

CITY AND COUNTY OF SAN FRANCISCO

BOARD OF SUPERVISORS

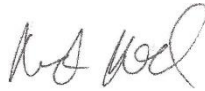
BUDGET AND LEGISLATIVE ANALYST

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May 15, 2026

TO: Budget and Finance Committee

FROM: Budget and Legislative Analyst



SUBJECT: May 20, 2026 Budget and Finance Committee Meeting

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Items 1 & 2 Files 26-0398, 26-0496	Department: Office of Public Finance, Public Works, Municipal Transportation Agency, Department of Public Health, Recreation and Park Department
EXECUTIVE SUMMARY	
Legislative Objectives - The proposed resolution would authorize the second sale of up to \$195 million of 2024 Healthy, Safe and Vibrant San Francisco General Obligation Bonds (Series 2026A). - The proposed ordinance would appropriate \$195 million of the Series 2026A Healthy, Safe, and Vibrant San Francisco General Obligation Bond proceeds to the Department of Public Health (DPH), Department of Public Works (DPW), Recreation and Park Department (REC) and the Municipal Transportation Agency (MTA) for capital projects. Key Points - In November 2024, San Francisco voters approved Proposition B, the 2024 Healthy, Safe and Vibrant San Francisco General Obligation Bond. Proposition B authorizes the City to issue up to \$390 million in general obligation bonds. - DPH is using bond proceeds to fund a seismic retrofit and renovation of the Chinatown Public Health Center, the relocation of the City Clinic, and critical repairs and renovations at General Hospital and Laguna Honda Hospital. DPW and MTA are using bond proceeds to fund the construction of the Mission Street Pavement Renovation project, as well as the design phases of the 11th Street Safety Improvement and the 5th Street Streetscape projects. DPW is using bond proceeds to fund the renovation of Harvey Milk Plaza, Hallidie Plaza, and Powell Street, while REC is also using proceeds to fund enhancements at Embarcadero Plaza and the Jerry Garcia Amphitheater in John McLaren Park. Fiscal Impact - The Office of Public Finance estimates that the proposed debt would result in an average annual debt service cost of \$15.1 million. Over the anticipated 20-year life of the bonds, the total debt service is estimated at \$301.4 million. - Bonds are repaid by special property taxes. The proposed transactions comply with the City's debt limit policy and property tax rate policy. Policy Consideration - Although the measure approved by the voters authorized up to \$50 million for homeless shelters, the previously issued bonds and the proposed bond sale do not provide any funding for homeless shelters because HSH has not yet identified a project. - Of the \$194 million authorized by the Board of Supervisors for the first bond sale, 83.6 million was sold, or 43.1 percent due to project delays for DPH and street safety projects. Recommendation - Approve the proposed resolution and ordinance.	

MANDATE STATEMENT

City Charter Section 9.106 states that the Board of Supervisors approves the issuance of general obligation bonds. Section 9.106 also limits outstanding general obligation bond indebtedness to three percent of the assessed value of all taxable real and personal property located within the City.

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

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

BACKGROUND

In November 2024, San Francisco voters approved Proposition B, the 2024 Healthy, Safe and Vibrant San Francisco General Obligation Bond. Proposition B authorizes the City to issue up to \$390 million in general obligation bonds for the following uses:

- \$99.1 million for community health centers,
- \$66 million for General Hospital and Laguna Honda Hospital repair projects,
- \$40 million for seismic upgrades at General Hospital,
- \$63.9 million for street safety improvements,
- \$71 million for public space improvements, and
- \$50 million for homeless shelters.

In May 2025, the Board of Supervisors approved the (1) issuance of \$390 million of 2024 Healthy, Safe and Vibrant San Francisco General Obligation Bonds, and (2) authorization of the first sale of those bonds (Series 2025F), up to \$194 million (Files 25-0351 and 25-0352). In June 2025, the Board of Supervisors approved an ordinance appropriating \$194 million of bond proceeds to the Department of Public Health, Department of Public Works, and the Municipal Transportation Agency for capital projects (File 25-0349).

According to the Office of Public Finance, the first series of bonds (Series 2025F) in the amount of \$83,635,000 were sold in October 2025. According to the Office of Public Finance, there are currently no plans for the remaining \$110 million authorized under the 2025F sale resolution. The remaining appropriation will be closed out, and unfunded projects will be reappropriated as funding becomes available through future bond issuances.

DETAILS OF PROPOSED LEGISLATION

File 26-0496: The proposed resolution would:

1. Authorize the sale of not-to-exceed \$195 million aggregate principal amount of 2024 Healthy, Safe and Vibrant San Francisco General Obligation Bonds (Series 2026A),
2. Prescribe the form and terms of the bond,
3. Provide for the appointment of depositories and other agents for the bonds,
4. Provide for the establishment of accounts related to the bonds,
5. Provide for the manner of sale of the bonds by competitive or negotiated sale or private placement,
6. Approve the forms of Official Notice of Sale and Notice of Intention to Sell Bonds,
7. Direct the publication of the Notice of Intention to Sell Bonds,
8. Approve the form of the Bond Purchase Contract,
9. Approve the form of the Preliminary Official Statement and the execution of the Official Statement relating to the sale of the bonds,
10. Approve the form of the Continuing Disclosure Certificate,
11. Authorize and approve modifications to documents,
12. Ratify certain actions previously taken, and
13. Grant authority to City officials to take necessary actions for the authorization, issuance, sale, and delivery of the bonds.

File 26-0398: The proposed ordinance would appropriate \$195 million of the Series 2026A Healthy, Safe, and Vibrant San Francisco General Obligation Bond proceeds to the Department of Public Health (DPH), Department of Public Works (DPW), Recreation and Park Department (REC) and the Municipal Transportation Agency (MTA) for upgrades, improvement, and expansion of public health facilities, pedestrian and street safety improvements, enhancement of streetscapes and public space improvements. The \$195 million appropriation would be placed on Controller's Reserve pending receipt of bond funds.

Bond Characteristics

The proposed resolution authorizes the Director of Public Finance (or Controller or their designee) to determine the sale date, interest rates, principal amount, and maturity dates of the bonds, subject to the following conditions: (1) the true interest cost shall not exceed 12 percent; and (2) the bonds have a maximum maturity date no later than 30 years after the date of issuance.

The proposed bonds will be structured as either tax-exempt and/or taxable depending on eligibility of project expenditures for tax exemption and/or market conditions.

Finally, the Office of Public Finance intends to pursue a competitive sale of the proposed bonds. However, a negotiated sale may be pursued if the bond structure or market conditions make a negotiated sale preferable. For that reason, the proposed resolution includes a form bond purchase contract.

Proposed Sources and Uses of Bond Funds

Exhibit 1 below summarizes the anticipated sources and uses of the proposed bond proceeds. The appropriation ordinance provides spending authority for the bond proceeds and transaction

costs; it is not controlled at the project level, which is shown in the table below for context. Appendix 1 provides additional details for these projects.

