

CITY AND COUNTY OF SAN FRANCISCO
BOARD OF SUPERVISORS
BUDGET AND LEGISLATIVE ANALYST

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March 10, 2023

TO: Budget and Appropriations Committee

FROM: Budget and Legislative Analyst



SUBJECT: March 15, 2023 Budget and Appropriations Committee Meeting

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<p>Item 2 File 23-0158</p>	<p>Department: Police Department (Police)</p>
<p>EXECUTIVE SUMMARY</p>	
<p style="text-align: center;">Legislative Objectives</p> <ul style="list-style-type: none"> • The proposed ordinance would (1) appropriate \$27,640,247 from the General Fund General Reserve to the San Francisco Police Department (SFPD); (2) de-appropriate \$31,151,450 from the SFPD salaries, mandatory fringe benefits, and public housing patrol overtime for increased overtime in the SFPD FY 2022-23 budget; and (3) release \$7,430,008 from Budget and Finance Committee reserve for SFPD overtime. <p style="text-align: center;">Key Points</p> <ul style="list-style-type: none"> • The SFPD FY 2022-23 budget includes approximately \$25.4 million in overtime within the General Fund. Due to staffing shortages and new initiatives, SFPD projects that it will spend \$81 million on General Fund overtime, or exceed its General Fund overtime budget by approximately \$55.6 million. • As of February 17, 2023, SFPD has incurred 445,664 overtime hours in FY 2022-23 within the General Fund, and projects to incur a total of 713,062 hours. By comparison, SFPD incurred 425,486 overtime hours in FY 2021-22. This increase is largely due to backfilling vacancies and absences as well as new or expanded initiatives using overtime, such as the Safe Shopper Program, Tourism Deployment Plan, Gun Violence Reduction, and Tenderloin Triangle Public Safety Plan. <p style="text-align: center;">Fiscal Impact</p> <ul style="list-style-type: none"> • The proposed supplemental appropriation of approximately \$27.6 million and re-appropriation of \$1.2 million from public housing patrol overtime would allow SFPD to close a projected deficit of approximately \$28.8 million within the FY 2022-23 salaries and fringe benefits budgets, assuming a \$30 million re-appropriation of salary savings to overtime. Any uses of the General Reserve during the current year (FY 2022-23) will increase the required deposit in the budget year (FY 2023-24) by a like amount. <p style="text-align: center;">Policy Consideration</p> <ul style="list-style-type: none"> • To reduce the supplemental appropriation, SFPD could leave vacant positions unfilled, reduce technology project funding, reassign officers from specialized units, reduce overtime staffing of initiatives, and/or terminate contract funding. <p style="text-align: center;">Recommendations</p> <ul style="list-style-type: none"> • Approve the release of reserves and reappropriation of funds. • Approval of the supplemental appropriation is a policy matter for the Board of Supervisors. • Request the Police Department report back on the cost effectiveness of the Safe Shopper, Tourism, Gun Violence Reduction, and Tenderloin Safety overtime programs. • Request the Police Chief and Director of Human Resources to assess what is driving the increase in staff out on leave and modified duty and report back to the Board of Supervisors on administrative actions each is taking to return sworn staff to full-duty and any legislative actions that may assist with those efforts. 	

MANDATE STATEMENT

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

Charter Section 9.113(c) states that, in the event the Mayor or a member of the Board of Supervisors recommends a supplemental appropriation ordinance after the adoption of the budget and prior to the end to the budget year that contains any item rejected by the Mayor or the Board of Supervisors in the original budget appropriation, the supplemental appropriation can only be approved by a two-thirds vote of the Board of Supervisors.

Administrative Code Section 3.17 states that the Airport; Department of Emergency Management; Fire Department; Police Department; Department of Public Health; Public Utilities Commission; Department of Public Works; Recreation and Park Department; and Sheriff must obtain a supplemental appropriation to exceed the overtime budgets in their annual operating funds.

