

CITY AND COUNTY OF SAN FRANCISCO

BOARD OF SUPERVISORS

BUDGET AND LEGISLATIVE ANALYST

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TO: Budget and Finance Committee

FROM: Budget and Legislative Analyst



SUBJECT: April 27, 2022 Budget and Finance Committee Meeting

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Item 2 File 22-0345	Department: Homelessness & Supportive Housing
EXECUTIVE SUMMARY	
<p>Legislative Objectives</p> <ul style="list-style-type: none"> • The proposed resolution would approve the acquisition of 681-687 Ellis Street, which includes 74 single room occupancy units to be converted to permanent supportive housing. The resolution would also authorize the Department of Homelessness and Supportive Housing to apply for a Homekey grant. <p>Key Points</p> <ul style="list-style-type: none"> • The property for purchase was selected following a Request for Information and evaluation by an interdepartmental review panel. The property was built in 1927 and is currently being used as a Shelter in Place hotel. There are no commercial leases on the property. • The purchase price was confirmed by a third-party appraisal and appraisal review. <p>Fiscal Impact</p> <ul style="list-style-type: none"> • The proposed resolution's not to exceed amount includes the purchase price of \$19,900,000 and closing costs of \$40,000. In addition, HSH staff estimate that there will be \$6.6 million in improvement costs. • The cost per unit, including estimated improvement costs, is \$359,095, which is consistent with recent HSH permanent supportive housing acquisitions. • Operating costs for the property are estimated to be \$1.5 million per year. • The purchase price, closing costs, and operating costs will be paid for by Proposition C monies. The Department has not yet determined funding for improvement costs. <p>Recommendation</p> <ul style="list-style-type: none"> • Approve the proposed resolution. 	

MANDATE STATEMENT

Administrative Code Section 23.3 states that the Board of Supervisors must approve acquisitions and conveyances 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 is required if the fair market value is greater than \$200,000.

BACKGROUND

City Acquisition of Permanent Supportive Housing

The City's July 2020 Homelessness Recovery Plan established a goal of purchasing or leasing 1,500 new units of Permanent Supportive Housing by June 30, 2022. That goal has been met and exceeded: as of April 20, 2022, the City has purchased or leased over 2,500 units of new supportive housing.¹

These properties have been acquired using local General Fund and Proposition C funding, and by leveraging state Project Homekey funds. Proposition C, approved by San Francisco voters in November 2018, instituted a gross receipts tax for the purposes of funding homeless services and housing.

In July 2020, the California Department of Housing and Community Development announced, through a Notice of Funding Availability (NOFA), the Homekey Program along with the availability of approximately \$600 million in grant funding to local governments to sustain and expand housing for folks experiencing homelessness and impacted by COVID-19. The City has applied for, and received, nearly \$126 million in Homekey grant funding since July 2020, as shown in Exhibit 1 below.

¹ Progress towards Permanent Supportive Housing goals, including "Goal B," can be monitored through the City's online dashboard at <https://sf.gov/data/homelessness-recovery-plan#progress-towards-permanent-supportive-housing-goals>. Goal B (new purchases, new leases, and new development sites) includes both site-based and scattered site permanent supportive housing units.

**Exhibit 1. City Property Acquisitions for Permanent Supportive Housing,
July 1, 2020-April 20, 2022**

Address	Total Est. Cost	Units	Bedrooms	Cost per Bedroom	Homekey Award	City Cost per Bedroom
440 Geary Street	\$53,473,340*	130	130	\$411,333	\$26,000,000	\$211,333
1000 Sutter Street	\$74,022,061*	232	232	\$319,061	\$47,912,020	\$112,543
1321 Mission Street	\$86,673,000	160	240	\$361,138	\$46,290,000	\$168,263
3061 16th Street	\$7,215,000*	25	25	\$288,600	\$5,763,280	\$58,069
5630-5638 Mission Street	\$23,340,000*	52	52	\$448,846	Request Pending	\$448,846
835 Turk Street	\$34,763,450*	114	114	\$304,943	Not yet requested	\$304,943
Total Approved Acquisitions	\$279,486,851	713	793	\$352,442	\$125,965,300	\$193,596

Source: HSH

Note: Total estimated costs include acquisition closing costs, and, for some projects noted with asterisks, estimated rehabilitation costs. Differences in acquisition prices depend on variables such as property condition, unit sizes, and building age. Costs included for planned or in-progress rehabilitation, including seismic upgrades for older properties, are estimates at time of acquisition. Homekey award amounts include only capital awards for acquisition and rehabilitation, not operating awards.

In addition to the properties noted in Exhibit 1, two acquisitions are pending Board of Supervisors review: 333 12th Street was approved for recommendation to the full Board at the April 20, 2022 Budget & Finance Committee meeting (File 22-0344) and 681-687 Ellis Street (this File 22-0345) will be presented to the Budget and Finance Committee on April 27, 2022.

According to HSH, new property acquisition activities will begin to slow next fiscal year as the majority of available one-time funding sources (prior year local Proposition C collections) are spent following the April 2022 purchases of 333 12th Street (File 22-0344) and 681-687 Ellis Street.

Existing Property

In January 2021, the Department of Homelessness and Supportive Housing (HSH) issued a Request for Information (RFI) to identify properties for possible acquisition as permanent supportive housing sites and received 100 eligible submissions, including the property located at 681-687 Ellis Street, in San Francisco's Tenderloin neighborhood.

The property is a seven-story, 4,695 square feet building and consists of a 74-room single room occupancy tourist hotel. Common areas include a lobby/front desk, and restaurant/dining room.

The property was built in 1927 and has received periodic updates and renovations, the most recent of which was approximately 13 years ago, in 2008.

The property is currently being leased on a month-to-month basis to the City under a COVID-19 emergency services contract as a Shelter-In-Place Hotel that provides temporary shelter for people experiencing homelessness who are most vulnerable to COVID 19.² As of April 12, 2022, HSH reports that the property is 73 percent occupied, with a total of 54 active guests at 681-687 Ellis Street. Prior to the agreement for emergency services, the property was used as a residential motel named “Atherton Hotel- Hosteling International.” There is no parking on site. There are no commercial leases in the building.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would make the following actions:

1. Approve and authorize the Director of Property, on behalf of HSH, to acquire the property located at 681-687 Ellis Street;
2. Approve and authorize an Agreement of Purchase and Sale for Real Estate for acquisition of the property for \$19,900,000 plus an estimated \$40,000 for typical closing costs, for a total acquisition cost amount not to exceed \$19,940,000 from 685 Ellis, LLC;
3. Approve and authorize HSH, on behalf of the City, to apply for the California Department of Housing and Community Development’s Homekey Grant Program to purchase the property;
4. Authorize the Director of Property, HSH Director, and City Attorney’s Office to execute the purchase and sale agreement, make certain modifications, and take certain actions in furtherance of the resolution and the purchase and sale agreement that do not increase the liabilities of the City;
5. Affirm the Planning Department’s determination that the purchase is not considered a project under the California Environmental Quality Act (CEQA); and
6. Adopt the Planning Department’s findings that the purchase and sale agreement is consistent with the General Plan and Planning Code Section 101.1.

An appraisal conducted by Colliers International Valuation and Advisory Services (“Colliers”) confirmed that as of January 6, 2022, the proposed sale price of \$19,900,000 is fair market value.³ R. Blum and Associates conducted an appraisal review of the property and recommended approval of the Colliers appraisal.

² The Shelter in Place (SIP) Program is one of four programs in the City’s COVID-19 Alternative Housing System. The SIP program provides temporary shelter for persons experiencing homelessness who are at increased risk for severe illness from COVID-19. Guests are not tenants and must vacate the site at the City’s request. The SIP Program is part of the State’s Project Roomkey which leverages Federal Emergency Management Agency and State funds to reimburse certain costs.

³ The appraisal was conducted assuming the number of units is 75, not 74, because the current ownership represents it as a 75-room hotel.

Intended Use

Pending Board of Supervisors approval, the City intends to continue operating the property as a Shelter-In-Place hotel as the SIP program winds down. The property will transition from a SIP Hotel to Permanent Supportive Housing for adults exiting homelessness. A third-party non-profit provider will provide on-site supportive services following a competitive selection process. HSH anticipates that a Request for Qualifications will be released in Summer 2022 to select the permanent non-profit operator of the property.

Site Condition

A visual inspection of the exterior property condition, interior, and building drawings was completed by a licensed consultant in March 2021. The inspection found that the building was generally in fair to good condition, with immediate capital improvements/rehabilitation that would cost approximately \$6,633,000. The funding source for the improvement costs has not yet been identified and is pending further development of a scope.

Project Homekey Grant Application

The proposed resolution authorizes the City to apply for Homekey Grant Funding for this property. HSH will determine whether to prioritize the property for application to the next round of state Homekey funding upon the release of the Round 3 Funding anticipated in October 2022. The property will be evaluated for application relative to other potential applicant properties in HSH's newly acquired supportive housing portfolio and whether the project will be able to meet Homekey-prescribed construction and lease-up timelines.

If the City chooses to apply for a grant and secures the funds, it will then seek Board of Supervisors approval to execute a Standard Agreement with California Department of Housing and Community Development (HCD), and to accept and expend the Homekey grant to offset the purchase cost and/or rehabilitation cost of the 681-687 Ellis Street property.

According to HCD's Notice of Funding Availability, projects are eligible for up to \$200,000 in funding per unit, or \$300,000 per unit if the applicant provides at least \$100,000 per unit in matching funds. Operating subsidies are available for up to \$1,400 per unit per month for two years, or for three years if a match is provided. Per unit subsidies vary based on unit size and population served.