Exhibit 1: Proposed Sources and Uses of Series 2026A Bond Proceeds

Estimated Sources	Total
Par Amount	\$192,145,000
Reserve for Market Uncertainty	2,855,000
Total Sources	\$195,000,000
Estimated Uses	
<i>Public Health (DPH)</i>	
Chinatown Public Health Center Retrofit & Renovation	\$45,570,000
City Clinic Relocation	4,070,000
ZSFG Building 3 Retrofit	20,000,000
LHH NPC ¹ Sewage Containment	5,246,143
LHH HVAC Replacements	5,300,000
ZSFG Building 5 Fire Alarm Replacement	6,830,515
ZSFG Chiller & Cooling Tower Replacements	9,792,000
<i>Pedestrian & Roadway Improvements (DPW and MTA)</i>	
11th Street Safety Improvement Project	1,720,860
Mission Street Pavement Renovation	19,774,600
5th Street Streetscape	2,000,000
<i>Public Spaces (DPW, REC)</i>	
Harvey Milk Plaza (DPW)	23,873,354
Powell Street (DPW)	21,787,000
Hallidie Plaza (DPW)	8,913,000
Embarcadero Plaza Project (REC)	13,865,950
McLaren Park – Jerry Garcia Amphitheatre (REC)	990,450
Subtotal, Bond Proceeds for Projects	\$189,733,872
CON Audit	379,468
Oversight Committee	192,145
Cost of Issuance	878,790
Underwriters Discount	960,725
Reserve for Market Uncertainty	2,855,000
Total Uses	\$195,000,000

Source: Appropriation Ordinance (File 26-0398), Office of Public Finance, DPW, DPH, REC, SFMTA

^a Costs of issuance include bond counsel, auditor, regulator, and other costs.

^b Underwriters discount is the difference in the price paid to the issuer and the prices at which the bonds are initially offered to investors.

¹ NPC stands for Non-Structural Performance Category which measures the probable seismic performance of building contents (such as pipes, sewage, water, electrical systems), equipment, and systems critical to patient care.

According to the Office of Public Finance, the City issued \$83.6 million under Series 2025F and anticipates issuing approximately \$192.2 million under Series 2026A, leaving approximately \$114.2 million remaining under the authorization for future issuances. Appendix 2 to this report shows the full list of projects anticipated to receive Healthy, Safe, and Vibrant San Francisco General Obligation Bond proceeds, and the amounts received from prior and the proposed bond sales and the estimated future issuances by project.

Bond Projects

As shown in Exhibit 1 above, DPH, DPW, REC and MTA are requesting \$189,733,872 in the second bond issuance to fund projects in the following bond categories: public health, pedestrian and roadway safety, and public spaces, which are described below. Further details about all the bond projects are included as an attachment to this report. Non-construction contracts that exceed \$10 million or ten years will be subject to Board of Supervisors' approval. According to the Office of Public Finance, if any projects are not ready to move forward for implementation, the bond issuance will be sized down accordingly before sale.

Public Health

The second bond issuance would fund a total of \$96,808,658 in public health projects. DPH intends to use these bond proceeds to fund a seismic retrofit and renovation of the Chinatown Public Health Center, as well as the relocation of the City Clinic² to a new building³. In addition, DPH plans to fund critical repairs and renovations at the Zuckerberg San Francisco General Hospital (ZSFG) and Laguna Honda Hospital (LHH), including a seismic retrofit of ZSFG Building 3 and multiple infrastructure projects (e.g., LHH sewage containment, ZSFG fire alarm system replacement in Building 5) to ensure the hospitals remain compliant with federal and state regulations.

Pedestrian & Roadway Improvements

The second bond issuance would fund a total of \$23,495,460 in pedestrian and roadway improvement projects. DPW and MTA intends to use these bond proceeds to fund the construction and delivery of the Mission Street Pavement Renovation project which will resurface 30 blocks in the Mission District and Bernal Heights neighborhoods to improve infrastructure longevity, as well as the design phases of the 11th Street Safety Improvement and the 5th Street Streetscape projects.

Public Spaces

The second bond issuance would fund a total of \$69,429,754 in public spaces projects. DPW intends to use these bond proceeds to fund the completion of the Harvey Milk Plaza renovation, which includes street improvements, public enhancements such as landscaping and lighting, and accessibility improvements to ensure ADA compliance. Additionally, the 2026A issuance will fund the construction of a new ADA ramp system and updated safety improvements at Hallidie Plaza,

² City Clinic provides sexual health services and resources to residents

³DPH acquired 1660 Mission St in October 2025, which will house City Clinic along with several behavioral health services and administrative functions.

as well as the Powell Street Streetscape project for public space and infrastructure enhancements (e.g., sidewalk widening, pedestrian lighting) to the three-block corridor between Market and Geary Streets. REC intends to use these bond proceeds to fund the (1) enhancement of Embarcadero Plaza and Sue Bierman Park into a five-acre civic park featuring an event lawn, landscaped pathways, stormwater features, and enhanced seating and gathering spaces, and (2) ADA upgrades, lighting and electrical improvements, and pathway re-paving at the Jerry Garcia Amphitheater in John McLaren Park.

Bond Accountability Report Waived

The proposed bond resolution waives the deadline for submission of the Bond Accountability reports under Admin Code Section 2.71(a) and 2.71(b), which states that such reports should be submitted to the Board of Supervisors 60 days prior to the approval of the relevant bond appropriation and/or sale. Bond Accountability reports include details of the projects proposed to be funded with new bond sales, as well as spending on previously approved bond sales.

The departments have submitted the Bond Accountability report to the Board on May 13, 2026, prior to the May 20, 2026 Budget & Finance Committee meeting.

FISCAL IMPACT

Annual Debt Service

OPF plans to issue the proposed bonds in July 2026. Based on an estimated true interest rate of 4.86 percent, the Office of Public Finance estimates that the proposed general obligation bond debt would result in an average annual debt service cost of approximately \$15,070,000, paid for by special property taxes. Over the anticipated 20-year life of the bonds, the total debt service is estimated at \$301,365,000. The estimated debt service is comprised of approximately \$109,220,000 in interest payments and \$192,145,000 of principal repayments.

Debt Limit

The proposed bond sale complies with the City's debt limit policy. Section 9.106 of the City Charter limits the amount of GO bonds the City can have outstanding at any given time to three percent of the total assessed value of property in San Francisco. The City's general obligation debt limit for FY 2025-26 is approximately \$10.74 billion, based on a net assessed valuation of approximately \$357.8 billion.

According to the Controller's Office of Public Finance, as of April 1, 2026, the City had outstanding general obligation bond debt of approximately \$2.67 billion, which equals approximately 0.75 percent of the City's assessed valuation. If the Board of Supervisors approves the proposed bonds, the debt ratio would increase to 0.80 percent, which is under the three percent debt limit. If all of the City's voter-authorized and unissued general obligation bonds were issued, the total

debt burden would be 1.08 percent of the net assessed value of property in the City, excluding the proposed debt issuance.

Property Tax Rates

General obligation bond debt service is paid for through an increase in the annual Property Tax rate. According to the Controller's Office of Public Finance, if the Board of Supervisors approves the issuance of the bonds, the total increase in the Property Tax rate is estimated to average \$0.00421 per \$100 of assessed value over the anticipated 20-year term of the bonds. The owner of a residence with an assessed value of \$600,000, assuming a homeowner's exemption of \$7,000, would pay average additional property taxes to the City of approximately \$24.97 per year if the anticipated amount of \$192,145,000 of bonds are sold.

Capital Plan

The Capital Planning Committee approved a financial constraint regarding the City's planned use of general obligation bonds such that debt service on approved and issued general obligation bonds would not increase property owners' long-term property tax rates above FY 2005-06 levels, or \$0.1201 per \$100 of assessed value. According to the Office of Public Finance, the FY 2026–27 Certified Net Assessed Valuation will not be available until early August 2026; therefore, the actual property tax rate for the fiscal year has not yet been calculated. However, the department states that the FY 2026–27 property tax rate for general obligation bonds would remain below the FY 2005-06 rate and within the Capital Planning Committee's approved financial constraint. The FY 2025-26 property tax rate is \$0.1105 per \$100 of assessed value, which is below that constraint. The Board of Supervisors approved the FY 2025-26 property tax rate in September 2025 (File 25-0876).