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

BACKGROUND

The San Francisco Police Department's (SFPD) FY 2022-23 budget includes approximately \$25.4 million in overtime within the General Fund. Of this amount, the Board of Supervisors placed \$7.4 million on Budget and Finance Committee reserve (File 22-0669). Due to staffing shortages, special events, and additional demands of police services (such as the Tenderloin Public Safety Plan and Safe Shopper Initiative), SFPD projects that it will spend \$81 million on General Fund overtime, or exceed its General Fund overtime budget by approximately \$55.6 million. To address this deficit, SFPD is requesting a supplemental appropriation of \$27.6 million from the General Reserve and reappropriation of \$31.2 million from salaries, mandatory fringe benefits, and project-based overtime. Additionally, SFPD is requesting the release of \$7.4 million for overtime from Budget and Finance Committee reserve.

DETAILS OF PROPOSED LEGISLATION

The proposed ordinance would (1) appropriate \$27,640,247 from the General Fund General Reserve to the SFPD; (2) de-appropriate \$31,151,450 from the SFPD salaries, mandatory fringe benefits, and project-based overtime for increased overtime in the SFPD FY 2022-23 budget; and (3) release \$7,430,008 from Budget and Finance Committee reserve for SFPD overtime.

Staffing Shortages and Backfill

Exhibit 1 below shows a snapshot of the staffing, workload, and response times of the Police Department between 2019 and 2022. As shown below, full-duty¹ staffing has decreased by 16.5 percent and measures of workload have also decreased: 911 calls have decreased by 21.6 percent, self-initiated patrol activities has decreased by 55.7 percent, total violent crimes have decreased by 14.3 percent, and property crimes have decreased by 7.2 percent. We requested data on the proportion of time patrol officers spend on responding to calls and self-initiated activities but the Department was not able to provide it due to ongoing system maintenance as of this writing.

Staffing shortages have resulted in increased response times. Priority A response times have increased from an average of 7.5 minutes in 2020 to 9.1 minutes in September 2022, compared to a target of 8 minutes, and Priority B response times have increased from an average of 20 minutes in 2020 to 33 minutes in September 2022, compared to a target of 20 minutes.²

Exhibit 1: Police Department City Staffing & Workload

	2019	2020	2021	2022	Change	% Change
City Sworn Full Duty	1,840	1,802	1,688	1,537	(303)	-16.5%
911 Calls (A, B, & C)	354,528	323,014	305,112	277,912	(76,616)	-21.6%
Self-Initiated Activities	338,669	234,759	183,777	150,094	(188,575)	-55.7%
Priority A Call Response <8 min	Yes	Yes	No	No	n/a	n/a
Violent Crimes	6,151	4,907	4,967	5,274	(877)	-14.3%
Property Crimes	51,700	39,745	45,735	47,987	(3,713)	-7.2%

Source: SFPD

Note: Figures are calendar years and do not include Airport activities. Violent Crimes include murder, rape, robbery, aggravated assault, and human trafficking. Property Crimes include burglary, larceny theft, auto theft, and arson.

Due to the Department’s staffing shortage, SFPD’s number of self-initiated patrol activities has decreased. In addition, SFPD has utilized 119,394 hours of officer overtime to backfill vacant positions and absences, as of February 17, 2023, an increase from the 82,002 overtime backfill hours in FY 2021-22. According to Patrick Leung, SFPD Chief Financial Officer, SFPD typically did not use overtime to backfill vacant positions and absences prior to November 2021. Additionally, SFPD is using approximately 114 retirees to backfill vacant positions, as allowed under City Charter Section A8.511(c), which allows retirees to work for up to 960 hours per year while also receiving a pension. However, such workers are not considered sworn officers and are not able

¹ Officers are not considered full-duty if there are on leave or modified duty and therefore not available for field deployment.

² Priority A calls involve a present or imminent danger to life, major property damage, and or a suspect(s) of a crime that may be in the area and might be reasonably apprehended, a major crime scene that must be protected, a juvenile missing or involved in a sexual abuse or assault, or an elderly person or “at risk” missing person. Examples include shootings, multi-car pile-ups, suicide attempts, fights involving weapons, or in-progress burglaries. Priority B calls involve a potential for damage to property, a suspect who may be in the area, and a crime that has just occurred. Examples include burglaries without a perpetrator on-scene or verbal fights.

to carry out many of the Department's needs, such as sector patrols, but may assist with investigations or community ambassador functions.

