

BOARD of SUPERVISORS



City Hall  
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TDD/TTY No. 554-5227

## MEMORANDUM

### BUDGET AND FINANCE COMMITTEE SAN FRANCISCO BOARD OF SUPERVISORS

TO: Supervisor Sandra Lee Fewer, Chair  
Budget and Finance Committee

FROM: Linda Wong, Assistant Clerk

DATE: February 11, 2019

SUBJECT: **COMMITTEE REPORT, BOARD MEETING**  
Tuesday, February 12, 2019

The following file should be presented as a **COMMITTEE REPORT** at the Board meeting on Tuesday, February 12, 2019, at 2:00 p.m. This item was acted upon at a Special Committee Meeting today, February 11, 2019, at 11:30 a.m., by the votes indicated.

**Item No. 28      File No. 181186**

Ordinance appropriating \$220,551,322 of excess Educational Revenue Augmentation Fund Property Taxes and \$52,000,000 of Rainy Day One-Time Reserve funds for affordable housing small site, single residence occupancy hotel, and behavioral health acquisition and renovation, homelessness and behavioral health services, early care and SFUSD educator funding, for a utility distribution acquisition assessment, various mandatory baseline contributions, and to establish a Teacher and Early Care Educator Unappropriated Emergency Reserve, and \$10,000,000 from San Francisco Public Utilities Commission Revenue Bonds for a utility substation.

#### **RECOMMENDED AS A COMMITTEE REPORT**

Vote: Supervisor Sandra Lee Fewer - Aye  
Supervisor Catherine Stefani - Aye  
Supervisor Rafael Mandelman - Aye

c: Board of Supervisors  
Angela Calvillo, Clerk of the Board  
Jon Givner, Deputy City Attorney  
Alisa Somera, Legislative Deputy Director

File No. 181186

Committee Item No. 1

Board Item No. 28

### COMMITTEE/BOARD OF SUPERVISORS

#### AGENDA PACKET CONTENTS LIST

Committee: Budget & Finance Committee

Date February 11, 2019

Board of Supervisors Meeting

Date February 12, 2019

#### Cmte Board

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| <input type="checkbox"/>            | <input type="checkbox"/>            | Motion                                       |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Resolution                                   |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Ordinance                                    |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Legislative Digest                           |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Budget and Legislative Analyst Report        |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Youth Commission Report                      |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Introduction Form                            |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Department/Agency Cover Letter and/or Report |
| <input type="checkbox"/>            | <input type="checkbox"/>            | MOU  |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Grant Information Form                       |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Grant Budget                                 |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Subcontract Budget                           |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Contract/Agreement                           |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Form 126 – Ethics Commission                 |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Award Letter                                 |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Application                                  |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Public Correspondence                        |

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Completed by: Linda Wong Date February 7, 2019

Completed by: Linda Wong Date February 11, 2019

AMENDED IN COMMITTEE

2/6/19

FILE NO. 181186

ORDINANCE NO.

RO#19013  
SA#25-13

[Appropriation of ~~\$220,545,896~~ Educational Revenue Augmentation Fund Property Tax and, ~~\$10,900,000~~ of Rainy Day One-Time Reserve funds for affordable housing, homeless and behavioral health services, early childhood education funding, for utility distribution acquisition and mandatory baseline contributions - Educational Revenue Augmentation Fund Property Tax \$220,551,322 - Rainy Day One-Time Reserve Funds \$52,000,000 - SFPUC Revenue Bonds \$10,000,000 - Various Services - FY2018-2019]

**Ordinance appropriating ~~\$220,545,896~~ \$220,551,322 of excess Educational Revenue Augmentation Fund Property Taxes and ~~and \$10,900,000~~\$52,000,000 of Rainy Day One-Time Reserve funds for affordable housing small site, single residence occupancy hotel, and behavioral health acquisition and renovation, homelessness and behavioral health services, early care and SFUSD educator funding, \$4,500,000 for a utility distribution acquisition assessment, various mandatory baseline contributions, and to establish a Teacher and Early Care Educator Unappropriated Emergency Reserve, and \$10,000,000 from San Francisco Public Utilities Commission Revenue Bonds for a utility substation, ~~for affordable housing small site, single residence occupancy hotel, and behavioral health acquisition and renovation, homelessness and behavioral health services, early childhood education funding, to support utility distribution acquisition and mandatory baseline contributions.~~**

Note: **Unchanged Code text and uncodified text** are in plain Arial font.  
**Additions to Codes** are in *single-underline italics Times New Roman font*.  
**Deletions to Codes** are in *strikethrough italics Times New Roman font*.  
**Board amendment additions** are in double-underlined Arial font.  
**Board amendment deletions** are in ~~strikethrough Arial font~~.  
**Asterisks ( \* \* \* )** indicate the omission of unchanged Code subsections or parts of tables.

Be it ordained by the People of the City and County of San Francisco:

1 Section 1. The sources of funding outlined below are herein appropriated in General City  
 2 Responsibilities for transfer in to the Mayor's Office of Housing and Community Development,  
 3 Department of Children, Youth and Their Families, Public Library, Human Services Agency,  
 4 Public Works, and the Department of Public Health for Fiscal Year 2018-2019.

5  
 6 **Sources**

| 7 Fund /                   | Project & Activity /      | Account         | Description                 | Amount               |
|----------------------------|---------------------------|-----------------|-----------------------------|----------------------|
| 8 Department ID            | Authority                 |                 |                             |                      |
| 9 10000 GF Annual          | 10026734-0001             | 410914          | Excess Educational          | \$220,545,896        |
| 10 Account Ctrl/           | GE General City           |                 | Revenue                     | <u>\$220,551,322</u> |
| 11 230018 General City     | Services /                |                 | Augmentation Fund           |                      |
| 12 Responsibility          | 10000 Operating           |                 | Property Tax                |                      |
| 13                         |                           |                 |                             |                      |
| 14 10000 GF Annual         | XXXXXXXX/ Rainy Day       | XXXXXXXX        | Rainy Day Reserve           |                      |
| 15 Account Ctrl/           | Reserve Codes here        | Reserve         | One-Time uses               | \$10,900,000         |
| 16 230018 General City     |                           | Account         |                             | <u>\$52,000,000</u>  |
| 17 Responsibility          |                           |                 |                             |                      |
| 18                         |                           |                 |                             |                      |
| 19 <u>XXXXXXXX/ 230018</u> | <u>XXXXXXXX/ XXXXXXXX</u> | <u>XXXXXXXX</u> | <u>San Francisco Public</u> |                      |
| 20 <u>General City</u>     |                           |                 | <u>Utilities Commission</u> | <u>\$10,000,000</u>  |
| 21 <u>Responsibility</u>   |                           |                 | <u>2018 Proposition A</u>   |                      |
| 22                         |                           |                 | <u>Revenue Bonds</u>        |                      |
| 23 <b>Total Sources</b>    |                           |                 |                             | <u>\$231,445,896</u> |
| 24                         |                           |                 |                             | <u>\$282,551,322</u> |
| 25                         |                           |                 |                             |                      |

1 Section 2. The uses of funding outlined below are herein appropriated Department of  
 2 Children, Youth and Their Families, ~~Department of Economic & Workforce Development,~~  
 3 Department of Human Services Agency, Department of Public Library, and Department of  
 4 Public Works for mandatory baseline contributions in Fiscal Year 2018-2019.

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 7 **Uses – Mandatory Baselines**

8  
 9 **Uses – Library Preservation Fund Baseline**

| Fund /   | Project & Activity / | Account | Description      | Amount                    |
|--|----------------------|---------|------------------|---------------------------|
| Department ID                                      | Authority            |         |                  |                           |
| XXXXXXX /  | XXXXXX / XXXXXXX     | XXXXXXX | Library Energy   | \$5,900,000               |
| 232048 LIB Public                                  |                      |         | Efficiency       | <u>\$4,500,000</u>        |
| Library  |                      |         | Enhancements     |                           |
| XXXXXXX /  | XXXXXX / XXXXXXX     | XXXXXXX | Library Facility | \$3,580,000               |
| 232048 LIB Public                                  |                      |         | Improvements     | <u>\$4,980,000</u>        |
| Library  |                      |         |                  |                           |
| <b>Subtotal Library Preservation Fund Baseline</b> |                      |         |                  | <b><u>\$9,480,000</u></b> |

1 **Uses – Street Trees Maintenance Fund Baseline**

| 2  | Fund /   | Project & Activity / | Account | Description  | Amount                    |
|----|--|----------------------|---------|--------------|---------------------------|
| 3  | Department ID  | Authority            |         |              |                           |
| 4  | 13985 SR 2016 Prop                                     | 10031233-0001        | 506070  | Programmatic | \$2,138,000               |
| 5  | E StreetTreeMaint /                                    | Buf Tree             |         | Projects     |                           |
| 6  | 249641 DPW BUF   | Maintenance Fund     |         |              |                           |
| 7  | Administration   | Budg / 20448 PW      |         |              |                           |
| 8  |  | Tree Maintenance     |         |              |                           |
| 9  |  | Fund                 |         |              |                           |
| 10 | <b>Subtotal Street Trees Maintenance Fund Baseline</b> |                      |         |              | <b><u>\$2,138,000</u></b> |

11

12 **Uses – Children’s Services Fund Baseline**

| 13 | Fund /              | Project & Activity / | Account | Description       | Amount             |
|----|---------------------|----------------------|---------|-------------------|--------------------|
| 14 | Department ID       | Authority            |         |                   |                    |
| 15 | 10020 GF Continuing | 10026681-8002        | 538010  | Community Based   | \$2,800,000        |
| 16 | Authority Ctrl /    | CH Children and      |         | Org Svcs -        | <u>\$4,430,000</u> |
| 17 | 229218 CHF          | Families Servi -     |         | Subsidized        |                    |
| 18 | Children;Youth &    | Subsidized           |         | Workforce         |                    |
| 19 | Families            | Workforce Opps /     |         | Opportunities for |                    |
| 20 |                     | 20117 CH Youth       |         | Youth             |                    |
| 21 |                     | Workforce            |         |                   |                    |
| 22 |                     | Development          |         |                   |                    |

|    |   |                     |          |                        |                           |
|----|---|---------------------|----------|------------------------|---------------------------|
| 1  | 10020 GF Continuing                               | XXXXXX / XXXXXXX    | XXXXXX / | Early Childhood        | \$5,800,000               |
| 2  | Authority Ctrl /                                  |                     | XXXXXXX  | <u>Care</u> Educator   | <u>\$5,300,000</u>        |
| 3  | 186644 HSA Early                                  |                     |          | Wage                   |                           |
| 4  | Care & Education                                  |                     |          | Adjustments <u>and</u> |                           |
| 5  |   |                     |          | <u>Reimbursement</u>   |                           |
| 6  |   |                     |          | <u>Rate Increases</u>  |                           |
| 7  |   |                     |          |                        |                           |
| 8  |   |                     |          |                        |                           |
| 9  | 10020 GF Continuing                               | 10022539-0016       | 567000   | Capital Projects —     | \$1,130,000               |
| 10 | Authority Ctrl /                                  | City Economic       |          | Nonprofits Capital     |                           |
| 11 | 229991 ECN  | Development Prog —  |          | and Facilities         |                           |
| 12 | Economic and                                      | Children Services / |          | Upgrade                |                           |
| 13 | Workforce Dev                                     | 16657 EW City       |          |                        |                           |
| 14 |   | Economic            |          |                        |                           |
| 15 |   | Development P       |          |                        |                           |
| 16 |   |                     |          |                        |                           |
| 17 | <b>Subtotal Children's Services Fund Baseline</b> |                     |          |                        | <b><u>\$9,730,000</u></b> |
| 18 |   |                     |          |                        |                           |
| 19 |   |                     |          |                        |                           |
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1 **Uses – Public Education Enrichment Fund Baseline**

