File No. 260807 **Committee Item No.** 5
Board Item No. ____

COMMITTEE/BOARD OF SUPERVISORS

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Board of Supervisors Meeting **Date** ____

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Completed by: Brent Jalipa **Date** July 15, 2026
Completed by: Brent Jalipa **Date** ____

Item 5 **File 26-0807**	**Department:** Sheriff's Office

EXECUTIVE SUMMARY

Legislative Objectives

- The proposed hearing would release $1,118,828 of the Sheriff's Office FY 2025-26 General Fund budget held on Budget & Finance Committee reserve.

Key Points

- In June 2025, the Board of Supervisors placed $1,168,828 in the Sheriff's Office (Department) FY 2025-26 General Fund budget on Budget & Finance Committee reserve. The funds were budgeted for a technology project workorder, property rent, software licensing fees, and permanent salaries.

Fiscal Impact

- The proposed release of $1,118,828 would be used to cover expenditures already incurred in FY 2025-26, including rent, software licensing costs associated with expanding body-worn cameras to all deputies, and salaries. A significant portion of the request—$1,000,000 for permanent salaries—supports personnel costs that exceeded the Department's budgeted levels. The department is not requesting the release of $50,000 in funds on reserve for a technology project workorder because these funds are no longer needed.
- The Department incurred a salary and benefit deficit of $7.5 million in its FY 2025-26 General Fund operating budget (Fund 10000) due to overtime expenditures that exceeded budgeted levels by approximately $14.0 million. In addition, the General Fund workorder fund incurred a salaries deficit in FY 2025-26 due to expanded security needs at Zuckerberg San Francisco General Hospital and Laguna Honda Hospital. A separate proposed supplemental appropriation ordinance that will address the General Fund operating deficit assumes use of the $1.0 million in reserved funds for salaries.

Recommendation

- Approve the proposed release of reserved funds.

MANDATE STATEMENT

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

BACKGROUND

In June 2025, the Board of Supervisors placed $1,168,828 in the Sheriff's Office FY 2025-26 General Fund budget on Budget & Finance Committee reserve. The funds were budgeted for a technology project workorder, property rent, software licensing fees, and permanent salaries. The Department incurred a salary and benefit deficit of $7.5 million in its FY 2025-26 General Fund operating budget (Fund 10000) due to overtime expenditures that exceeded budgeted levels by approximately $14.0 million. A proposed appropriation ordinance to address the deficit and spending above budget for overtime is pending final approval by the Board of Supervisors (File 26-0567).

DETAILS OF PROPOSED LEGISLATION

The proposed hearing would authorize the release of $1,118,828 from the $1,168,828 currently held in reserve. The Department plans to use these funds for property rent, software licensing costs associated with expanding body-worn cameras to all deputies, and permanent salaries in FY 2025-26.

FISCAL IMPACT

The proposed release of $1,118,828 would be used to cover expenditures already incurred in FY 2025-26, including rent, software licensing, and salaries, as shown in Exhibit 1 below. A significant portion of the request—$1,000,000 for permanent salaries—supports personnel costs that exceeded the Department's budgeted levels.

Reserve Overview

The Board of Supervisors placed funds on reserve across four accounts in the Sheriff's Office FY 2025-26 budget. The Department is requesting the release of a portion of these funds to support operational needs in FY 2025-26. The remaining $50,000 in funds on reserve is no longer needed. Exhibit 1 below shows the use of the requested $1,118,828.

Exhibit 1: Sheriff's Office Reserve Hold Budget, FY 2025-26

Account	**Reserve Amount**	**Requested Release Amount**	**Remaining Reserve Balance**
Technology Project Workorder	$50,000		$50,000
Property Rent	25,000	25,000	0
Software Licensing	93,828	93,828	0
Permanent Salaries	1,000,000	1,000,000	0
Total Amount	**$1,168,828**	**$1,118,828**	**$50,000**

Source: Sheriff's Office

Technology Project Workorder

Of the reserved funds, $50,000 was budgeted for a technology workorder related to the transition of phone lines to VoIP. This project did not move forward in FY 2025-26, and the associated funding remains unspent. The Department is not seeking release of these funds.

Property Rent

Of the reserved funds, $25,000 was budgeted for property rent increase at 70 Oak Grove, the site of the Sheriff's Office's Alternative Programs and Electronic Monitoring Program. The lease expired in May 2024, and the Department is currently subject to a holdover rate of $50.40 per square foot per year, which is above market value. According to Sheriff's Office staff, the Real Estate Division was not able to negotiate a new long-term lease in FY 2025-26 and will be looking for an alternative facility in FY 2026-27. The additional cost is driven by the holdover rate outlined in the reconciliation agreement now serving as an interim measure. The Department is requesting release of the reserve funds to cover these increased rent obligations because the Department could not obtain a more cost-effective lease in FY 2025-26.