FISCAL IMPACT

As shown in Exhibit 2 below, the total cost to purchase the property, including closing costs, is \$19,940,000 for 74 units. Additionally, the estimated near-term property rehabilitation/improvement costs is approximately \$6,633,000. The cost per unit is \$359,095, including acquisition and rehabilitation costs.

Exhibit 2: Estimated Acquisition and Improvement Costs

Item	Amount
Purchase Price	\$19,900,000
Closing Costs	\$40,000
Improvement Cost	\$6,633,000
Total Cost	\$26,573,000
Units	74
Cost Per Unit	\$359,095

Source: Proposed Purchase and Sale Agreement and HSH

Deposit

There is no deposit required for this acquisition.

Operating Costs

HSH estimates that onsite operating and services costs for supportive services at 681-687 Ellis Street would be similar to other properties in its Permanent Supportive Housing portfolio. Annual operating costs are approximately \$19,800 per room, or \$1,465,200 for the 74-room building once it is fully occupied. Future services contracts for the property are unlikely to meet the \$10 million expenditure threshold that would require Board of Supervisors approval.

Funding Source

HSH plans to use Proposition C funds to acquire and operate this property. If HSH decides to apply for a Homekey grant, those grant funds would offset the property's purchase, rehabilitation, and operation costs.

RECOMMENDATION

Approve the proposed resolution.

<p>Item 6 File 22-0316</p>	<p>Department: Human Services Agency</p>
<p>EXECUTIVE SUMMARY</p>	
<p style="text-align: center;">Legislative Objectives</p> <ul style="list-style-type: none"> • The proposed resolution would approve a new grant agreement between HSA and the San Francisco IHSS Public Authority to replace the current grant agreement, which is scheduled to end in June 2022. The proposed new grant is for the period of July 1, 2022 through June 30, 2026, in an amount not to exceed \$434,709,670 <p style="text-align: center;">Key Points</p> <ul style="list-style-type: none"> • In-Home Supportive Services (IHSS) is a federally-, state-, and locally-funded program administered by each county. IHSS provides funding for eligible low-income seniors (over the age of 65) and disabled persons to receive non-medical personal care and other household assistance in their home. IHSS service hours are provided to clients via two modes of service delivery: (a) the Independent Provider mode or (b) the contract mode for clients who are unable to find and/or supervise their own Independent Providers. According to HSA, there are currently approximately 24,500 IHSS clients, of which 2,500 clients (10 percent) were not connected to a provider as of March 2022. • Grant services include program administration, health and dental benefits for IHSS providers, and other services to IHSS providers. • The IHSS Public Authority is adding 1.0 Full-Time Equivalent (FTE) Recruitment Manager and 1.0 FTE Community Engagement Coordinator (for a total of 2.0 FTE Community Engagement Coordinators in the agency) to enhance recruitment of contract providers. <p style="text-align: center;">Fiscal Impact</p> <ul style="list-style-type: none"> • Total costs over the four-year term are \$434,709,670. Health and dental benefits constitute approximately \$376.5 million or 95 percent of the proposed grant amount. Salary and Benefits for IHSS Public Authority staff total \$13.1 million over the four-year term, including \$0.9 million for the 3.0 new FTEs to support recruitment efforts for the IHSS worker registry. • The grant is funded by a combination of federal funding (50 percent), state funding (30 percent), and the City’s General Fund (20 percent) <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

In-Home Supportive Services (IHSS) is a federally-, state-, and locally-funded program administered by each county. IHSS provides funding for eligible low-income seniors (over the age of 65) and disabled persons to receive non-medical personal care and other household assistance in their home. IHSS care allows seniors and disabled persons to remain in their own homes and thereby avoid unnecessary and expensive hospitalization or institutionalization.

Each eligible IHSS client is allocated a specified number of monthly IHSS service hours based on an annual needs assessment conducted by the Human Services Agency's (HSA) Department of Disability and Aging Services (DAS). In San Francisco, IHSS service hours are provided to clients via two modes of service delivery: (a) the Independent Provider mode or (b) the contract mode for clients who are unable to find and/or supervise their own Independent Providers. According to HSA, there are currently approximately 24,500 IHSS clients, 95 percent of whom utilize the Independent Provider mode of service.¹

In May 1995, the Board of Supervisors established the San Francisco IHSS Public Authority per Administrative Code Chapter 70 as an independent public agency, pursuant to California Welfare and Institutions Code Section 12301.63, to be the designated public authority for the County of San Francisco to: (a) provide administrative and operations support services for IHSS Independent Providers and (b) administer health and dental benefits to IHSS Independent Providers. The IHSS Public Authority's administrative and operations support services include maintenance of an Independent Provider registry for clients who need help finding care providers, background investigations of new providers including fingerprinting, a mentorship program for providers, and other services.

In June 2019, the Board of Supervisors approved a grant agreement between HSA and the San Francisco IHSS Public Authority for the provision of administration, health, and dental benefits to

¹ The five percent of clients who do not utilize the Independent Provider mode receive services through Homebridge, which is currently San Francisco's contract mode provider. According to HSA, the Homebridge grant serves a higher need client while also providing both wages and benefits to IHSS providers. The Homebridge grant serves IHSS recipients who are unable to hire and supervise their own home care providers, as well as IHSS recipients who have behavioral health issues and/or cognitive impairment that create barriers to service delivery. The home care providers employed by Homebridge do not receive benefits from the IHSS Public Authority. Homebridge is responsible for providing health benefits to their employees in compliance with the Affordable Care Act and all other relevant laws.

IHSS Independent Providers from July 1, 2019 to June 30, 2022 in the amount of \$255,912,584 (File 19-0484).

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would approve a new grant agreement between HSA and the San Francisco IHSS Public Authority to replace the current grant agreement, which is scheduled to end in June 2022. The proposed new grant is for the period of July 1, 2022 through June 30, 2026, in an amount not to exceed \$434,709,670.² Grant services include program administration, health and dental benefits, and other services to IHSS providers.

The IHSS Public Authority is the employer of record for Independent Providers in San Francisco for the purposes of union negotiations and is responsible for the administration of health and dental benefits for all eligible Independent Providers. In 2019, the IHSS Public Authority concluded the collective bargaining process with SEIU Local 2015. According to HSA, there are approximately 23,930 active Independent Providers in the City. Currently, 11,642 or 55 percent of eligible Independent Providers are enrolled in health benefits, and 8,982 or 46 percent of eligible Independent Providers are enrolled in dental benefits.³

The major service areas provided through the proposed grant with the IHSS Public Authority include the following:

- Providing and administering health and dental benefits for Independent Providers;
- Maintaining a home care worker registry;
- Participating in Independent Provider group orientation, conducting LiveScans and processing of criminal background checks of potential Independent Providers;
- Providing a Mentorship Program for IHSS consumers;
- Providing a One Stop Resource Center for IHSS recipients and Independent Providers, which includes trainings for IHSS recipients and distribution of limited safety and protective supplies to Independent Providers; and
- Providing stipends to Union Stewards for performance of Union related activities in accordance with the current Collective Bargaining Agreement with SEIU Local 2015; and
- Staffing the IHSS Public Authority Governing Body.

² The grant is a sole source grant to the San Francisco IHSS Public Authority but does not require a waiver under Administrative Code Section 21.G because the IHSS Public Authority is the only governmental entity that can practically perform the programs or services of the IHSS program. Per Administrative Code Chapter 70, the San Francisco IHSS Public Authority has designated authority over the IHSS program.

³ According to HSA, an Independent Provider has to have worked two consecutive months with at least 25 hours per month in one of those months to be qualified to enroll for health insurance. For dental insurance, an Independent Provider has to have worked six consecutive months with at least 25 hours per month to be qualified to enroll. To maintain health and dental coverage, an Independent Provider has to work a minimum of 25 hours per month. As of April 2022, there were 21,052 Independent Providers who are eligible for health insurance, and 19,613 Independent Providers who are eligible for dental insurance.

According to HSA, the proposed grant's scope of work for the provision of benefits to Independent Providers has not changed from the existing grant with the IHSS Public Authority. The insurance carrier for health benefits is the San Francisco Health Plan and Liberty Dental is the insurance carrier for dental benefits. According to HSA, the current health and dental providers will remain the same for the proposed grant.

According to HSA, Independent Provider wages are set by the City, but are paid directly to Independent Providers by the State. In San Francisco, the Minimum Compensation Ordinance (MCO) approved in November 2018 sets wages for IHSS workers above the City's minimum wage (File 17-0538) and resulted in a staggered wage increase for Independent Providers.⁴ The wage increases were subsequently codified in the Collective Bargaining Agreement between SEIU Local 2015 and the IHSS Public Authority. While the IHSS Public Authority acts as the employer of record for purposes of bargaining, which includes setting wages in partnership with the City, the wages do not get paid through the Public Authority grant.

New Positions to Support IHSS Worker Registry

According to HSA, there were approximately 2,500 clients (10 percent) not connected to a provider as of March 2022. HSA reports that the existing IHSS worker registry is not sufficient to meet this need due to workforce shortages and does not adequately reflect the diversity of IHSS clients. Further, the IHSS Public Authority expects the number of IHSS clients to increase due to the expansion of Medi-Cal eligibility in May 2022 to include undocumented immigrants ages 50 and older. The Department reports that 458 registered providers are fully employed, 304 registered providers are seeking work, and 53 registered providers become fully employed every month.