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| Fund /  | Project & Activity / | Account | Description                | Amount                  |
|---|----------------------|---------|----------------------------|-------------------------|
| Department ID   | Authority            |         |                            |                         |
| 11200 SR Public   | 10022890-0001        | 538010  | Community Based            | \$601,000               |
| Education Special /                                       | CH SFUSD Grants -    |         | Org Svcs – PEEF            |                         |
| 229218 CHF  | Peef Baseline -      |         | Baseline                   |                         |
| Children; Youth &   | SFUSD Grants -       |         | <u>Contribution to San</u> |                         |
| Families  | Peef Baseline Fund   |         | <u>Francisco USD</u>       |                         |
|   | /                    |         |                            |                         |
|   | 16914 CH SFUSD       |         |                            |                         |
|   | Grants - Peef        |         |                            |                         |
|   | Baseline             |         |                            |                         |
| <b>Subtotal Public Education Enrichment Fund Baseline</b> |                      |         |                            | <b><u>\$601,000</u></b> |

17 **Uses – Public Education Enrichment Fund Annual Contribution Baseline**

18

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| Fund /              | Project & Activity / | Account | Description     | Amount      |
|---------------------|----------------------|---------|-----------------|-------------|
| Department ID       | Authority            |         |                 |             |
| 11200 SR Public     | 10022908-0001        | 538010  | Community       | \$8,494,000 |
| Education Special / | HS CH PEEF –         |         | Based Org Svcs  |             |
| 229218 CHF          | PEEF /               |         | – Annual        |             |
| Children; Youth &   | 16923 PEEF           |         | Contribution to |             |
| Families            |                      |         | SF USD          |             |

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| Fund /<br>Department ID   | Project & Activity /<br>Authority | Account  | Description   | Amount                     |
|---|-----------------------------------|----------|---|----------------------------|
| 11140 SR PEEF   | XXXXXX /                          | XXXXXX / | Early Childhood   | \$4,184,000                |
| Annual Contr-<br>EarlyCare / 186644   | XXXXXXXX                          | XXXXXXXX | <u>Care</u> Educator<br>Wage  |                            |
| HSA Early Care &<br>Education   |                                   |          | Adjustments <u>and</u><br><u>Reimbursement</u><br><u>Rate Increases</u> |                            |
| <b>Subtotal Public Education Enrichment Fund Annual Contribution Baseline</b> |                                   |          |   | <b><u>\$12,678,000</u></b> |

**Uses – City Services Auditor Mandatory Baseline**

| Fund /<br>Department ID | Project & Activity /<br>Authority | Account | Description         | Amount           |
|-------------------------|-----------------------------------|---------|---------------------|------------------|
| 10000 GF Annual         | 10026734 – General                | 581130  | 0.2% CSA            | \$443,932        |
| / 230018 General        | City Services/ 10000              |         | Allocation - GF-    | <u>\$441,222</u> |
| City Responsibility     | Operating                         |         | Con-Internal Audits |                  |

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| Fund /   | Project & Activity / | Account | Description                | Amount                     |
|--|----------------------|---------|----------------------------|----------------------------|
| Department ID                                    | Authority            |         |                            |                            |
| XXXXXXXX /                                       | XXXXXXXX/            | 581130  | 0.2% CSA                   | \$18,960                   |
| 232048 LIB Public                                | XXXXXXXX             |         | Allocation - GF-           |                            |
| Library  |                      |         | Con-Internal Audits        |                            |
| <b>Subtotal City Services Auditor Baseline</b>   |                      |         |                            | <b><u>\$462,892</u></b>    |
|  |                      |         |                            | <b><u>\$460,182</u></b>    |
| <b>Subtotal Mandatory Baseline contributions</b> |                      |         | <b><u>\$35,089,892</u></b> | <b><u>\$35,087,182</u></b> |

Section 3. The uses of funding outlined below are herein appropriated to reflect the projected funding available for FY2018-2019 for affordable housing, homelessness and behavioral health services, early care and education, public power and energy efficiency, and public education, and for a Teacher and Early Care Educator Unappropriated Emergency Reserve.

1 **Uses – Affordable Housing**

| 2  | 3                 | 4               | 5       | 6                                    | 7            |
|----|-------------------|-----------------|---------|--------------------------------------|--------------|
|    | Fund /            | Project &       | Account | Description                          | Amount       |
|    | Department ID     | Activity /      |         |                                      |              |
|    |                   | Authority       |         |                                      |              |
| 6  | XXXXXXX/          | 10034433-0001   | XXXXXXX | Small Sites Affordable Housing       | \$40,000,000 |
| 7  | 232065 Mayor's    | FY19 ERAF       |         | projects <u>Projects</u>             |              |
| 8  | Office of Housing | Supplement -    |         |                                      |              |
| 9  | and Community     | Housing - Small |         |                                      |              |
| 10 | Development/      | Sites Pool /    |         |                                      |              |
| 11 |                   | 20662 Excess    |         |                                      |              |
| 12 |                   | ERAF-Related    |         |                                      |              |
| 13 | XXXXX /           | XXXXXXXX/       | XXXXXXX | Affordable housing <u>Housing</u>    | \$42,456,004 |
| 14 | 232065 Mayor's    | XXXXXXXX        |         | projects <u>Projects</u> development |              |
| 15 | Office of Housing |                 |         | <u>Development</u>                   |              |
| 16 | and Community     |                 |         |                                      |              |
| 17 | Development       |                 |         |                                      |              |
| 18 |                   |                 |         |                                      |              |
| 19 | XXXXX /           | XXXXXXXX/       | XXXXXXX | Affordable housing <u>Housing</u>    | \$6,000,000  |
| 20 | 232065 Mayor's    | XXXXXXXX        |         | projects <u>Projects</u>             |              |
| 21 | Office of Housing |                 |         | predevelopment <u>Predevelopment</u> |              |
| 22 | and Community     |                 |         |                                      |              |
| 23 | Development       |                 |         |                                      |              |

|    |   |                  |          |                                   |                             |
|----|---|------------------|----------|-----------------------------------|-----------------------------|
| 1  | XXXXX /                                     | 10034433-0004    | XXXXXXXX | Sunnydale and Potrero Public      | \$9,000,000                 |
| 2  | 232065 Mayor's                              | FY19 ERAF        |          | Housing Upgrades                  |                             |
| 3  | Office of Housing                           | Supplement -     |          |                                   |                             |
| 4  | and Community                               | Housing -        |          |                                   |                             |
| 5  | Development                                 | Sunnydale &      |          |                                   |                             |
| 6  |   | Potrero Capital  |          |                                   |                             |
| 7  |   | Upgrades Pool /  |          |                                   |                             |
| 8  |   | 20662 Excess     |          |                                   |                             |
| 9  |   | ERAF-Related     |          |                                   |                             |
| 10 |   |                  |          |                                   |                             |
| 11 | XXXXX /                                     | 10034433-0005    | 539200   | Acquisition of Affordable housing | \$14,000,000                |
| 12 | 232065 Mayor's                              | FY19 ERAF        |          | <u>Housing sites</u> <u>Sites</u> |                             |
| 13 | Office of Housing                           | Supplement -     |          |                                   |                             |
| 14 | and Community                               | Housing -        |          |                                   |                             |
| 15 | Development                                 | Affordable       |          |                                   |                             |
| 16 |   | Housing Site     |          |                                   |                             |
| 17 |   | Acquisition Pool |          |                                   |                             |
| 18 |   | /                |          |                                   |                             |
| 19 |   | 20662 Excess     |          |                                   |                             |
| 20 |   | ERAF-Related     |          |                                   |                             |
| 21 |   |                  |          |                                   |                             |
| 22 | <b>Subtotal - Uses - Affordable Housing</b> |                  |          |                                   | <b><u>\$111,456,004</u></b> |
| 23 |   |                  |          |                                   |                             |
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**Uses – Homelessness and Behavioral Health Services**

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| Fund /<br>Department ID | Project &<br>Activity /<br>Authority | Account | Description  | Amount                              |
|-------------------------|--------------------------------------|---------|--|-------------------------------------|
| XXXX / 232065           | XXXXXXXX/<br>20662 Excess            | 581625  | MOHCD Work Order to<br>Homelessness & Supportive<br>Housing - New Masterlease<br>Housing Units for Formerly<br>Homeless /<br>Gf-Homelessness Services      | \$15,000,000<br><u>\$15,208,136</u> |
| XXXX / 232065           | XXXXXXXX/<br>20662 Excess            | 581625  | MOHCD Work Order to<br>Homelessness & Supportive<br>Housing - New SAFE Emergency<br>Homeless Shelter – Capital &<br>Services /<br>Gf-Homelessness Services | \$15,000,000                        |

|    |  |                 |        |                                   |                            |
|----|--|-----------------|--------|-----------------------------------|----------------------------|
| 1  | XXXXX / 232065   | XXXXXXXX/       | 581625 | MOHCD Work Order to               | \$6,400,000                |
| 2  | Mayor's Office of  | 20662 Excess    |        | Homelessness & Supportive         |                            |
| 3  | Housing and  | ERAF-Related    |        | Housing - Expansion of Navigation |                            |
| 4  | Community  |                 |        | Centers – Capital & Services /    |                            |
| 5  | Development  |                 |        | Gf-Homelessness Services          |                            |
| 6  | (MOHCD)  |                 |        |                                   |                            |
| 7  |  |                 |        |                                   |                            |
| 8  | XXXXX /  | 10001668-0002   | 506070 | Programmatic Projects-Budget -    | \$4,400,000                |
| 9  | 240645 HBH   | HB MH           |        | San Francisco Healing Center Beds |                            |
| 10 | Mental Health  | Transition - HB |        |                                   |                            |
| 11 | Other  | MH TS Acute     |        |                                   |                            |
| 12 | Department of  | Care /          |        |                                   |                            |
| 13 | Public Health  | 20662 Excess    |        |                                   |                            |
| 14 |  | ERAF-Related    |        |                                   |                            |
| 15 |  |                 |        |                                   |                            |
| 16 | XXXXX /  | 10001668-0003   | 506070 | Programmatic Projects-Budget -    | \$5,000,000                |
| 17 | 240646 HBH   | HB MH           |        | Substance Use Recovery Beds       |                            |
| 18 | Substance Use  | Transition - HB |        |                                   |                            |
| 19 | Disorder   | SUDS            |        |                                   |                            |
| 20 | Department of  | Recovery /      |        |                                   |                            |
| 21 | Public Health  | 20662 Excess    |        |                                   |                            |
| 22 |  | ERAF-Related    |        |                                   |                            |
| 23 |  |                 |        |                                   |                            |
| 24 | <b>Subtotal - Uses – Homelessness and Behavioral Health Services</b> |                 |        |                                   | <b><u>\$45,800,000</u></b> |
| 25 |  |                 |        |                                   | <b><u>\$46,008,136</u></b> |

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**Uses – Early Care and Education**

|   |          |         |                                      |                            |
|---|----------|---------|--------------------------------------|----------------------------|
| XXXXXXX/  | XXXXXXX/ | XXXXXXX | Early Childhood <u>Care</u> Educator | \$10,000,000               |
| Human Services                                    | XXXXXXX  |         | Wage Adjustments and                 |                            |
| Agency – Office                                   |          |         | Reimbursement rate <u>Rate</u>       |                            |
| of Early Care                                     |          |         | increases <u>increases</u>           |                            |
| and Education                                     |          |         |                                      |                            |
| <b>Subtotal - Uses – Early Care and Education</b> |          |         |                                      | <b><u>\$10,000,000</u></b> |

