

CITY AND COUNTY OF SAN FRANCISCO

BOARD OF SUPERVISORS

BUDGET AND LEGISLATIVE ANALYST

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March 3, 2023

TO: Budget and Appropriations Committee

FROM: Budget and Legislative Analyst



SUBJECT: March 8, 2023 Budget and Appropriations Committee Meeting

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Item 1 File 23-0041	Department: Office of Economic & Workforce Development (OEWD)
EXECUTIVE SUMMARY	
<p style="text-align: center;">Legislative Objectives</p> <ul style="list-style-type: none"> The proposed resolution would approve the second amendment to OEWD's grant agreement with the Mid-Market Foundation to increase the not to exceed amount from \$20,490,000 to \$23,590,570, an increase of \$3,100,570, with no change to the term. <p style="text-align: center;">Key Points</p> <ul style="list-style-type: none"> In November 2022, the Board of Supervisors approved the first amendment to OEWD's grant agreement with the Mid-Market Foundation for community ambassador staffing in the Mid-Market area, increasing the not to exceed amount from \$9 million to \$20.49 million and extending the term from March 2023 through June 30, 2023. Community ambassadors provide visitors, residents, and businesses with resource information, interrupt negative behavior, de-escalate mental health events, reverse overdoses, prevent or interrupt violence and other crimes, and provide light trash pick-up. On October 24, 2022, the Mayor announced an increase in the City's community ambassador programs to enhance public safety services. According to OEWD staff, the proposed \$3.1 million increase includes: (a) approximately \$2.6 million to expand the service area in the Market Street and Civic Center area between December 2022 and June 2023 from the Mayor's enhancement; and (b) \$500,000 to provide 20 additional ambassadors to United Nations Plaza between January and March 2023 to offset ambassador staffing previously funded through the Tenderloin Linkage Center. <p style="text-align: center;">Fiscal Impact</p> <ul style="list-style-type: none"> The proposed \$3.1 million increase would be funded by \$2.6 million in OEWD budget savings from mayoral economic recovery programming at OEWD, and the remaining \$0.5 million would be funded by a work-order from the Department of Public Health (DPH). <p style="text-align: center;">Policy Consideration</p> <ul style="list-style-type: none"> The intent of the program is to ramp down ambassador presence over time. The Department of Emergency Management (DEM) will be coordinating with OEWD as well as DPH to determine where a continued ambassador presence is needed in the City. If the Board of Supervisors decides not to approve the proposed resolution, these funds could be made available for another use under a separate Board of Supervisors' action. <p style="text-align: center;">Recommendations</p> <ul style="list-style-type: none"> Request that DEM, OEWD, and DPH staff report on how future needs for ambassadors and deployment across the City will be determined in future years during the FY 2023-24 budget process. Approval of the proposed resolution is a policy matter for the Board of Supervisors. 	

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**Community Ambassador Programs**

OEWD oversees two recovery-related community ambassador programs, including the Mid-Market/Tenderloin Community-Based Safety Program and Downtown Ambassadors. The Downtown program is focused on welcoming tourists and office workers whereas the Mid-Market/Tenderloin program is focused on quality-of-life issues. Exhibit 1 below provides details on the two grant agreements for the programs. On October 24, 2022, the Mayor announced an increase in the City's community ambassador programs to enhance public safety services. According to OEWD staff, this enhancement included an increase of \$2.6 million in funding for OEWD ambassador programming: to (a) extend the coverage area of the Mid-Market/Tenderloin Community-Based Safety Program; and (b) increase the coverage area and number of ambassadors for the Downtown Ambassadors as well as expanding hours during the holiday season to support shopping and holiday activities. Funding to support these enhancements to ambassador programming was from OEWD budget savings from mayoral enhancements for economic recovery and downtown initiatives.

Exhibit 1: Community Ambassador Programs Funded by the General Fund

Program	Grantee	Term	Existing Amount	Proposed Amount	Change	Percent Change
Mid-Market/Tenderloin Community-Based Safety Program	Mid-Market Foundation	July 2022 to June 2023 (One Year)	\$20,490,000	\$23,590,570	\$3,100,570	15%
Downtown Ambassadors	SF Travel	July 2021 to June 2023 (Two Years)	9,927,000	13,227,000	3,300,000	33%
Total			\$30,417,000	\$36,817,570	\$6,400,570	21%

Source: Grant Agreements

Note: The table does not include community ambassador programs funded by community benefit districts.

OEWD is proposing to increase the contract amount for the Mid-Market/Tenderloin program to: (a) expand the service area in the Market Street and Civic Center area between December 2022 and June 2023; and (b) provide increased services to United Nations Plaza between January and March 2023 to offset ambassador staffing previously funded through the Tenderloin Linkage Center. OEWD staff intend to amend the proposed resolution to further increase the contract amount and extend the term. Separately, OEWD is proposing to increase the contract amount for the Downtown Ambassadors program (File 23-0043).

Mid-Market/Tenderloin Community-Based Safety Program

OEWD selected the Mid-Market Foundation, a 501(c)(3) organization affiliated with the Mid-Market Business Association,¹ to provide community ambassador services in the Mid-Market/Tenderloin neighborhood based on a competitive solicitation process.² The 2021 Request for Proposals provided for a maximum \$4.5 million and one-year term for the Mid-Market/Tenderloin scope of work, but also stated that the City may renew or extend programming through FY 2024-25. In July 2021, OEWD entered into a \$4.5 million contract with the Mid-Market Foundation for a term from July 2021 to June 2022. In December 2021, OEWD amended the agreement to increase the funding amount to \$5.25 million to increase community ambassador staffing in the Tenderloin neighborhood.³

In July 2022, OEWD entered into a new \$9 million agreement with Mid-Market Foundation for the period July 2022 to March 2023, relying on the 2021 RFP related to the Mid-Market/Tenderloin Community-Based Safety Program. The 2022 grant agreement added specificity to the community ambassador responsibilities and deliverables. In November 2022, the Board of Supervisors approved the first amendment to the July 2022 agreement, increasing the not to exceed amount from \$9 million to \$20.49 million and extending the term from March 2023 through June 30, 2023 (File 22-1058).