Contributing Factors to High Overtime

In addition to backfilling vacancies and absences, SFPD has undertaken new or expanded initiatives using overtime, such as the Safe Shopper Program, Tourism Deployment Plan, and Tenderloin Triangle Public Safety Plan. As of February 17, 2023, SFPD has incurred a total of 445,664 hours in FY 2022-23 within the General Fund. By comparison, SFPD incurred 425,486 total hours of overtime in FY 2021-22. Of the 445,664 overtime hours to date, 340,023 hours, or 76 percent, fall within the category of "extended work week." This includes the backfilling of vacant positions, special event staffing, and any other use of overtime that is not associated with an arrest, investigation, court, or academy training. A comparison of overtime hours in FY 2021-22 and FY 2022-23 in key contributing areas are shown in Exhibit 2 below.

Exhibit 2: Overtime, FY 2021-22 and FY 2022-23 Hours

Category	FY 2021-22 Overtime Hours (Total)	FY 2022-23 Overtime Hours (as of 2/17/23)	FY 2022-23 Overtime Hours (Total Projected)
Arrest	38,768	36,461	58,338
Investigation	35,850	31,560	50,496
Court	20,187	17,654	28,246
Miscellaneous	4,861	5,897	9,434
Academy Training	8,783	14,069	22,511
Extended Work Week	317,036	340,023	544,037
Total Overtime	425,486	445,664	713,062

Extended Work Week Detail

Backfill Patrol	82,002	119,394	190,729
Safe Shopper/Police Presence	75,262	66,369	106,023
Special Events	29,798	28,261	45,146
Tourism Deployment Plan	30,869	26,172	41,810
Gun Violence Reduction	15,281	24,895	39,769
Tenderloin Triangle Public Safety Plan	47,845	19,213	30,692
Hospital Watch ³	9,935	11,482	18,342
Dignitary Protection	5,725	10,368	16,563
Total	296,717	306,154	489,073

Source: SFPD; BLA Analysis

At an average overtime rate of \$113.52 per hour, SFPD's FY 2022-23 budget initially projected a total of approximately 223,348 overtime hours. SFPD now projects a total of approximately 713,062 overtime hours.

³ Hospital Watch refers to Police maintaining custody of people who need medical treatment, typically after they are arrested but before they are booked into the jail system.

Two-Thirds Vote Required

The Board of Supervisors reduced the Mayor’s proposed FY 2022-23 General Fund budget for Police overtime by \$1,461,940. The proposed ordinance requires approval of two-thirds of the Board of Supervisors per City Charter Section 9.113(c), which states that supplemental appropriations related to items that were rejected by the Mayor or the Board of Supervisors during the development of the annual appropriation ordinance requires approval of two-thirds of the Board of Supervisors.

FISCAL IMPACT

The proposed ordinance would appropriate \$27,640,247 from the General Fund General Reserves to SFPD. Within the SFPD FY 2022-23 budget, \$31,151,450 would be de-appropriated from permanent salaries, mandatory fringe benefits, and public housing patrol overtime for increased General Fund overtime. The proposed ordinance would also release \$7,430,008 for overtime from Budget and Finance Committee reserve.

Proposed Appropriation

The proposed supplemental appropriation of approximately \$27.6 million and re-appropriation of \$1.2 million from public housing patrol overtime would allow SFPD to close a projected deficit of approximately \$28.8 million within the FY 2022-23 salaries and mandatory fringe benefits budgets, as shown in Exhibit 3 below. The \$28.8 million figure assumes the re-appropriation of salary savings into overtime.

Exhibit 3: Projected SFPD Personnel Budget Deficit and Proposed Action

Projected Salaries Deficit ⁴	(\$35,485,554)
Projected Mandatory Fringe Benefits Surplus ⁵	6,664,405
Projected Personnel Deficit	(\$28,821,149)
Supplemental Appropriation	27,640,247
Re-Appropriation from Public Housing Patrol	1,180,902
Revised Surplus/Deficit	\$0

Source: SFPD

Within the personnel budget, the proposed ordinance would de-appropriate approximately \$30 million from permanent salaries and mandatory fringe benefits to fund overtime, as well as release approximately \$7.4 million appropriated for overtime from Budget and Finance Committee reserve.