**Uses – Public Power and Energy Efficiency**

|   |                 |         |  |                            |
|---|-----------------|---------|--|----------------------------|
| XXXXXXX/  | XXXXXXX/        | XXXXXXX | Utility acquisition <u>Acquisition</u> | \$5,600,000                |
| San Francisco   | XXXXXXX         |         | assessment <u>Assessment</u>           | <u>\$4,500,000</u>         |
| Public Utilities  |                 |         |  |                            |
| Commission  |                 |         |  |                            |
| XXXXXXX/  | XXXXXXX,        | XXXXXXX | Eastern Project Substation             | \$10,000,000               |
| San Francisco   | Eastern Project |         |  |                            |
| Public Utilities  | Substation/     |         |  |                            |
| Commission  | XXXXXXX         |         |  |                            |
| <b>Subtotal - Uses – Public Power and Energy Efficiency</b> |                 |         |  | <b><u>\$15,600,000</u></b> |
|   |                 |         |  | <b><u>\$14,500,000</u></b> |

**Uses – Teacher and Early Care Educator Unappropriated Emergency Reserve Fund**

| Fund /   | Project &        | Account         | Description                                | Amount                     |
|--|------------------|-----------------|--|----------------------------|
| Department ID  | Activity /       |                 |  |                            |
|  | Authority        |                 |  |                            |
| <u>XXXXXXXX/</u>   | <u>XXXXXXXX/</u> | <u>XXXXXXXX</u> | <u>Unappropriated Reserve –Teacher and</u> | <u>\$52,000,000</u>        |
| 230018 General   | <u>XXXXXXXX</u>  |                 | <u>Early Care Educator Emergency</u>       |                            |
| <u>City</u>  |                  |                 | <u>Reserve</u>                             |                            |
| <u>Responsibility</u>  |                  |                 |  |                            |
| <b><u>Subtotal – Uses – Teacher and Early Care Educator Unappropriated Emergency</u></b> |                  |                 |  | <b><u>\$52,000,000</u></b> |

**Reserve Fund**

**Uses – Public Education**

| Fund /                                    | Project &  | Account | Description                   | Amount                     |
|---|------------|---------|-------------------------------|----------------------------|
| Department ID                             | Activity / |         |                               |                            |
|   | Authority  |         |                               |                            |
| XXXXXXXX/                                 | XXXXXXXX/  | 538010  | San Francisco Unified School  | \$13,500,000               |
| 229218                                    | XXXXXXXX   |         | District Teacher Compensation |                            |
| Department of                             |            |         | Investment                    |                            |
| Children, Youth                           |            |         |                               |                            |
| and Their                                 |            |         |                               |                            |
| Families                                  |            |         |                               |                            |
| <b>Subtotal - Uses – Public Education</b> |            |         |                               | <b><u>\$13,500,000</u></b> |



|    |  |                             |
|----|--|-----------------------------|
| 1  |  |                             |
| 2  | <b>Subtotal Affordable Housing, Homelessness and Behavioral</b>      |                             |
| 3  | <b>Health Services, Public Power and Efficiency and Public</b>       |                             |
| 4  | <b>Education, and Teacher and Early Care Educator Unappropriated</b> |                             |
| 5  | <b><u>Emergency Reserve Funds</u></b>                                | <b><u>\$196,356,004</u></b> |
| 6  |  | <b><u>\$247,464,140</u></b> |
| 7  |  |                             |
| 8  | <b>Grand Total Uses</b>  | <b><u>\$231,445,896</u></b> |
| 9  |  | <b><u>\$282,551,322</u></b> |
| 10 |  |                             |

11 Section 4. The Teacher and Early Care Educator Reserve established above shall be  
12 appropriated by the Board of Supervisors to sustain wages for early care educators and  
13 SFUSD teachers and staff in Fiscal Year 2020-2021 if other City revenues or SFUSD  
14 revenues or legally available reserves are not sufficient to do so. Such appropriations shall be  
15 considered on an annual basis and adopted no later than August 15<sup>th</sup> of each year. The  
16 Controller shall transfer any unspent balance on June 30, 2021 to a reserve for one-time  
17 expenditures, or at such time that the Board of Supervisors determines, by ordinance, that this  
18 Reserve is no longer required to meet these needs given other funds appropriated in the City  
19 and/or School District's Fiscal Year 2019-2020 and/or 2020-2021 budgets. Funds  
20 appropriated from this Reserve shall be considered General Fund advances and administered  
21 per the provisions in sections 10 and 12 below.

22  
23 Section 5. Funds appropriated above are sufficient to sustain investments in various ongoing  
24 homeless and behavioral health services through Fiscal Year 2019-20. It is the intent of the  
25 Board of Supervisors to ensure that these expenditures are sustained for Fiscal Years 2020-

1 2021 and 2021-2022 through the subsequent appropriation of Excess ERAF or other  
2 revenues received in Fiscal Year 2019-2020.

3  
4 Section 4.6. Uses appropriations of ~~\$220,545,896~~ \$220,551,322 in Sections 2, Baseline  
5 appropriations, and appropriations in Section 3 for affordable housing, homelessness and  
6 behavioral health services, early care and education, utility acquisition assessment, and  
7 SFUSD Teacher compensation 3 above are hereby placed on Controller's Reserve pending  
8 confirmation of cash flow timing from the State of California.

9  
10 Section 5.7. The Controller is authorized to establish and adjust work orders for services  
11 provided by the Department of Public Health, the Human Services Agency, the Department of  
12 Homelessness and Supportive Housing, the Department of Children, Youth and Their  
13 Families, and the Mayor's Office of Housing and Community Development.

14  
15 Section 6.8. The Controller is authorized to record transfers between funds and adjust work  
16 orders and the accounting treatment of sources and uses appropriated in this Ordinance as  
17 necessary to conform with Generally Accepted Accounting Principles and other laws.

18  
19 Section 7.9. Appropriations General Fund appropriations for the subsections above for  
20 affordable housing, and homelessness and behavioral health services are hereby provided as  
21 General Fund advances to implement the programs specified in the Homelessness Gross  
22 Receipts Tax Ordinance, and will be spent consistently with the provisions of the  
23 Homelessness Gross Receipts Tax Ordinance. The programs specified in the Homelessness  
24 Gross Receipts Tax Ordinance are funded by the dedicated Homelessness Gross Receipts  
25 Tax, which is subject to legal challenge and is therefore not available for appropriation at this

1 time. At such time that the legal issue is resolved and the Homelessness Gross Receipts Tax  
2 revenues are deemed available for appropriation, the Controller is directed to repay these  
3 advances using the accumulated balances of the Homelessness Gross Receipts Tax.  
4

5 Section 810. Appropriations General Fund appropriations for the subsection above for  
6 \$13,500,000 for San Francisco Unified School District teacher compensation investment, are  
7 hereby provided as General Fund advances to implement the School District Parcel Tax  
8 Ordinance and will be spent consistently with the provisions of the School District Parcel Tax  
9 Ordinance. The programs specified in the School District Parcel Tax Ordinance are funded by  
10 the dedicated School District Parcel Tax Ordinance, which is subject to legal challenge and is  
11 therefore not available for appropriation at this time. At such time that the legal issue is  
12 resolved and the School District Parcel Tax Ordinance revenues are deemed available for  
13 appropriation, the Controller is directed to repay these advances using the accumulated  
14 balances of the School District Parcel Tax Ordinance.  
15

16 Section 911. Appropriations General Fund appropriations for the subsection above for ~~Public~~  
17 ~~Power and Energy Efficiency~~ a Utility Acquisition Assessment are hereby provided as  
18 General Fund advances to implement ~~public power and energy efficiency projects and shall~~  
19 ~~be spent consistently with San Francisco Public Utilities Commission Revenue Bond~~  
20 ~~provisions complete that work~~, and shall be reimbursed upon issuance of future San  
21 Francisco Public Utilities Commission Revenue Bonds if permissible. At such time that future  
22 revenue bonds are issued and are deemed available for appropriation, the Controller is  
23 directed to repay these advances using San Francisco Public Utilities Commission Revenue  
24 Bond proceeds.  
25

1 Section ~~4012~~. General Fund appropriations Appropriations for the subsection above for Early  
2 Childhood Care Educator Wage Adjustments and Reimbursement Rate Increases are hereby  
3 provided as General Fund advances to implement childcare and early education projects and  
4 shall be spent consistently with the Commercial Rent Tax for Childcare and Early Education  
5 Ordinance, which is subject to legal challenge and is therefore not available for appropriation  
6 at this time. At such time that the legal issue is resolved and the Commercial Rent Tax for  
7 Childcare and Early Education Ordinance revenues are deemed available for appropriation,  
8 the Controller is directed to repay these advances using the accumulated balances of the  
9 Commercial Rent Tax for Childcare and Early Education Ordinance.


10  
11 Section 13. The following departments shall provide a written report to the Board of  
12 Supervisors in June 2019 regarding the use of excess ERAF appropriations, including specific  
13 information on the programs that were implemented with the funds, program participation, and  
14 program performance: Mayor's Office of Housing and Community Development, Department  
15 of Homelessness and Supportive Housing, Department of Public Health, Human Services  
16 Agency Office of Early Care and Education, Department of Children, Youth and Their  
17 Families, Department of Public Works, and the San Francisco Public Utilities Commission.

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APPROVED AS TO FORM:  
DENNIS J. HERRERA, City Attorney

By:   
BUCK DELVENTHAL  
Deputy City Attorney

FUNDS AVAILABLE:  
BEN ROSENFELD, Controller

By:   
BEN ROSENFELD  
Controller

|   |  |
|---|--|
| <b>Item 1</b><br><b>Files 18-1186</b>   | <b>Department:</b><br>Various City departments |
| <b>EXECUTIVE SUMMARY</b>  |  |
| <p style="text-align: center;"><b>Legislative Objectives</b></p> <p>The proposed ordinance appropriates \$220,551,322 in excess ERAF funds for affordable housing small site acquisition, leasing of single residence occupancy (SRO) hotels, behavioral health beds, homelessness and behavioral health services, and early care and teacher salaries. In addition the proposed ordinance appropriates (a) \$14,500,000 of San Francisco Public Utilities Commission (SFPUC) Power Revenue Bonds for a utility substation and utility distribution acquisition assessment; and (b) \$52,000,000 of one-time Rainy Day Reserve funds to establish a Teacher and Early Care Educator Unappropriated Emergency Reserve.</p> <p style="text-align: center;"><b>Key Points</b></p> <ul style="list-style-type: none"> <li>• Due to recent growth in the property tax roll (20 percent in the last two years); property tax allocations to the San Francisco Unified School District and the Community College District exceed state funding requirements.</li> </ul> <p style="text-align: center;"><b>Fiscal Impact</b></p> <p>The ordinance makes the following allocations:</p> <ul style="list-style-type: none"> <li>• \$35.1 million to meet Charter-mandated baselines to the Library Fund, Children’s Baseline, Street Trees, and Public Education Enrichment Fund (including Office of Early Care and Education and San Francisco Unified School District);</li> <li>• \$180.9 million to the (a) Mayor’s Office of Housing and Community Development for site acquisition and funding support to housing development, (b) Department of Homelessness and Supportive Housing for additional master lease, emergency shelter, and navigation center beds; and (c) Department of Public Health for substance use and mental health beds.</li> <li>• \$19.5 million to wage increases for early care and education professionals, and \$13.5 million to San Francisco Unified School District teacher compensation.</li> <li>• \$14.5 million to the San Francisco Public Utilities Commission for energy infrastructure feasibility studies and substation construction.</li> <li>• \$52 million to the Teacher and Early Care Educator Unappropriated Emergency Reserve Fund to be used to sustain wages in FY 2020-21 if other City or School District revenues and legally available reserves are not sufficient to do so.</li> </ul> <p style="text-align: center;"><b>Policy Consideration</b></p> <ul style="list-style-type: none"> <li>• The ordinance provides for funds to be repaid from (a) the Homeless Gross Receipts Tax for eligible programs if the City prevails in any legal challenges; (b) the parcel tax approved by voters in June 2018 to pay teacher compensation if the City prevails in any legal challenges; (c) the tax on commercial rents approved by voters in June 2018 for wage increases for early care and education professionals if the City prevails in any legal challenges; and (d) sale of SFPUC Power Revenue Bonds for infrastructure feasibility studies and substation construction.</li> </ul> <p style="text-align: center;"><b>Recommendation</b></p> <ul style="list-style-type: none"> <li>• Approval of the proposed ordinance is a policy matter for the Board of Supervisors.</li> </ul> |  |

**MANDATE STATEMENT**

City Charter Section 9.105 states that amendments to the Annual Appropriations Ordinance, after the Controller certifies the availability of funds, are subject to Board of Supervisors approval by ordinance.