The IHSS Public Authority is adding 1.0 Full-Time Equivalent (FTE) Recruitment Manager and 1.0 FTE Community Engagement Coordinator (for a total of 2.0 FTE Community Engagement Coordinators in the agency) to enhance recruitment efforts. The IHSS Public Authority is also adding 1.0 FTE On-Call Coordinator (for a total of 2.0 FTE On-Call Coordinators in the agency) to coordinate back-up providers for IHSS clients in need of an emergency provider. According to the IHSS Public Authority, the number of IHSS clients who are dependent on on-call care services has increased over the last year and is expected to continue. Under the proposed agreement, the IHSS Public Authority's staffing would increase from 25.0 to 28.0 FTE, an increase of 3.0 FTE as shown in Exhibit 1 below.

⁴ IHSS worker wages will increase from \$18.00 to \$18.75 on July 1, 2022 (the final year of the staggered wage increase schedule) and annual cost-of-living adjustments will be made in subsequent years beginning in July 2023.

Exhibit 1: IHSS Public Authority Existing and Proposed Staffing by Program

	Existing FTE	Proposed FTE	Change in FTE
Administration/ Health and Dental			
Benefits	22.10	25.10	3.00
Finger Printing Project	2.60	2.60	0.00
Advisory Council	0.30	0.30	0.00
Mentorship Program*	0.00	0.00	0.00
Total	25.00	28.00	3.00

Source: Draft Grant Agreement

*The Mentorship Program does not have dedicated staffing but is supported by staff under the Administration/ Health and Dental Benefits Program

Performance Monitoring

The existing grant agreement requires the IHSS Public Authority to provide monthly, quarterly, and annual reports, which include service measures on IHSS provider benefits administration and enrollment, the worker registry, Independent Provider enrollment services and IHSS consumer mentoring services. The IHSS Public Authority annual report also summarizes the grant activities, as well as accomplishments and challenges encountered by the agency. Performance measures and monitoring report activities for the proposed grant agreement will include similar requirements.

According to HSA, the IHSS Public Authority has not met service objectives for the IHSS worker registry due to workforce shortages described above but has met objectives for all other service areas. However, the Department did not provide the performance monitoring document for our review.

FISCAL IMPACT

The amount of the existing grant between HSA and the IHSS Public Authority during the three-year term between July 1, 2019 and June 30, 2022 was \$255,912,584, which includes a 10 percent contingency. According to HSA, estimated actual grant expenditures through June 30, 2022 will be approximately \$234,264,397, or \$21,648,187 (9.2 percent) less than the total grant not to-exceed amount.

The proposed grant amount, including a 10 percent contingency, totals \$434,709,670 over a four-year term from July 1, 2022 through June 30, 2026, as shown in Exhibit 2 below.

Exhibit 2: IHSS Public Authority Grant Budget

	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	Total
<u>Revenues</u>					
Federal Funding (50%)	\$47,202,849	\$48,618,945	\$50,077,542	\$51,579,968	\$197,479,304
State Funding (30%)	28,321,710	29,171,367	30,046,525	30,947,981	118,487,582
General Fund (20%)	18,939,140	19,505,578	20,089,017	20,689,987	79,223,722
Total Revenues	\$94,463,699	\$97,295,889	\$100,213,085	\$103,217,935	\$395,190,608
<u>Expenditures</u>					
Administration/ Health and Dental Benefits	94,028,674	96,849,554	99,755,085	102,747,930	393,381,243
Finger Printing Project	293,495	302,300	311,380	320,725	1,227,900
Advisory Council	83,530	86,035	88,620	91,280	349,465
Mentorship Program	58,000	58,000	58,000	58,000	232,000
Total Expenditures	\$94,463,699	\$97,295,889	\$100,213,085	\$103,217,935	\$395,190,608
Contingency (10%)	9,446,370	9,729,589	10,021,308	10,321,794	39,519,061
Total incl. Contingency	\$103,910,069	\$107,025,478	\$110,234,393	\$113,539,729	\$434,709,669

Source: Draft Grant Agreement

According to HSA, the proposed grant's budget is based on projections accounting for the anticipated number of enrollments (based on averages of past actuals) multiplied by average monthly premiums. Health and dental benefits constitute approximately \$376.5 million or 95 percent of the proposed grant amount (not including the 10 percent contingency). As previously mentioned, the IHSS Public Authority buys health and dental insurance from the San Francisco Health Plan and Liberty Dental. Salary and Benefits for IHSS Public Authority staff total \$13.1 million over the four-year term, including \$0.9 million for the 3.0 new FTEs to support recruitment efforts for the IHSS worker registry.

The grant is funded by a combination of federal funding (50 percent), state funding (30 percent), and the City's General Fund (20 percent), as shown above.

RECOMMENDATION

Approve the proposed resolution.

<p>Item 7 File 22-0059</p>	<p>Department: Children, Youth, and Their Families (DCYF)</p>
<p>EXECUTIVE SUMMARY</p>	
<p style="text-align: center;">Legislative Objectives</p> <ul style="list-style-type: none"> • The proposed resolution would retroactively approve the first amendment to the Black to the Future grant between DCYF and Young Community Developers, and approve the second amendment to the grant, extending the term to June 30, 2024 and increasing the not-to-exceed amount to \$14,609,193. <p style="text-align: center;">Key Points</p> <ul style="list-style-type: none"> • Young Community Developers is a non-profit community-based organization that provides educational and employment-based trainings for Bayview Hunters Point residents. Black to the Future serves approximately 165 children and young adults each year. The initiative provides multiple services for enrolled participants through its 16 partner organizations, including education, violence prevention, and health and wellness services. • In August 2016, DCYF issued a request for proposals (RFP) for the African American Empowerment Collaborative. DCYF was seeking a nonprofit organization to coordinate the services of up to 10 community providers engaged in creating better outcomes for high-risk African American youth and their families. Young Community Developers was the only organization to submit a proposal in response to the RFP and was awarded the grant. • The Department neglected to bring the first amendment, which increased the contract amount to over \$10 million in 2020, for Board of Supervisors approval. We identified the need for retroactive approval of this grant agreement in prior reporting. Since that time, the Controller’s Office has implemented reporting tools to provide accounting staff with dashboards that track contract attributes that require Board of Supervisors’ approval and the City Attorney’s Office has created a quality control checklist that lawyers must complete before approving contracts that includes whether a contract requires Board of Supervisors’ approval. <p style="text-align: center;">Fiscal Impact</p> <ul style="list-style-type: none"> • The proposed resolution would increase the Black to the Future grant by \$3,117,448 for a total not-to-exceed amount of \$14,609,193. However, total actual and projected spending, including a 10 percent contingency on remaining spending, is \$12.5 million. We therefore recommend a reduction in the proposed resolution’s not-to-exceed amount from \$14.6 million to \$12.5 million. <p style="text-align: center;">Policy Consideration</p> <ul style="list-style-type: none"> • The budget for FY 2021-22 was \$2,706,530 and is \$2,612,964 for FY 2022-23 and FY 2023-24. However, the Department did not provide any detail on how contract funding would be spent in the next two fiscal years, including why the budget was decreasing. <p style="text-align: center;">Recommendations</p> <ol style="list-style-type: none"> 1. Amend the resolution to reduce the not to exceed amount to \$12,500,000. 2. Continue the item to a future Budget & Finance meeting. 	

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**Young Community Developers**

Young Community Developers is a non-profit community-based organization that provides educational and employment-based trainings for Bayview Hunters Point residents. They have been serving the Bayview Hunters Point neighborhood for over 45 years with programs that address multiple aspects of economic mobility, including job placement programs, affordable housing acquisition, programs for Transition-Aged Youth, and re-entry programs for criminal justice system-involved individuals.

Procurement Process

On August 1, 2016, DCYF issued an RFP for the African American Empowerment Collaborative. DCYF was seeking a nonprofit organization to run the African American Empowerment Collaborative; specifically, the Department wanted an organization to coordinate the services of up to 10 community providers engaged in creating better outcomes for high-risk African American youth and their families. Young Community Developers was the only organization to submit a proposal in response to the RFP. They submitted a proposal for the Black to the Future initiative, which engages partner organizations to provide services in family support and advocacy, education, health and wellness, workforce development, and violence prevention. According to DCYF staff, subcontractors were selected initially through a community engagement process that was facilitated by the lead agency, Young Community Developers. The Collaborative has continued to develop its policies and protocols for the structure of their Collaborative and DCYF has begun to work directly with the Collaboratives on their structure, including asking for written documentation of the structure and other developments as they happen. The complete list of past and current partner organizations is included in Appendix A.

Five panelists scored their proposal; four were DCYF staff and one was a staff member of the SF Probation Department. Their scores are summarized in Exhibit 1 below.

Exhibit 1: Young Community Developers Proposal Scores

	Score (out of 100)
DCYF Reviewer 1	91
DCYF Reviewer 2	100
DCYF Reviewer 3	86
DCYF Reviewer 4	86
SF Probation Dept. Reviewer 1	96

Source: DCYF

DCYF awarded Young Community Developers the grant to form Black to the Future and on September 1, 2016, DCYF entered into a contract with Young Community Developers for a term of September 1, 2016 through June 30, 2018 and a not-to-exceed amount of \$3,410,000. The contract was then amended on May 31, 2018 to extend the term to June 30, 2019 and increase the not-to-exceed amount to \$5,548,978. According to Loren Newquist, Senior Contracts and Compliance Analyst at DCYF, the structure of this grant – making an award to one organization for the purpose of convening and coordinating multiple organizations to form a single initiative – was new for DCYF, which therefore limited the grant to a short two-year term in case the initiative did not succeed. After initial success, DCYF chose to begin a new grant with Young Community Developers for a term of July 1, 2019 to June 30, 2020 with a not-to-exceed amount of \$2,142,645. On January 6, 2020, the Department enacted the first amendment to the agreement to extend the term to June 30, 2023 and increase the grant by \$9,349,100 for a new not-to-exceed amount of \$11,491,745.