As detailed below, the proposed resolution would approve the second amendment to OEWD's July 2022 agreement with the Mid-Market Foundation to increase the not to exceed amount from \$20.49 million to \$23.59 million with no change to the term.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would approve the second amendment to OEWD's grant agreement with the Mid-Market Foundation to increase the not to exceed amount from \$20,490,000 to \$23,590,570, an increase of \$3,100,570, with no change to the term.

¹ According to the Internal Revenue Service, a business league is an association of persons formed to address a common business interest rather than for generating profit. Section 501(c)(6) of the Internal Revenue Code provides for tax exemption of business leagues. According to its website, the purpose of the Mid-Market Foundation is to secure grants to fund community-based safety programs, cleanliness, arts/activation, and connect the community.

² The Mid-Market Foundation submitted the only response to a 2021 Request for Proposals (RFP) to provide community ambassador staffing in the Mid-Market area. As noted in our November 2022 report, the RFP's minimum qualifications and two-week posting may have limited the pool of proposers (See File 22-1058).

³ Separately, under the Mayor's Tenderloin Emergency Declaration, OEWD entered into a sole-source \$7.4 million agreement with the Mid-Market Foundation for the period January 2022 – June 2022- to further increase ambassador staffing in the Tenderloin.

Service Provided

According to Appendix B-1 of the proposed amended agreement, Mid-Market Foundation will continue to manage the Mid-Market Community-Based Safety Program, whose purpose is to ensure safe and inviting public space, overdose prevention, and connect people to services.

Urban Alchemy

Mid-Market Foundation subcontracts to two organizations: Urban Alchemy and Urban Space Planning. Urban Alchemy will provide 225 community ambassadors to cover 80 block faces within Mid-Market/Tenderloin Community-Based Safety Program Area⁴ between 7am and 7pm, every day. The proposed amendment would add 20 community ambassadors between January 2023 and March 2023, a three-month period, to provide increased services to United Nations Plaza. According to OEWD, the proposed increase would also fund an expansion in the service area in the Market Street and Civic Center area between December 2022 and June 2023.⁵ Under the grant agreement, Mid-Market Foundation's deployment plan must be approved by OEWD. Appendix 1 to this report shows the deployment area as of December 2022.

Urban Alchemy's scope of work includes recruiting, training, and deploying community ambassadors to provide visitors, residents, and businesses with resource information (including emergency medical and law enforcement requests), interrupting negative behavior (such as public urination, noise, and littering), de-escalating mental health events, reversing overdoses, preventing or interrupting violence and other crimes, and light trash pick-up (including needle disposal). Exhibit 2 below shows these activities for July through December 2022, as reported by the Mid-Market Foundation. According to OEWD staff, activity levels declined over the period despite the increased service area beginning in December 2022 due to reductions in the average daily deployments from 128 in July 2022 to 83 in December 2022 from Urban Alchemy's planned ramp down of the program. OEWD staff report that Urban Alchemy stopped the ramp down beginning in December after the Mayor's announcement of the expansion of ambassador programming and began adding new deployments in January 2023.

⁴ According to the 2021 RFP, the Mid-Market/Tenderloin Community-Based Safety Program Area boundaries are from Powell Station (5th Street) to 8th Street on Market Street and adjacent areas south of Market Street to Mission; UN Plaza; and the Tenderloin blocks bordered by Market Street, Larkin Street, and Ellis Street.

⁵ The Market Street area expanded from 8th Street to Van Ness Avenue and from 5th Street to 4th Street, and the Civic Center area expanded to provide services around Bill Graham Auditorium.

Exhibit 2: Urban Alchemy Community Ambassador Activities, July 2022 – December 2022

Activity	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	6-Month Total	Monthly Average
Positive Engagements	137,107	114,277	108,163	79,370	60,107	66,633	565,657	94,276
Interrupt Negative Behavior	29,596	27,624	27,986	18,793	1,440	15,593	121,032	20,172
De-Escalation Interventions	4,813	3,437	2,677	1,608	1,208	1,388	15,131	2,522
311 Calls	134	111	133	125	76	94	673	112
911 Calls	27	12	15	3	3	3	63	11
Overdose Reversals	18	14	8	2	14	4	60	10
Needle Removals	7,654	8,011	8,116	6,066	3,775	4,138	37,760	6,293
Trash Bags Filled	4,345	3,763	3,884	2,730	1,899	2,408	19,029	3,172
Average Daily Deployments	128	134	109	100	95	83	n/a	108

Source: Mid-Market Foundation Deliverables 9 and 12

The proposed amendment specifies that the grantee will provide training to employees on interaction with members of the public exercising certain constitutional rights, including freedom of speech, assembly, and the practice of religion and the right to peacefully remain in public forums.

Urban Place Consulting

Urban Place Consulting is a private firm subcontracted by the Mid-Market Foundation to take “total responsibility” for the management, administration, and operations of the Mid-Market Foundation, including managing the Urban Alchemy contract, managing the Foundation’s finances, conducting marketing and outreach for the Mid-Market Foundation and Mid-Market Business Association, and preparing invoices and periodic reports for the City.