POLICY CONSIDERATION

Bond Funding for Homeless Shelters

The proposed resolution would authorize the sale of not-to-exceed \$195 million in bonds. If the bonds are fully issued as planned, approximately 70.7 percent of \$390 million in bonds authorized by the voters will have been issued, with approximately \$114.2 remaining for future issuances. We note that the previously issued bonds and the proposed bond sale do not provide any funding for homeless shelters although the measure approved by the voters authorized up to \$50 million for the acquisition, construction, or improvement of shelters or interim housing sites to reduce the unsheltered homeless population, particularly for families. According to the Bond Accountability report, the Department of Homelessness and Supportive Housing is searching for new shelter sites to replace one of the City's three seismically unsafe shelters, which account for 21 percent of the City's emergency shelter beds. HSH is considering partnering with a nonprofit affordable housing developer to rehabilitate an existing building for acquisition or long-term ground lease, but this project is still in the early stages and is not yet ready for bond funding.

Exhibit 2 below shows the percentage of the voter bond authorization that will have been issued if the proposed bonds are fully issued as planned by project type.

Exhibit 2: Voter Authorization Compared to Total Proposed Bond Sale Amount (in millions)

Project Type	Voter Bond Authorization	Previously Issued Amount 2025F	Proposed Bond Sale Amount 2026A	Previously Issued and Proposed Amount 2025F & 2026A	% of Voter Authorized Amount
Community Health Centers	\$99.1	\$25.0	\$49.6	\$74.6	75.3%
General Hospital and Laguna Honda Repair Projects	66.0	34.1	27.2	61.3	92.9%
Seismic Upgrades at General Hospital	40.0	3.0	20.0	23.0	57.5%
Street Safety Improvements	63.9	19.6	23.5	43.1	67.4%
Public Space Improvements	71.0	0.9	69.4	70.3	99.0%
Homeless Shelters	50.0	0.0	0.0	0.0	0.0%
Oversight/Costs of Issuance		1.1	2.4	3.5	
Total	\$390.0	\$83.6	\$192.2	\$275.8	70.7%

Source: Previously authorized and proposed bond authorizations, Office of Public Finance

Project Delays Reduced Prior Bond Sale Relative to Authorized Amount

As noted above, of the \$194 million authorized by the Board of Supervisors for the first bond sale (Series 2025F), 83.6 million was sold, or 43.1 percent. According to OPF staff, several projects from the prior bond authorization were downsized or removed prior to the sale of the bonds due to project delays. In particular, only \$25.0 million (or 25.4 percent) of the \$98.3 million for community health centers was issued due to an unexpected six-month delay for the Chinatown Healthcare Center project and a change in the project site for City Clinic after Board of Supervisors' approval of the bond sale. In addition, only \$19.6 million (or 45.1 percent) of the \$43.5 million authorized for street safety improvements was issued because certain projects were not ready to spend bond funds.

According to OPF staff, OPF reviews expenditure plans with departments and sizes the bonds based on projected expenditures over a three-year period to comply with requirements for tax-exempt debt. If there are changes to expenditure plans prior to issuance, OPF adjusts the bond issuance size to ensure bond proceeds are spent timely.

RECOMMENDATION

Approve the proposed resolution and ordinance.

Appendix 1: Proposed Series 2026A Project Details

Project	Description	Estimated Project Completion Date	Proposed Series 2026A GO Bond Amount	Total Estimated Project Budget
Public Health (DPH)				
Chinatown Public Health Center Retrofit & Renovation	Seismically retrofit and renovate the Chinatown Public Health Center, adding primary care, behavioral health care, and dental care capacity. The renovation will also co-locate Chinatown Child Development Center from their current leased site into the newly renovated center	March 2029	\$45,570,000	\$75,570,000
City Clinic	Relocation of City Clinic. Funds will be used to purchase and modify a site for City Clinic's use, providing a larger lab space, greater privacy in patient care areas, and improved accessibility.	December 2028	\$4,070,000	\$27,700,000
ZSFG Building 3 Retrofit	Seismic bracing of Building 3, renovation of Anatomic Pathology, and the renovation of upper floors for hospital administrative and provider use.	July 2029	\$20,000,000	\$39,600,000
LHH HVAC Replacements	Commission of study to evaluate salt air damage (corrosion) and overworking of the HVAC units serving LHH. Replacement of HVAC packaged units would follow, with most critical units being replaced first.	October 2029	\$5,300,000	\$10,494,000
LHH NPC Sewage Containment	Install a sewage system capable of containing 72 hours' worth of waste during an emergency where the existing sewage system is unusable. This work is a Department of Health Care Access and Information (HCAI) regulatory requirement.	July 2029	\$5,246,143	\$6,400,000
ZSFG Building 5 Fire Alarm System Replacement	Replace aging and failing fire alarm system with a new fire alarm system throughout building 5.	December 2028	\$6,830,515	\$10,920,000

Project	Description	Estimated Project Completion Date	Proposed Series 2026A GO Bond Amount	Total Estimated Project Budget
ZSFG Chiller & Cooling Tower	Replacement of a chiller and cooling towers that failed in 2023	December 2028	\$9,792,000	\$67,439,094
Pedestrian & Roadway Improvements (DPW and MTA)				
11th Street Safety Improvement Project	Pedestrian, bicycle, and traffic safety improvements, including safety/accessibility upgrades (e.g., ADA curb ramp upgrades, parking protected bike lanes, bulbouts), sidewalk improvements, traffic signal upgrades, among other work.	Estimated Winter 2030	\$1,720,860	\$18,800,000
Mission Street Pavement Renovation	Extensive street resurfacing and pavement preservation, including base repairs, grinding and hauling, and refreshed pavement markings to improve road safety and infrastructure longevity.	Estimated Summer 2029	\$19,774,600	\$25,000,000
5th Street Streetscape	Pedestrian, bicycle, and traffic safety improvements, including safety/accessibility upgrades (e.g., ADA curb ramp upgrades, parking protected bike lanes, bulbouts), sidewalk improvements, traffic signal upgrades, among other work.	Estimated Fall 2030	\$2,000,000	\$14,000,000
Public Spaces (DPW and REC)				
Harvey Milk Plaza	Enhancement of Harvey Milk Plaza, including accessibility improvements to ensure ADA compliance, memorial/cultural installations, landscaping, lighting, native plantings.	Estimated Winter 2028.	\$23,873,354	\$27,100,000
Powell Street	Public realm and infrastructure enhancements to the Powell Street corridor, including sidewalk widening, specialized paving, pedestrian lighting, site furnishings, and wayfinding to improve the promenade experience.	Estimated Winter 2027	\$21,787,000	\$42,000,000

Project	Description	Estimated Project Completion Date	Proposed Series 2026A GO Bond Amount	Total Estimated Project Budget
Hallidie Plaza	Accessibility and public space upgrades to Hallidie Plaza, including the removal of the existing Market St elevator, construction of a new ADA-compliant ramp, regrading, repaving, lighting, and landscaping to improve circulation and safety.	Estimated Spring 2027	\$8,913,000	\$9,200,000
Embarcadero Plaza Project	Redevelop Embarcadero Plaza and Sue Bierman Park into a five-acre civic park featuring an event lawn, landscaped pathways with stormwater features, enhanced seating and gathering areas, and streetscape improvements along the Embarcadero, Drumm, and Washington Streets to improve accessibility and connectivity.	December 2027	\$13,865,950	\$40,000,000
McLaren Park – Jerry Garcia Amphitheatre	Perform ADA upgrades to the existing ramp to the green room and install an ADA-accessible pathway to the flat program area north of the amphitheater seating. Improvements include adding lighting to the restroom, electrical upgrades for the stage and back of house, in-kind replacement of wood bench seating, and repaving of the pathway between the amphitheater and parking lot.	June 2029	\$990,450	\$1,300,000

