receiving the product(s) and invoice(s). DT would manage the contract and ensure the City does not exceed the contract's not-to-exceed amount.

The contract includes one five-year option to extend through April 2031, subject to future Board of Supervisors approval. If the option is executed, DT would renegotiate pricing for Oracle products with Mythics at that time.

FISCAL IMPACT

The proposed contract would have an amount not to exceed \$60,000,000 over five years. According to Mr. Roberts, the not-to-exceed amount is based on the City's annual expenditures of approximately \$11 million for existing licenses and hardware and an estimated annual amount of approximately \$1 million for new licenses and hardware, as shown in Table 2 below.

Table 2: Estimated Contract Costs

Item	Annual Amount	Amount over 5 Years
Software Support for Existing Licenses & Hardware	\$11,000,000	\$55,000,000
New Licenses & Hardware	1,000,000	5,000,000
Total Not-to-Exceed Amount	\$12,000,000	\$60,000,000

Source: DT

The contract would be funded by the annual operating budgets of various City departments purchasing Oracle products.

RECOMMENDATION

Approve the proposed resolution.

Item 3 File 21-0283	Department: Department of Technology
EXECUTIVE SUMMARY	
<p style="text-align: center;">Legislative Objectives</p> <ul style="list-style-type: none"> • The proposed resolution would authorize the Department of Technology, and representatives from other City department that use Oracle software products, to enter into a Customer Participation Agreement for the purpose of allowing Oracle to solicit user feedback to assist in product development and marketing of Oracle products and services. If approved, the resolution grants Oracle a perpetual, irrevocable and non-exclusive license to use such feedback for any purpose, subject to the requirement that such use will insure that neither City nor any City employees will be able to be identified as having been advisory board or forum participants. <p style="text-align: center;">Key Points</p> <ul style="list-style-type: none"> • The City currently provides product and platform specific feedback through bi-lateral communications with Oracle, primarily in the form of help desk tickets. Based on our discussions with City staff, these bi-lateral communication channels appear to have been sufficient to allow the City to identify problems and recommend changes to the base technical configuration of the software systems to accommodate the needs of various City departments. Oracle takes the help desk tickets into account when deciding on changes to the base technical configuration of the software systems. According to the Department of Technology, this method of requesting changes to address specific issues and problems is costly and time consuming. The Department of Technology believes that participation in user advisory boards and forums will enhance the ability of the City to achieve desired changes and modifications to Oracle systems and products. • As a condition of participation, Oracle requires the City to sign an agreement that grants Oracle non-exclusive, unlimited, and perpetual rights to utilize user feedback to design and market Oracle software products. • The proposed Customer Participation Agreement has a confidentiality clause that requires Oracle insure that such use is done in a manner that does not allows any City department or individual City employee to be identified as a forum participant. <p style="text-align: center;">Fiscal Impact</p> <ul style="list-style-type: none"> • There are no direct costs to the City that would be incurred through entry into the proposed Custom Participation Agreement. <p style="text-align: center;">Policy Consideration</p> <ul style="list-style-type: none"> • We did not identify any adverse impact that would arise from entering into the proposed Agreement, and doing so may provide certain benefits in the specification of product improvements. <p style="text-align: center;">Recommendation</p> <ul style="list-style-type: none"> • Approval of the resolution is a policy matter for the Board of Supervisors. 	

MANDATE STATEMENT

City Charter Section 1.101 states that all rights and powers of a City and County which are not vested in another officer or entity by this Charter shall be exercised by the Board of Supervisors.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would authorize the Department of Technology, and representatives from other City department that use Oracle software products, to enter into a Customer Participation Agreement for the purpose of allowing Oracle to solicit user feedback to assist in product development and marketing of Oracle products and services. If approved, the resolution grants Oracle a perpetual, irrevocable and non-exclusive license to use such feedback for any purpose, subject to the requirement that such use will insure that neither City nor any City employees will be able to be identified as having been advisory board or forum participants.

In 2017 Oracle proposed a similar agreement with the City to solicit user input. According to Mr. Jack Wood, Director, Office of the Controller, Systems Division, the City Attorney had advised the Controller that they did not have the authority to enter into any perpetual licensing agreements with third parties, and that such agreements must be approved by the Board of Supervisors, citing 1.101 and 3.105 of the City Charter. The Controller did not bring the matter before the Board of Supervisors at that time.

The terms of the proposed Customer Participation Agreement will cover products purchased under the most recent agreement amendment approved by the Board on October 19, 2017 (File 17-0981) that amended prior agreement amendments with Oracle for the procurement of database software system that supports the City's Human Capital Management System for a not-to-exceed amount of \$12,211,194.