**BACKGROUND**

In 1992 and 1993, the State directed all counties to create an Educational Revenue Augmentation Fund (ERAF) and divert local property tax revenue into the fund for public school systems in each county. In San Francisco, 25 percent of collections from the base property tax rate are allocated to ERAF. When the fund has sufficient money to meet minimum state funding requirements for public schools and community colleges, excess funds are returned to the local governments.

Due to recent growth in the property tax roll (20 percent in the last two years), property tax allocations to the San Francisco Unified School District and the Community College District exceed state funding requirements for the first time since the creation of the fund, and the City will recognize approximately \$415 million in excess ERAF property tax revenue in FY 2018-19, including \$208 million attributable to FY 2017-18 and \$207 million attributable to FY 2018-19. According to Charter provisions adopted by the voters, approximately \$74 million of the \$415 million must be allocated to various baselines and approximately \$156 million to Rainy Day Reserves, and the balance of approximately \$185 million is available for any public purpose.

The Controller's Office estimates that the City would receive significant excess ERAF allocations in future years but cautions that there is significant risk associated with these allocations due to formula volatility, cash flow changes, and possible modifications to property tax allocation law by the State.

**DETAILS OF PROPOSED LEGISLATION**

The proposed ordinance appropriates \$220,551,322 in excess ERAF funds for affordable housing small site acquisition, leasing of single residence occupancy (SRO) hotels, behavioral health beds, homelessness and behavioral health services, and early care and teacher salaries. In addition the proposed ordinance appropriates (a) \$14,500,000 for San Francisco Public Utilities Commission (SFPUC) Power Revenue Bonds for a utility substation and utility distribution acquisition assessment; and (b) \$52,000,000 of one-time Rainy Day Reserve funds to establish a Teacher and Early Care Educator Unappropriated Emergency Reserve.

The excess ERAF funds are placed on Controller's reserve, pending receipt of the funds from the State of California.

**FISCAL IMPACT**

A summary of sources and uses of excess ERAF monies and one-time Rainy Day Reserve monies is shown in Table 1 below.

**Table 1: Sources and Uses of Funds**

|  |                      |
|--|----------------------|
| <b>Sources</b>                               |                      |
| Excess Educational Revenue Augmentation Fund | \$220,551,322        |
| Rainy Day Reserve - One Time                 | 52,000,000           |
| SFPUC Power Revenue Bonds                    | <u>10,000,000</u>    |
| <b>Total Sources</b>                         | <b>\$282,551,322</b> |
| <br><b>Uses</b>                              |                      |
| <b><u>Baseline Allocations</u></b>           |                      |
| <i>Library Fund</i>                          |                      |
| Buildings, Structures & Improvements         | \$4,980,000          |
| Energy Efficiency                            | <u>4,500,000</u>     |
| Subtotal Library Fund                        | \$9,480,000          |
| <br><i>Street Trees</i>                      |                      |
| Tree Maintenance                             | <u>\$2,138,000</u>   |
| Subtotal Tree Maintenance                    | \$2,138,000          |
| <br><i>Children's Baseline</i>               |                      |
| Workforce Opportunities for Youth            | \$4,430,000          |
| Early Childhood Educator Wage Increases      | <u>5,300,000</u>     |
| Subtotal Children's Baseline                 | \$9,730,000          |
| <br><i>Public Education Enrichment Fund</i>  |                      |
| Community Based Services                     | \$601,000            |
| Annual Contribution to School District       | 8,494,000            |
| Early Childhood Educator Wage Increases      | <u>4,184,000</u>     |
| Subtotal PEEF                                | \$13,279,000         |
| City Services Auditor                        | 460,182              |
| <b>Total Baseline Allocations</b>            | <b>\$35,087,182</b>  |



**Table 1: Sources and Uses of Funds (continued)**

|   |                      |
|---|----------------------|
| <b>Discretionary Allocation</b>                               |                      |
| <i>Mayor's Office of Housing &amp; Community Development</i>  |                      |
| Small Site Acquisition  | \$40,000,000         |
| Homeless Housing  | 42,456,004           |
| Affordable Housing Predevelopment Loans                       | 6,000,000            |
| Sunnydale & Potrero Upgrades                                  | 9,000,000            |
| Affordable Housing Site Acquisition                           | <u>14,000,000</u>    |
| Subtotal MOHCD  | \$111,456,004        |
| <i>Homelessness &amp; Supportive Housing</i>                  |                      |
| New Master Lease Units  | \$15,208,136         |
| Emergency Homeless Shelter Capital and Services               | 15,000,000           |
| Navigation Centers Capital and Services                       | <u>6,400,000</u>     |
| Subtotal Homelessness & Supportive Housing                    | \$36,608,136         |
| <i>Public Health</i>  |                      |
| Healing Center Beds   | \$4,400,000          |
| Substance Use Recovery Beds                                   | <u>5,000,000</u>     |
| Subtotal Public Health  | \$9,400,000          |
| <i>Human Services</i>   |                      |
| Early Childhood Educator Wage Increases                       | \$10,000,000         |
| <i>DCYF</i>   |                      |
| SFUSD Teacher Compensation                                    | \$13,500,000         |
| <i>General City Responsibility</i>                            |                      |
| Teacher/ Early Care Educator Unappropriated Emergency Reserve | \$52,000,000         |
| <b>Total Discretionary Allocation</b>                         | <b>\$180,964,140</b> |
| <b>Total ERAF Appropriation</b>                               | <b>\$216,051,322</b> |
| <i>Public Utilities</i>                                       |                      |
| Utility Acquisition Assessment                                | \$4,500,000          |
| Eastern Project Substation                                    | <u>10,000,000</u>    |
|   | \$14,500,000         |
| <b>Total Appropriation</b>                                    | <b>\$282,551,322</b> |

**BASELINE ALLOCATIONS**

The Charter establishes baseline allocations to specific purposes as discussed below.

Public Library: \$9,480,000

\$4,980,000 would fund needed projects in the San Francisco Public Library's capital program

\$4,500,000 would pay for (1) energy audits and feasibility studies at multiple sites, (2) replacement of in-line gas furnaces at eight locations, (3) retrofitting the steam boiler at three locations, (4) replacing the rooftop HVAC unit and building control system at 190 9<sup>th</sup> Street, and installing rooftop solar systems at four locations (Eureka Valley, Excelsior, Presidio, and 190 9<sup>th</sup> Street).

Street Trees: \$2,138,000

The Department of Public Works' FY 2018-19 budget for street tree maintenance is \$19,770,000. As of January 2019, the Department had spent \$9,201,792 and encumbered \$9,482,984.

According to Department staff, the additional funds of \$2,138,000 will be used in FY 2018-19 to pay for contracts for tree maintenance and related sidewalk repairs to address the backlog in maintenance:

- \$1,318,000 will be used for repair of tree related sidewalk damage. This amount addresses six of Public Works' high priority key map areas for tree related sidewalk damage and will repair an estimated 25,698 tripping hazards. The Department has prioritized repair locations based on a variety of factors including pedestrian volumes, proximity to the vision zero network and areas with vulnerable populations (seniors, health care facilities, and schools).
- \$800,000 will be used to fund two new general as-needed tree maintenance contracts to address the backlog.

Children's Baseline: \$9,730,000

*Workforce Opportunities for Youth*

The funding for workforce programs for youth would be allocated to the Early College Pathway program, which is a joint program of the Department of Children, Youth, and their Families, the San Francisco Unified School District, and the Community College District. This program supports students who are not on-track to graduate high school, providing support to graduate high school and participate in an early college experience. The program currently has approximately 50 participants. An allocation of \$4.4 million would expand the program by approximately 600 internships for two years.

*Early Childhood Educator Wage Increases*

The ordinance allocates approximately \$19.5 million to the Children's Baseline (\$5.3 million), Public Education Enrichment Fund (\$4.2 million), and Office of Early Care and Education (\$10 million) to increase the wages of early childhood educators. According to the Office of Early Care and Education, all early care and education professionals in programs receiving funding from the Office would qualify. The Office of Early Care and Education currently funds 350 programs employing 2,750 professionals. The Office would use the \$19.5 million to increase wages for these 2,750 professionals.

Public Education Enrichment Fund: \$13,279,000*Community Based Services*

The \$601,000 allocated to community based program as part of Public Education Enrichment Fund program would be used to fund the Equitable Access program through the San Francisco Unified School District. This program targets the Department of Children, Youth, and Their Families priority population (African-American, Latino, and Pacific Islander) to have access to school-based comprehensive after-school programs.

*Annual Contribution to San Francisco Unified School District and Early Care and Education*

San Francisco voters passed Proposition C in November 2014, the “Children and Families First” initiative, extending funding through FY 2040-41 allocated to (1) the San Francisco Unified School District, and (2) Office of Early Care and Education. Two-thirds of the funding is allocated to the San Francisco Unified School District (\$8,494,000); the FY 2018-19 Public Education Enrichment Fund Expenditure Plan allocates these funds to voter-approved programs for sports, libraries, arts, music, and other programs in the schools.

*Early Childhood Educator Wage Increases*

One third of the 2014 Proposition C funding is allocated to the Office of Early Care and Education for early care educators’ wages (\$4,184,000), which is part of the total \$19.5 million allocation for wages noted above.

**Discretionary Allocation**Mayor’s Office of Housing and Community Development: \$111,456,004*Small Site Acquisition (\$40 million)*

MOHCD’s Small Sites Program was created in 2014 to provide funding for acquisition and rehabilitation of multi-family rental buildings of five to 25 units. Funding of the program comes from the Housing Trust Fund, Proposition A Affordable Housing bond proceeds, and affordable housing fees paid by market rate developers. Available funding for the Small Sites Program as of December 31, 2018 was \$81.1 million, of which \$37.8 million is committed to projects that are expected to close by June 30, 2019, and \$32.4 million is committed to projects that are expected to close in FY 2019-20 (totaling approximately \$70.2 million). According to MOHCD staff, the balance of approximately \$10.9 million is allocated from geographically-restricted fund sources or to project contingencies.

MOHCD previously issued a Notice of Funding Availability to identify multi-family rental buildings that qualify for program funding, and reviews applications for funding on a first-come basis. MOHCD does not currently have a list of qualified properties for the additional funding, but according to MOHCD staff, new properties are submitted for evaluation on a regular basis.

*Homeless Housing (\$42.5 million)*

MOHCD would use funds appropriated for Homeless Housing to be used for gap financing for approximately 253 units of homeless housing at 1064-1068 Mission Street. MOHCD acquired this site from the Federal government and predevelopment is ongoing. The anticipated start

date of construction is January 2020, with construction completion of October 2021. Due to lower than anticipated fee revenues from Inclusionary and Jobs-Housing Linkage Fees, MOHCD does not currently have sufficient cash to provide gap financing to this project.