General Reserve

Administrative Code Section 10.60 requires the City to budget a General Reserve of at least 3.0 percent of General Fund revenues to address revenue weakness, excess spending, or other needs not anticipated during the annual budget process. The balance requirement is reduced to 1.5

⁴ The salaries budget includes permanent salaries, temporary salaries, premium pay, one-time pay, overtime, and holiday pay.

⁵ The mandatory fringe benefits budget includes retirement, retirement excess, social security, health service, dental coverage, unemployment insurance, flex spending plan, long-term disability, and life insurance.

percent of General Fund revenues if the City withdraws from the Rainy Day Reserve and then increases 0.25 percent per year until the 3.0 percent balance requirement is fully restored. The General Reserve balance in FY 2022-23 is required to be 1.75 percent of budgeted regular General Fund revenues and 2.00 percent of budgeted General Fund Revenues in FY 2023-24.

According to Controller's Office FY 2022-23 Six-Month Budget Status Report, the FY 2021-22 ending balance of the General Reserve was \$43.8 million, and the FY 2022-23 approved budget includes a \$64.4 million deposit, resulting in a projected year-end balance of \$108.2 million. In FY 2023-24, the required deposit is projected to be \$18.5 million, resulting in a \$126.7 million balance at the end of FY 2023-24.

Any uses of the reserve during the current year (FY 2022-23) will increase the required deposit in the budget year (FY 2023-24) by a like amount.

POLICY CONSIDERATION

Options for Reducing Supplemental Appropriation

The Budget and Legislative Analyst reviewed the SFPD FY 2022-23 budget to identify options for funding overtime with less funding from the General Reserve. Within the General Fund, approximately 82 percent of SFPD's budgeted expenditures are within personnel costs. Opportunities to reduce non-personnel expenditures and materials and supplies spending are limited, as the Department is not projecting surpluses in these areas and may need to reduce contract expenditures to remain within budget.

Strategies that would reduce overtime costs include not filling vacant positions, reassigning officers in specialized units, and simply reducing the amount of overtime hours.

Vacant Positions

The Department has 110 vacant civilian positions and, based on current recruitment timelines, estimates that the cost to fill them in FY 2022-23 is \$1.9 million. In addition, the Department has a planned police academy in June 2023 that will cost approximately \$55,000 in FY 2022-23. Not filling these positions would reduce service levels assumed in the approved FY 2022-23 budget.

Technology Projects

The Police Department has General Fund funding for three technology projects: (1) Human Resource Management Replacement (HRMS Replacement), (2) National Incident-Based Reporting System, a new crime data system, and (3) a recruit database tool from Salesforce. All three projects have minimal spending as of this writing. Funding in these projects could be repurposed to reduce the proposed supplemental appropriation. As shown below in Exhibit 4, \$5.9 million of funding is available. Funding for these projects may not be needed in FY 2022-23, but will be needed in subsequent fiscal years.

Exhibit 4: Technology Project Funding

	Budget	Spending	Available Balance
HRMS Replacement	\$555,000	\$0	\$555,000
NIBRS System	4,900,000	1,540	4,898,460
Salesforce Recruitment	480,000	0	480,000
Total	\$5,935,000	\$1,540	\$5,933,460

Source: SFPD

Reassign Officers from Specialized Teams

The Budget and Legislative Analyst reviewed eight select units that had been identified for potential reductions in the May 2021 Public Safety Budget Priority Report: (1) Homeless Outreach Team; (2) Healthy Streets Operation Center (HSOC); (3) School Resource Officers; (4) Honda Unit; (5) Marine Unit; (6) Mounted Unit; (7) Bomb Squad; and (8) Traffic Unit. The number of officers between these eight units decreased from approximately 150 in March 2021 to 73 in March 2023, a 51 percent reduction. This leaves little opportunity for further reductions in these units. Reassignment of 10 to 20 officers from these units to fill other vacancies for three months (April – June) would reduce overtime costs by approximately \$590,304 to \$1,180,608, as shown in Exhibit 5 below.