The proposed Customer Participation Agreement will also pertain to products and services that may be procured under the terms of a resolution currently pending before the Board (File 21-0282), which, if approved, will authorize the execution of an agreement to purchase of Oracle products for a not-to-exceed amount of \$60,000,000 from Mythics, with the agreement terminating on April 30, 2026.

The City currently spends approximately \$11-12 million per year on Oracle software products and cloud computing solutions through a variety of agreements executed by individual City Departments. According to Mr. Wood, the Department of Technology and other City departments have heretofore utilized bi-lateral negotiations with Oracle to provide feedback, and specify certain customizations of software systems used by various City departments.

The terms of the Customer Participant Agreement grants Oracle non-exclusive, irrevocable, and perpetual rights to use feedback provided by participants in development and marketing of Oracle products. The agreement has provisions to insure that any information provided to Oracle will not be used to identify the participating jurisdiction or any individual employee.

“Confidential Information” is defined in the agreement as

- (a) Information regarding the strategic direction of Participant’s business;
- (b) Participant’s financial information and projections;
- (c) personally identifiable information of Participant’s employees, vendors, partners and customers; and
- (d) any other material or information that is marked by Participant as confidential.

The agreement commits both parties to adhere to protocols that insure such information remains confidential, and may not be used in a manner that would allow for identification of any individual or government participant. The agreement grants Oracle perpetual usage rights to the feedback on products provided through advisory boards and user forums, so long as such use is consistent with the terms of confidentiality agreement. No language is included that either explicitly authorizes, prohibits, or conditions the City’s use of information received from Oracle.

At the present time, Oracle maintains a number of advisory groups and forums that include a Customer Advisory Board, Strategic and Industry-Specific User Councils, Financials Customer Advisory Board, Human Capital Customer Advisory Board, Expense Management Focus Group, and the Payroll Focus Group. According the Mr. Wood, a significant number of public entities are currently providing Oracle with participant input.¹

Mr. Wood, Mr. Brian Roberts (IS Project Director), and Mr. Hao Xie, DT Strategic Sourcing Manager, all stated they believe involvement in user feedback forums will provide the City with an additional avenue to influence product development. These forums allow for structured, recurrent communication between Oracle and users of Oracle products. In addition, they could serve to facilitate information sharing between forum participants. Participation could enhance the City’s ability to stay abreast of current issues related to software implementation and product development. Staff at DT all stated they believe the potential benefits of participation is sufficient to justify the time commitment, and does not entail any compromise of the City’s interests.

FISCAL IMPACT

The proposed Customer Participation Agreement does not impose direct costs on the City.

POLICY CONSIDERATION

The City currently provides product and platform specific feedback through bi-lateral communications with Oracle, primarily in the form of help desk tickets. Based on our discussions with City staff, these bi-lateral communication channels appear to have been sufficient to allow the City to identify problems and recommend changes to the base technical configuration of the

¹ An email sent by the Department of Technology listed twenty-four separate public entities as active participants in various Oracle advisory boards and user forums. This list includes state and local government, universities, school districts, and some enterprise departments, and indicated that there were additional participants that were not listed. While we do not presently know the exact number of other public sector participants, the network appears to be fairly extensive.

software systems to accommodate the needs of various City departments. Oracle takes the help desk tickets into account when deciding on changes to the base technical configuration of the software systems; however, more consideration is taken from the written and vocal feedback from the advisory groups and forums. In our conversations with City staff, we were not informed of any specific communication or implementation issues that would be remedied by the Customer Participation Agreement, but City staff did indicate that the City's ongoing support of the software systems could be improved by recommended changes in the technical configuration of Oracle products.

To the extent involvement in user feedback forums facilitates the ability of the City to suggest improvements to Oracle, there may be material benefits to City departments. For some Oracle products, the City has been able to create its own product and system modifications through custom development, which does not require entry into the Customer Participation Agreement. However, this is an added expense for the City both in terms of initial development and ongoing maintenance to ensure the City's custom development does not interfere with the base technical configuration of the Oracle software systems. According to DT staff, a more desirable approach for these product and system modifications is for the City to enter into the Customer Participation Agreement, having the ability to formally recommend these changes in Oracle advisory groups and forums, which when implemented would result in less upfront and ongoing costs for the City. We cannot discern any adverse material consequences that would arise from entering into the proposed Customer Participation Agreement, and doing so may provide certain benefits in relation to the specification of product improvements.