Retroactive Approval

Although the first amendment increased the contract amount above \$10 million, the Department neglected to bring the first amendment for Board of Supervisors approval. We identified the need for retroactive approval of this grant agreement during our review of a different retroactive DCYF grant agreement with the Japanese Community Youth Council (File 21-0960). Since that time, the Controller’s Office has implemented reporting tools to provide accounting staff with dashboards that track contract attributes that require Board of Supervisors’ approval and the City Attorney’s Office has created a quality control checklist that lawyers must complete before approving contracts that includes whether a contract requires Board of Supervisors’ approval.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would retroactively approve the first amendment to the grant between DCYF and Young Community Developers and approve the second amendment to the grant, extending the term to June 30, 2024 and increasing the not-to-exceed amount to \$14,609,193.

DCYF’s new five-year funding cycle, to fund grants from FY 2022-23 – FY 2027-28, began in 2019 with the Community Needs Assessment. However, due to the COVID-19 pandemic, planning

activities were paused and ultimately did not resume until March 2021. Due to this pandemic-related delay, the entire DCYF funding cycle has been delayed. According to DCYF Senior Analyst Newquist, the Department is now on track to issue the next RFP in FY 2023-24. This amendment to the Young Community Developers grant will allow the Black to the Future initiative to remain fully funded until a new grant can be issued under the new RFP in FY 2023-24.

Services Provided

Black to the Future serves approximately 165 children and young adults each year. The initiative provides multiple services for enrolled participants through its 16 partner organizations. The programs include:

- Education: mentorship, one-on-one tutoring, and after-school supports;
- Violence Prevention: field trips, mediation services, and development of a year-long violence prevention plan; and
- Health and Wellness: one-on-one clinical and therapeutic services, art and play therapy, case management, and healing circles

Performance Monitoring

DCYF did not collect performance metrics from grantees for FY 2020-21 due to the COVID-19 pandemic, so recent annual performance data for Young Community Developers is not available.

FISCAL IMPACT

As noted above, the proposed resolution would retroactively approve the first amendment to the grant between DCYF and Young Community Developers and approve the second amendment to the grant increasing the not-to-exceed amount to \$14,609,193. Exhibit 2 below shows the change in the grant budget from the proposed second amendment.

Exhibit 2: Fiscal Impact of Proposed Resolution (in dollars)

	Current Agreement	Proposed Second Amendment	Change
Budget	10,447,041	14,266,697	3,819,656
Contingency	1,044,704	342,496	(702,208)
Total	11,491,745	14,609,193	3,117,448

Source: Proposed Second Amendment

Exhibit 3 below shows the actual and projected spending on the grant agreement.

Exhibit 3: Actual and Projected Spending (in dollars)

Actual Spending Through FY 2020-21	3,746,111
Remaining Spending Through FY 2023-24	7,932,458
Subtotal, Projected Spending	11,678,569
Contingency (10%)	793,246
New Not-to-Exceed Amount	12,471,815

Source: BLA Analysis of DCYF fiscal data

As shown above, total actual and projected spending, including a 10 percent contingency on remaining spending, is \$12.5 million. We therefore recommend a reduction in the proposed resolution’s not-to-exceed amount from \$14.6 million to \$12.5 million.

According to DCYF staff, this grant’s annual budget fluctuates due to additions to the base budget that come from the City’s Mandatory Cost Ordinance and the Cost of Doing Business calculations, as well as from one-time additional funding sources such as add-backs. However, they anticipate that the budget will remain stable in FY 2022-23 and FY 2023-24.

POLICY CONSIDERATION

The Department provided an annual summary of contract spending, which is summarized above in the Fiscal Impact section. The budget for FY 2021-22 was \$2,706,530 and is \$2,612,964 for FY 2022-23 and \$2,612,964 in FY 2023-24. However, the Department did not provide any detail on how contract funding would be spent in the next two fiscal years, including why the budget was decreasing. We therefore do not recommend approval of the proposed resolution until that information is provided and can be reviewed by our office.

RECOMMENDATIONS

1. Amend the resolution to reduce the not to exceed amount to \$12,500,000.
2. Continue the item to a future Budget & Finance meeting.

Appendix A: List of Black to the Future Partner Organizations

Core Partners (identified in original proposal):

- Hunters Point Family
- Bayview Association for Youth
- Collective Impact
- Bayview Hunters Point YMCA
- Alive and Free

Current Partners:

- Success Center
- Collective Impact
- Westside Community Services
- Urban Ed Academy
- Girls Academy
- Friends of the Children
- Brothers Against Guns
- Alive and Free
- Motivating Innovators
- Hunters Point Family¹
- Renaissance Parents of Success

Past Partners:

- The Healing Circle
- Back on Track
- TURF
- 100% College Prep²

¹ Shifted from Workforce Development lead (Core Partner) to secondary partner due to fiscal issues.

² Now under Young Community Developers.

Item 8 File 22-0060	Department: Children, Youth, and Their Families
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EXECUTIVE SUMMARY

Legislative Objectives

- The proposed resolution would approve the first amendment to the grant agreement between DCYF and the Japanese Community Youth Council for the SF YouthWorks program, which would extend the term by one year to June 30, 2024 and increase the not-to-exceed amount by \$3,356,719 for a new not-to-exceed amount of \$12,886,719.

Key Points

- The Japanese Community Youth Council is a nonprofit organization based in San Francisco that provides child and youth development services. They oversee multiple different youth workforce development programs in San Francisco.
- The San Francisco YouthWorks program is a citywide year-round program that places 11th and 12th grade San Francisco students in paid internships in City departments. The program serves approximately 400 student interns per year. Students get internships during the summer and during the school year and receive job readiness trainings and workshops.

Fiscal Impact

- The proposed resolution would increase the amount of the grant with the Japanese Community Youth Council by \$3,536,719 for a new not-to-exceed amount of \$12,886,719. However, total actual and projected spending, including a 10 percent contingency on remaining expenditures, is \$11.9 million. We therefore recommend a reduction in the proposed resolution’s not-to-exceed amount from \$12.9 million to \$12 million.

Policy Consideration

- The budget for FY 2021-22 was \$2,395,727 and is \$2,024,727 for FY 2022-23 and \$2,024,727 in FY 2023-24. However, the Department did not provide any detail on how contract funding would be spent in the next two fiscal years, including detail on why the contract spending is decreasing.

Recommendations

1. Amend the proposed resolution to reduce the not to exceed amount to \$12 million.
2. Continue the item to a future Budget & Finance meeting.

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 Japanese Community Youth Council

The Japanese Community Youth Council is a nonprofit organization based in San Francisco that provides child and youth development services. They oversee multiple different youth workforce development programs in San Francisco, including the Mayor's Youth Employment and Education Program, SF STEM Academy, SF YouthWorks, as well as several college access and preparation programs.

The Procurement Process

In July 2017 DCYF issued an RFP/RFQ for multiple programs throughout its nine service areas as part of its five-year funding cycle. Included in this RFP/RFQ was a request for a vendor to manage the SF YouthWorks program for five years (2018-2023) with a maximum budget of \$1,700,000 per year. The San Francisco YouthWorks program is a citywide year-round program that places 11th and 12th grade San Francisco students in paid internships in City departments. Student interns get work-based learning experiences, get paired with a city staff mentor, receive job readiness trainings and workshops, and get leadership opportunities via the program's Youth Leadership Team.

DCYF received two proposals for SF YouthWorks, one from the Japanese Community Youth Council (with a budget of \$1,700,000 annually) and another from The Imagine Bus Project (with a budget of \$42,520). The RFQ outlined the following evaluation criteria for the proposals:

- Target Population Need: 20 points
- Program Design: 65 points
- Program Impact: 15 points

The RFQ also included an Equity Score that would award 10 additional points to proposals that serve a high percentage of participants from one or more populations of high need that DCYF identified in their Services Allocation Plan.

The proposals were scored by six readers each. The Japanese Community Youth Council proposal was scored by four DCYF staff members and two external readers. The Imagine Bus Project proposal was scored by three DCYF staff members and three external readers. The scores for the two proposals are summarized below in Exhibit 1.

Exhibit 1: SF YouthWorks Proposal Scores

	Target Population Need	Program Design	Program Impact	Equity Score	Total
Japanese Community Youth Council	15.55	55.60	10.83	0	82
The Imagine Bus Project	9.43	27.68	9.17	10	56

Source: DCYF. Note: BLA derived component scores by averaging individual scores provided by DCYF. Totals may not add due to rounding.

Japanese Community Youth Council scored higher and was therefore awarded the grant for \$1,700,000 annually for five years. On April 27, 2018, DCYF executed a grant agreement with the Japanese Community Youth Council for a term of July 1, 2018 through June 30, 2023 for an amount of \$8,500,000 plus a contingency of \$850,000. With the contingency, the total not-to-exceed amount of the grant was \$9,350,000. The dates of this grant are consistent with the five-year funding cycle set out in DCYF's RFP/RFQ.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would approve the first amendment to the grant agreement with the Japanese Community Youth Council, which is set to expire on June 30, 2023. The amendment would extend the term by one year to June 30, 2024 and increase the not-to-exceed amount by \$3,356,719 for a new not-to-exceed amount of \$12,886,719.