Sources: DPH, DPW, MTA, REC

Appendix 2: Project Breakdown of Bond Issuances

Vibrant SF Projects and Categories	Bond Allocation	Proposed Series 2026A	Series 2025F (Issued)	Series 2025F (Estimated)
<i>Public Health (DPH)</i>	\$205,100,000			
Chinatown Public Health Center Retrofit & Renovation		\$45,570,000	\$25,000,000	0
City Clinic Relocation		4,070,000	0	23,174,000
ZSFG Building 3 Retrofit		20,000,000	2,967,703	16,200,000
LHH NPC Sewage Containment		5,246,143	236,263	0
LHH HVAC Replacements		5,300,000	1,274,323	3,800,000
LHH Kitchen Floor Repair		0	12,396,139	0
LHH Pot Washer		0	2,677,566	0
ZSFG Building 5 Fire Alarm Replacement		6,830,515	1,021,442	0
ZSFG Chiller & Cooling Tower Replacements		9,792,000	0	0
ZSFG Bldg 5 PES Exp		0	12,495,309	0
ZSFG Bldg 2 NPC 4 Compliance		0	1,483,382	0
ZSFG Bldg 25 NPC 5 Compliance		0	500,000	0
Contingency		0	2,000,000	0
<i>Pedestrian & Roadway Improvements (DPW and MTA)</i>	\$63,900,000			
11th Street Safety Improvement Project		1,720,860	0	9,000,000
Mission Street Pavement Renovation		19,774,600	0	0
5th Street Streetscape		2,000,000	0	6,950,000
Howard Streetscape		0	0	3,950,000
Contract 35 Traffic Signal		0	12,197,802	0
Central Embarcadero Enhancement			7,437,684	0
<i>Public Spaces (DPW, REC)</i>	\$71,000,000			
Harvey Milk Plaza (DPW)		23,873,354	894,856	0
Powell Street (DPW)		21,787,000	0	0
Hallidie Plaza (DPW)		8,913,000	0	0
Embarcadero Plaza Project (REC)		13,865,950	0	0
McLaren Park – Jerry Garcia Amphitheatre (REC)		990,450	0	0
<i>Shelter and Housing Infrastructure (HSH)</i>	\$50,000,000			
Project TBD		0	0	49,000,000
Cost of Issuance/Oversight/Reserve				
CON Audit		379,468	165,165	
Oversight Committee		192,145	83,635	
Cost of Issuance		878,790	729,479	2,146,000
Underwriters Discount		960,725	74,252	
Reserve for Market Uncertainty		2,855,000	0	
Total Uses	\$390,000,000	\$195,000,000	\$83,635,000	\$114,220,000

Source: Office of Public Finance

Item 5 File 26-0438	Department: Department of Public Health
EXECUTIVE SUMMARY	
Legislative Objectives	
The proposed resolution would approve the first amendment to the agreement between the Department of Public Health (DPH) and Richmond Area Multi-Services, Inc., (RAMS) to extend the agreement term by two years, from June 30, 2026 to June 30, 2028, and increase the maximum agreement amount by \$5,594,232 for a new total not-to-exceed amount of \$15,010,725.	
Key Points	
- The program provides funding for behavioral health and substance use disorder screening and treatment at 15 San Francisco Unified School District (SFUSD) high schools. - The FY 2023-24 program monitoring report showed that the RAMS Wellness Centers had an overall rating of “4 – Commendable/Exceeds Standards.” However, the data within the program monitoring report was incomplete. DPH subsequently reported that the programs served 1,063 clients in FY 2023-24 and 1,011 in FY 2024-25, provided approximately 9,000 hours of direct service in each year, and that the programs are performing “very well.” Performance data for the behavioral outpatient program indicate that treatment has met DPH standards.	
Fiscal Impact	
- The proposed programs cost \$2.8 million per year and are funded by State/Federal funds (25 percent) and General Fund and Children’s Baseline (75 percent). - To meet budget reduction targets for the General Fund, DPH and RAMS are working to reduce \$1.3 million in annual spending across all DPH-funded RAMS contracts. The reduction will reduce the size of the substance use disorder program starting in FY 2026-27.	
Policy Consideration	
SFUSD is eligible to bill private insurance and Medi-Cal as of February 2026 under the State's Children and Youth Behavioral Health Initiative (CYBHI) Fee Schedule. However, the proposed agreement does not currently seek state reimbursement via this pathway, which could reduce the City’s General Fund contribution for this and other contracts. According to the Department, SFUSD does not yet have the infrastructure in place to participate in the CYBHI program. We note that at least 160 school systems in California have already obtained reimbursement from this new State program.	
Recommendations	
- Request DPH re-assess program performance for FY 2023-24 and undertake complete program monitoring for all funded programs in subsequent years. - Request DPH and SFUSD report back to the Board of Supervisors by June 1, 2027 on the implementation of participating in the State's Children and Youth Behavioral Health Initiative and fiscal impact to City-funded school-based behavioral health programs. - Approve the proposed resolution.	

MANDATE STATEMENT

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

BACKGROUND

The Department of Public Health (DPH) issued a competitive solicitation in March 2023 for integrated behavioral health and case management services, including substance use prevention and early intervention, at 15 San Francisco Unified School District (SFUSD) high school Wellness Centers. Services are targeted toward students, their families, and school staff, with special focus on students with behavioral health and substance use concerns, as well as hard-to-reach communities including LGBTQ, Chinese, and gang-involved youth.

According to the Request for Grant Applications (RFGA), the Mental Health Services Act Wellness Initiative is a partnership between the DPH Children, Youth and Families System of Care, SFUSD, and the Department of Children, Youth and Their Families (DCYF) aimed at improving the health, well-being, and academic success of San Francisco's public high school students. The Initiative funds these onsite high school Wellness Centers to provide a safe and confidential setting to help teens build skills to cope with issues such as stress, trauma, suicide, bullying, depression, self-esteem, drug and alcohol use, sexual health, and relationships. Core services of the Initiative include outreach and promotion, screening and assessment, mental health consultation, and both individual and group therapeutic services.

According to the RFGA, applicants were assessed on the following criteria: screening of minimum qualifications (pass/fail), response and approach to the grant plan (maximum of 50 points), experience and past performance (maximum of 40 points), and budget (maximum of 10 points) for a total possible score of 100 points.¹ As shown in Exhibit 1, Richmond Area Multi-Services, Inc. (RAMS) received the highest score out of five total applicants and was awarded the contract.

¹ The technical review panel reviewing the proposals included the following: Manager 1, MS Wellness Initiative & Grant Services for the San Francisco Unified School District (SFUSD); Division Director of School-Based Services for the Santa Clara County Health System; Early Childhood Mental Health Consultation Initiative Lead Coordinator for the San Francisco Department of Public Health (SFDPH); School Social Worker for SFUSD; and Lead Coordinator & Clinical Supervisor for SFDPH.

Exhibit 1: Proposers and Scores for RFGA for Mental Health Services Act Wellness Initiative

Proposer	Score
Richmond Area Multi-Services, Inc.	97.20
Huckleberry Youth Programs	92.40
UCSF	90.40
Westside Community Services	83.20
Bay View Hunters Point Foundation	81.60

Source: DPH Solicitation Summary Report

DPH entered into an original agreement with RAMS for a three-year term from July 1, 2023 through June 30, 2026 and a total contract amount not to exceed \$9,416,493.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would approve the first amendment to the agreement between DPH and RAMS to extend the agreement term by two years, from June 30, 2026 to June 30, 2028, and increase the maximum agreement amount by \$5,594,232 for a new total not-to-exceed amount of \$15,010,725. The proposed resolution would also authorize DPH to enter into amendments or modifications to the agreement that do not materially increase the obligations or liabilities to the City.