*Affordable Housing Predevelopment Pool (\$6 million)*

MOHCD provides loans to affordable housing developers for planning, design, and other predevelopment work. The amount of each loan varies but ranges from \$500,000 to \$5 million depending on the size of the project. According to MOHCD staff, \$6 million will be used for predevelopment loans to approximately three housing sites consisting of up to 370 units for low-income households. Predevelopment loan funds come from allowable funding sources for housing projects in the pipeline, including affordable housing in-lieu or jobs-housing linkage fees. Three affordable housing projects that have been identified as sites for predevelopment loans are the Central Freeway parcels (in the Octavia-Market area), 730 Stanyon Street, and 801 Brannan Street.

*Sunnydale and Potrero Capital Upgrades Pool (\$9 million)*

These funds would be used to rehabilitate approximately 1,000 units of public housing in the Sunnydale and Potrero housing projects owned by the San Francisco Housing Authority. The \$9 million allocation to the Sunnydale and Potrero projects would backfill for funds that were provided by MOHCD to the Housing Authority to make up for the shortfall in the Housing Choice Voucher program.

*Affordable Housing Site Acquisition Pool (\$14 million)*

The Metropolitan Transportation Commission allocated \$5 million to MOHCD to acquire an affordable housing site in the Mission District. The \$14 million would be used to augment the Metropolitan Transportation Commission grant, for \$19 million available to acquire an affordable housing site in the Mission District.

Homelessness and Supportive Housing: \$36,608,136

*Master Lease Supportive Housing (\$15.2 million)*

The Department of Homelessness and Supportive Housing's FY 2018-19 budget for permanent supportive housing, including master lease of single room occupancy (SRO) hotels, is \$143.6 million for the operation of 7,548 units of housing and associated services. The proposed appropriation would add approximately 300 units of housing.

According to staff from the Department of Homelessness and Supportive Housing, the Department would select nonprofit providers through a Request for Qualifications to select qualified permanent supportive housing providers to master lease and operate SRO hotels as master lease supportive housing. The Department has identified five sites that could provide approximately 300 SRO units. Master leases for approximately 300 SRO units are estimated to cost \$7.5 million per year; the proposed appropriation provides approximately two years of funding.

*Shelter Access for Everyone (SAFE) Centers – Emergency Homeless Shelter (\$15 million)*

The Department of Homelessness and Supportive Housing's FY 2018-19 budget for emergency shelter is \$38.8 million for 1,430 beds. The proposed appropriation would add approximately 200 emergency shelter beds.

The Department of Homeless and Supportive Housing plans to open one new SAFE Center to increase emergency shelter beds for homeless individuals living on the streets. The SAFE Center will be approximately 200 beds that incorporate some features of Navigation Centers, including allowing residents to bring partners and possessions, and providing case management services and connection to permanent housing for residents. The Department is currently working with the Department of Public Works and the City's Real Estate Division to identify sites.

The estimated one-time costs to open one site with 200 beds per site are \$3.0 million and estimated annual operating costs for one site with 200 beds are \$6.0 million. Actual costs will depend on the site. Funding of \$15 million will provide two years of operating costs and one-time capital costs of \$3.0.

*Navigation Center Expansion (\$6.4 million)*

The Department of Homelessness and Supportive Housing's FY 2018-19 budget for Navigation Centers is \$19.8 million for 494 beds and services. The proposed appropriation would add approximately 80 beds to existing Navigation Centers for two years.

Public Health: \$9,400,000*Healing Center Beds (\$4.4 million)*

The Department of Public Health spends approximately \$5 million annually for 40 conservatorship beds at St. Mary's Healing Center. These are locked psychiatric beds for clients who are placed on conservatorship and not able to live independently. The appropriation of \$4.4 million would allow the Department of Public Health to purchase 14 additional beds for two years.

*Substance Use Recovery Beds (\$5.0 million)*

In addition, the Department of Public Health currently spends approximately \$2.8 million annually for 96 residential step-down units at HR 360 and Jelani House. Residential step-down programs are sub-acute, short-term, residential services that provide support and access to outpatient treatment in a 24 hour staffed, open home-like environment. The \$5.0 million allocation will allow the Department to purchase approximately 72 beds and associated outpatient services for about two years.

Human Services Agency: \$10,000,000*Early Childhood Educator Wage Increases*

As noted above, the ordinance allocates approximately \$19.5 million to the Children's Baseline (\$5.3 million), Public Education Enrichment Fund (\$4.2 million), and Office of Early Care and Education (\$10 million) to increase the wages of early childhood educators.

Children, Youth and Their Families: \$13,500,000

The ordinance allocates \$13.5 million to the Department of Children, Youth and Their Families to fund salary increases to San Francisco Unified School District teachers.

**Public Utilities Commission: \$14,500,000**

The proposed ordinance appropriates \$14.5 million in SFPUC Power Revenue Bonds to the following projects:

- Plan for the acquisition of electrical infrastructure and property (\$4.5 million). This includes identifying and assessing infrastructure and property; evaluating the financial feasibility to acquire, rehabilitate, operating and maintain the infrastructure at affordable rates; workforce capacity to ensure operational readiness; and legal support.
- Provide funding for the Eastern Project Substation (\$10 million), which is part of the SFPUC Hetch Hetchy Power Enterprise program to construct power transmission and distribution facilities to serve new retail customers, including new development at Pier 70 and Mission Rock.

**Teacher and Early Care Educator Unappropriated Emergency Reserve Fund: \$52,000,000**

According to the proposed ordinance, the Teacher and Early Care Educator Unappropriated Emergency Reserve Fund is to be use to sustain wages in FY 2020-21 if other City or School District revenues and legally available reserves are not sufficient to do so.

**POLICY CONSIDERATION**

**Advances of Funds**

The ordinance provides for certain appropriations to be advanced to the respective City departments, to be repaid from other funds in the future.

*Homeless Gross Receipts Tax*

The voters passed Proposition C in November 2018, which imposed a new gross receipts tax on large businesses in San Francisco to fund homeless services. The Board of Supervisors approved an ordinance in December 2018 permitting the City Attorney to file a validation action, which triggers a defined expedited window during which any potential opponent must respond to the City's action or file litigation challenging the validity of Proposition C. If no opponents respond or file litigation, the Superior Court can decide on whether to validate the proposition.

Appropriations for affordable housing, homelessness, behavioral health services, temporary shelters, and pit stop expansions are eligible to be repaid from gross receipts tax revenues collected pursuant to Proposition C if the City prevails in any legal challenge or validation action.

*Teacher and Early Care Educator Pay Increases*

The voters passed (1) Proposition G in June 2018, approving a parcel tax to fund pay increases for teachers, and (2) Proposition C in June 2018, approving a tax on commercial rents to fund childcare and education. Similar to the validation action noted above, the Board of Supervisors approved an ordinance in July 20188 permitting the City Attorney to file a validation action. In

no opponents respond or file litigation, the Superior Court can decide on whether to validate the propositions.

The appropriation of \$13.5 million to the San Francisco Unified School District will be repaid if Proposition G is finally enacted, and the appropriation of \$10 million for early care educator pay increases will be repaid if Proposition C is finally enacted.

*San Francisco Public Utilities Commission*

File 18-1186 appropriates \$15.6 million to the San Francisco Public Utilities Commission for energy infrastructure feasibility studies and substation construction. These funds are to be repaid from the future sale of Power Revenue Bonds subject to Board of Supervisors approval.

**RECOMMENDATION**

Approval of the proposed ordinance is a policy matter for the Board of Supervisors.

|  |   |
|--|---|
| <p><b>Items 4 and 5</b><br/><b>Files 18-1185 &amp; 18-1186</b></p> | <p><b>Department:</b><br/>Board of Supervisors (Board)<br/>Mayor's Office</p> |
|--|---|

**EXECUTIVE SUMMARY**

**Legislative Objectives**

**File 18-1185** is an ordinance appropriating \$220,546,870 of excess ERAF funds for homelessness and behavioral health services and for affordable housing projects.

**File 18-1186** is an ordinance appropriating \$220,545,896 of excess ERAF funds and \$10,900,000 of Rainy Day One-Time Reserve funds for various baseline contributions, affordable housing, homeless and behavioral health services, early childhood education, and utility distribution acquisition.

**Key Points**

- Due to recent growth in the property tax roll (20 percent in the last two years), property tax allocations to the San Francisco Unified School District and the Community College District exceed state funding requirements.

**Fiscal Impact**

- Both ordinances allocate \$35.1 million to meet Charter-mandated baselines to the Library Fund, Children's Baseline, Street Trees, and Public Education Enrichment Fund (including Office of Early Care and Education and San Francisco Unified School District).
- File 18-1185 allocates \$185.5 million to the (a) Mayor's Office of Housing and Community Development for site acquisition and funding support to housing development; (b) Department of Homelessness and Supportive Housing for additional master lease, emergency shelter, and navigation center beds; (c) Department of Public Health for substance use and mental health beds; and (d) Department of Public Works for expanded pit stop and street cleaning programs.
- File 18-1186 allocates \$196.4 million to many of the same programs that would be funded under File 18-1185 (with the exception of Public Works pit stop and street cleaning programs), but allocates different funding amounts.
- File 18-1186 allocates (1) approximately \$20 million to wage increases for early care and education professionals, and \$13 million to San Francisco Unified School District teacher compensation; and (2) \$15.6 million to the San Francisco Public Utilities Commission for energy infrastructure feasibility studies and substation construction. Funding of these programs is not included in File 18-1185.



**Policy Consideration**

- Both ordinances provide for funds to be repaid from the Homeless Gross Receipts Tax for eligible programs if the City prevails in any legal challenges.
- File 18-1186 also provides for funds allocated to (1) San Francisco Unified School District teacher compensation to be repaid for from the parcel tax approved by voters in June 2018 (Proposition G) if the City prevails in any legal challenges; and (2) wage increases for early care and education professionals from the tax on commercial rents approved by voters in June 2018 (Proposition C) if the City prevails in any legal challenges.
- File 18-1186 provides for \$15.6 million allocated to the San Francisco Public Utilities for energy infrastructure feasibility studies and substation construction to be repaid from the future sale of SFPUC Power Revenue Bonds subject to Board of Supervisors approval.

**Recommendations**

- Amend the proposed ordinances to request a written report in June 2019 from the following department heads on the use of the excess ERAF allocation, including specific information on the programs that were implemented with the funds, program participation, and program performance: (1) Mayor's Office of Housing and Community Development, (2) Department of Homelessness and Supportive Housing, (3) Department of Public Health, (4) Office of Early Care and Education, (5) Department of Children, Youth and Their Families, (6) Department of Public Works, and (7) San Francisco Public Utilities Commission.
- Approval of the two proposed ordinances, which are mutually exclusive, is a policy matter for the Board of Supervisors.

## MANDATE STATEMENT

City Charter Section 9.105 states that amendments to the Annual Appropriations Ordinance, after the Controller certifies the availability of funds, are subject to Board of Supervisors approval by ordinance.

## BACKGROUND

In 1992 and 1993, the State directed all counties to create an Educational Revenue Augmentation Fund (ERAF) and divert local property tax revenue into the fund for public school systems in each county. In San Francisco, 25 percent of collections from the base property tax rate are allocated to ERAF. When the fund has sufficient money to meet minimum state funding requirements for public schools and community colleges, excess funds are returned to the local governments.

Due to recent growth in the property tax roll (20 percent in the last two years), property tax allocations to the San Francisco Unified School District and the Community College District exceed state funding requirements for the first time since the creation of the fund, and the City will recognize approximately \$415 million in excess ERAF property tax revenue in FY 2018-19, including \$208 million attributable to FY 2017-18 and \$207 million attributable to FY 2018-19. According to Charter provisions adopted by the voters, approximately \$74 million of the \$415 million must be allocated to various baselines and approximately \$156 million to Rainy Day Reserves, and the balance of approximately \$185 million is available for any public purpose.