Exhibit 5: Estimated Overtime Savings from Officer Reassignment

Scenario	Overtime Hours Reduction	Overtime Cost Savings	Supplemental Appropriation Needed
Reassign 10 Officers	5,200	\$590,304	\$27,049,943
Reassign 20 Officers	10,400	\$1,180,608	\$26,459,639

Source: SFPD, BLA Analysis

Reduce Overtime Hours for Remainder of Fiscal Year

Between April and June, SFPD projects total overtime expenditures of approximately \$20,367,182. Overtime expenditures already incurred must be paid under federal law. At an average rate of \$113.52 per hour, this amounts to approximately 179,415 hours of overtime. If the Board of Supervisors were to reduce the amount of the supplemental appropriation, SFPD would be required to reduce overtime hours to keep expenditures within budget. Overtime projections in scenarios up to a 30 percent reduction are shown in Exhibit 6 below.

Exhibit 6: Potential Overtime Reduction Scenarios

Scenario	Overtime Cost (April – June 2023)	Overtime Hours (April – June 2023)	Savings	Supplemental Appropriation Needed
No Reduction	\$20,367,182	179,415	\$0	\$27,640,247
10% Reduction	\$18,330,464	161,473	\$2,036,718	\$25,603,529
20% Reduction	\$16,293,746	143,532	\$4,073,436	\$23,566,811
30% Reduction	\$14,257,027	125,590	\$6,110,155	\$21,530,092

Source: SFPD, BLA Analysis

SFPD may achieve savings by reducing staffing levels for various policing priorities, such as the Safe Shopper Program, Tourism Deployment Plan, or Tenderloin Triangle Public Safety Plan. These are new initiatives that surge Police staffing within specific areas of the City but it is not clear what impact they are having on crime and street conditions. In addition, overtime for gun violence reduction has expanded beyond historical levels. The Board of Supervisors should request the Police Department report back on the cost effectiveness of these new programs.

Contracts

We also reviewed SFPD contracts for potential savings. Most are related to core law enforcement functions, such as uniforms, weapons, body worn cameras, technology spending to improve crime data reporting and analysis, investigation services, and collaborative reform.

SFPD provides \$1,076,122 to SF SAFE, an organization that provides community-based crime prevention education and outreach. Terminating funding to that organization for the final quarter of the year would provide \$269,031 in savings.

Reducing Police Department Overtime in Subsequent Fiscal Years

Actual General Fund expenditures on Police overtime have increased from \$25.7 million in FY 2019-20 to \$47.1 million in FY 2021-22 and, if the proposed ordinance is approved, a projected \$81 million in FY 2022-23. Although the proposed re-appropriation of salary savings does not impact the Department's planned academy schedule, the Department has not met its hiring goals in the past two years and training new police officers takes approximately 11 months. Increased staffing should eventually reduce the need for overtime, but unless the Department reduces its current service levels, other strategies are needed to reduce overtime in the coming fiscal years.

Assess Reasons for Reduction in Full Duty Staff

As of February 20, 2023, the Department's General Fund sworn staffing included 241 positions not available for "full duty" – that is, on leave or modified duty. These non-full duty positions included: 131 sworn staff on leave, including: 117 on disability leave, 10 on family medical leave, 4 on military leave; and 110 sworn staff on modified duty, including: 64 on temporary modified duty, 7 on permanent modified duty, and 39 under disciplinary review. The number of officers not available for work is 17% higher than historical experience. In May 2021, the Department had 115 General Fund sworn staff on leave and 92 on modified duty and in May 2018 the Department had 115 General Fund staff on leave and 90 on modified duty. The Board of Supervisors could request the Police Chief and Director of Human Resources to assess what is driving the increase in staff out on leave and modified duty and report back to the Board of Supervisors on administrative actions each is taking to return sworn staff to full-duty and any legislative actions that may assist with those efforts.

RECOMMENDATIONS

1. Approve the release of reserves and re-appropriation of funds.
2. Approval of the supplemental appropriation is a policy matter for the Board of Supervisors.
3. Request the Police Department report back on the cost effectiveness of Safe Shopper, Tourism, Gun Violence Reduction, and Tenderloin Safety overtime programs.

4. Request the Police Chief and Director of Human Resources to assess what is driving the increase in staff out on leave and modified duty and report back to the Board of Supervisors on administrative actions each is taking to return sworn staff to full-duty and any legislative actions that may assist with those efforts.