Under the contract, RAMS provides the following services outlined in Exhibit 1. The Wellness Centers are located at the following 15 high schools: (1) Academy of San Francisco, (2) Philip and Sala Burton Academic High School, (3) Downtown High School, (4) Galileo Academy of Science & Technology High School, (5) June Jordan High School, (6) Abraham Lincoln High School, (7) Lowell Alternative High School, (8) Mission High School, (9) Thurgood Marshall High School, (10) John O'Connell Alternative High School, (11) School of the Arts, (12) SF International High School, (13) Raoul Wallenberg High School, (14) George Washington High School, and (15) Ida B. Wells High School.

Exhibit 2: Scope of Services Description for Proposed RAMS Contract for High School Wellness Centers

Program Name	Service Description
Behavioral Health	Provides behavioral health and case management services at 15 San Francisco Unified School District (SFUSD) high schools. Services target students with behavioral health concerns and hard-to-reach populations, such as LGBTQ, Chinese, and gang-involved youth. The number of clients served is not clear in the contract materials. Key services include outreach and promotion, behavioral health assessments, case management, crisis intervention, and short, medium, and long-term individual and group counseling.
Substance Use Disorder (SUD)	Provides substance use early intervention and case management services at 15 SFUSD high schools. Activities include substance use education, early intervention counseling, and referrals to higher levels of care. The current contract provides funding for 150 clients per year; however, the size of the program will be reduced starting in FY 2026-27.

Source: Proposed Contract Amendment

Program Performance

In 2025, DPH completed FY 2023-24 program monitoring for the RAMS Wellness Centers, which included a site visit on June 5, 2025. The FY 2023-24 program monitoring report showed that the RAMS Wellness Centers had an overall rating of “4 – Commendable/Exceeds Standards.” However, the data within the program monitoring report was incomplete so we cannot assess the complete performance of these programs. Each section of the FY 2023-24 monitoring covered different parts of the Behavioral Health program and the report did not review the Substance Use Disorder program. Further, results did not align with the current or proposed contract client counts and units of service. DPH subsequently reported that the programs served 1,063 clients in FY 2023-24 and 1,011 in FY 2024-25, provided approximately 9,000 hours of direct service in each year, and that the programs are performing “very well.” Performance data for the behavioral outpatient program indicate that treatment has met DPH standards.

We recommend DPH re-assess program performance for FY 2023-24 and undertake complete program monitoring for all funded programs in subsequent years.

Fiscal and Compliance Monitoring

The Human Services Agency and the Department of Public Health conducted citywide fiscal and compliance monitoring for RAMS for FY 2025-26 and identified no findings. In addition, DPH staff reviewed financial documents for RAMS in April 2026 as part of a review of the fiscal health of the agency for the period from FY 2014-15 to FY 2024-25. According to a DPH memo, DPH’s

Business Office of Contract Compliance rated RAMS a “low risk” agency. According to the memo, agencies with this rating have solid financials and the capability to absorb some losses in turbulent times, as well as the financial capability to take on new programs and expand.

FISCAL IMPACT

The proposed amendment would increase the agreement’s not-to-exceed amount by \$5,594,232 while providing 24 additional months services at the high school-based Wellness Centers from July 1, 2026 to June 30, 2028. Contract spending details are shown in Exhibit 3 below.

Exhibit 3: Proposed Grant Budget and Actual Expenditures

	Current Contract			Proposed		Total
	FY 2023-24 Actual	FY 2024-25 Budget	FY 2025-26 Budget	FY 2026-27	FY 2027-28	
Behavioral Health	\$2,351,219	\$2,387,226	\$2,426,022	\$2,426,022	\$2,426,022	\$12,016,511
Substance Use Disorder	382,382	391,942	394,147	394,147	394,147	1,956,765
Cost of Doing Business Increase	10,462	6,054	2,482	5,992	9,550	34,540
Underspending	(14,515)					(14,515)
Subtotal	2,729,548	2,785,222	2,822,651	2,826,161	2,829,719	13,993,301
Contingency (12%)						1,017,424*
Total			\$8,337,421			\$15,010,725

*Contingency amount is based on the budget for FY 2025-26 through FY 2027-28 (three fiscal years).

Source: Proposed Amendment No. 1 and DPH

The annual budget of approximately \$2.8 million supports 19.85 full-time equivalent direct staff.

Funding Sources

The total not-to-exceed amount is funded approximately three percent by federal funds, 19 percent by state Mental Health Services Act funds, three percent by state matching funds, and the remaining 75 percent by local General Fund (58 percent by Department of Children, Youth, and Their Families work order and 17 percent by General Fund).

Future Funding

In order to meet the Mayor’s FY 2026-27 budget reduction target, the Department has been working collaboratively with RAMS to identify reductions equal to approximately \$1.3 million across all of its contracts with DPH. Of this total, there are anticipated reductions that will impact the substance use program via a reduction to the units of service delivered. The Department reports that it is continuing to plan for impact mitigation to the greatest extent possible.

POLICY CONSIDERATION

SFUSD is eligible to bill private insurance and Medi-Cal as of February 2026 under the State's Children and Youth Behavioral Health Initiative (CYBHI) Fee Schedule. However, the proposed agreement does not currently seek state reimbursement via this pathway, which could reduce the City's General Fund funding for this contract. According to the Department, SFUSD does not yet have the infrastructure in place to participate in the CYBHI program. DPH reports that SFUSD is currently piloting the fee schedule with its internal social workers and is still resolving methodological challenges required for billing, including navigating parent consent regulations, establishing a consistent process for gathering student insurance information, and assessing the fiscal impact of the potential revenues as the fee schedule does not cover the full cost of delivering service. For example, contract costs in FY 2023-24 were \$121 - \$198 per hour however CYBHI reimbursement rates for client-facing work range from \$17 - \$90 per hour for these services. At least 160 school systems have already implemented this program in California.

RAMS determined that it would provide SFUSD an additional year to resolve initial rollout issues before seeking to leverage CYBHI funding. According to DPH, RAMS intends to use this delay to evaluate whether it can develop an insurance-billing model for the school-based setting that does not disrupt continuity and accessibility of care.

RECOMMENDATIONS

1. Request DPH re-assess program performance for FY 2023-24 and undertake complete program monitoring for all funded programs in subsequent years.
2. Request DPH and SFUSD report back to the Board of Supervisors by June 1, 2027 on the implementation of the participating in the State's Children and Youth Behavioral Health Initiative and fiscal impact to City-funded school-based behavioral health programs.
3. Approve the proposed resolution.

Item 6
File 26-0439

Department:
Public Health

EXECUTIVE SUMMARY

Legislative Objectives

- The proposed resolution would approve the second amendment to the behavioral health services contract between the Department of Public Health (DPH) and Richmond Area Multi Services, Inc. (RAMS), extending the term by three years through June 2029, and increasing the not-to-exceed amount by \$19,095,330, for a total not to exceed \$48,211,511, and authorize DPH to enter into immaterial amendments to the contract.

Key Points

- Under the amended contract, RAMS would provide the following four services: Peer to Peer employment services, Peer Specialist Mental Health Certificate Program to prepare for employment in the behavioral health system, Peer to Peer Linkage, and Outpatient Peer Counseling, which represents a reduced scope from the current contract. Peers are people with lived experience who have used or are close to someone who has used DPH Behavioral Health Services mental health treatment programs.
- DPH sets formal targets to serve 437 unduplicated clients annually (162 for the Certificate program, 200 for Linkage, and 75 for Outpatient Counseling). RAMS estimated that it serves approximately 1,900 unduplicated clients through the system-wide Peer to Peer employment services. The FY 2023-24 program monitoring reports showed that all four programs met their performance objectives. Fiscal monitoring for RAMS in FY 2025-26 identified no findings.