Performance Monitoring/Program Evaluation

The grant agreement requires that the Mid-Market Foundation complete ongoing program evaluation, including through community surveys. In addition, the grantee provides OEWD with periodic deployment reports, which are summarized in Exhibit 2 above.

The most recent community survey was completed in November and December 2022 and included 162 respondents. Respondents were residents, employees, business owners, visitors, and students. According to the survey, 30% of respondents feel much safer (6%) or somewhat safer (24%) than they did six months ago, and 70% reported feeling the same level of safety (53%) or less safe (17%). 62% of respondents reported feeling not safe outside of program hours (after 7pm). Results from a forthcoming 2023 community survey will be included in the Semi-Annual Report for the January to June 2023 period due to the City by June 20, 2023.

FISCAL IMPACT

The proposed grant agreement provides for milestone payments, payable upon receipt of start-up and ramp-down program plans and monthly or quarterly activity reports. According to OEWD staff, the proposed \$3.1 million increase includes: (a) approximately \$2.6 million to expand the service area in the Market Street and Civic Center area between December 2022 and June 2023 (approximately \$371,000 per month); and (b) \$500,000 to provide 20 additional ambassadors to United Nations Plaza between January and March 2023 (approximately \$167,000 per month) to offset ambassador staffing previously funded through the Tenderloin Linkage Center. In addition, OEWD intends to amend the proposed resolution to add additional funds (not shown in Exhibit 3 below) and to extend the term.

The programmatic budget is shown in Exhibit 3 below. The \$3.1 million increase would be allocated to Urban Alchemy Deployment.

Exhibit 3: Grant Agreement Budget

	FY 2022-23 Existing	FY 2022-23 Proposed	Change
Mid-Market Foundation			
Financial	\$40,000	\$40,000	
Insurance	5,000	5,000	
Office Rent	45,000	45,000	
Office Expenses	12,000	12,000	
Other	3,000	3,000	
Website	4,400	4,400	
Database	8,000	8,000	
Media Content	10,000	10,000	
Outreach	300,000	300,000	
Subcontract: Urban Place	540,000	540,000	
Subtotal, Mid-Market Foundation	\$967,400	\$967,400	
Subgrant: Urban Alchemy			
Urban Alchemy Ambassadors	18,000,000	21,100,570	3,100,570
Urban Alchemy Non-Personnel	420,000	420,000	
UA Turk/Hyde Field Office	180,000	180,000	
Subtotal, Urban Alchemy	\$18,600,000	\$21,700,570	3,100,570
Subgrant: Tenderloin CBD	700,000	700,000	
Subgrant: Tenderloin Merchants	222,600	222,600	
Total Program Budget	\$20,490,000	\$23,590,570	3,100,570

Source: Mid-Market Foundation Deliverable 1, OEWD

Costs are funded by the General Fund. As of February 2023, \$15.5 million of the \$20.49 million grant agreement (76 percent) had been spent. According to OEWD staff, the proposed \$3.1 million increase would be funded by \$2.6 million in OEWD budget savings from mayoral economic

recovery programming at OEWD, including savings from lower spending on assistance to small businesses, certain activations for the Civic Center area, and other programs, and the remaining \$0.5 million would be funded by a work-order from the Department of Public Health (DPH).

POLICY CONSIDERATION

The Mid-Market/Tenderloin community ambassador program appears to be an innovative intervention to improve the quality of life for the area's visitors, residents, and businesses. OEWD has designed the Mid-Market program to include ongoing input from area residents and businesses and includes funding for those efforts in the proposed grant agreement.

Our prior report noted that: (a) the existing \$20.49 million budget included \$1.6 million for outreach and management to pay for Mid-Market Foundation and Urban Space Planning activities; and (b) the RFP's minimum qualifications and two-week posting may have limited the pool of proposers (See File 22-1058).

Future of City Ambassador Programs

The Mid-Market/Tenderloin program was designed to promote economic recovery in the downtown area, which was impacted by the COVID-19 pandemic. According to the existing agreement, the intent of the program is to ramp down ambassador presence over time. OEWD staff report that Urban Alchemy initiated the planned ramp down in August 2022 but stopped the ramp down beginning in December after the Mayor's announcement of the expansion of ambassador programming and began adding new deployments in January 2023. OEWD staff also report that Urban Alchemy will continue to ramp down the program from the enhanced deployment levels but over a larger geographic area than previously anticipated.

According to OEWD staff, the Department of Emergency Management (DEM) will be coordinating with OEWD as well as the Department of Public Health (DPH) to determine where a continued ambassador presence is needed in the City. This coordination will inform decisions related to ongoing staffing, contracting, and service levels in the Mayor's FY 2023-24 proposed budget according to Anna Duning, the Mayor's Budget Director. The Board of Supervisors could request that DEM, OEWD, and DPH staff report on how needs for ambassadors and deployment across the City will be determined in future years during the FY 2023-24 budget process.

Mid-Market/Tenderloin Ambassadors Ramp Down Plan

The existing agreement required that the grantee prepare a ramp down plan by August 31, 2022, detailing how ambassador presence could be reduced over time, a FY 2023-24 budget proposal, and how the initiative could be sustained after the grant, including alternative sources of funding. The ramp down plan prepared by the grantee identified the following three elements to sustain a reduced initiative after the grant: (1) a decrease in the number of 12-hour/7-day per week posts from 115 in September 2022 to 63 in June 2023; (2) an increase in fundraising efforts to raise financial support from the private sector; and (3) a reduction in the need for the program through "public art, placemaking, and targeted retail activations."