DCYF's new five-year funding cycle, to fund grants from FY 2022-23 – FY 2027-28, began in 2019 with the Community Needs Assessment. However, due to the COVID-19 pandemic, assessment activities were paused and ultimately did not resume until March 2021. Due to this pandemic-related delay in planning activities, the entire DCYF funding cycle has been delayed. According to Loren Newquist, Senior Contracts and Compliance Analyst at DCYF, the Department is now on track to issue the next RFP in FY 2023-24. This amendment to the Japanese Community Youth Council grant will allow the SF YouthWorks program to remain fully funded until a new grant can be issued under the new RFP in FY 2023-24.

Services Provided

The SF YouthWorks program serves approximately 400 student interns per year. Interns work 20 hours per week for seven weeks during the summer, and 10 hours per week for 28 weeks during the school year. All interns attend training workshops to improve job readiness. The Japanese Community Youth Council manages the payroll system for students, helps them set up direct deposit accounts, and coordinates trainings and internship placements. They also recruit students for the program and provide academic mentoring.

Performance Monitoring to Date

Due to the COVID-19 pandemic, DCYF did not collect performance metrics from any of its grantees in FY 2020-21, so additional performance metrics for the SF YouthWorks program are not available.

FISCAL IMPACT

The proposed resolution would approve the amendment to the grant and increase the amount of the grant with the Japanese Community Youth Council by \$3,536,719. Exhibit 2 below shows the proposed change in the grant budget.

Exhibit 2: Fiscal Impact of Proposed Resolution (in dollars)

	Current Contract	Proposed Amendment	Change
Budget	8,500,000	12,790,049	4,290,049
Contingency (10%)	850,000	96,670	(753,330)
Total	9,350,000	12,886,719	3,536,719

Source: Proposed Amendment

As shown above, the proposed amendment increases the contract’s not to exceed amount by \$3.5 million, from \$9.35 million to \$12.9 million.

Exhibit 3 below shows the actual and projected spending on the grant agreement.

Exhibit 3: Actual and Projected Spending (in dollars)

Actual Spending Through FY 2020-21	4,870,026
Remaining Spending Through FY 2023-24	6,445,181
Subtotal, Projected Spending	11,315,207
Contingency (10%)	644,518
New Not-to-Exceed Amount	11,959,725

Source: BLA Analysis of DCYF fiscal data

As shown above, total actual and projected spending, including a 10 percent contingency on remaining expenditures, is \$11.9 million. We therefore recommend a reduction in the proposed resolution’s not-to-exceed amount from \$12.9 million to \$12 million.

POLICY CONSIDERATION

The Department provided an annual summary of contract spending, which is summarized above in the Fiscal Impact section. The budget for FY 2021-22 was \$2,395,727 and is \$2,024,727 for FY 2022-23 and \$2,024,727 in FY 2023-24. However, the Department did not provide any detail on how contract funding would be spent in the next two fiscal years, including detail on why the contract spending is decreasing. We therefore do not recommend approval of the proposed resolution until that information is made available for review by our office.

RECOMMENDATIONS

1. Amend the proposed resolution to reduce the not to exceed amount to \$12 million.
2. Continue the item to a future Budget & Finance meeting.

<p>Item 9 File 22-0061</p>	<p>Department: Children, Youth, and Their Families</p>
<p>EXECUTIVE SUMMARY</p>	
<p style="text-align: center;">Legislative Objectives</p> <ul style="list-style-type: none"> • The proposed resolution would approve the third amendment to the grant agreement with DCYF and the Japanese Community Youth Council for the Opportunities for All program. It would increase the not-to-exceed amount of the grant by \$2,208,458 for a revised not-to-exceed amount of \$10,326,458 and extend the term by one year through June 2024. <p style="text-align: center;">Key Points</p> <ul style="list-style-type: none"> • Opportunities for All is an initiative launched by Mayor London Breed to connect young people in San Francisco to paid employment, mentorship, and job training services. The goal is to provide a workforce opportunity to every interested young person in San Francisco. • The Japanese Community Youth Council is a nonprofit organization based in San Francisco that provides child and youth development services. They oversee multiple youth workforce development programs in San Francisco. <p style="text-align: center;">Fiscal Impact</p> <ul style="list-style-type: none"> • The proposed resolution would approve the third amendment to the grant and increase the amount of the grant with the Japanese Community Youth Council by \$2,208,458 for a new not-to-exceed amount of \$10,326,458. • Total actual and projected spending, including a 10 percent contingency on remaining expenditures, on the proposed grant agreement is \$10.7 million, which is \$0.4 million more than the \$10.3 million not-to-exceed amount in the proposed resolution. According to DCYF staff, the Department will request an amendment to the proposed resolution to increase the not to exceed amount to \$10.7 million to account for the total projected spending. <p style="text-align: center;">Policy Consideration</p> <ul style="list-style-type: none"> • The Department did not provide any justification for the original sole source award of the grantee beyond successful work on other mayoral initiatives. The original grant was awarded in 2019, prior to the creation of Administrative Code Chapter 21G in 2021, which requires competitive solicitations for grant awards. • The budget for FY 2021-22 was \$4,521,303 and is \$1,017,417 for FY 2022-23 and \$997,224 in FY 2023-24. However, the Department did not provide any detail on how contract funding would be spent in the next two fiscal years, including why the spending was changing. <p style="text-align: center;">Recommendation</p> <ul style="list-style-type: none"> • Continue the item to a future Budget & Finance meeting. 	

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

Opportunities for All Program

Opportunities for All is an initiative launched by Mayor London Breed to connect young people in San Francisco to paid employment, mentorship, and job training services. The goal is to provide a workforce opportunity to every interested young person in San Francisco. The program was announced on October 17, 2018 and has had three summer intern cohorts since.

Japanese Community Youth Council

Since the program's inception, the Japanese Community Youth Council has served as the program's intermediary/fiscal sponsor. The Japanese Community Youth Council is a nonprofit organization based in San Francisco that provides child and youth development services. The Japanese Community Youth Council oversees multiple different youth workforce development programs in San Francisco, including the Mayor's Youth Employment and Education Program, SF STEM Academy, SF YouthWorks, as well as several college access and preparation programs.

As the intermediary, the Japanese Community Youth Council is responsible for executing the initiative's goals and coordinating among program partners, which include DCYF, the Office of Economic and Workforce Development, San Francisco Unified School District, employers, and philanthropic funders. They are ultimately responsible for payroll services for all Opportunities for All interns, vetting and training worksites, training staff and youth, and serving as the employer of record for youth interns.

Procurement

There was no competitive procurement process for selecting a vendor to oversee the Opportunities for All initiative. According to DCYF staff, the Japanese Community Youth Council was selected as the vendor by the Mayor's Office because they have a history of successful work on Mayoral initiatives. Opportunities for All is the third program of its kind that the Japanese Community Youth Council has executed in San Francisco – the first is the Mayor's Youth Employment and Education Program, founded 30 years ago, and the second is the San Francisco YouthWorks program which was founded in the 1990s.

On June 28, 2019, DCYF entered into a grant agreement with the Japanese Community Youth Council for a term of July 1, 2019 through June 30, 2023 and a not-to-exceed amount of \$1,958,000. On October 8, 2019, DCYF enacted the first amendment to the grant with the Japanese Community Youth Council to increase the not-to-exceed amount to \$3,828,000. On

January 9, 2020, DCYF enacted the second amendment to the grant to increase the not-to-exceed amount to \$8,118,000.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would approve the third amendment to the grant agreement with the Japanese Community Youth Council. It would increase the not-to-exceed amount of the grant by \$2,208,458 for a revised not-to-exceed amount of \$10,326,458 and extend the term by one year through June 2024.

DCYF’s new five-year funding cycle, to fund grants from FY 2022-23 to FY 2027-28, began in 2019 with the Community Needs Assessment. However, due to the COVID-19 pandemic, assessment planning activities were paused and ultimately did not resume until March 2021. Due to this pandemic-related delay in activities, the entire DCYF funding cycle has been delayed. According to Loren Newquist, Senior Contracts and Compliance Analyst at DCYF, the Department is now on track to issue the next RFP in FY 2023-24. This amendment to the Japanese Community Youth Council grant will allow the Opportunities for All program to remain fully funded through FY 2023-24.

Services Provided

The Japanese Community Youth Council places youth interns in a mix of both on-site and remote internships. They also conduct remote workshops on topics that include job readiness, transferable soft skills development, money management, career interest and identification, and community building.

Performance Monitoring

Due to the COVID-19 pandemic, DCYF did not collect performance metrics from any of its grantees in FY 2020-21, so recent performance metrics for the Opportunities for All program are not available.

FISCAL IMPACT

The proposed resolution would approve the third amendment to the grant and increase the amount of the grant with the Japanese Community Youth Council by \$2,208,458 for a new not-to-exceed amount of \$10,326,458. Exhibit 1 below shows the change in the grant budget.

Exhibit 1: Fiscal Impact of Proposed Resolution (in dollars)

	Current Contract	Proposed Amendment	Change
Budget	7,380,000	10,064,865	2,684,865
Contingency (10%)	738,000	261,593	(476,407)
Total	8,118,000	10,326,458	2,208,458

Source: Proposed Third Amendment

As shown above, the proposed third amendment increases the contract’s not to exceed amount by \$2.2 million, from \$8.1 million to \$10.3 million. This includes a \$2.7 million increase to cover costs in FY 2022-23 and FY 2023-24 and a decrease in the contingency because it was calculated as 10 percent of the remaining expenditures.

Exhibit 3 below shows the actual and projected spending for the proposed grant agreement.