Fiscal Impact

- The proposed second amendment would increase the not-to-exceed amount of the contract by \$19,095,330, from \$29,116,181 to a total not to exceed \$48,211,511, including a 12 percent contingency.
- The contract budget for the three-year extension is funded approximately 80 percent by state sources, eight percent by federal sources, and 11 percent by the City's General Fund.
- In order to meet the Mayor's FY 2026-27 budget reduction target, the Department has been working with RAMS to identify reductions equal to approximately \$1.3 million across all of its contracts with DPH. Of this total, there are anticipated reductions that will impact the Peer to Peer Services program. The Department reports that it is continuing to plan for impact mitigation to the greatest extent possible.

Recommendation

- Approve the proposed resolution.

MANDATE STATEMENT

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

BACKGROUND

The Department of Public Health (DPH) selected Richmond Area Multi Services (RAMS) to provide Peer to Peer behavioral health services through a competitive process. In July 2021, DPH executed an original contract with RAMS for an initial term of 18 months from July 1, 2021 through December 31, 2022, and an amount not to exceed \$9,862,750. In December 2022, the Board of Supervisors approved the first amendment to the agreement, which extended the term by three years and six months to June 30, 2026, and increased the not-to-exceed amount by \$19,253,431, for a new total of \$29,116,181 (File 22-1119).

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would approve the second amendment to the behavioral health services contract between DPH and RAMS, extending the term by three years through June 2029, and increasing the not-to-exceed amount by \$19,095,330, for a total not to exceed \$48,211,511. The proposed resolution would also authorize DPH to enter into immaterial amendments to the contract.

Under the amended contract, RAMS would provide the following four services, which represents a reduced scope from the current contract.¹ Under the following programs “peers” are people with lived experience that have used or are close to someone who has used DPH Behavioral Health Services mental health treatment programs.

1. Peer to Peer Services: provides employment and paid internships of peers throughout the system of care to provide direct client services through peer support activities, which may include peer wellness groups, linkage, appointment accompaniment, system navigation, and program support at over 30 DPH and DPH-funded sites.
2. Peer Specialist Mental Health Certificate: a certification program to prepare peers, family members, or former consumers of behavioral health services with skills and knowledge for entry- and advanced-level peer provider employment in the behavioral health system,

¹ New solicitations were issued for Intensive Case Management Transition to Outpatient, Wellness in the Streets, and Whole Person Care, which are all discontinued from this contract, as is the Peer to Peer Community Mental Health Center Grant.

and provides academic and career planning that supports their success in higher learning institutions.

3. Peer to Peer Linkage: employs peers (Empowerment Service Coordinators) to work with clients at civil service clinics to provide accompaniment to appointments, linkage services, peer support, and clinic peer activity group services.
4. Outpatient Peer Counseling: a peer outreach team stationed within the RAMS Adult Outpatient Clinic. The purpose of the team is to diversify the behavioral health workforce by increasing consumer and family member representation, and to provide additional services and support to RAMS outpatient clients from a Wellness and Recovery approach.

DPH sets formal targets to serve 437 unduplicated clients annually (162 for the Certificate program, 200 for Linkage, and 75 for Outpatient Counseling). Under the amended contract the number of unduplicated clients is declining for the Outpatient Counseling program from 120 to 75 because of clients presenting with a greater level of need than in the past. While the core Peer to Peer Services program does not have a contracted unduplicated client target in the budget, RAMS estimated that it serves approximately 1,900 unduplicated clients through those system-wide services. The amended contract funds approximately 47 full-time equivalent (FTE) employees, including indirect administrative positions.

Program Performance

In 2025, DPH completed FY 2023-24 program monitoring for the RAMS Peer to Peer Services, which included a site visit on May 28, 2025. According to the Department, the report includes performance results for the Peer to Peer employment program, Peer to Peer Linkage program, and the Outpatient Peer Counseling program. The Mental Health Certificate Program was monitored separately in FY 2023-24 with a site visit on May 28, 2020. . The results are summarized in Exhibit 1 below.

Exhibit 1: Program Monitoring for RAMS Peer to Peer Services and Mental Health Certificate Program for FY 2023-24

Metric	Result
<i>Peer to Peer Services</i>	
Overall Program Rating (1-4)	4 – Commendable/Exceeds Standards
Program Performance Score	100%
Performance Objectives Met	100%
Units of Service Deliverables	82.2%
Contracted/Actual Clients	244%
Compliance Score	100%
Client Satisfaction Score	100%
<i>Mental Health Certificate Program</i>	
Overall Program Rating (1-4)	4 – Commendable/Exceeds Standards
Program Performance Score	100%
Performance Objectives Met	100%
Units of Service Deliverables	111%

Metric	Result
Contracted/Actual Clients	100%
Compliance Score	100%
Client Satisfaction Score	100%

Source: DPH

As reflected in Exhibit 1 above, the FY 2023-24 program monitoring reports showed that both RAMS Peer to Peer Services and the Mental Health Certificate Program had an overall rating of “4 – Commendable/Exceeds Standards.” The Peer to Peer Services program received an overall score of 98 percent (83 out of 85 total points given), while the Mental Health Certificate Program received a 100 percent overall score (85 out of 85 total points given).

Both programs received 30 out of 30 possible points for a 100 percent Program Performance Score. This score was based on achieving 40 out of 40 points across eight performance objectives for the Peer to Peer Services program, and 20 out of 20 points across four performance objectives for the Mental Health Certificate Program, meaning both programs successfully met 100 percent of their contracted performance objectives. No formal plan of action was required for either program for the FY 2023-24 monitoring period.

The Peer to Peer Services program met 82.2 percent of its contracted units of service deliverables (10,173 actual units provided against a contracted 12,378 units), while the Mental Health Certificate program exceeded its contracted units of service deliverables at 111 percent (2,898 actual units provided against a contracted 2,610 units). The Peer to Peer Services program significantly exceeded its contracted unduplicated clients target, serving 244 percent of its target (781 actual clients versus a target of 320), and the Mental Health Certificate program met 100 percent of its unduplicated clients target (162 clients). Additionally, both programs demonstrated full adherence to BHS policy requirements and client satisfaction, achieving a 100 percent compliance score and a 100 percent overall client satisfaction rating.

Fiscal and Compliance Monitoring

The Human Services Agency and the Department of Public Health conducted citywide fiscal and compliance monitoring for RAMS for FY 2025-26 and identified no findings. In addition, DPH staff reviewed financial documents for RAMS in April 2026 as part of a review of the fiscal health of the agency for the period from FY 2014-15 to FY 2024-25. According to a DPH memo, DPH’s Business Office of Contract Compliance rated RAMS a “low risk” agency. According to the memo, agencies with this rating have solid financials and the capability to absorb some losses in turbulent times, as well as the financial capability to take on new programs and expand.

FISCAL IMPACT

The proposed second amendment would increase the not-to-exceed amount of the contract by \$19,095,330, from \$29,116,181 to a total not to exceed \$48,211,511, including a 12 percent contingency. The estimated annual sources and uses of funds by program are shown in Exhibit 2 below.