Alternatives to Proposed Increase in Funding for Mid-Market/Tenderloin Ambassadors

Due to the uncertainties regarding future plans for the program and the limited pool of proposers for the RFP, approval of the proposed resolution is a policy matter for the Board of Supervisors. If the Board of Supervisors decides not to approve the proposed resolution, these funds could be made available for another use under a separate Board of Supervisors' action. As an example, the Board of Supervisors could consider providing additional funding for the Department of Public Works' (DPW) Block Cleaner Program to address street and sidewalk conditions in the Tenderloin or other neighborhoods. According to City data on street and sidewalk cleaning in the Tenderloin, there were 379 street and sidewalk cleaning service requests over the one-week period between February 13, 2023 through February 19, 2023, and 91 percent of service requests were closed by DPW within 48 hours, compared to DPW's goal of closing 95 percent of service requests within 48 hours.

DPW block cleaners sweep litter from the sidewalk, clean tree basins, and help troubleshoot other issues, such as broken sidewalks and graffiti vandalism. In contrast to community ambassadors, which also provide some custodial and sanitation services (including light trash pick-up and 311 referrals for more significant needs), block cleaners do not provide resource information, interrupt negative behavior, de-escalate mental health events, or prevent overdoses.⁶

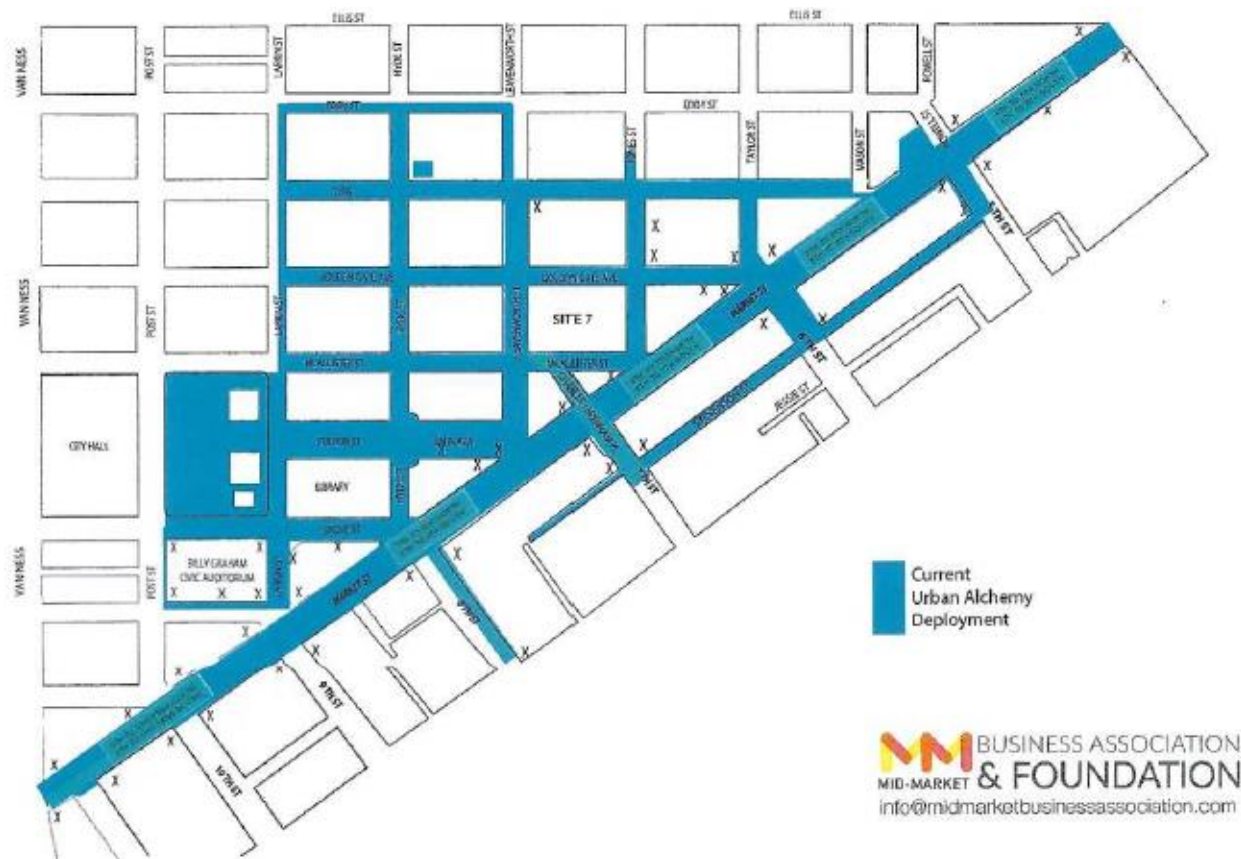
The Block Cleaner Program is a pre-apprenticeship workforce development program that employs unemployed and underemployed people and serves as a pathway for staff to enter DPW's apprenticeship program. DPW's FY 2022-23 budget includes \$2,940,315 in temporary salaries, which assumes funding for 66.0 full-time equivalent (FTE) 9916 Public Service Aides, and the annual salary of one Public Service Aide is \$44,538. Assuming overhead rates of 50 percent plus additional amounts for uniforms and materials and supplies, adding 10 block cleaners would cost approximately \$700,000.

According to DPW staff, 81 Public Service Aides are currently employed under the program. DPW staff also report that DPW is continuously working to fill these positions from a wide variety of sources. The positions are typically posted on their website, but the job announcement is not currently posted because DPW staff are making revisions.

RECOMMENDATIONS

1. Request that DEM, OEWD, and DPH staff report on how future needs for ambassadors and deployment across the City will be determined in future years during the FY 2023-24 budget process.
2. Approval of the proposed resolution is a policy matter for the Board of Supervisors.