Items 3 & 4 Files 23-0214 and 23-0215	Department: Public Works
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EXECUTIVE SUMMARY

Legislative Objectives

- The proposed ordinances would: (a) appropriate \$25 million from the General Fund General Reserve for street cleaning and graffiti abatement performed by Public Works in FY 2022-23 (File 23-0215); and (b) amend the Annual Salary Ordinance for FY 2022-23 and FY 2023-24 to add 56 off-budget positions (18.67 FTEs) in Public Works in FY 2022-23 (File 23-0214).

Key Points

- San Francisco Public Works’ Street Environmental Services bureau cleans the City’s streets, certain sidewalks, and other public spaces through mechanical and manual street sweeping, roadway flushing, graffiti abatement, and power washing. According to City data on street and sidewalk cleaning, the share of street and sidewalk cleaning service requests closed within 48 hours has declined since 2021 due to a significant increase in service requests.
- Public Works is proposing to expand street cleaning and graffiti abatement services citywide for 18 months to improve street conditions. The expansion would provide enhanced services across all supervisorial districts but would provide additional services in Districts 5, 6, and 9 due to greater need in those districts.
- The proposed appropriation would fund 56 off-budget positions for 12 months, as well as temporary salaries to support 39.0 FTE 9916 Public Service Aides for 12 months, department and bureau overhead, materials and supplies, equipment, and a \$2 million professional and specialized services contract for graffiti abatement. Due to delays in hiring and procurement, the Department expects the program funding to provide 18 months of services.

Fiscal Impact

- Approval of the proposed ordinance would appropriate \$25.0 million from the General Fund General Reserve to Public Works. This would reduce the General Reserve balance to \$83.2 million at the end of FY 2022-23. Any uses of the reserve during the current year (FY 2022-23) will increase the required deposit in the budget year (FY 2023-24) by a like amount.

Policy Consideration

- Because the enhancement is for an 18-month period and the positions are not supported by an on-going funding source, we recommend that the Board of Supervisors consider amending File 23-0214 to make the positions three-year limited duration.

Recommendations

- Consider amending File 23-0214 to make the 56 off-budget positions three-year limited duration.
- Approval of the proposed ordinances is a policy matter for the Board of Supervisors.

MANDATE STATEMENT

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

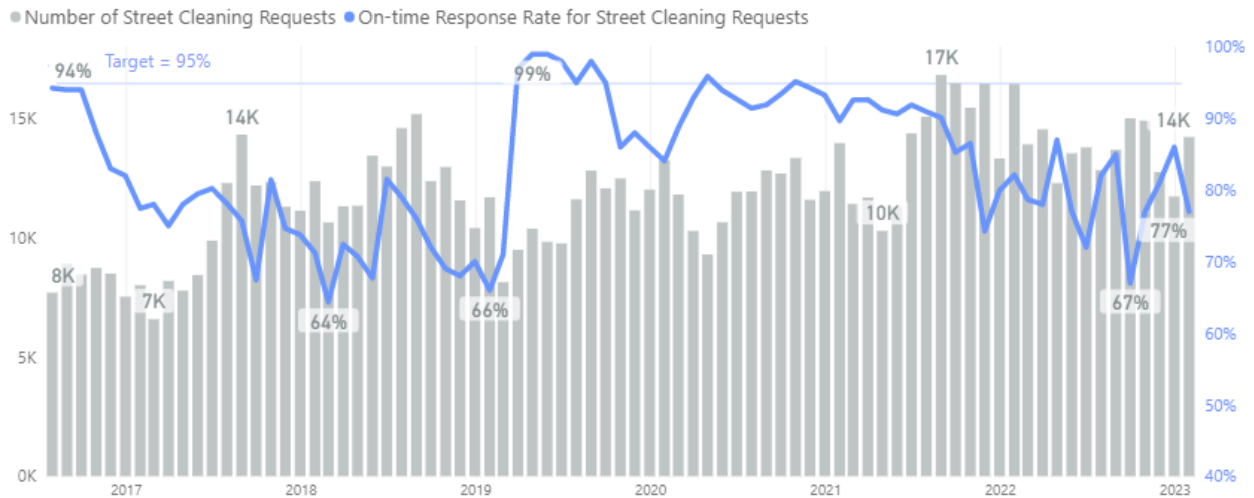
Administrative Code Section 2.1-1 states that the Board of Supervisors shall determine the maximum number of each class of employment in each of the various departments and offices of the City and County, and shall fix rates and schedules of compensation.