Exhibit 3: Actual and Projected Spending (in dollars)

Actual Spending Through FY 2020-21	3,557,708
Remaining Spending	6,535,944
Subtotal, Projected Spending	10,093,652
Contingency (10%)	653,594
New Not To Exceed Amount	10,747,246

Source: BLA Analysis of DCYF fiscal data

As shown above, total actual and projected spending, including a ten percent contingency on remaining expenditures, on the proposed grant agreement is \$10.7 million, which is \$0.4 million more than the \$10.3 million not-to-exceed amount in the proposed resolution. According to DCYF staff, the Department will request an amendment to the proposed resolution to increase the not to exceed amount to \$10.7 million to account for the total projected spending.

According to DCYF fiscal data, actual spending in FY 2019-20 and FY 2020-21 was \$1.8 million each year. Projected spending in FY 2021-22 is \$4.5 million and projected spending for FY 2022-23 and FY 2023-23 is \$1 million per year. According to DCYF, the spike in spending in FY 2021-22 is due to the addition of two interdepartmental work orders, one for \$1 million from the Office of Economic and Workforce Development and one for \$850,000 from the Department of Public Health.

POLICY CONSIDERATION

The Department provided an annual summary of contract spending, which is summarized above in the Fiscal Impact section. The budget for FY 2021-22 was \$4,521,303 and is \$1,017,417 for FY 2022-23 and \$997,224 in FY 2023-24. However, the Department did not provide any detail on how contract funding would be spent in the next two fiscal years, including why the spending was changing. We therefore do not recommend approval of the proposed resolution until this information is provided and can be reviewed by our office.

In addition, the Department did not provide any justification for the original sole source award of the grantee beyond successful work on other mayoral initiatives. The original grant was awarded in 2019, prior to the creation of Administrative Code Chapter 21G in 2021, which requires competitive solicitations for grants awards.

RECOMMENDATION

Continue the item to a future Budget & Finance meeting.

<p>Item 10 File 22-0062</p>	<p>Department: Children, Youth, and Their Families (DCYF)</p>
<p>EXECUTIVE SUMMARY</p>	
<p style="text-align: center;">Legislative Objectives</p> <ul style="list-style-type: none"> • The proposed resolution would retroactively approve the first amendment to the Roadmap to Peace grant agreement between DCYF and Instituto Familiar de la Raza and approve the second amendment to the grant extending the term to June 30, 2024 and increasing the not-to-exceed amount to \$12,711,687. <p style="text-align: center;">Key Points</p> <ul style="list-style-type: none"> • Instituto Familiar de la Raza is a nonprofit organization dedicated to promoting and enhancing the health of the Chicano/Latino/Indigena communities of San Francisco. The Roadmap to Peace program serves approximately 100 youth per year. The activities provided by the program’s collaborative partners include case management, substance use disorder counseling, medical care, and culturally-affirming workshops. • In July 2015, DCYF issued an RFP for a nonprofit organization to coordinate the Roadmap to Peace program, which aims to improve the health and safety outcomes of Latinx youth by providing a continuum of care through a collaborative service network. Instituto Familiar de la Raza was the only organization to submit a proposal and was awarded the contract. • The Department identified the need for retroactive approval of this grant agreement following a recommendation from our office to review existing grant agreements to ensure compliance with City Charter Section 9.118. <p style="text-align: center;">Fiscal Impact</p> <ul style="list-style-type: none"> • The proposed resolution would increase the amount of the grant by a total of \$1,985,707 for a new not-to-exceed amount of \$12,711,687. However, total actual and projected spending, including a 10 percent contingency on remaining spending, is \$11.6 million. We therefore recommend a reduction in the proposed resolution’s not-to-exceed amount from \$12.7 million to \$11.6 million. <p style="text-align: center;">Policy Consideration</p> <ul style="list-style-type: none"> • The budget for FY 2021-22 was \$2,311,417 and remains \$2,311,417 for FY 2022-23 and FY 2023-24. The Department provided detail on the FY 2021-22 activities and stated they would remain the same in the following two fiscal years, but otherwise did not provide documentation of a spending plan for the following two fiscal years. <p style="text-align: center;">Recommendations</p> <ol style="list-style-type: none"> 1. Amend the proposed resolution to reduce the not-to-exceed amount from \$12,711,687 to \$11,600,000. 2. Approve the resolution, as amended. 	

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**Instituto Familiar de la Raza**

Instituto Familiar de la Raza is a nonprofit organization dedicated to promoting and enhancing the health of the Chicano/Latino/Indigena communities of San Francisco. They have over 40 years of experience providing mental health and wellness services for these communities, including programs for children, youth, families, and LGBTQ+ youth. They also participate in several programmatic collaborations focused on achieving equitable outcomes for San Francisco's Chicano/Latino/Indigena families. Their services are community-centered and driven by the guiding principle "La cultura cura/Culture cures."

Procurement

On July 1, 2015, DCYF issued an RFP for a nonprofit organization to coordinate the Roadmap to Peace program. The Roadmap to Peace program was founded in 2013 following a period of time in 2012 in which six Latinx youth in the Mission District were killed during a five-week period. Roadmap to Peace aims to improve the social, economic, health, and safety outcomes of San Francisco's most vulnerable Latinx youth by providing a continuum of care. The program includes a service network comprised of partner organizations as well as advocacy and community-building work. Instituto Familiar de la Raza is in charge of coordinating the goals of the program and implementing its components, including overseeing the partner organizations. For the partnership, Instituto Familiar de la Raza selected subcontracting organizations based on their history of working collaboratively with them on other public sector contracts. An appendix listing the current and former partner organizations is included at the end of this report.

The RFP identified six main program areas that the nonprofit would oversee: workforce, education, arts and culture, health, and media campaigns. The Instituto Familiar de la Raza was the only organization to submit a proposal in response to the RFP, and a panel of three DCYF staff members scored their proposal. Exhibit 1 below summarizes the scores given to Instituto Familiar de la Raza for their proposal.

Exhibit 1: Instituto Familiar de la Raza’s proposal scores

	Score (out of 100)
Reviewer 1	87
Reviewer 2	90
Reviewer 3	78

Source: DCYF

The contract was awarded to Instituto Familiar de la Raza and they finalized their grant agreement with DCYF on August 3, 2015 for a term of August 3, 2015 through June 30, 2017 and a not-to-exceed amount of \$3,406,030. The contract was then amended on May 5, 2016 to extend the term to June 30, 2018 and increase the not-to-exceed amount to \$5,455,002. Then, DCYF and Instituto Familiar de la Raza executed a second amendment to the contract on May 31, 2018 to extend the term to June 30, 2019 and increase the not-to-exceed amount to \$7,599,770.

According to Loren Newquist, Senior Contracts and Compliance Analyst at DCYF, the structure of this grant – making an award to one organization for the purpose of convening and coordinating multiple organizations to form a single initiative – was new for DCYF and led to the choice to initially limit the grant to a short two-year term in case the initiative did not succeed. After initial success, DCYF exercised its options to extend the contract twice. DCYF subsequently chose to begin a new grant with the Instituto Familiar de la Raza on June 14, 2019 for a term of July 1, 2019 through June 30, 2020 and a not-to-exceed amount of \$2,157,766. On January 6, 2020, DCYF executed the first amendment to the contract, which extended the term to June 30, 2023 and increased the not-to-exceed amount to \$10,725,980.

Retroactive Approval

Although the first amendment increased the contract amount above \$10 million, the Department neglected to bring the first amendment for Board of Supervisors approval. The Department identified the need for retroactive approval of this grant agreement following a recommendation from our office to review existing grant agreements to ensure compliance with City Charter Section 9.118 during our review of a DCYF grant agreement with the Japanese Community Youth Council (File 21-0960). Since that time, the Controller’s Office has implemented reporting tools to provide accounting staff with dashboards that track contract attributes that require Board of Supervisors’ approval and the City Attorney’s Office has created a quality control checklist that lawyers must complete before approving contracts that includes whether a contract requires Board of Supervisors’ approval.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would retroactively approve the first amendment to the grant agreement and approve the second amendment to the grant extending the term to June 30, 2024 and increasing the not-to-exceed amount to \$12,711,687.

DCYF's new funding cycle, to fund grants from FY 2022-23 to FY 2026-27, began in 2019 with the Community Needs Assessment. However, due to the COVID-19 pandemic, assessment planning activities were paused and ultimately did not resume until March 2021. Due to this pandemic-related delay in activities, the entire DCYF funding cycle has been delayed. According to Senior Analyst Newquist, the Department is now on track to issue the next RFP in FY 2023-24. This amendment to the Instituto Familiar de la Raza grant will allow the Roadmap to Peace program to remain fully funded until a new grant can be issued under the new RFP in FY 2023-24.

Services Provided

The Roadmap to Peace program serves approximately 100 youth per year. The activities provided by the program's collaborative partners include:

- Case management
- Career coaching, including life and job skills trainings and workshops
- Substance Use Disorder counseling, including individual counseling, parent support groups and other group therapy
- Youth fellowship program
- Medical services
- Culturally affirming workshops
- Workshops for transition-aged youth in custody
- Young Men's Circle (group therapy)
- Transition case management

Instituto Familiar de la Raza selected partner organizations based on experience with each program area, though it does not require a competitive solicitation process to award funds to subcontractors.

Performance Monitoring

Due to the COVID-19 pandemic, DCYF did not collect performance metrics from any of its grantees in FY 2020-21, so recent performance metrics for the Roadmap to Peace program are not available.

FISCAL IMPACT

The proposed resolution would retroactively approve the first amendment to the grant agreement and approve the second amendment to the grant to increase the amount of the grant by a total of \$1,985,707 for a new not-to-exceed amount of \$12,711,687. Exhibit 2 below shows the change in the grant budget.