⁶ Annual salary costs for one block cleaner (Public Service Aide) are comparable to direct salary costs of one community ambassador under the Urban Alchemy contract (\$44,538 compared to \$43,680), however both City staff and community ambassadors receive fringe benefits.

Appendix 1: Mid-Market Community Ambassador Coverage

Source: Mid-Market Foundation Deliverable 9

Item 2 File 23-0043	Department: Office of Economic & Workforce Development (OEWD)
EXECUTIVE SUMMARY	
<p style="text-align: center;">Legislative Objectives</p> <ul style="list-style-type: none"> The proposed resolution would approve the fourth amendment to the Office of Economic and Workforce Development's (OEWD's) grant agreement with the San Francisco Tourism Improvement District Management Corporation to increase the not to exceed amount from \$9,927,000 to \$13,227,000, an increase of \$3,300,000, with no change to the existing term of July 2021 to June 2023. <p style="text-align: center;">Key Points</p> <ul style="list-style-type: none"> OEWD oversees two recovery-related community ambassador programs, including the Mid-Market/Tenderloin Community-Based Safety Program and Downtown Ambassadors. The Downtown program is focused on welcoming tourists and office workers. The proposed amended agreement does not make changes to the services provided or permitted subgrantees. <p style="text-align: center;">Fiscal Impact</p> <ul style="list-style-type: none"> The existing grant provides funding for deliverables due through March 2023. The proposed increase of \$3.3 million funds deliverables due to the City between April and June 2023, which were not previously funded. In addition, OEWD intends to amend the proposed resolution to add funds to extend the program through December 2023. Separately, OEWD is proposing to increase the contract amount for the Mid-Market/Tenderloin (File 23-0041). <p style="text-align: center;">Policy Consideration</p> <ul style="list-style-type: none"> The original request for proposals (RFP) in June 2021 had strict requirements and was only open for two weeks, which may have led to the City only receiving one response. The proposed grant agreement includes administrative and non-personnel items totaling \$1.4 million, or 10.7 percent of the grant budget, and do not provide direct services. These costs appear high given that the Block by Block budget includes salaries and benefits for two Operations Managers and one General Manager, as well as amounts for administrative support, uniforms, and equipment. The Department of Emergency Management (DEM) will be coordinating with OEWD as well as the Department of Public Health (DPH) to determine where a continued ambassador presence is needed in the City. This coordination will inform decisions related to ongoing staffing, contracting, and service levels in the Mayor's FY 2023-24 proposed budget. <p style="text-align: center;">Recommendations</p> <ul style="list-style-type: none"> Amend the proposed resolution to clarify that the contract term begins on July 1, 2021, not July 1, 2022. Request that staff from DEM, OEWD, and DPH report on how needs for ambassadors and deployment across the City will be determined in future years during the FY 2023-24 budget process. Approval of the proposed resolution is a policy matter for the Board of Supervisors. 	

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**Community Ambassador Programs**

The Office of Economic and Workforce Development (OEWD) oversees two recovery-related community ambassador programs, including the Mid-Market/Tenderloin Community-Based Safety Program and Downtown Ambassadors. The Downtown program is focused on welcoming tourists and office workers whereas the Mid-Market/Tenderloin program is focused on quality-of-life issues. Exhibit 1 below provides details on the two grant agreements for the programs. On October 24, 2022, the Mayor announced an increase in the City's community ambassador programs to enhance public safety services. According to OEWD staff, this enhancement included an increase of \$1,600,000 in funding for OEWD ambassador programming to increase the coverage area and number of Ambassadors in the case of the Welcome Ambassadors as well as expanding hours during the holiday season to support shopping and holiday activities. Funding to support these enhancements to ambassador programming was from OEWD budget savings from mayoral enhancements for economic recovery and downtown initiatives.

Exhibit 1: Community Ambassador Programs Funded by the General Fund

Program	Grantee	Term	Existing Amount	Proposed Amount	Change	Percent Change
Mid-Market/Tenderloin Community-Based Safety Program	Mid-Market Foundation	July 2022 to June 2023 (One Year)	\$20,490,000	\$23,590,570	\$3,100,570	15%
Downtown Ambassadors	SF Travel	July 2021 to June 2023 (Two Years)	9,927,000	13,227,000	3,300,000	33%
Total			\$30,417,000	\$36,817,570	\$6,400,570	21%

Source: Grant Agreements

Note: The table does not include community ambassador programs funded by community benefit districts.

OEWD is proposing to increase the contract amount for the Downtown Ambassadors program to continue current service levels through the end of FY 2022-23 and intends to amend the proposed resolution to further increase the contract amount to continue programming through December 2023 without disruption. Separately, OEWD is proposing to increase the contract amount for the Mid-Market/Tenderloin (File 23-0041).

Downtown Community Ambassador Program

In June 2021, OEWD published a Request for Proposals (RFP) to solicit bids from non-profit organizations to provide community ambassador staffing for (a) the Mid-Market/Tenderloin

Community-Based Safety Program and (b) the Downtown Community Ambassador Program. The RFP provided for a maximum \$7.5 million and one-year term for the Downtown scope of work, but also stated that the City may renew or extend programming through FY 2024-25.

San Francisco Tourism Improvement District Management Corporation, a California non-profit benefit organization that allocates funding¹ to San Francisco Travel² programs that draw business and leisure travelers to the City, submitted the only the response for the Downtown Community Ambassador Program scope of work. OEWD scored the proposal 138.50 out of a possible 150 points³ and entered into a \$6.44 million contract with the San Francisco Tourism Improvement District Management Corporation for a term from July 2021 to June 2022.