RECOMMENDATION

Approval of the resolution is a policy matter for the Board of Supervisors

<p>Item 4 File 20-0250</p>	<p>Department: Department of Public Health (DPH)</p>
<p>EXECUTIVE SUMMARY</p>	
<p style="text-align: center;">Legislative Objectives</p> <ul style="list-style-type: none"> The proposed resolution approves the first amendment to the contract between the Department of Public Health (DPH) and Central City Hospitality House for the administration of supportive services programs to homeless and other vulnerable populations, extending the contract by 1.5 years from June 30, 2020 to December 31, 2022, and increasing the amount by \$6,289,377 from \$8,804,235 to \$15,093,612. <p style="text-align: center;">Key Points</p> <ul style="list-style-type: none"> Central City Hospitality House is a nonprofit organization that provides a number of services including case management, substance use therapy and behavioral health support to homeless and other vulnerable San Francisco residents in the Tenderloin, SoMa and Mid-Market areas. After a competitive solicitation process in November 2017, DPH entered into a three-year contract with Central City Hospitality House from July 1, 2018 through June 30, 2021 in an amount not to exceed \$8,804,235. The additional \$6,289,377 would support funding for four existing programs for the 1.5-year period from June 30, 2021 through December 31, 2022: Tenderloin Self-Help Center, Sixth Street Self-Help Center, Community Building Program and Homeless Mentally Ill Outreach & Treatment Program. <p style="text-align: center;">Fiscal Impact</p> <ul style="list-style-type: none"> DPH issued two revisions to the program budget to account for State funding received for FY 2018-19 and FY 2019-20 for Central City Hospitality House to administer the Homeless Mentally Ill Outreach and Treatment Program, which was not included in the initial contract budget. The second revision included an additional increase of \$136,462 to support existing program budgets. Since both revisions resulted in reduced contingency amounts equivalent to the program budget increases, there was no change to the overall not to exceed contract amount. Of the \$3.6 million budgeted for FY 2020-21, approximately 71 percent of the contract budget comes from the General Fund and 29 percent comes from State funding. Grant funding for the Homeless Mentally Ill Outreach and Treatment Program ended after FY 2019-20 and was replaced with General Fund monies. Funding for the proposed contract amendment in FY 2021-22 and FY 2022-23 (through December 2022) will continue to be approximately 29 percent State funding and 71 percent General Fund. <p style="text-align: center;">Recommendation</p> <ul style="list-style-type: none"> 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

Central City Hospitality House

Central City Hospitality House is a nonprofit organization that provides a number of services including case management, substance use therapy and behavioral health support to homeless and other vulnerable San Francisco residents in the Tenderloin, SoMa and Mid-Market areas. Central City Hospitality House specializes in serving difficult-to-reach populations through the use of community-based, drop-in support services, and has been operating in the Tenderloin since 1967.

RFQ #5-2017 for Adult/Older Adult Community Drop-In & Support Services

In April 2017, the Department of Public Health (DPH) issued Request for Qualifications (RFQ) #5-2017 for the following programs: Senior Drop-In Center, a Community Building Program, Self-Help Centers (South of Market area) and Self-Help Centers (Tenderloin area).

In response to this RFQ, DPH received proposals from two organizations, Central City Hospitality House and the Curry Senior Center. Proposals were assessed by a panel of DPH and nonprofit staff and were scored based on proven history of incorporating wellness and recovery principles into current agency programming, implementing peer-based and clinical activities within a Community Drop-In setting, history with required service types, experience collecting and evaluating data, and capacity to deliver responsive services to homeless residents who may be struggling with behavioral health issues.¹ Central City Hospitality House applied for three of the four service categories: the Community Building Program, Self Help Centers (South of Market) and Self Help Centers (Tenderloin), and achieved a total score of 83.33 out of 100.² Central City Hospitality House was the only organization to submit proposals for these program categories. The other organization, Curry Senior Center, received a score of 86.83 for their Senior Drop-In Center proposal and also received funding through this RFQ.³

The original contract between DPH and Central City Hospitality House was for three years from July 1, 2018 through June 30, 2021, in an amount not to exceed \$8,804,235. The total contract awarded is for the three categories. The RFQ stated that the selected service providers would be awarded an initial contract term of one year, from January 1, 2018 to December 31, 2018, with a possible option to extend for an additional four years. According to Ms. Jacquie Hale, Director of

¹ Selection Panel members include: The Associate Director for the Peer Career Mentor Unit with City College, a Department of Children, Youth, and their Families (DCYF) employee, the Director of Richmond Area Multi-Services (RAMS), two DPH employees and a member of the Peer Counseling program.

² To be considered eligible for consideration, proposals must have scored 70 points or higher.

³ According to DPH staff, proposals were not scored by program category.

Contract Management with the Department of Public Health, the terms established in the RFQ were not followed because DPH chose to approve the original agreement for a longer term of three years based on the contractor's prior quality performance and financial health.