Exhibit 2: Fiscal Impact of Proposed Resolution (in dollars)

	Current Contract	Proposed Amendment	Change
Budget	9,750,891	12,381,480	2,630,589
Contingency (10%)	975,089	330,207	(644,882)
Total	10,725,980	12,711,687	1,985,707

Source: Proposed Second Amendment

Exhibit 3 below shows the actual and projected spending on the grant agreement.

Exhibit 3: Actual and Projected Spending (in dollars)

Actual Spending Through FY 2020-21	3,944,792
Remaining Spending Through FY 2023-24	6,934,251
Subtotal, Projected Spending	10,879,043
Contingency (10%)	693,425
New Not-to-Exceed Amount	11,572,468

Source: BLA Analysis of DCYF fiscal data

As shown above, total actual and projected spending, including a 10 percent contingency on remaining spending, is \$11.6 million. We therefore recommend a reduction in the proposed resolution's not-to-exceed amount from \$12.7 million to \$11.6 million.

POLICY CONSIDERATION

The Department provided an annual summary of contract spending, which is summarized above in the Fiscal Impact section. The budget for FY 2021-22 was \$2,311,417 and remains \$2,311,417 for FY 2022-23 and FY 2023-24. The Department provided detail on the FY 2021-22 activities and stated they would remain the same in the following two fiscal years, but otherwise did not provide documentation of a spending plan for the following two fiscal years.

RECOMMENDATIONS

1. Amend the proposed resolution to reduce the not-to-exceed amount from \$12,711,687 to \$11,600,000.
2. Approve the resolution, as amended.

Appendix A: Current and Former Partner Organizations in Roadmap to Peace Collaborative

Current:

- Bay Area Community Resources
- Central American Resources Center
- Five Keys Charter School
- Horizons Unlimited of San Francisco, Inc.
- Mission Neighborhood Centers
- Mission Neighborhood Health Center

Former (included in original proposal, no longer active in partnership):

- Homies Organizing the Mission to Empower Youth¹

¹ DCYF staff reported that this organization was removed from the collaborative after it was determined that it provided duplicative services and it was mutually agreed that they would not continue.

Item 12 File 22-0199	Department: Department of the Environment
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EXECUTIVE SUMMARY

Legislative Objectives

- The proposed ordinance would (1) prohibit the City from using gas-powered landscaping equipment starting January 1, 2024, allowing for temporary waivers for City departments under certain conditions, and (2) prohibit the use of gas-powered landscaping equipment in the City starting January 1, 2026. The ordinance would also allow penalties of up to \$1,000 for each violation and establish a buy-back program for banned equipment.

Key Points

- We surveyed City departments to obtain equipment inventories that would be regulated by the proposed ordinance. Our office also consulted administrative survey data to estimate the number of landscapers in San Francisco.

Fiscal Impact

- The total estimated upfront cost of replacement technology for REC, MTA, PUC, DPW and AIR is \$16.5 million, and the total annual ongoing cost for these departments is estimated to be \$1.2 million, or \$49,000 less than the current cost of the gas-powered equivalents.
- Electrical charging infrastructure would need to be upgraded in order to provide sufficient charging capacity for the replacement equipment. REC staff estimate that the cost of bringing new primary electrical service to a site would be \$750,000 to \$1 million per site.
- The conversion costs for the landscaping industry are between \$2.4 million and \$10.4 million, offset by a decrease in industry expenses of \$0.4 to \$1.9 million annually. The survey data may undercount the number of landscapers so the actual industry cost may be higher.

Policy Consideration

- The proposed ordinance allows City departments to obtain a waiver from the equipment ban if replacement equipment is more than 120 percent of the existing equipment costs (a 20 percent increase). According to the California Air Resources Board, all battery powered equipment, except a lawn mower, costs more than 120 percent of existing gasoline powered equipment. If the ordinance is not amended to increase the threshold for the waiver, it will have minimal impact on City operations. In addition, the proposed ordinance’s waiver provisions do not account for infrastructure costs that may need to be incurred by departments or the useful life of existing equipment.
- The proposed ordinance does not include reporting requirements.

Recommendations

1. Amend the proposed ordinance to require the Department of the Environment to provide an annual report to the Board of Supervisors on implementation of the program for City departments and citywide, including replacement technology efforts; enforcement; the sources and uses of funds in the Healthier, Cleaner, Quieter Communities Fund; and outreach activities and outcomes. The reporting requirement should sunset after six years.
2. Approval of the proposed ordinance is a policy matter for the Board of Supervisors.

MANDATE STATEMENT

City Charter Section 2.105 states that all legislative acts shall be by ordinance, approved by a majority of the members of the Board of Supervisors.

BACKGROUND

Existing Local Regulations

Under Section 4.14 of the Administrative Code, City departments are prohibited from using polluting garden and utility equipment¹ on “Spare the Air Days” or other days in which the Bay Area Air Quality Management District notifies the public of unhealthy levels of air pollution and requests that the public refrain from engaging in polluting activities. Besides Section 4.14 of the Administrative Code, there are currently no City laws that restrict or prohibit City or public use of gas-powered landscaping equipment.

State Regulation

In November 2021, the State Legislature amended the Health and Safety Code to enable regulations to prohibit exhaust and evaporative emissions from new small off-road engines, including landscaping equipment, starting in January 2024 (AB 1346). Small off-road engines are 25.5 horsepower or less. The California Air Resources Board (CARB) is responsible for establishing the regulations, which are still under development. The State Budget Act of 2021 included \$30 million to offset transition costs for landscaping businesses, but the rules for awarding the funding have not been finalized as of this writing. In September 2021, CARB issued a Standardized Regulatory Impact Assessment for proposed small off-road engine exhaust and evaporative emission regulations, which estimated the cost to transition to zero emission alternatives.

DETAILS OF PROPOSED LEGISLATION

The proposed ordinance would:

- amend the Administrative and Police Code to (1) prohibit the City from using gas-powered landscaping equipment starting January 1, 2024, allowing for temporary waivers for City departments under certain conditions, and (2) prohibit the use of gas-powered landscaping equipment in the City starting January 1, 2026 and penalize property owners and business owners and managers that violate the prohibition;
- establish a buy-back program to offset the cost to City residents and businesses transitioning from the use of gas-powered landscaping equipment;

¹ "Polluting garden and utility equipment" means gasoline-powered equipment under 25 horsepower, including two-stroke and four-stroke models, such as, but not limited to, lawnmowers, leaf blowers, trimmers, weed whackers and jackhammers.

- require that the Department of the Environment (ENV) conduct a public education campaign;
- establish the Healthier, Cleaner, Quieter Communities Fund; and
- designate the Director of ENV with responsibility for enforcing the prohibitions in the ordinance, including penalties of up to \$1,000 per violation

Ban on City Use of Gas-Powered Landscaping Equipment and Temporary Waivers

Under the proposed ordinance, starting on January 1, 2024, City departments are prohibited from using or contracting for use of any gas-powered landscaping equipment. The Director of ENV would be able to grant a temporary waiver if departments demonstrate that no alternative technology exists or if alternatives cost more than 120 percent of the existing equipment. The temporary waiver would expire on February 1 of the calendar year following the grant or renewal of the waiver. There is no limit to the number of waiver renewals that could be granted.

Ban on Public Use of Gas-Powered Landscaping Equipment

Under the proposed ordinance, starting on January 1, 2026, use of gas-powered landscaping equipment would be banned within San Francisco. The ordinance would allow for fines on property owners who allow gas-powered equipment to be used on their property and on businesses whose staff or contractors use gas-powered equipment.

Penalties and Enforcement

The proposed ordinance outlines enforcement procedures for non-compliance including administrative citations and penalties. Under the proposed ordinance, in setting the administrative penalty amount (which would not exceed \$1,000 per violation), ENV would need to consider any one or more circumstances presented, including but not limited to the following: the persistence of the violation, the willfulness of the violation, the length of time over which the violation occurred, and the assets, liabilities, and net worth of the violator.

Healthier, Cleaner, Quieter Communities Fund and Buy-Back Program

The proposed ordinance would establish the Healthier, Cleaner, Quieter Communities Fund in the Administrative Code to: (1) receive funds collected for penalties and fees assessed for violations of the ordinance and other funds appropriated or donated to the fund and (2) use such funds only for the following purposes: purchases of equipment for City departments to replace gas-powered landscaping equipment, a buy-back program to offset the cost to City residents and businesses for transitioning from the use of gas-powered landscaping equipment, the safe disposal of gas-powered landscaping equipment that is no longer in use by City departments or that is provided by individuals or businesses participating in the buy-back program, and a public education campaign in partnership with one or more community organizations to inform impacted businesses and individuals about the proposed ordinance and the buy-back program.

Under the proposed ordinance, ENV is charged with developing criteria² for eligibility of individuals and businesses to participate in the buy-back program.

FISCAL IMPACT

City Department Replacement Technology Cost Estimates

As shown in Exhibit 1 below, the estimated total upfront cost of replacement technology for REC, MTA, PUC, DPW and AIR is \$16.5 million, and the total annual ongoing cost for these departments is estimated to be \$1.2 million, or \$49,000 less than the current cost of the gas-powered equivalents.