In July 2021, OEWD adopted the First Amendment to the Agreement, which extended the term from June 2022 to December 2022 for a total term of 18 months and added Appendix E detailing four permitted subgrantees.

In March 2022, OEWD adopted the Second Amendment to the Agreement, extending the term from December 2022 to June 2023 for a total term of two years and increasing the not to exceed from \$6,440,000 to \$6,627,000. The Second Amendment also updated the scope to reflect the additional funding and make changes to the schedule of deliverables and added four additional permitted subgrantees for a total of eight subgrantees.

In October 2022, OEWD adopted the Third Amendment to the Agreement, increasing the not to exceed amount from \$6,627,000 to \$9,927,000 and updating the scope to specify ambassador staffing levels and require regular deployment summaries, among other changes.

Because the original agreement and subsequent amendments were less than \$10 million and less than 10 years, they did not require Board of Supervisors' approval.

As detailed below, the proposed resolution would approve the fourth amendment to OEWD's grant agreement with the San Francisco Tourism Improvement District Management Corporation to increase the not to exceed amount from \$9,927,000 to \$13,227,000 with no change to the existing term of July 2021 to June 2023.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would approve the fourth amendment to OEWD's grant agreement with the San Francisco Tourism Improvement District Management Corporation to increase the not to exceed amount from \$9,927,000 to \$13,227,000, an increase of \$3,300,000, with no change to

¹ As of January 2009, an assessment of 1%-1.5% is levied on gross hotel room revenue to support San Francisco Travel programs.

² The San Francisco Travel Association is a marketing organization founded in 1909, following the 1906 earthquake, to attract tourism to the City.

³ The proposal was evaluated by staff from OEWD and DPW.

the existing term of July 2021 to June 2023. Note, the proposed resolution incorrectly states that the grant period is July 2022 to June 2023.

Service Provided

The proposed amended agreement does not make changes to the services provided or permitted subgrantees. The San Francisco Tourism Improvement District Management Corporation will continue to deploy an average of 40 to 45 ambassadors daily between 8am and 8pm and place ambassadors near transit hubs and tourist destinations in the downtown area, such as Ferry Plaza, Chinatown, and Fisherman's Wharf, with a focus on conventions and special events. Appendix 1 to this report shows the coverage area. The grantee may alter staffing and the deployment area to support special or community events at the grantee's discretion. The grantee is also responsible for training and supporting the ambassadors.

Existing subgrantees include:

- **Block by Block**, which provides ambassador staffing;
- **San Francisco Travel Association**, which provides oversight of the grant and finances;
- **Urban Place Consulting**, which helped San Francisco Travel Association launch the program and provides assistance to maintain the program;
- **Destination Analysts**, which conducts the required community survey;
- **Baker and Tilly**, which provides auditing services;
- **DN&Co**, **SITELAB**, and **AdvanceSF** which provide stakeholder input, facilitation, and coordination services.

Ambassador Activities

The role of the ambassadors is to: (a) provide hospitality and wayfinding to commuters and visitors; (b) engage with people in need and make referrals; and (c) address safety and cleanliness issues by making referrals, such as to 311. Exhibit 2 below shows ambassador activities for 2022, as reported by the San Francisco Tourism Improvement District Management Corporation.

Exhibit 2: Downtown Ambassadors Activities, 2022

Task	2022 Monthly Average	2022 Annual Total
211 Call	2	28
311 Call	42	499
911 Call	6	72
Attraction/Museum Info Provided	8,785	105,422
Business Contact	997	11,962
Business Information Provided	4,970	59,640
CBD Calls	7	78
Collateral Provided	1,344	16,125
Directions Provided	23,144	277,733
Event Information Provided	466	5,586
Hospitality Escort	2,046	24,555
Photo Assistance Provided	5,003	60,035
Positive Neighbor Engagement	1,871	22,452
Program Info Provided	340	4,080
Public Greeting	404,125	4,849,497
Restaurant Recommendation	1,312	15,747
Translation Provided	67	802
Umbrella Escort	5	57
Welfare Check	354	4,252
Average Daily Deployments	42*	

Source: 2022 Full Year Stats, San Francisco Tourism Improvement District Management Corporation

*Average Daily Deployments over three-month period between October and December 2022

Performance Monitoring/Program Evaluation

The grant agreement requires annual program evaluation, including through community surveys. In addition, the grantee provides OEWD with periodic deployment reports, which are summarized in Exhibit 2 above.

The most recent community survey was completed in April 2022. The 407 respondents included San Francisco residents and visitors. According to the survey, due to the presence of welcome ambassadors:

- 80 percent of respondents felt welcomed in the City;
- 56 percent of respondents felt safer in the City;
- 46 percent of respondents felt more informed or confident enjoying the City; and
- 35 percent of respondents were more likely to recommend the City as a place to visit.

Results from the 2023 community survey will be included in a Final Program Evaluation Report due to the City by June 20, 2023.

FISCAL IMPACT

The proposed grant agreement provides for milestone payments, payable upon receipt of foundational and ramp-down program plans and monthly or quarterly activity reports. The programmatic budget is shown in Exhibit 3 below. The existing grant provides funding for deliverables due through March 2023. The proposed increase of \$3.3 million funds deliverables due to the City between April and June 2023, which were not previously funded by the existing grant. According to OEWD, the proposed increase adds \$3.3 million in approved funds in OEWD's FY 2022-23 budget for the program. In addition, OEWD intends to amend the proposed resolution to add additional funds (not shown in Exhibit 3 below) to extend the program through December 2023 and continue service without disruption for that period.