The Controller's Office estimates that the City would receive significant excess ERAF allocations in future years but cautions that there is significant risk associated with these allocations due to formula volatility, cash flow changes, and possible modifications to property tax allocation law by the State.

## DETAILS OF PROPOSED LEGISLATION

The proposed ordinances, which are mutually exclusive, would appropriate excess ERAF funds as follows:

- File 18-1185: the proposed ordinance would appropriate \$220,546,870 of excess ERAF funds for various mandatory baseline contributions and for homelessness and behavioral health services and for affordable housing projects.
- File 18-1186: the proposed ordinance would appropriate \$220,545,896 of excess ERAF funds and \$10,900,000 of Rainy Day One-Time Reserve funds for various baseline contributions, affordable housing, homeless and behavioral health services, early childhood education, and utility distribution acquisition.

The excess ERAF funds are placed on Controller's reserve, pending receipt of the funds from the State of California.

**FISCAL IMPACT**

A summary of sources and uses of excess ERAF monies and one-time Rainy Day Reserve monies is shown in Table 1 below.

**Table 1: Sources and Uses of Funds**

|  | File 18-1185         | File 18-1186         |
|--|----------------------|----------------------|
| <b>Sources</b>   |                      |                      |
| Excess Educational Revenue Augmentation Fund                 | \$220,546,870        | \$220,545,896        |
| Rainy Day Reserve - One Time                                 |                      | 10,900,000           |
| <b>Total Sources</b>   | <b>\$220,546,870</b> | <b>\$231,445,896</b> |
| <b>Uses</b>  |                      |                      |
| <u>Baseline Allocations</u>                                  |                      |                      |
| Library Fund   | \$9,480,000          | \$9,480,000          |
| Street Trees   | 2,138,000            | 2,138,000            |
| Children's Baseline  | 9,730,000            | 9,730,000            |
| Public Education Enrichment Fund                             | 601,000              | 601,000              |
| Annual Contribution to San Francisco Unified School District | 8,494,000            | 8,494,000            |
| Annual Contribution to Early Care and Education              | 4,184,000            | 4,184,000            |
| City Services Auditor  | 440,214              | 462,892              |
| <b>Subtotal Baseline Allocations</b>                         | <b>\$35,067,214</b>  | <b>\$35,089,892</b>  |
| <u>Discretionary General Fund</u>                            |                      |                      |
| Mayor's Office of Housing & Community Development            | \$92,701,328         | \$111,456,004        |
| Homelessness & Supportive Housing                            | 70,181,328           | 36,400,000           |
| Public Health  | 18,320,000           | 9,400,000            |
| Human Services/Office of Early Care & Education              |                      | 10,000,000           |
| Children, Youth & Families - SFUSD Teacher Compensation      |                      | 13,500,000           |
| Public Works   | 4,277,000            | 0                    |
| Public Utilities   |                      | 15,600,000           |
| <b>Subtotal Discretionary General Fund</b>                   | <b>\$185,479,656</b> | <b>\$196,356,004</b> |
| <b>Total Uses</b>  | <b>\$220,546,870</b> | <b>\$231,445,896</b> |

The balance of the one-time Rainy Day Reserve is \$54,668,042. Appropriation of \$10,900,000 (File 18-1186) will reduce the balance to \$43,768,042.

**BASELINE ALLOCATIONS**

The Charter establishes baseline allocations to specific purposes. The tables below describe the proposed uses of these baseline allocations.

| <b>Library Fund</b>                  | <b>File 18-1185</b> | <b>File 18-1186</b> |
|--------------------------------------|---------------------|---------------------|
| Buildings, Structures & Improvements | \$5,480,000         | \$3,580,000         |
| Capital Renewal                      | 4,000,000           |                     |
| Energy Efficiency                    |                     | 5,900,000           |
| <b>Total</b>                         | <b>\$9,480,000</b>  | <b>\$9,480,000</b>  |

According to San Francisco Public Library staff, \$9,480,000 allocated under File 18-1185 would fund (1) replacement of the seismic moat adjacent to the Main Library to allow for movement in the event of an earthquake (\$4,000,000), and (2) the Fulton Street Activation Program to create a reading garden and teaching space, public gathering space, and new entrance to families to enter the Children’s Center on Fulton Street (\$5,480,000). The Fulton Street Activation Program is part of the Civic Center Commons and Public Realm Plan.<sup>1</sup>

According to San Francisco Public Library staff, \$5,900,000 allocated under File 18-1186 would pay for (1) energy audits and feasibility studies at multiple sites, (2) replacement of in-line gas furnaces at eight locations, (3) retrofitting the steam boiler at three locations, (4) replacing the rooftop HVAC unit and building control system at 190 9<sup>th</sup> Street, and installing rooftop solar systems at four locations (Eureka Valley, Excelsior, Presidio, and 190 9<sup>th</sup> Street).

The additional funds of \$3,580,000 allocated under File 18-1186 are to be used for needed projects in the San Francisco Public Library’s capital program.

| <b>Street Trees</b> | <b>File 18-1185</b> | <b>File 18-1186</b> |
|---------------------|---------------------|---------------------|
| Tree Maintenance    | \$2,138,000         | \$2,138,000         |
| <b>Total</b>        | <b>\$2,138,000</b>  | <b>\$2,138,000</b>  |

The Department of Public Works’ FY 2018-19 budget for street tree maintenance is \$19,770,000. As of January 2019, the Department had spent \$9,201,792 and encumbered \$9,482,984.

According to Department staff, the additional funds of \$2,138,000 will be used in FY 2018-19 to pay for contracts for tree maintenance and related sidewalk repairs to address the backlog in maintenance:

- \$1,318,000 will be used for repair of tree related sidewalk damage. This amount addresses six of Public Works’ high priority key map areas for tree related sidewalk

<sup>1</sup> The Civic Center Public Realm Plan is an interagency effort managed by the Planning Department in conjunction with the Recreation and Park Department, Real Estate Division, Public Utilities Commission and other City departments. The goal of the Civic Center Public Realm Plan is to create long term plans to improve the Civic Center’s plazas, streets, and public spaces.

damage and will repair an estimated 25,698 tripping hazards. The Department has prioritized repair locations based on a variety of factors including pedestrian volumes, proximity to the vision zero network and areas with vulnerable populations (seniors, health care facilities, and schools).

- \$800,000 will be used to fund two new general as-needed tree maintenance contracts to address the backlog.

| <b>Children's Baseline</b>                     | <b>File 18-1185</b> | <b>File 18-1186</b> |
|--|---------------------|---------------------|
| Workforce Opportunities for Youth              | \$4,400,000         | \$2,800,000         |
| Full Day Pre-School for Low Income 3 Year Olds | 4,200,000           |                     |
| Nonprofit Capital and Facilities Upgrades      | 1,130,000           | 1,130,000           |
| Early Childhood Educator Wage Increases        |                     | 5,800,000           |
| <b>Total</b>                                   | <b>\$9,730,000</b>  | <b>\$9,730,000</b>  |

*Workforce Opportunities for Youth*

The funding for workforce programs for youth would be allocated to the Early College Pathway program, which is a joint program of the Department of Children, Youth, and their Families, the San Francisco Unified School District, and the Community College District. This program supports students who are not on-track to graduate high school, providing support to graduate high school and participate in an early college experience. The program currently has approximately 50 participants. An allocation of \$4.4 million would expand the program by approximately 600 internships for two years, and an allocation of \$2.8 million would expand the program by approximately 350 internships for two years.

*Full Day Pre-School for Low Income 3 Year Olds*

File 18-1185 allocates \$4.2 million to the Office of Early Care and Education to fund pre-school slots for approximately 125 children. This funding would serve children for the last half of FY 2018-19 and for the full FY 2019-20 year.

*Nonprofit Capital and Facilities Upgrades*

The Office of Economic and Workforce Development’s FY 2018-19 budget includes \$4 million for the Nonprofit Sustainability Initiative, with the Office expects to be fully spent or encumbered by the end of the fiscal year. The purpose of the Nonprofit Sustainability Initiative is to assist nonprofit organizations providing services to children, including childcare, in acquiring space, entering into long term leases for space, or making site improvements to existing space to increase capacity. According to Office staff, the Office of Economic and Workforce Development will work with the Office of Early Care and Education and Department of Children, Youth and Their Families to allocate the additional \$1.1 million appropriated in File 18-1185 and 18-1186 through a competitive process.

*Early Childhood Educator Wage Increases*

File 18-1186 allocates approximately \$20 million to the Children’s Baseline (\$5.8 million), Public Education Enrichment Fund (\$4.5 million), and Office of Early Care and Education (\$10 million)

to increase the wages of early childhood educators. According to the Office of Early Care and Education, all early care and education professionals in programs receiving funding from the Office would qualify. The Office of Early Care and Education currently funds 350 programs employing 2,750 professionals. The Office would use the \$20 million to increase wages for these 2,750 professionals for the last half of FY 2018-19, and for the full year of FY 2019-20 and FY 2020-21. The percent wage increase would vary by staff level and program, based on the Office’s cost and expense model, and by the early care and education program’s quality rating, based on the statewide Quality Rating and Improvement System.

| <b>Public Education Enrichment Fund</b>                      | <b>File 18-1185</b> | <b>File 18-1186</b> |
|--|---------------------|---------------------|
| Community Based Services                                     | \$601,000           | \$601,000           |
| Annual Contribution to San Francisco Unified School District | 8,494,000           | 8,494,000           |
| Early Childhood Educator Wage Increases                      | 0                   | 4,184,000           |
| Early Care and Education                                     | 4,184,000           | 0                   |
| <b>Total</b>   | <b>\$13,279,000</b> | <b>\$13,279,000</b> |

*Community Based Services*

The \$601,000 allocated to community based program as part of Public Education Enrichment Fund program would be used to fund the Equitable Access program through the San Francisco Unified School District. This program targets the Department of Children, Youth, and Their Families priority population (African-American, Latino, and Pacific Islander) to have access to school-based comprehensive after-school programs.

*Annual Contribution to San Francisco Unified School District and Early Care and Education*

San Francisco voters passed Proposition C in November 2014, the “Children and Families First” initiative, extending funding through FY 2040-41 allocated to (1) the San Francisco Unified School District, and (2) Office of Early Care and Education. One third of the funding is allocated to the Office of Early Care and Education for preschool support (\$4,184,000). Two-thirds of the funding is allocated to the San Francisco Unified School District (\$8,494,000); the FY 2018-19 Public Education Enrichment Fund Expenditure Plan allocates these funds to voter-approved programs for sports, libraries, arts, music, and other programs in the schools.

*Early Childhood Educator Wage Increases*

As noted above, File 18-1186 allocates approximately \$20 million to the Children’s Baseline (\$5.8 million), Public Education Enrichment Fund (\$4.5 million), and Office of Early Care and Education (\$10 million) to increase the wages of early childhood educators.

**DISCRETIONARY ALLOCATION**

| <b>Mayor's Office of Housing &amp; Community Development</b> | <b>File 18-1185</b> | <b>File 18-1186</b>  |
|--|---------------------|----------------------|
| Small Site Acquisition                                       | \$21,301,328        | \$40,000,000         |
| Homeless Housing   | 42,400,000          | 42,456,004           |
| Affordable Housing Predevelopment Loans                      | 6,000,000           | 6,000,000            |
| Sunnydale & Potrero Upgrades                                 | 9,000,000           | 9,000,000            |
| Affordable Housing Site Acquisition                          | 14,000,000          | 14,000,000           |
| <b>Total</b>   | <b>\$92,701,328</b> | <b>\$111,456,004</b> |

*Small Site Acquisition (\$21.3 million to \$40 million)*

MOHCD's Small Sites Program was created in 2014 to provide funding for acquisition and rehabilitation of multi-family rental buildings of five to 25 units. Funding of the program comes from the Housing Trust Fund, Proposition A Affordable Housing bond proceeds, and affordable housing fees paid by market rate developers. Available funding for the Small Sites Program as of December 31, 2018 was \$81.1 million, of which \$37.8 million is committed to projects that are expected to close by June 30, 2019, and \$32.4 million is committed to projects that are expected to close in FY 2019-20 (totaling approximately \$70.2 million). According to MOHCD staff, the balance of approximately \$10.9 million is allocated from geographically-restricted fund sources or to project contingencies.