Our cost estimates are based on each department's asset inventory. For MTA, DPW, and AIR, upfront and ongoing cost per unit of zero-emission equipment were estimated based on data in the CARB analysis.^{3,4} Our estimates for REC and PUC equipment were based upfront estimates in vendor quotes provided by staff for their existing equipment, historical maintenance costs, and estimated ongoing costs for battery powered replacements.⁵

² Under the proposed ordinance, criteria would prioritize support for individuals and businesses that have demonstrated compliance with the ban on public use of gas-powered landscaping equipment, businesses with two or more employees that have average gross receipts in the prior five years that do not exceed \$2,500,000 and businesses and individuals that live, are based, or are operating primarily in San Francisco neighborhoods scoring 50 or higher on the CalEnviroScreen tool, compiled and maintained by the California Office of Environmental Health Hazard Assessment and available on their website at www.oehha.gov/calenviroscreen, or equivalent tool approved by California state or local governments to identify communities disproportionately burdened by pollution.

³ Upfront and ongoing cost per unit of zero-emission equipment are detailed in Table C-23 of the CARB report. According to the report, the costs are based on the median price of popular models as an estimate of the cost of professional-grade equipment owned by landscapers, non-landscaping businesses, and government entities, collectively referred to as professional users. These professional-grade equipment costs include enough batteries for the zero-emission equipment to operate for the relevant portion of a full eight-hour workday. The professional-grade zero-emission equipment are assumed to be cordless. Ongoing costs include gasoline, electricity, and maintenance costs.

⁴ Other types of gas-powered landscaping equipment that could not be categorized such as a chainsaw, lawn mower, leaf blower/vacuum, pump, riding mower, or trimmer/edger/brush cutter were not included in our cost estimates. This includes equipment such as a cultivator, woodchipper, rototiller, aerator, and power rake. In addition, similar types of equipment were categorized together, such as a weed eater and a trimmer/edger/brush cutter.

⁵ The cost estimates provided by PUC and REC staff assumed more intensive equipment use than the CARB analysis, which require additional batteries and charging units, increasing upfront and ongoing costs. In addition, certain equipment quotes were substantially more expensive than the cost estimates included in the CARB analysis. For example, the REC electric ride-on mower was \$42,217, but the CARB cost estimate for a ride-on mower was \$20,879.

Exhibit 1. Cost Estimates for Replacement Technology of Gas-Powered Landscaping Equipment for REC, MTA, DPW, PUC and AIR

Department	Upfront Costs	Current Ongoing Costs	Proposed Ongoing Costs	Change in Ongoing Costs
MTA	\$95,401	\$13,023	\$1,414	(\$11,609)
DPW	\$274,368	\$29,601	\$2,834	(\$26,767)
PUC	\$1,037,267	\$69,440	\$6,479	(\$62,961)
AIR	\$6,099	\$1,321	\$272	(\$1,048)
REC	\$15,130,679	\$1,124,515	\$1,177,558	\$53,043
Total Cost	\$16,543,814	\$1,237,900	\$1,188,558	(\$49,342)

Sources: BLA Analysis of asset inventory data provided by REC, MTA, DPW, PUC, AIR and CARB

For all departments included in our estimates except Recreation and Parks, higher upfront costs for zero emission equipment are offset by lower operating costs. REC estimates that actual lifetime costs of zero emission equipment are higher than some gasoline counterparts due to ongoing battery replacements.

The costs in Exhibit 1 includes estimates for landscaping equipment and utility carts. The City may incur additional costs if more zero emission equipment alternatives are developed, expanding the set equipment covered by the proposed ordinance.

Additional Infrastructure Costs

According to REC, electrical charging infrastructure would need to be upgraded in order to provide sufficient charging capacity for the replacement equipment. REC estimates that the cost of bringing new primary electrical service to a site would be \$750,000 to \$1 million per site.

Estimated Costs of Citywide Buyback Program

Under the proposed ordinance, the City would fund a “buy-back” program to offset the cost of transitioning to zero emission equipment. To estimate the potential costs of the buy-back program for landscaping businesses, we used CARB’s estimated costs for a one-person⁶ landscaping business converting to zero-emission equipment⁷ and the number of landscaping services business establishments in the City.⁸ According to Census survey data, there are 85 landscaping business in San Francisco with a total of 464 employees (or an average of 5.5 employees per business). According to the Bureau of Labor Statistics, there were 11,230 landscaping and groundskeeping workers in the San Francisco-Oakland-Hayward metropolitan region in May 2021. Based on San Francisco’s proportional population within the region, we

⁶ The costs assume a one-person landscaping business that has purchased a lawn mower, leaf blower, hedge trimmer, chainsaw, and string trimmer at 2023 prices.

⁷ Transition costs for landscapers are detailed in Table C-24 of the CARB report.

⁸ U.S. Census Bureau County Business Patterns data, 2019

estimate there are 2,021 landscaping workers in San Francisco. We use both data points to estimate a range of possible industry transition costs.

As shown in Exhibit 2 below, we estimated conversion costs to be between \$2.4 million and \$10.4 million and a decrease in industry expenses of \$0.4 to \$1.9 million annually. The survey data may undercount the number of landscapers so the actual industry conversion costs may be higher.

Exhibit 2. Landscaping Industry Economic Impact

	Low	High
Upfront Costs	\$2,389,359	\$10,409,159
Current Ongoing Costs	\$492,026	\$2,143,493
Proposed Ongoing Costs	\$50,706	\$220,899
Change in Ongoing Costs	(\$441,320)	(\$1,922,594)

Sources: BLA Analysis of CARB data, U.S. Census Bureau County Business Patterns data, and Bureau of Labor Statistics data

The \$30 million provided by the FY 2021 State Budget Act for landscaper transition costs is likely insufficient to cover actual transition costs for these businesses. Local funding is likely necessary to offset industry transition costs.

Under the proposed ordinance, City departments are prohibited from contracting with vendors that use gas-powered landscaping equipment unless a temporary waiver is granted. Cost estimates shown in Exhibit 2 includes City landscaping businesses that contract with City departments.

Exhibit 2 does not include any personal gasoline powered equipment owned by residents for private use.

Staffing and Contractor Estimates for Proposed Ordinance

ENV staff report that additional staff and contractor resources will be needed to implement the proposed ordinance. As shown in Exhibit 3 below, for the first year of the program, this includes a new 5642 Senior Program Coordinator, starting in January 2023, to plan and manage implementation of the proposed ordinance for City departments, and \$200,000 for a contracted community-based organization (CBO) to conduct outreach to businesses and individuals impacted by the proposed ordinance.

Exhibit 3: ENV Staffing and Contractor Estimates, FY 2022-23 & FY 2023-24

	FY 2022-23	FY 2023-24
5642 Senior Program Coordinator	\$138,062	\$288,134
Outreach Contractors	\$100,000	\$100,000
Total	\$238,062	\$388,134

Source: ENV, BLA

In addition, ENV staff estimate that a 6120 Environmental Health Inspector would be necessary starting in 2026 once enforcement activities begin. Other enforcement costs include \$50,000 in

work orders to relevant City departments for running appeals hearings annually, to 311 for fielding complaints, and \$75,000 for continued outreach. In total, costs beyond FY 2024-25 may be \$875,000 annually. Actual program staffing and costs are subject to Board of Supervisors appropriations.

Disposal Costs

Under the proposed ordinance, the Healthier, Cleaner, Quieter Communities Fund will also fund the safe disposal of gas-powered landscaping equipment that is no longer in use by City departments or that is provided by individuals or businesses participating in the buy-back program. According to ENV, estimated safe disposal costs are \$207 per ton at Recology’s Tunnel Road⁹ if the equipment can be handled as appliances. Based on the equipment inventories reported by departments, we estimate disposal costs of \$42,000 for City equipment. If the equipment is deemed hazardous waste, disposal costs would be higher.

POLICY CONSIDERATION

Waivers

The proposed ordinance allows City departments to obtain a waiver from the proposed equipment ban if replacement equipment is more than 120 percent of the existing equipment costs (a 20 percent increase). As shown below, according to CARB, all battery powered equipment, except a lawn mower and the trimmer/edger/brush cutter, costs more than 120 percent of existing gasoline powered equipment. Upfront costs for electric equipment may be higher if additional battery and charging stations are required for intensive or remote use. If the ordinance is not amended to increase the threshold for the waiver, it would have minimal impact on City operations.

Exhibit 4: Gasoline vs Electric Equipment Costs

Type of equipment	Gasoline Powered	Electric	Cost Increase
Chainsaw	\$391	\$690	77%
Generator Set	\$5,305	\$6,819	29%
Lawn Mower	\$1,409	\$1,016	-28%
Leaf Blower/Vacuum	\$477	\$1,723	261%
Corded Pressure Washer	\$1,171	\$3,037	159%
Pump	\$455	\$590	30%
Riding Mower	\$11,337	\$20,879	84%
Trimmer/Edger/Brush Cutter	\$1,626	\$1,432	-12%

Source: CARB

⁹ Recology’s Tunnel Road is a recycling buyback facility.

In addition, the proposed ordinance's waiver provisions do not account for infrastructure costs that may need to be incurred by departments or the useful life of existing equipment.

Reporting Requirements

The proposed ordinance does not include reporting requirements; therefore, we recommend that ENV be required to report annually to the Board of Supervisors on implementation of the program for City departments and citywide, including replacement technology efforts, enforcement, the sources and uses of funds in the Healthier, Cleaner, Quieter Communities Fund, and outreach activities and outcomes. The reporting requirement should sunset after six years.

RECOMMENDATIONS

1. Amend the proposed ordinance to require the Department of the Environment to provide an annual report to the Board of Supervisors on implementation of the program for City departments and citywide, including replacement technology efforts, enforcement, the sources and uses of funds in the Healthier, Cleaner, Quieter Communities Fund, and outreach activities and outcomes. The reporting requirement should sunset after six years.
2. Approval of the proposed ordinance is a policy matter for the Board of Supervisors.