Exhibit 3: Grant Agreement Budget

	FY 2021-22	FY 2022-23	Total	Percent of Total
SFTIDMC				
Salary and Benefits	\$182,250	\$145,125	\$327,375	
Accounting, Auditing, and Payroll Processing Fee	8,500	2,250	10,750	
Insurance & Taxes	3,000	2,475	5,475	
Telecommunications	5,600	2,565	8,165	
Management Information System	22,900	6,300	29,200	
Staff Development	3,000	4,500	7,500	
Hosted Function ⁴	22,400	9,000	31,400	
Food/Meals	10,500	4,500	15,000	
Uniforms	30,755	0	30,755	
Equipment (Radio)	29,985	1,800	31,785	
Marketing Costs ⁵	75,000	13,500	88,500	
Other Support Costs	5,980	5,670	11,650	
Subtotal, SFTIDMC	399,870	197,685	597,555	4.5%
Subgrant: SF Travel				
Rent & Office/Equipment Maintenance	17,880	14,081	31,961	
SF Travel Staff Administrative Services	172,500	144,000	316,500	
Subtotal, SF Travel	190,380	158,081	348,461	2.6%
Subgrant: Destination Analysis	30,000	34,235	64,235	0.5%
Subgrant: Downtown Recovery Project ⁶	187,000	0	187,000	1.4%
Subgrant: Baker Tilly (Audit Services)		5,000	5,000	0.0%
Subgrant: Urban Place Consulting	168,000	110,000	278,000	2.1%
Subgrant: Block by Block	5,651,750	6,095,000	11,746,750	88.8%
Total	\$6,627,000	\$6,600,000	\$13,227,000	100.0%

Source: OEWD

Costs are funded by the General Fund. As of February 2023, \$9,507,000 of the \$9,927,000 grant agreement (96 percent) had been spent. The proposed \$3.3 million increase will be funded by OEWD's FY 2022-23 budget for the grant, including carryforwards from FY 2021-22. OEWD's FY 2021-22 budget included \$6,627,000, and the FY 2022-23 budget included an additional \$5,000,000, for a total of \$11,627,000. The remaining \$1,600,000 would be funded by budget

⁴ According to OEWD staff, this line item is budgeted for stakeholder meetings and employee appreciations.

⁵ According to OEWD staff, this program meant to support the return of the City's tourism industry and the marketing budget is used to promote it to meeting planners, conventions, and other industry stakeholders.

⁶ According to OEWD staff, the Downtown Recovery Project was a facilitated community stakeholder process intended to identify strategies for economic recovery and increasing the presence of employees and tourists in the Downtown area.

savings from mayoral economic recovery programming at OEWD, which is sufficient to fund the two-year grant of \$13,227,000.

POLICY CONSIDERATION

The Downtown Ambassadors Program appears to be an innovative intervention to improve the quality of life and experience for the area's visitors, residents, and businesses. OEWD has designed the program to include ongoing input from area residents and visitors and includes funding for those efforts in the proposed grant agreement.

We note issues related to the procurement and budget for this contract below.

Restrictive Proposal Timeline & Requirements

Minimum qualifications for proposers to the 2021 RFP included: (a) being a non-profit eligible to do business with the City; (b) having an organizational mission with geographic reach that is citywide and/or includes downtown neighborhoods and key tourist destinations, including Fisherman's Wharf and Chinatown; (c) including area businesses as part of its membership and governance; (d) demonstrating support from two to three community benefit districts; and (e) other requirements related to demonstrating experience in the desired service areas, working with City agencies, and managing budgets in excess of \$10 million. According to OEWD staff, although the purpose of the RFP was to identify community ambassador staffing providers, the above qualifications were included in the RFP so that grantees would be able to provide community relationships and perspectives necessary for the successful deployment and success of the program.

In addition, the 2021 RFP was only open for two weeks. According to OEWD staff, the short timeline was due to the urgency to start the program. We note however that this timeline, combined with the minimum qualifications, may have limited the pool of proposers.

Administrative and Non-Personnel Costs

As shown in Exhibit 3 above, the proposed grant agreement includes \$597,555 for the San Francisco Tourism Improvement Management Corporation's management of the program, \$348,461 for the San Francisco Travel Association's administrative support to the program, \$278,000 for Urban Place Consulting to assist in the launch and on-going operation of the program, and \$187,000⁷ for Downtown Recovery Project to get community input and ideas to develop strategies for increasing the number of people returning to San Francisco's Downtown. These items total \$1.4 million, or 10.7 percent of the grant budget, and do not provide direct services. These costs appear high given that the Block by Block budget (according to the organization's budget proposal) includes salaries and benefits for two Operations Managers and one General Manager, as well as amounts for administrative support, uniforms, and equipment.

⁷ According to OEWD staff, this budget amount came from a different source of funds from the budget allocation for ambassadors.

According to OEWD staff, these expenditures are related to the management and administration of the grant and design of the program.

Future of City Ambassador Programs

The Downtown Ambassadors program was designed to promote economic recovery in the downtown area, which was impacted by the COVID-19 pandemic and the onset of widespread remote work. According to the existing agreement, the intent of the program is to ramp down ambassador presence over time. However, the proposed amended grant agreement does not indicate any reduction to ambassador deployment during FY 2022-23.⁸

According to OEWD staff, the Department of Emergency Management (DEM) will be coordinating with OEWD as well as the Department of Public Health (DPH) to determine where a continued ambassador presence is needed in the City. This coordination will inform decisions related to ongoing staffing, contracting, and service levels in the Mayor's FY 2023-24 proposed budget according to Anna Duning, the Mayor's Budget Director. The Board of Supervisors could request that staff from DEM, OEWD, and DPH report on how future needs for ambassadors and deployment across the City will be determined in future years during the FY 2023-24 budget process.