MOHCD previously issued a Notice of Funding Availability to identify multi-family rental buildings that qualify for program funding, and reviews applications for funding on a first-come basis. MOHCD does not currently have a list of qualified properties for the additional funding, but according to MOHCD staff, new properties are submitted for evaluation on a regular basis.

*Homeless Housing (\$42.4 million to \$42.5 million)*

MOHCD would use funds appropriated for Homeless Housing to be used for gap financing for approximately 253 units of homeless housing at 1064-1068 Mission Street. MOHCD acquired this site from the Federal government and predevelopment is ongoing. The anticipated start date of construction is January 2020, with construction completion of October 2021. Due to lower than anticipated fee revenues from Inclusionary and Jobs-Housing Linkage Fees, MOHCD does not currently have sufficient cash to provide gap financing to this project.

*Affordable Housing Predevelopment Pool (\$6 million)*

MOHCD provides loans to affordable housing developers for planning, design, and other predevelopment work. The amount of each loan varies but ranges from \$500,000 to \$5 million depending on the size of the project. According to MOHCD staff, \$6 million will be used for predevelopment loans to approximately three housing sites consisting of up to 370 units for low-income households. Predevelopment loan funds come from allowable funding sources for housing projects in the pipeline, including affordable housing in-lieu or jobs-housing linkage fees. Three affordable housing projects that have been identified as sites for predevelopment loans are the Central Freeway parcels (in the Octavia-Market area), 730 Stanyon Street, and 801 Brannan Street.

*Sunnydale and Potrero Capital Upgrades Pool (\$9 million)*

These funds would be used to rehabilitate approximately 1,000 units of public housing in the Sunnydale and Potrero housing projects owned by the San Francisco Housing Authority. The \$9 million allocation to the Sunnydale and Potrero projects would backfill for funds that were provided by MOHCD to the Housing Authority to make up for the shortfall in the Housing Choice Voucher program.

*Affordable Housing Site Acquisition Pool (\$14 million)*

The Metropolitan Transportation Commission allocated \$5 million to MOHCD to acquire an affordable housing site in the Mission District. The \$14 million would be used to augment the Metropolitan Transportation Commission grant, for \$19 million available to acquire an affordable housing site in the Mission District.

| <b>Homelessness &amp; Supportive Housing</b>    | <b>File 18-1185</b> | <b>File 18-1186</b> |
|---|---------------------|---------------------|
| New Master Lease Units                          | \$30,000,000        | \$15,000,000        |
| Emergency Homeless Shelter Capital and Services | 27,340,000          | 15,000,000          |
| Navigation Centers Capital and Services         | 12,841,328          | 6,400,000           |
| <b>Total</b>                                    | <b>\$70,181,328</b> | <b>\$36,400,000</b> |

*Master Lease Supportive Housing (\$15 million to \$30 million)*

The Department of Homelessness and Supportive Housing’s FY 2018-19 budget for permanent supportive housing, including master lease of single room occupancy (SRO) hotels, is \$143.6 million for the operation of 7,548 units of housing and associated services. The proposed appropriation would add approximately 300 units of housing.

According to staff from the Department of Homelessness and Supportive Housing, the Department would select nonprofit providers through a Request for Qualifications to select qualified permanent supportive housing providers to master lease and operate SRO hotels as master lease supportive housing. The Department has identified five sites that could provide approximately 300 SRO units. Master leases for approximately 300 SRO units are estimated to cost \$7.5 million per year. Under the two appropriation ordinances, funding would be available for two years (\$15 million) to four years (\$30 million).

*Shelter Access for Everyone (SAFE) Centers – Emergency Homeless Shelter (\$15 million to \$27.3 million)*

The Department of Homelessness and Supportive Housing’s FY 2018-19 budget for emergency shelter is \$38.8 million for 1,430 beds. The proposed appropriation would add approximately 200 emergency shelter beds.

The Department of Homeless and Supportive Housing plans to open one new SAFE Center to increase emergency shelter beds for homeless individuals living on the streets. The SAFE Center will be approximately 200 beds that incorporate some features of Navigation Centers, including allowing residents to bring partners and possessions, and providing case management services



and connection to permanent housing for residents. The Department is currently working with the Department of Public Works and the City’s Real Estate Division to identify sites.

The estimated one-time costs to open one site with 200 beds per site is \$3.0 million to \$3.3 million and estimated annual operating costs for one site with 200 beds are \$6.0 million. Actual costs will depend on the site. Funding of \$15 million to \$27.3 million will provide two to four years of operating costs and one-time capital costs of \$3.0 to \$3.3 million.

*Navigation Center Expansion (\$6.4 million to \$12.8 million)*

The Department of Homelessness and Supportive Housing’s FY 2018-19 budget for Navigation Centers is \$19.8 million for 494 beds and services. The proposed appropriation would add approximately 80 beds to existing Navigation Centers.

According to the Department of Homelessness and Supportive Housing, the Department is working to identify where it could add additional beds at existing Navigation Centers. Estimated one-time costs to add 80 beds to existing Navigation Centers are \$6.8 million and the ERAF contribution to estimated annual operating costs for 80 additional beds at existing Navigation Centers is \$1.5 million. Funding of \$12.8 million will provide four years of operating costs and one-time capital costs. Funding of \$6.4 million will provide for approximately 40 beds for two to four years, depending on initial one-time start-up costs and annual operating costs.

| <b>Public Health</b>        | <b>File 18-1185</b> | <b>File 18-1186</b> |
|-----------------------------|---------------------|---------------------|
| Healing Center Beds         | \$8,800,000         | \$4,400,000         |
| Substance Use Recovery Beds | 9,520,000           | 5,000,000           |
| <b>Total</b>                | <b>\$18,320,000</b> | <b>\$9,400,000</b>  |

*Healing Center Beds (\$4.4 million to \$8.8 million)*

The Department of Public Health spends approximately \$5 million annually for 40 conservatorship beds at St. Mary’s Healing Center. These are locked psychiatric beds for clients who are placed on conservatorship and not able to live independently. The appropriation of \$4.4 million would allow the Department of Public Health to purchase 14 additional beds for two years and the appropriation of \$8.8 million would allow the Department to purchase 14 additional beds for four years.

*Substance Use Recovery Beds (\$5.0 million to \$9.5 million)*

In addition, the Department of Public Health currently spends approximately \$2.8 million annually for 96 residential step-down units at HR 360 and Jelani House. Residential step-down programs are sub-acute, short-term, residential services that provide support and access to outpatient treatment in a 24 hour staffed, open home-like environment. The \$9.5 million allocation will allow the Department to purchase approximately 72 beds and associated outpatient services for about four years, and the \$5.0 million allocation will allow the Department to purchase approximately 72 beds and associated outpatient services for about two years.

| <b>Public Works</b>   | <b>File 18-1185</b> | <b>File 18-1186</b> |
|-----------------------|---------------------|---------------------|
| Pit Stop Expansion    | \$1,564,572         | \$0                 |
| Neighborhood Cleaning | 2,712,428           | 0                   |
| <b>Total</b>          | <b>\$4,285,554</b>  | <b>\$0</b>          |

The FY 2018-19 budget for the Pit Stop program is \$3,401,000. The program pays for 13 permanent locations, operating seven days per week, and 10 portable locations, operating five to six days per week. According to Department of Public Works staff, the additional funds of \$1,564,572 would be used to add Pit Stop locations at Eddy and Larkin Streets and Taylor Street, and increase restroom staffing and monitoring.

According to Department of Public Works staff, the \$2,712,428 allocated to Neighborhood Cleaning would be used to (a) maintain the TL Clean and SOMA Clean programs operated by nonprofit providers at seven days per week,<sup>2</sup> and (b) expand citywide steam cleaning services, operated by the nonprofit Community Youth Center.

| <b>Public Utilities</b>        | <b>File 18-1185</b> | <b>File 18-1186</b> |
|--------------------------------|---------------------|---------------------|
| Utility Acquisition Assessment | \$0                 | \$5,600,000         |
| Eastern Project Substation     | 0                   | 10,000,000          |
| <b>Total</b>                   | <b>\$0</b>          | <b>\$15,600,000</b> |

According to the San Francisco Public Utilities Commission (SFPUC) Assistant General Manager for Power, the allocation of \$15.6 million would be used to:

- Plan for the acquisition of electrical infrastructure and property (\$5.6 million). This includes identifying and assessing infrastructure and property; evaluating the financial feasibility to acquire, rehabilitate, operating and maintain the infrastructure at affordable rates; workforce capacity to ensure operational readiness; and legal support.
- Provide funding for the Eastern Project Substation (\$10 million), which is part of the SFPUC Hetch Hetchy Power Enterprise program to construct power transmission and distribution facilities to serve new retail customers, including new development at Pier 70 and Mission Rock.

| <b>Human Services</b>                   | <b>File 18-1185</b> | <b>File 18-1186</b> |
|---|---------------------|---------------------|
| Early Childhood Educator Wage Increases | \$0                 | \$10,000,000        |
| <b>Total</b>                            | <b>\$0</b>          | <b>\$10,000,000</b> |

*Early Childhood Educator Wage Increases*

As noted above, File 18-1186 allocates approximately \$20 million to the Children’s Baseline (\$5.8 million), Public Education Enrichment Fund (\$4.5 million), and Office of Early Care and Education (\$10 million) to increase the wages of early childhood educators.

<sup>2</sup> According to Department of Public Works staff, the programs currently operate seven days per week but without the funding will revert to five days per week.

| Children, Youth and Families | File 18-1185 | File 18-1186 |
|------------------------------|--------------|--------------|
| SFUSD Teacher Compensation   |              | \$13,500,000 |
| Total                        |              | \$13,500,000 |

File 18-1186 provides for \$13.5 million to be allocated to the Department of Children, Youth and Their Families to fund salary increases to San Francisco Unified School District teachers.

**SUMMARY**

The two appropriation ordinances, Files 18-1185 and 18-1186, are mutually exclusive. File 18-1185 appropriates \$220.5 million in excess ERAF funds. File 18-1186 appropriates \$220.5 million in excess ERAF funds and \$10.9 million in one-time Rainy Day Reserves, totaling \$231.4 million.

*Baseline Allocations*

Both ordinances appropriate baseline allocations mandated by the Charter. Major differences between the ordinances in these baseline allocations include:

- File 18-1186\_ appropriates \$5.9 million to the Library Fund for energy efficiency projects, which are not included in File 18-1185.
- File 18-1185 appropriates \$4.2 million to full day pre-school for low income 3-year old children, which is not included in File 18-1186.

*Wage Increases*

File 18-1186 appropriates \$5.8 million in Children’s Baseline, \$4.2 million in Public Education Enrichment Fund, and \$10 million to the Human Services Agency Office of Early Care and Education to pay for wage increases for early childhood educators, totaling \$20 million.

File 18-1186 also appropriates \$13.5 million to the Department of Children, Youth and Family for San Francisco Unified School District teachers’ compensation.

File 18-1185 does not include wage increases.