Contract Monitoring

According to the program monitoring reports for FY 2018-19, Central City Hospitality House either exceeded or met standards for each of their four programs. While a monitoring report was prepared for FY19-20 describing the service delivery and compliance requirements, the Department did not assign rating scores due to the impact of COVID. There were no findings, and the vendor contractor continues to be in good standing. The contractor met their service objectives for unduplicated clients for all four programs.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution approves the first amendment to the contract between the Department of Public Health and Central City Hospitality House for the administration of supportive services programs to homeless and other vulnerable populations, to extend the contract by 1.5 years from June 30, 2021 to December 31, 2022, and to increase the amount by \$6,289,377 for a total not to exceed amount of \$15,093,612.

Services Provided

The additional \$6.3 million would extend funding for four programs for the 1.5-year period from June 30, 2021 through December 31, 2022: The Tenderloin Self-Help Center, the Sixth Street Self-Help Center, the Community Building Program and the Homeless Mentally Ill Outreach & Treatment Program.

- The Tenderloin Self-Help Center provides low-threshold behavioral health, case management, peer counseling and other services to primarily adult and older adult Tenderloin residents. Through FY 2020-21, this program will serve an estimated 1,504 unduplicated clients.
- The Sixth Street Self-Help Center provides access to mental health, substance abuse, housing, employment and other services adult and older adult residents of San Francisco Sixth Street corridor/South of Market area who struggle with behavioral health issues. Through FY 2020-21, this program will serve an estimated 876 unduplicated clients.
- The Community Building Program serves multi-diagnosed homeless and at-risk adult residents and families in the Tenderloin through trauma support services. Through FY 2020-21, this program will serve an estimated 876 unduplicated clients.
- The Homeless Mentally Ill Outreach & Treatment (HMIOT) Program, operated through the Sixth Street Self-Help Center, provides street-based and drop-in access to mental health services on weekdays from 5pm-10pm. Through FY 2020-21, this program will serve an estimated 500 unduplicated clients.

FISCAL IMPACT

Revisions to Budget and Proposed Amendment

In early 2019, DPH received \$161,426 in State funding for FY 2018-19 and \$483,198 for FY 2019-20 for Central City Hospitality House to administer the Homeless Mentally Ill Outreach and Treatment Program, which was not included in the initial contract budget. To include the additional program in the contract, DPH issued the first revision to the program budget that increased the annual budget by \$161,426 (for a total contract budget of \$8,022,350) and reduced the contingency by the same amount (from \$943,311, or 12 percent of the budget, to \$781,855, or 10 percent of the budget) in June 2019.⁴ There was no change to the overall not to exceed contract amount.

In May 2020, DPH issued a second revision to the program budget to include the \$483,198 in State funding for the Homeless Mentally Ill Outreach & Treatment program and increase additional existing budgets by \$136,462.⁵ This second modification resulted in a \$619,660 increase in the annual budget (from \$8,022,350 to \$8,642,010 total) and a \$619,660 decrease in the contingency (from \$781,855, or 10 percent of the budget, to \$162,225, or 2 percent of the budget). The modifications to the program budget are shown in Table 1 below.

Table 1. Central City Hospitality House Budget for July 2018 through December 2022

Fiscal Year	Original Contract	RPB 1	RPB 2
7/1/18 - 6/30/19	\$2,620,308	\$2,781,734	\$2,781,734
7/1/19-6/30/20	2,620,308	2,620,308	3,239,968
7/1/2020-6/30/21	\$2,620,308	\$2,620,308	\$2,620,308
Subtotal	\$7,860,924	\$8,022,350	\$8,642,010
Contingency	\$943,311	\$781,885	\$162,225
Total	\$8,804,235	\$8,804,235	\$8,804,235

Source: Department of Public Health

The budget for each program through December 2022 is shown in Table 2 below.

⁴ A Revision to the Program Budget (RPB) is a change to the contract that is within (does not exceed) the total Not to Exceed amount and the existing term contained in the contract agreement. Source: DPH Contractual Services Invoice Procedures Manual.

⁵ The Tenderloin Self Help Center program budget increased by \$52,962 and the Community Building Program budget increased by \$83,500.

Table 2. Central City Hospitality House Budget by Program

Uses	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	07/01/22- 12/31/22	Total	Percent of Total
Tenderloin Self-Help Center	\$1,717,604	\$1,770,566	\$1,770,566	\$1,770,566	\$885,283	\$7,914,585	56%
Sixth Street Self-Help Center	717,856	717,856	717,856	717,856	358,928	3,230,352	23%
Community Building Program	184,848	268,348	268,348	268,348	134,174	1,124,066	8%
Homeless Mentally Ill Outreach and Treatment	161,426	483,198	483,198	483,198	241,599	1,852,619	13%
<i>Subtotal</i>	<i>\$2,781,734</i>	<i>\$3,239,968</i>	<i>\$3,239,968</i>	<i>\$3,239,968</i>	<i>\$1,619,984</i>	<i>\$14,121,622</i>	<i>100%</i>
<i>Contingency⁶</i>	<i>n/a</i>	<i>n/a</i>	<i>\$388,796</i>	<i>\$388,796</i>	<i>\$194,398</i>	<i>\$971,990</i>	
Total Uses	\$2,781,734	\$3,239,968	\$3,628,764	\$3,628,764	\$1,814,382	\$15,093,612	