Downtown Ambassadors Ramp Down Plan

The existing agreement required that the grantee prepare a ramp down plan detailing how ambassador presence could be reduced over time, a FY 2023-24 budget proposal, and alternative sources of funding for sustaining the initiative after the grant. The ramp down plan prepared by the grantee did not detail how to reduce ambassador deployment over time or provide a FY 2023-24 budget proposal but did identify alternative funding sources if the City could no longer fund the program, including:

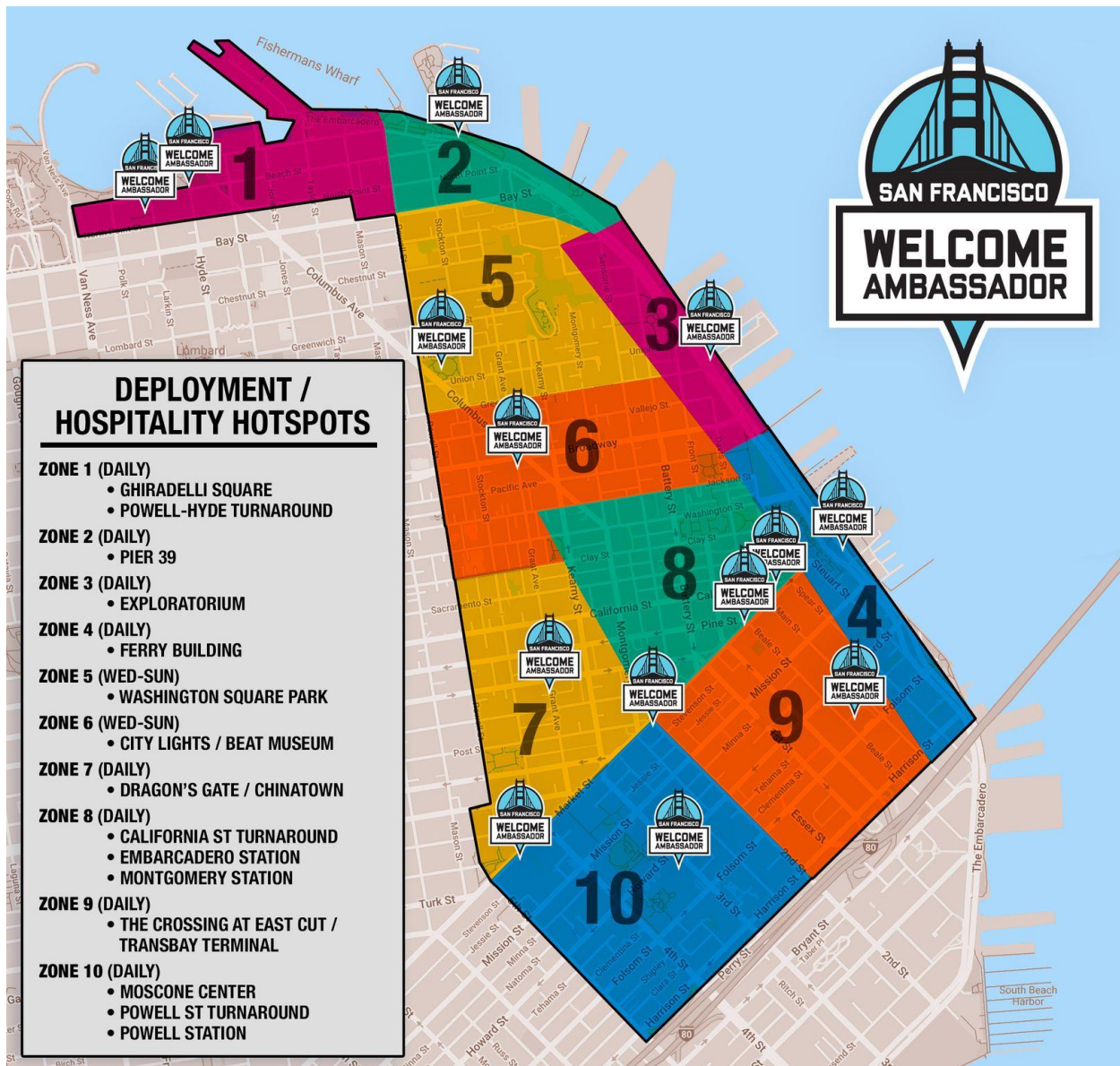
- An allocation of 1.25% of City hotel tax revenue;
- An overall City-managed Ambassador Grant Pool which would allocate funding to all City ambassador programs based on current needs;
- Donations from major corporations;
- Funding from the Moscone Center to fund ambassadors during events; and
- Funding from the San Francisco Tourism Improvement District, which would require approval from a majority of the Tourism Improvement District Board of Directors.

⁸ According to OEWD staff, there is not a current plan to reduce the deployment beyond attrition that is expected to bring the current staffing levels down to a level that is reflective of the FY 2023-24 baseline budget amount. OEWD staff plan to work with DEM and ADM to determine where a continued ambassador presence is needed.

RECOMMENDATIONS

1. Amend the proposed resolution to clarify that the contract term begins on July 1, 2021, not July 1, 2022.
2. Request that staff from DEM, OEWD, and DPH report on how needs for ambassadors and deployment across the City will be determined in future years during the FY 2023-24 budget process.
3. Approval of the proposed resolution is a policy matter for the Board of Supervisors.

Appendix 1: Downtown Ambassadors Coverage Area



Source: San Francisco Tourism Improvement District website