*Housing, Homelessness, and Behavioral Health Programs*

File 18-1185 appropriates \$185.5 million to programs and projects addressing housing, homelessness and behavioral health. File 18-1186 appropriates \$157.3 million to programs and projects addressing housing, homelessness and behavioral health.

- Both ordinances appropriate funds to the Mayor’s Office of Housing and Community Development for small site acquisition, affordable housing predevelopment. File 18-1185 appropriates \$92.7 million and File 18-1186 appropriates \$111.5 million. The difference of nearly \$19 million is due to appropriations to small site acquisition (\$21.3 million in File 18-1185 and \$40 million in File 18-1186).
- Both ordinances appropriate funds to the Department of Homelessness and Supportive Housing for new master lease hotel units, emergency homeless shelter capital and services, and navigation center expansion. File 18-1185 appropriates \$70.2 million for

one-time capital costs and four years of housing services, and File 18-1186 appropriates \$36.4 million for one-time capital costs and approximately two years of housing services.

- Both ordinances appropriate funds to the Department of Public Health for healing center beds and substance use recovery beds. File 18-1185 appropriates \$18.3 million to purchase additional beds for four years, and File 18-1186 appropriates \$9.4 million to purchase additional beds for two years.
- File 18-1185 appropriates \$4.3 million to Pit Stop expansion and neighborhood sidewalk and street cleaning. File 18-1186 does not appropriate funds to these uses.

#### *Power Facilities*

File 18-1186 appropriates \$15.6 million to the San Francisco Public Utilities Commission to evaluate potential acquisition of electricity infrastructure and to construct an electricity substation on the eastern side of the City to increase capacity.

## **POLICY CONSIDERATION**

### **Advances of Funds**

Both Files 18-1185 and 18-1186 provide for certain appropriations to be advanced to the respective City departments, to be repaid from other funds in the future.

#### *Homeless Gross Receipts Tax*

The voters passed Proposition C in November 2018, which imposed a new gross receipts tax on large businesses in San Francisco to fund homeless services. The Board of Supervisors approved an ordinance in December 2018 permitting the City Attorney to file a validation action, which triggers a defined expedited window during which any potential opponent must respond to the City's action or file litigation challenging the validity of Proposition C. If no opponents respond or file litigation, the Superior Court can decide on whether to validate the proposition.

Appropriations in File 18-1185 (approximately \$182.8 million) and 18-1186 (\$157.3 million) for affordable housing, homelessness, behavioral health services, temporary shelters, and pit stop expansions are eligible to be repaid from gross receipts tax revenues collected pursuant to Proposition C if the City prevails in any legal challenge or validation action.

#### *Teacher and Early Care Educator Pay Increases*

File 18-1186 appropriates \$13.5 million to the San Francisco Unified School District for pay increases to teachers and \$20 million for early care educator pay increases, of which \$10 million is the baseline allocation and \$10 million is discretionary. The voters passed (1) Proposition G in June 2018, approving a parcel tax to fund pay increases for teachers, and (2) Proposition C in June 2018, approving a tax on commercial rents to fund childcare and education. Similar to the validation action noted above, the Board of Supervisors approved an ordinance in July 2018 permitting the City Attorney to file a validation action. In no opponents respond or file litigation, the Superior Court can decide on whether to validate the propositions.

The appropriation of \$13.5 million to the San Francisco Unified School District will be repaid if Proposition G is finally enacted, and the appropriation of \$10 million for early care educator pay increases will be repaid if Proposition C is finally enacted. In the event that the court does not find in San Francisco's favor for either proposition, a new funding source will need to be identified for ongoing pay increases.

*San Francisco Public Utilities Commission*

File 18-1186 appropriates \$15.6 million to the San Francisco Public Utilities Commission for energy infrastructure feasibility studies and substation construction. These funds are to be repaid from the future sale of Power Revenue Bonds subject to Board of Supervisors approval.

## RECOMMENDATIONS

1. Amend the proposed ordinances to request a written report in June 2019 from the following department heads on the use of the excess ERAF allocation, including specific information on the programs that were implemented with the funds, program participation, and program performance: (1) Mayor's Office of Housing and Community Development, (2) Department of Homelessness and Supportive Housing, (3) Department of Public Health, (4) Office of Early Care and Education, (5) Department of Children, Youth and Their Families, (6) Department of Public Works, and (7) San Francisco Public Utilities Commission.
2. Approval of the two proposed ordinances, which are mutually exclusive, is a policy matter for the Board of Supervisors.

Member, Board of Supervisors  
District 1



City and County of San Francisco

**SANDRA LEE FEWER**  
李麗嫦 市參事

RECEIVED  
BOARD OF SUPERVISORS  
SAN FRANCISCO  
2019 FEB -6  
AM 8:31  
BY [Signature]

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DATE: February 5, 2019

TO: Angela Calvillo  
Clerk of the Board of Supervisors

FROM: Supervisor Sandra Lee Fewer  
Chairperson *Sandra Lee Fewer*

RE: Budget and Finance Committee  
SPECIAL MEETING

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As Chair of the Budget and Finance Committee, I request a special Budget and Finance Committee meeting for Monday, February 11, 2019, at 11:30am to hear and consider the following items, as committee reports to be considered at the February 12, 2019 Board of Supervisors meeting:

**File No. 181185** - Appropriation - Educational Revenue Augmentation Fund Property Tax - Homeless and Behavioral Health Services, Affordable Housing, and Mandatory Baseline Contributions - \$220,546,870 - FY2018-2019

Ordinance appropriating a total of \$220,546,870 in excess Education Revenue Augmentation Fund Property Taxes to support homelessness and behavioral health services and for affordable housing projects for \$185,850,616; mandatory baselines contributions for \$34,696,254; and placing \$220,546,870 on Controller's Reserve pending confirmation of cash flow timing from the State of California.

**File No. 181186** - Appropriation - Educational Revenue Augmentation Fund Property Tax \$220,545,896 - Rainy Day One-Time Reserve Funds \$10,900,000 - MOHCD - DCYF - Public Library - HSA - PW - DPH - FY2018-2019

Ordinance appropriating \$181,000,000 of excess Education Revenue Augmentation Fund Property Taxes to the Mayor's Office of Housing and Community Development and Department of Public Health for affordable housing small site, single residence occupancy hotel, and behavioral health acquisition and renovation, and to the Human Services Agency for early childhood education bridge funding, and to support utility distribution acquisition.

**File No. 190044** - Appropriation - Educational Revenue Augmentation Fund Property Tax - New Light Rail Vehicles - Municipal Transportation Agency - \$38,124,000 - FY2018-2019

Ordinance appropriating \$38,124,000 in excess Educational Revenue Augmentation Fund Property Taxes to the Municipal Transportation Agency to purchase light rail vehicles in FY2018-2019; and placing \$38,124,000 on Controller's Reserve pending confirmation of cash flow timing from the State of California.

## Wong, Linda (BOS)

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**From:** Wong, Linda (BOS)  
**Sent:** Thursday, February 07, 2019 4:37 PM  
**To:** Gallagher, Jack (BOS)  
**Subject:** RE: ERAF co-sponsor Supervisor Stefani

Hi Jack,

Supervisor Stefani has been added as a co-sponsor to file no. 181186.

181186 - Appropriation - Educational Revenue Augmentation Fund Property Tax \$220,551,322 - Rainy Day One-Time Reserve Funds \$52,000,000 - SFPUC Revenue Bonds \$10,000,000 - Various Services - FY2018-2019

Thanks for the quick response!

Linda

### *Linda Wong*

San Francisco Board of Supervisors  
1 Dr. Carlton B. Goodlett Place, City Hall, Room 244  
San Francisco, CA 94102-4689  
Phone: 415.554.7719 | Fax: (415) 554-5163  
[Linda.Wong@sfgov.org](mailto:Linda.Wong@sfgov.org) | [www.sfbos.org](http://www.sfbos.org)

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**From:** Gallagher, Jack (BOS)  
**Sent:** Thursday, February 07, 2019 4:35 PM  
**To:** Wong, Linda (BOS) <linda.wong@sfgov.org>  
**Subject:** ERAF co-sponsor Supervisor Stefani

Linda,

Excuse me for not providing the file number, but Supervisor Stefani would like to be added as a co-sponsor to the ERAF item.

Thanks,

Jack

Jack Gallagher

Legislative Aide

District 2 Supervisor Catherine Stefani

City and County of San Francisco

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# Introduction Form

By a Member of the Board of Supervisors or Mayor

RECEIVED  
1/29/2019 @ 5:17pm  
A

Time stamp  
or meeting date

I hereby submit the following item for introduction (select only one):

- 1. For reference to Committee. (An Ordinance, Resolution, Motion or Charter Amendment).
- 2. Request for next printed agenda Without Reference to Committee.
- 3. Request for hearing on a subject matter at Committee.
- 4. Request for letter beginning : "Supervisor [ ] inquiries"
- 5. City Attorney Request.
- 6. Call File No. [ ] from Committee.
- 7. Budget Analyst request (attached written motion).
- 8. Substitute Legislation File No. [ 181186 ]
- 9. Reactivate File No. [ ]
- 10. Topic submitted for Mayoral Appearance before the BOS on [ ]

Please check the appropriate boxes. The proposed legislation should be forwarded to the following:

- Small Business Commission
- Youth Commission
- Ethics Commission
- Planning Commission
- Building Inspection Commission

**Note: For the Imperative Agenda (a resolution not on the printed agenda), use the Imperative Form.**

Sponsor(s):

Supervisor Peskin; Fewer, Mandelman, Yee, Mar

Subject:

[Appropriation of \$220,545,896 Educational Revenue Augmentation Fund Property Tax and \$10,900,000 of Rainy Day One-Time Reserve funds for affordable housing, homeless and behavioral health services, early childhood education funding, for utility distribution acquisition, and mandatory baseline contributions- FY2018-2019]

The text is listed:

Ordinance appropriating \$220,545,896 of excess Educational Revenue Augmentation Fund Property Taxes and \$10,900,000 of Rainy Day One-Time Reserve funds for affordable housing small site, single residence occupancy hotel, and behavioral health acquisition and renovation, homelessness and behavioral health services, early childhood education funding, to support utility distribution acquisition and mandatory baseline contributions.

Signature of Sponsoring Supervisor: [Signature]

For Clerk's Use Only

RECEIVED  
12/4/2018 @ 6:00pm  
S

### Introduction Form

By a Member of the Board of Supervisors or Mayor

Time stamp  
or meeting date

I hereby submit the following item for introduction (select only one):

- 1. For reference to Committee. (An Ordinance, Resolution, Motion or Charter Amendment).
- 2. Request for next printed agenda Without Reference to Committee.
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- 6. Call File No. [ ] from Committee.
- 7. Budget Analyst request (attached written motion).
- 8. Substitute Legislation File No. [ ]
- 9. Reactivate File No. [ ]
- 10. Topic submitted for Mayoral Appearance before the BOS on [ ]

Please check the appropriate boxes. The proposed legislation should be forwarded to the following:

- Small Business Commission
- Youth Commission
- Ethics Commission
- Planning Commission
- Building Inspection Commission

**Note: For the Imperative Agenda (a resolution not on the printed agenda), use the Imperative Form.**

Sponsor(s):

Supervisor Peskin , Ronen , Mandelman, Fewer, Kim, Yee

Subject:

Appropriation of \$181,000,000 Educational Revenue Augmentation Fund Property Tax for affordable housing, early childhood bridge funding, and for utility distribution acquisition - FY2018-2019

The text is listed:

Ordinance appropriating \$181,000,000 of excess Education Revenue Augmentation Fund Property Taxes for affordable housing small site, single residence occupancy hotel, and behavioral health acquisition and renovation, for early childhood education bridge funding, and to support utility distribution acquisition.

Signature of Sponsoring Supervisor: 