Source: Department of Public Health

For FY 2020-21, approximately 71 percent of the contract budget comes from General Funds and the remaining 29 percent comes from State Mental Health Services Act funding. According to Ms. Ruggels, Director of the Department of Public Health Business Office, the Homeless Mentally Ill Outreach and Treatment grant, previously provided through the State of California's Department of Health Care Services, ended after FY 2019-20 and was replaced with General Fund monies. Funding for the proposed contract amendment in FY 2021-22 and FY 2022-23 (through December 2022) is approximately 29 percent State Mental Health Services Act and 71 percent General Fund.

\$5.9 million of the \$6 million contract budget for FY 2018-19 and FY 2019-20 (98 percent) was spent. According to Ms. Ruggels, the Department anticipates that the budget for FY 2020-21 will be fully expended.

RECOMMENDATION

Approve the proposed resolution.

⁶ Per Health Commission Resolution 14-1, when a contract is modified, a 12 percent contingency may be added for future services but any unused contingency remaining from prior contract periods will be reduced to \$0.

Item 7 File 21-0290	Department: Recreation and Parks Department (RPD)
EXECUTIVE SUMMARY	
<p style="text-align: center;">Legislative Objectives</p> <ul style="list-style-type: none"> • The proposed resolution would retroactively authorize the San Francisco Recreation and Park Department (RPD) to accept and expend grant funding in the amount of \$1,622,072 from the California Department of Parks and Recreation for the Rossi Pool Renovation Project for the period of July 2018 through June 2024 and approve the grant contract, requiring RPD to maintain the project for the period of July 2018 through June 2048. <p style="text-align: center;">Key Points</p> <ul style="list-style-type: none"> • In 2018, California voters approved Proposition 68, authorizing \$4 billion general obligation bonds for state and local parks, environmental protection projects, water infrastructure projects, and flood protection projects. In 2019, the San Francisco Recreation and Park Commission authorized RPD to apply for up to \$9 million in Proposition 68 grants for four parks projects, including the Rossi Pool Renovation. The California Department of Parks and Recreation determined that San Francisco’s per capita grant allocation is \$1,622,072. RPD decided to allocate the City’s funding to the Rossi Pool Renovation project. • The project includes resurfacing the 100-foot pool, seismic structural upgrades, indoor air quality improvements, energy efficiency improvements, Americans with Disabilities Act (ADA) accessibility upgrades, replacement of pool pumps and mechanical equipment, renovations of locker rooms, showers, and restrooms, addition of an all-gender restroom, addition of a classroom/multi-purpose room, and addition of a mechanical enclosure. The project is scheduled to be completed in Summer 2021. <p style="text-align: center;">Fiscal Impact</p> <ul style="list-style-type: none"> • The proposed resolution would authorize RPD to accept and expend grant funds of \$1,622,072 from the California Parks and Recreation Department for the Rossi Pool project. The grant requires the City to contribute \$405,418 in matching funds; the Recreation and Park Departments actual contribution is \$9,117,352 in local funds, for a project construction budget of \$10,739,424. <p style="text-align: center;">Recommendation</p> <ul style="list-style-type: none"> • Approve the proposed resolution. 	

MANDATE STATEMENT

City Administrative Code Section 10.170-1 states that accepting Federal, State, or third-party grant funds in the amount of \$100,000 or more, including any City matching funds required by the grant, is subject to Board of Supervisors approval.

BACKGROUND

In November 2018, California voters approved Proposition 68, authorizing \$4 billion in general obligation bonds for state and local parks, environmental protection projects, water infrastructure projects, and flood protection projects. Proposition 68 includes \$185 million in per capita grants for local park rehabilitation, creation, and improvement, as well as \$13,875,000 in per capita grants to cities and districts in urbanized counties (of at least 500,000 population).

In September 2019, the San Francisco Recreation and Park Commission authorized the Recreation and Park Department (RPD) to apply for up to \$9 million in Proposition 68 per capita grants and directed RPD staff to return with a spending plan. At the time, RPD anticipated receiving between \$4 million and \$9 million in per capita grant funding. RPD staff identified four projects totaling \$9 million as candidates for per capita grant funding: \$1.5 million for the Golden Gate Park Stanyan Street Edge Project, \$3 million for the Margaret Hayward Playground, \$3 million for the Rossi Pool Renovation, and \$1.5 million for the Willie “Woo Woo” Wong Playground. In November 2019, the Recreation and Park Commission approved grant applications for the four projects and authorized the RPD General Manager to accept and expend the grant and enter into a grant agreement.