Exhibit 2: Estimated Annual Sources and Uses of Funds

Sources	FY 2026-27	FY 2027-28	FY 2028-29	Total
General Fund	\$559,583	\$641,870	\$725,309	\$1,926,762
State Sources	4,733,261	4,643,261	4,553,261	13,929,783
Federal Sources	487,647	487,647	487,647	1,462,941
Total Sources	5,780,491	5,772,778	5,766,217	17,319,486

Uses	FY 2026-27	FY 2027-28	FY 2028-29	Total
Peer to Peer Services	\$4,505,764	\$4,415,764	\$4,325,764	\$13,247,292
Peer Specialist MH Certificate	563,889	563,889	563,889	1,691,667
Peer to Peer Linkage	478,545	478,545	478,545	1,435,635
Outpatient Peer Counseling	144,108	144,108	144,108	432,324
Cost of Doing Business	88,185	170,472	253,911	512,568
Total Uses	5,780,491	5,772,778	5,766,217	17,319,486

Source: DPH

Since the contract term began in FY 2021-22 through FY 2025-26, contract expenditures are expected to be \$28,118,954. Three additional fiscal years, plus a 12 percent contingency yields the new not-to-exceed amount of \$48,211,511. Exhibit 3 shows the contract budget by year and the not to exceed amount.

Exhibit 3: Not to Exceed Amount

Year	Amount
FY 2021-22	\$4,708,649
FY 2022-23	5,847,839
FY 2023-24	6,036,279
FY 2024-25	5,736,748
FY 2025-26	5,789,439
FY 2026-27	5,780,491
FY 2027-28	5,772,778
FY 2028-29	5,766,217
Total Budget	45,438,440
Contingency (12%)	2,773,071
Not to Exceed Amount	\$48,211,511

Source: Proposed Amended Agreement

Funding Sources

The contract budget for the three-year extension is funded approximately 80 percent by state sources, eight percent by federal sources, and 11 percent by the City's General Fund.

In order to meet the Mayor's FY 2026-27 budget reduction target, the Department has been working collaboratively with RAMS to identify reductions equal to approximately \$1.3 million across all of its contracts with DPH. Of this total, there are anticipated reductions that will impact the Peer to Peer Services program via a reduction to the units of service delivered. The

Department reports that it is continuing to plan for impact mitigation to the greatest extent possible.

RECOMMENDATION

Approve the proposed resolution.

Items 7 & 8
Files 26-0389 & 26-0390

Department:
 Public Health

EXECUTIVE SUMMARY

Legislative Objectives

- The proposed resolutions would approve two new agreements between the Department of Public Health (DPH) and the San Francisco Community Health Authority for: (1) \$41,648,505 for the Healthy San Francisco Private Provider Network (File 26-0389); and (2) \$52,768,224 for Third Party Administrator Services for the San Francisco City Option (File 26-0390). DPH procured the agreements via Administrative Code Section 1.25, which allows the City to contract with other government entities without a competitive solicitation.

Key Points

- The Health Care Security Ordinance mandates covered employers make required health care expenditures on behalf of their employees. Employers covered by the Health Care Security Ordinance can meet their spending requirements to support their employees' access to health care in one of three ways: (1) Provide health insurance up to the level required by the Health Care Security Ordinance, (2) Contribute to the SF City Option Program, a Medical Reimbursement Account program, or (3) Contribute to another allowable Health Reimbursement account for employees. Healthy SF provides affordable health care services to uninsured San Francisco residents and is primarily funded by the General Fund. Medical Reimbursement Accounts are health care accounts funded through employer contributions.
- After the establishment of the Health Care Security Ordinance in 2006, DPH began contracting with the San Francisco Community Health Authority—a government entity established in 1994 to operate the SF Health Plan—to administer Healthy SF and Medical Reimbursement Account program operations.

Fiscal Impact

- According to DPH, proposed expenditures have increased for the Healthy San Francisco Private Provider Network contract compared to the prior contract due to provider rate adjustments and a projected increase in enrollment from the anticipated increase in the number of enrolled undocumented residents age 19 and older who are no longer eligible to enroll in Medi-Cal (the state-federal low-income health program), as of January 1, 2026.
- The San Francisco City Option Third Party Administrator Services Agreement includes an operating budget consisting of program administration, general operations, customer service, information technology, and marketing and communications as well as a personnel budget of 50.30 full-time equivalent positions.

Recommendations

- Amend the proposed resolutions to clarify that the agreements have the option to extend for an additional six years; and approve the resolutions, as amended.

MANDATE STATEMENT

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

BACKGROUND

Files 26-0389 and 26-0390 are presented together as they both pertain to the continued implementation of the Health Care Security Ordinance and reflect the two contracts the Department of Public Health (DPH) has with San Francisco Community Health Authority ("Community Health Authority"), doing business as San Francisco Health Plan, for the Healthy San Francisco ("Healthy SF" or "HSF") Private Provider Network and third-party administrative services for the San Francisco City Option Program ("City Option" or "SFCO"). The current two contracts for these services were previously authorized by the Board of Supervisors in July 2020 for a term of five years from July 1, 2020 through June 30, 2025. DPH reports that both contracts were extended by one year through June 30, 2026 without additional funding, and therefore did not require approval from the Board of Supervisors. The Department procured the agreements via Administrative Code Section 1.25, which allows the City to contract with other government entities without a competitive solicitation.

We note that a third contract for third-party administrator services for Healthy SF expired on June 30, 2025 and has been extended for one year through June 30, 2026 without additional funding and therefore does not require approval from the Board of Supervisors. According to DPH, the one-year extension will provide time to better assess the impacts of federal changes to Medi-Cal—the state-federal health program for low-income people.

Healthy SF and Medical Reimbursement Accounts

The Health Care Security Ordinance mandates covered employers make required health care expenditures on behalf of their employees. Employers covered by the Health Care Security Ordinance can meet their spending requirements to support their employees' access to health care in one of three ways: (1) Provide health insurance up to the level required by the Health Care Security Ordinance, (2) Contribute to the SF City Option Program, a Medical Reimbursement Account program, or (3) Contribute to another allowable Health Reimbursement account for employees.

Healthy SF provides affordable health care services to uninsured San Francisco residents and is primarily funded by the General Fund as well as participant and point-of-service fees.¹ Medical

¹ To be eligible for Healthy San Francisco, a person must be a San Francisco resident, uninsured for at least 90 days, age 18 or over, have income at or below 500 percent of the Federal Poverty Level, and not be eligible for public insurance programs, such as Medi-Cal.

Reimbursement Accounts are health care accounts funded through San Francisco employer contributions; individual accounts are set up for covered employees where the funds in the account can be used toward eligible health care expenses. MRA participants do not need to live in San Francisco.

San Francisco Community Health Authority

The Health Care Security Ordinance authorizes DPH to contract with a third-party vendor to administer Healthy San Francisco and Medical Reimbursement Account program operations, including enrollment, tracking service utilization, billing, and communication with the participants. The Board of Supervisors established the San Francisco Community Health Authority as a separate legal entity in 2005 through a Joint Powers Agreement between the City and the San Francisco Health Authority² to administer non-Medi-Cal health programs. After the establishment of the Health Care Security Ordinance in 2006, the Department of Public Health began contracting with the San Francisco Community Health Authority to administer Healthy SF and Medical Reimbursement Account program operations.

DETAILS OF PROPOSED LEGISLATION

The proposed resolutions would approve two new agreements between DPH and the San Francisco Community Health Authority for:

- \$41,648,505 for the Healthy San Francisco Private Provider Network (File 26-0389).
- \$52,768,224 for Third Party Administrator Services for the San Francisco City Option (File 26-0390).

Each of these two agreements is for a four-year term from July 1, 2026, through June 30, 2030 with the option to extend for an additional six years through June 2036 for a total potential term of 10 years. However, the proposed resolutions do not mention the options to extend. We recommend that the Board of Supervisors amend the proposed resolutions to clarify that the agreements have the option to extend for an additional six years.