Software Licensing Fees

Of the reserved funds, $93,828 was budgeted for software licensing costs associated with expanding body-worn camera deployment to all deputies as part of a $1.5 million contract with Axon Enterprise, Inc. The Sheriff's Office has paid $1.45 million to date. The remaining $50,000 is for training on the body-worn camera equipment. Sheriff's Office staff report that the remaining $50,000 has been invoiced and will be paid pending confirmation that the training has been completed. The Department is requesting release of $93,828 because the department anticipates fully spending the budgeted amount.

Permanent Salaries

Of the reserved funds, $1,000,000 was budgeted for permanent salaries, split evenly between the General Fund Operating ($500,000) and the General Fund Workorder Fund ($500,000). The Department is requesting release of the $1,000,000 to address salary and benefit costs that have already been paid.

Both the General Fund Operating and DPH Workorder budgets incurred salaries deficits in FY 2025-26. A separate supplemental appropriation ordinance (File 26-0567) that will address the General Fund operating deficit assumes use of the $1.0 million in reserved funds. The General

Fund workorder fund incurred a salaries deficit in FY 2025-26 due to expanded security needs at Zuckerberg San Francisco General Hospital and Laguna Honda Hospital. The Sheriff's Office plans to address the deficit with the $500,000 in reserved funds as well as an additional $1.0 million in reimbursement from the Department of Public Health.

RECOMMENDATION

Approve the proposed release of reserved funds.

OFFICE OF THE SHERIFF
CITY AND COUNTY OF SAN FRANCISCO

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ROOM 456, CITY HALL
SAN FRANCISCO, CALIFORNIA 94102

PAUL MIYAMOTO
SHERIFF

July 7, 2026
Reference: 2026-002

Supervisor Connie Chan
Chair, Budget and Finance Committee
San Francisco Board of Supervisors
1 Dr. Carlton B. Goodlett Place
City Hall, Room 244
San Francisco, CA 94102

Subject: Release of Reserve Holds for Fiscal Year 2025-26

Dear Chair Chan,

The Sheriff's Office respectfully requests the Budget and Finance Committee release $1,118,828 in reserves placed on hold in the department's budget for Fiscal Year (FY) 2025-26. The Budget and Finance Committee placed $1,168,828 for the following:

1. $50,000 reserve hold for technology project workorder.

   The technology project workorder is related to the continued transition of phone lines to VoIP. The work did not occur in FY 2025-26.

2. $25,000 reserve hold for property rent.

   The Sheriff's Office is paying rent at a holdover rate at 70 Oak Grove. 70 Oak Grove is the location of the Sheriff's Office's Alternative Programs and Electronic Monitoring Program. The Sheriff's Office was paying $39,920.90 per month but is required to pay a monthly holdover rate of $42,000.00 per month while the Department of Real Estate negotiates a long-term lease with the landlord or identifies a suitable alternative new location.

   The Sheriff's Office is requesting the release of $25,000 for property rent to cover the additional rent paid for 70 Oak Grove due to the holdover rate.

3. $93,828 reserve hold for software licensing fees.

The budget line item associated with this reserve hold was for the $1.5 million expansion of the Axon contract to outfit all deputies with body worn cameras. The Sheriff's Office completed the contract amendment with Axon in early April 2026. At present, the Sheriff's Office has paid $1.45 million to Axon for the body worn camera contract. The remaining $50K is associated with training on the use of the equipment and the Sheriff's Office is waiting for the completion of the training before paying the remainder.

The Sheriff's Office is requesting the release of $93,828 for software licensing fees to cover the expansion of body-worn cameras to all deputies.

4. $1,000,000 in salary and fringe spending.

The $1,000,000 reserve hold is split between the General Fund Operating (Fund 10000, $500,000) and the Workorder Fund (Fund 10060, $500,000)

The Sheriff's Office hired 118 deputies in FY 2025-26, well past its original goal of 75 deputies. Newly hired deputies will not be able to provide staffing relief until they have fully completed the required academy, CORE, and jail training officer curriculum. This process takes approximately 8-9 months. At the same time, the operational staffing needs have increased, with the continued expanded use of County Jail Annex (five dorms have been opened in FY 2025-26 compared to two dorms when the Annex reopened), the increase in the number of civil and juvenile court proceedings, and the increase in security services at Zuckerberg San Francisco General Hospital and Laguna Honda Hospital.

The Sheriff's Office is requesting the release of $1,000,000 in salary and fringe spending to cover the operational needs for personnel staffing during FY 2025-26.

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The Sheriff's Office has spoken with the Budget Legislative Analyst on the matter and has provided the background and supporting documentation outlining the four release holds mentioned above. The Sheriff's Office is available to provide further details on the reserve hold requests at the surplus transfer/supplemental hearing scheduled on July 15, 2026.

Sincerely,

Patrick Leung, Chief Financial Officer
San Francisco Sheriff's Office