The California Department of Parks and Recreation determined that San Francisco’s per capita grant allocation is \$1,622,072, comprised of \$1,444,120 in county grant allocations and \$177,952 in city grant allocations.¹ RPD decided to allocate the City’s funding to the Rossi Pool Renovation project.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would retroactively authorize RPD to accept and expend grant funding in the amount of \$1,622,072 from the California Department of Parks and Recreation for the Rossi Pool Renovation Project for the period of July 2018 through June 2024 and approve the grant contract, requiring RPD to maintain the project for the period of July 2018 through June 2048. While the proposed grant contract is retroactive to July 1, 2018, RPD has not yet received or expended grant funds.

The grant requires the City to contribute \$405,418 in matching funds. As shown below, the City’s actual contribution is \$9,117,352.

The project includes resurfacing the 100-foot pool, seismic structural upgrades, indoor air quality improvements, energy efficiency improvements, Americans with Disabilities Act (ADA)

¹ The \$177,952 city per capita grant allocation amount is equal for all California cities and special park and recreation districts, regardless of population.

accessibility upgrades, replacement of pool pumps and mechanical equipment, renovations of locker rooms, showers, and restrooms, addition of an all-gender restroom, addition of a classroom/multi-purpose room, and addition of a mechanical enclosure. According to Ms. Toni Moran, RPD Analyst, the project is scheduled to be completed in Summer 2021.

Proposition 68 requires the agency receiving per capita grant funding to provide a 20 percent local match. For the Rossi Pool project, RPD would provide \$9,117,352 in local funds, or approximately 86 percent of the total project funds. RPD will record a deed restriction on the property requiring its continued use as a public pool through at least June 30, 2048.

FISCAL IMPACT

The proposed resolution would authorize RPD to accept and expend grant funds of \$1,622,072 from the California Parks and Recreation Department for the Rossi Pool project. RPD would also provide \$9,117,352 in local funds, for a project construction budget of \$10,739,424. The sources and uses of funds are shown in Table 1 below.

Table 1: Sources and Uses of Rossi Pool Project Funds

Sources	Amount
Proposition 68 Per Capita City Allocation	\$177,952
Proposition 68 Per Capita County Allocation	1,444,120
2012 Clean and Safe Neighborhood Park Bond ²	4,984,928
2004 Recreation and Park Revenue Bond Reserves	1,409,442
2006 Recreation and Park Revenue Bond Reserves	2,590,558
Open Space Reserve Fund	132,424
Total Sources	\$10,739,424
Uses	Amount
Construction Contract – Roebuck Construction ³	\$10,739,424
Total Uses	\$10,739,424

RECOMMENDATION

Approve the proposed resolution.

² Proposition B, approved by San Francisco voters in November 2012, authorized \$195 million in general obligation bonds for parks, open space, and recreation facilities.

³ The contract awarded to Roebuck Construction includes a base amount of \$10,150,000 and a 10 percent contingency of \$1,015,000, for a total amount not to exceed \$11,165,000. To date, the project has incurred change orders of \$589,424, increasing the contract amount to \$10,739,424. According to Ms. Moran, any additional contact costs would be funded by Open Space Reserve..

Item 8 File 21-0184	Department: Office of Economic & Workforce Development (OEWD)
EXECUTIVE SUMMARY	
<p style="text-align: center;">Legislative Objectives</p> <ul style="list-style-type: none"> • The proposed resolution authorizes (a) the establishment of a small business emergency financial relief program to be administered by the Office of Economic and Workforce Development (OEWD); (b) a loan agreement with the California Rebuilding Fund, LLC in an amount not to exceed \$2 million; and (c) a grant agreement with Kiva Capital Management, LLC (Kiva) in an amount not to exceed \$1.4 million. <p style="text-align: center;">Key Points</p> <ul style="list-style-type: none"> • The Board of Supervisors approved an ordinance on second reading on April 6, 2021, appropriating \$7.6 million in property tax revenues to OEWD for loans to support small businesses in San Francisco impacted by the COVID-19 pandemic. • The \$2 million allocation to the California Rebuilding Fund would be used to make loans to small businesses that are underserved by banks (and would leverage total available loan funds up to \$12 million). The \$1.4 million allocation to Kiva would be used to make monthly interest payments on the loans received by small businesses in order to reduce the interest rate from the California Rebuilding Fund’s current fixed interest rate of 4.25 percent to approximately 0 percent. • The proposed grant agreement between the City and Kiva is for \$2.5 million. OEWD in consultation with the California Rebuilding Fund has determined that \$1.4 million, as specified in the proposed resolution, is not sufficient to reduce interest payments on loans up to \$12 million. OEWD intends to increase the amount allocated to the grant agreement from \$1.4 million to \$1.6 million, which is currently deemed sufficient to reduce interest payments on loans up to \$12 million. According to OEWD staff, the entire \$2.5 million may be required depending on market interest rates and availability of loan funds exceeding \$12 million. <p style="text-align: center;">Fiscal Impact</p> <ul style="list-style-type: none"> • Of the \$7.6 million appropriated by the Board of Supervisors, \$3.4 million would be allocated to the proposed loan agreement (\$2.0 million) and grant agreement (\$1.4 million). According to OEWD staff, the balance of \$4.2 million could potentially be allocated to the California Rebuilding Fund loan program. <p style="text-align: center;">Recommendation</p> <ul style="list-style-type: none"> • Because the proposed loan program, including the associated loan agreement and grant agreement, is consistent with the Board of Supervisors’ appropriation of \$7.6 million, the Budget and Legislative Analyst recommends approval of the proposed resolution. 	