Services Provided

Healthy SF – Fiscal Administration of Private Provider Network Payments

File 26-0389 authorizes an agreement between DPH and the San Francisco Community Health Authority to provide reimbursement to non-DPH health care providers participating in the Healthy San Francisco provider network for primary, preventive, specialty, and inpatient services. The HSF provider network is comprised of both DPH and non-DPH, community-based providers. In addition, this contract includes \$350,000 annually to provide gender-affirming medical and surgical services for Gender Health SF's uninsured patients. Under the proposed agreement, the

² The San Francisco Health Authority was established as a separate legal entity by the Board of Supervisors in 1994, following enabling legislation by the State Legislature, to serve as a managed care health plan for Medi-Cal beneficiaries.

Community Health Authority will provide reimbursements to health care providers for approximately 7,700 unique participants each year assigned to non-DPH primary care providers³, and provide administrative services and reimbursements for gender-affirming medical and surgical services for 10 patients annually. Under this agreement, non-DPH providers and medical homes are paid based on an individually negotiated per member per month rate, while providers of gender affirming surgeries are paid based on an individually negotiated fee-for-service rate for the procedures performed.

San Francisco City Option – Third-Party Administrative Services

File 26-0390 authorizes an agreement between DPH and the San Francisco Community Health Authority for the provision of Third-Party Administrator services for the San Francisco City Option (SFCO) program, which includes the SF Medical Reimbursement Account program. As part of this agreement the Community Health Authority will (1) Provide SFMRA application, enrollment, registration, and claims assistance to employees, (2) Implement and oversee the SFCO funds flow, including employer contributions assignment, accounting, bank reconciliation, and transfers to the City, (3) Provide subcontracting and vendor management services, (4) Implement and maintain information systems (such as the Employer Spending Requirement Employer Portal) and provide data reporting, analytics, and self-serve dashboards, (5) Produce participant materials, manage program websites, and conduct targeted outreach and media campaigns, (6) Manage employer and employee outreach and training activities, including webinars and presentations, (7) Maintain a customer service/call center with capacity in English, Chinese, and Spanish, with timely access to language line services for Tagalog, Vietnamese, and Russian to resolve inquiries and complaints, and (8) Oversee subcontracted functions such as claims processing, payment processing, and account monitoring. Staffing for this contract includes 50.30 full-time equivalent (FTE) positions.

Performance Monitoring

Each agreement outlines a specific set of deliverables, Key Performance Indicators (KPIs), and requirements for regular reporting. For the Healthy San Francisco Private Provider Network (File 26-0389), DPH monitors performance by verifying non-DPH provider enrollment levels monthly before reimbursements are disbursed. The Community Health Authority submits quarterly payment reports for this program and is evaluated based on its review of provider invoices, timely payments (generally within 20 business days of receipt), and provider relations. According to Tangerine Brigham, Chief Operating Officer of the Healthy San Francisco Program, there have been no problems in reimbursing providers on a timely basis.

³ DPH funds the San Francisco Health Network (“Health Network”), a City-operated network of primary care providers. The non-DPH providers include the San Francisco Community Clinic Consortium (SFCCC), a group of non-profit health clinics funded by the City that also provide primary care, the Sister Mary Philippa Health Center, and Kaiser Permanente. Most participants in Health SF use the City’s Health Network or the Community Clinic Consortium.

For the San Francisco City Option program (File 26-0390), the Community Health Authority must provide quarterly and annual financial and program reports that summarize trends, challenges, and successes. This agreement also outlines performance standards tracked monthly, quarterly, or annually, including customer service metrics, IT system uptime, and claims processing. The San Francisco City Option Annual Report for FY 2023-24 noted that the program responded to 59,400 inquiries with a four percent call abandonment rate, which meets the contract agreement's performance standard requiring a call abandonment rate of five percent or less. According to DPH, its Office of Managed Care within its San Francisco Health Network monitors the performance and compliance of San Francisco City Option (SFCO) Third-Party Administrator services by reviewing and examining a daily SFCO contributions dashboard, quality program snapshots, annual operations report and any other ad hoc reports or data requested by DPH.

Both agreements require the Community Health Authority to participate in annual or periodic finance and program compliance audits, and both are directly overseen by the Director of the Office of Managed Care within DPH.

FISCAL IMPACT

Exhibit 1 below summarizes the uses of the proposed contract spending for the Healthy San Francisco Private Provider Network (File 26-0389). The yearly amounts for private provider reimbursement assume 92,400 units of service annually and 7,700 clients served annually. Based on the budget the monthly rate per member is approximately \$92 in FY 2026-26 and increases by between three and four percent annually.

Exhibit 1: Proposed Expenditures for Healthy SF Private Provider Network Agreement

Uses of Funds	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	Total
Private Provider Reimbursement	\$8,524,114	\$8,827,464	\$9,089,862	\$9,344,724	\$35,786,164
Gender Affirming Services	350,000	350,000	350,000	350,000	1,400,000
Subtotal	8,874,114	9,177,464	9,439,862	9,694,724	37,186,165
Contingency (12%)					4,462,340
Total					\$41,648,505

Source: Appendix B to Proposed Contract

There are no salary, benefits, or operating expenses associated with this contract. The agreement passes through funding to provide reimbursement to non-DPH providers participating in the Healthy San Francisco network. According to DPH, proposed expenditures have nearly doubled for this contract compared to the prior contract due to provider rate increases and a projected increase in enrollment from the anticipated increase in the number of enrolled undocumented residents age 19 and older who are no longer eligible to enroll in Medi-Cal (the state-federal low-income health program), as of January 1, 2026.

Exhibit 2 below summarizes proposed agreement spending for Third Party Administrator services for the San Francisco City Option (File 26-0390). As noted above, the personnel budget supports 50.30 full-time equivalent positions. The operating expense budget includes program

administration, general operations, customer service, information technology, and marketing and communications.

Exhibit 2: Proposed Expenditures for MRA Third Party Administrator Services Agreement

Uses of Funds	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	Total
Personnel Expense	\$7,117,142	\$7,226,262	\$7,337,102	\$7,521,795	\$29,202,301
Operating Expense	3,992,422	4,691,440	4,478,623	4,749,699	17,912,185
Subtotal	11,109,564	11,917,702	11,815,725	12,271,494	47,114,486
Contingency (12%)					5,653,738
Total					\$52,768,224

Source: Appendix B to Proposed Contract

Funding Sources

The Healthy San Francisco Private Provider Agreement is funded through the City General Fund. The San Francisco City Option (SFCO) Agreement is funded by the interest earned from the pooled unspent funds of employer contributions.

MRA Escheatment

As of May 5, 2026, the total amount available in individual medical reimbursement accounts is \$639.62 million and another \$291.66 million is in, as yet, unclaimed “pool funds.” In 2022, the San Francisco Health Commission approved an escheatment policy that went into effect in 2023. Under this policy, any Medical Reimbursement funds—including employer contributions sitting in the pool fund or unspent money in individual accounts—that remain unutilized for three consecutive years are considered abandoned and are subsequently transferred back to the City's General Fund. DPH expects to deposit escheated funds into the General Fund by August 7, 2026. The December 2025 Joint Report estimated that this deposit would be \$274 million, however DPH reports that the final amount will be lower since more employees have enrolled in a medical reimbursement account and use the funds contributed by their employers as a result of enhanced employee outreach.

RECOMMENDATIONS

1. Amend the proposed resolutions to clarify that the agreements have the option to extend for an additional six years.
2. Approve the proposed resolutions, as amended.