MANDATE STATEMENT

City Charter Section 1.101 states that all rights and powers of a City and County which are not vested in another officer or entity by this Charter shall be exercised by the Board of Supervisors.

BACKGROUND

The Board of Supervisors approved an ordinance on second reading at the April 6, 2021 Board of Supervisors meeting, appropriating \$24.75 million in property tax revenues to the Office of Economic and Workforce Development (OEWD) for various programs to support small businesses in San Francisco impacted by the COVID-19 pandemic (File 21-0177). Of the \$24.75 million, \$7.6 million is allocated to loan programs.

OEWD implemented three loan programs, totaling \$14.6 million, between April 2020 and December 2020 to support small businesses in San Francisco.

- SF Hardship Emergency Loan Program (SF HELP) was implemented in April 2020, and has distributed \$8,715,927 of available funds of \$9,450,000 in zero-interest loans to 302 small businesses, with businesses receiving an average of \$28,765.
- African American Small Business Revolving Loan Fund was implemented in July 2020, and has distributed \$1,898,000 of available funds of \$2,700,000 in zero-interest loans to 42 small businesses, with an average loan amount of \$45,190 (with up to 20 percent of the loan amount forgivable).
- Latino Small Business Fund (SF HELP extension) was implemented in December 2020, and has distributed \$692,000 of available funds of \$2,475,000 in zero-interest loans to 22 small businesses, with an average loan amount of \$31,454.

In addition, the federal government established the following financial relief programs for small businesses administered by the U.S. Small Business Administration (SBA):

- The Paycheck Protection Program provides loans that help businesses retain their workforce during the Covid-19 pandemic. According to OEWD, \$3.2 billion was provided from March 2020 through December 2020 to 22,215 San Francisco businesses, with an average loan amount of \$145,009.
- Covid-19 Economic Injury Disaster Loans provide economic relief to small businesses and non-profit organizations that are currently experiencing a temporary loss of revenue. According to OEWD, \$936.8 million was provided from March 2020 through December 2020 to 15,012 San Francisco-based small businesses, self-employed individuals or sole proprietorships, or non-profits, with an average loan amount of \$62,400.
- The federal SBA also provides Express Bridge Loans to small businesses that currently have a business relationship with an SBA Express Lender to access up to \$25,000 quickly; debt relief to existing SBA loan borrowers during the Covid-19 pandemic; and Shuttered Venue Operators Grants for emergency assistance for eligible venues affected by the Covid-19 pandemic.

The State provides a California Small Business Covid-19 Relief Grant Program available to small businesses or non-profits operating in California, with a total of \$2 billion available statewide and grant awards ranging from \$5,000 to \$25,000.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution authorizes the establishment of a small business emergency financial relief program to be administered by the Office of Economic and Workforce Development (OEWD). Under the proposed ordinance, the Director of OEWD would be authorized to enter into one or more funding/loan agreements with (a) the California Rebuilding Fund, LLC in an amount not to exceed \$2,000,000 to facilitate the origination of loans to certain small businesses in the City; and (b) Kiva Capital Management, LLC in an amount not to exceed \$1,400,000 to provide monies for an interest buy down fund for loans facilitated by the California Rebuilding Fund to certain small businesses in the City.

According to the proposed ordinance, the intent of the small business emergency financial relief program is to provide microloans to small low-income businesses across the City, and loans to other small business across the City. These loans are intended to complement and expand existing local, State, and Federal initiatives aimed at providing relief for small businesses struggling as a result of COVID-19.

California Rebuilding Fund

Governor Newsom implemented the California Rebuilding Fund in November 2020 as a public-private partnership, providing loans of up to \$100,000 to small businesses. Initial funding for the loans came from a guarantee from the California Infrastructure and Economic Development Bank¹. The Fund is administered by Kiva Capital Management, and loans are distributed to small businesses through Community Development Financial Institutions.² Loans provided to small businesses are to be paid back over three to five years at an annual interest rate of 4.25 percent.

Kiva Capital Management

Kiva Capital Management (Kiva) is a 501(c)(3) organization, established in 2005 and based in San Francisco, that provides microloans to businesses by linking the loan applicant to lenders. Once Kiva has reviewed and approved the loan application, the loan is posted to the Kiva system, and lenders crowd fund the loan in increments of \$25 or more.

¹ The California Infrastructure and Economic Development Bank (IBank) was created in 1994 to finance public infrastructure and private development. IBank has broad authority to issue tax-exempt and taxable revenue bonds, provide financing to public agencies, provide credit enhancements, acquire or lease facilities, and leverage State and Federal funds.

² Community Development Financial Institutions (CDFIs) are specialized community based financial institutions with a primary mission to promote economic development by providing financial products and services to people and communities underserved by traditional financial institutions, particularly in low income communities. Community Development Financial Institutions in San Francisco include the Northern California Loan Fund, Pacific Community Ventures Investment Partners III, Pacific Community Ventures, Inc., TMC Development Working Solutions, and HomeBricks, Inc.

Loan Agreement

The proposed loan agreement is between the City as lender and the California Rebuilding Fund, LLC, as borrower, which is a wholly owned subsidiary of Kiva Microfunds. Under the loan agreement, the City will lend \$2 million to the California Rebuilding Fund at an interest rate of 1.5 percent per year, which will serve as a source of funds for loans to small businesses, defined by the California Rebuilding Fund as businesses with fewer than 50 employees and annual revenues of less than \$2.5 million, that are located in historically underbanked and disadvantaged communities. The loan agreement provides for the City to waive the California Rebuilding Fund's repayment of the \$2 million loan.

Grant Agreement

The proposed grant agreement is between the City and Kiva Microfunds,³ in which Kiva Microfunds will administer a small business loan program to provide loans to small businesses impacted by COVID. The grant agreement is in effect from April 1, 2021 through June 30, 2027.

Funds allocated to Kiva Microfunds by the City through the grant agreement are to be used to pay monthly interest payments for up to five years on loans made to small businesses by the California Rebuilding Fund up to \$12 million, including \$2 million allocated by the City under the proposed loan agreement and \$10 million from other funds allocated by the California Rebuilding Fund. The intent is to reduce the interest owed by small businesses on loans obtained from the California Rebuilding Fund, which current carry a fixed interest rate of 4.25 percent. The more than six-year term of the proposed grant agreement is to correspond to the term of the loans obtained by small businesses from the California Rebuilding Fund, which are generally for five years.

The grant agreement provides for an allocation of \$2.5 million to Kiva Microfunds, although the proposed resolution specifies that the amount of the grant to Kiva is \$1.4 million. According to OEWD staff, OEWD in consultation with the California Rebuilding Fund has determined that \$1.4 million, as specified in the proposed resolution, is not sufficient to reduce interest payments on loans up to \$12 million in loans from the current fixed interest rate of 4.25 percent to an estimated fixed interest rate of approximately 0 percent.⁴ OEWD intends to increase the amount allocated to the grant agreement from \$1.4 million to \$1.6 million, which is currently deemed sufficient to reduce interest payments on loans up to \$12 million. According to OEWD staff, the entire \$2.5 million may be required depending on market interest rates and availability of loan funds exceeding \$12 million.

Reporting Requirements

The proposed resolution provides for the OEWD Director to submit report(s) to this Board as and when such reports are available regarding loans made to small businesses located in the City, as

³ Kiva Capital Management LLC is a wholly owned subsidiary of Kiva Microfunds, acting as an "impact-first asset manager, managing institutional-quality impact funds in underserved sectors."

⁴ According to OEWD staff, the \$1.4 million allocation to reduce interest rates was based on loan amounts up to \$10 million. To reduce interest rates on loans up to \$12 million requires an allocation of \$1 million.

provided by either the Rebuilding Fund or Kiva, including the aggregate amount of loans made for each loan type and average loan amount for each loan type.

FISCAL IMPACT

The Board of Supervisors approved an ordinance on April 6, 2021, appropriating \$7.6 million in property tax revenues to OEWD to provide small business COVID-19 relief loans, which is the source of funds for the \$2 million loan agreement between the City and the California Relief Fund, and \$1.4 million grant agreement between the City and Kiva, totaling \$3.4 million in funds. According to OEWD staff, the balance of \$4.2 million could potentially be allocated to the California Rebuilding Fund loan program.

Because the proposed loan program, including the associated loan agreement and grant agreement, is consistent with the Board of Supervisors' appropriation of \$7.6 million, the Budget and Legislative Analyst recommends approval of the proposed resolution.

RECOMMENDATION

Approve the proposed resolution.