BACKGROUND

Street Cleaning and Graffiti Abatement

San Francisco Public Works’ Street Environmental Services bureau cleans the City’s streets, certain sidewalks, and other public spaces through mechanical and manual street sweeping, roadway flushing, graffiti abatement, and power washing. According to City data on street and sidewalk cleaning, there were 14,223 street and sidewalk cleaning service requests in January 2023, and 77 percent of those service requests were closed by Public Works within 48 hours, compared to the department’s goal of closing 95 percent of service requests within 48 hours. The share of street and sidewalk cleaning service requests closed within 48 hours has declined since 2021 due to a significant increase in service requests, as shown in Exhibit 1 below.

Exhibit 1: Street and Sidewalk Cleaning Response Performance



Source: City Performance Scorecards produced by the Controller’s Office

The Street Environmental Services bureau's FY 2022-23 General Fund budget includes 345 FTEs, including temporary staff. Public Works uses temporary staff to off-set vacancies in the bureau and as a pathway¹ for staff to enter the Public Works apprenticeship program.

Graffiti Abatement Pilot

Public Works is responsible for painting over or otherwise removing graffiti on public property, and in July 2022, the Board of Supervisors approved a 27-month pilot program that allows property owners in designated commercial areas to opt into graffiti abatement by Public Works at no cost to the property owner (File 22-0538). The Board of Supervisors added \$2 million in FY 2022-23 and in FY 2023-24 during the Budget and Appropriations Committee phase of the budget for the pilot program. According to Public Works staff, the pilot program began at the end of November 2022 and remains active. To date, 329 property and business owners have opted in, with 78 abatements completed. Public Works cannot do the work when it is raining and anticipates the number of abatements will accelerate after the rainy season.

DETAILS OF PROPOSED LEGISLATION

The proposed ordinances would:

- appropriate \$25 million from the General Fund General Reserve for street cleaning and graffiti abatement performed by Public Works in FY 2022-23 (File 23-0215); and
- amend the Annual Salary Ordinance for FY 2022-23 and FY 2023-24 to add 56 off-budget positions (18.67 FTEs) in Public Works in FY 2022-23 (File 23-0214).

Public Works is proposing to expand street cleaning and graffiti abatement services citywide for 18 months to improve street conditions. The expansion would provide enhanced services across all supervisorial districts but would provide additional services in Districts 5, 6, and 9 due to greater need in those districts, as demonstrated by the volume of service requests and proactive operations according to Public Works staff.

56 Proposed New Positions for Street Cleaning (File 23-0214)

The proposed ordinance adds 56 off-budget positions effective March 1, 2023, for 18.67 FTEs in FY 2022-23, annualizing to 56.00 FTEs in FY 2023-24. As discussed below, the proposed appropriation adds funding for these positions for 12 months. Exhibit 2 shows the proposed additions as well as existing staffing levels in the same job classifications within the Street Environmental Services bureau. Public Works is proposing to increase staffing levels by 24 percent within these job classifications in the bureau.

¹ Public Works has a pre-apprenticeship program using the 9916 Public Service Aide job classification, which serves as a pathway for staff to enter the department's apprenticeship program. According to Public Works staff, 81 Public Service Aides are currently employed and salary costs for these positions are budgeted within temporary salaries.

Exhibit 2: Proposed New Positions and Existing Staffing for Select Job Classifications in Street Environmental Services Bureau, General Fund, FY 2023-24

Job Classification	FY 2022-23	FY 2023-24			Percent Change
	Proposed Increase	Proposed Increase	Existing	Total	
7514 General Laborer	14.00	42.00	167.50	209.50	25%
7215 General Laborer Supervisor	1.66	5.00	31.00	36.00	16%
7281 Street Environmental Svcs. Operations Supervisor	0.33	1.00	14.00	15.00	7%
7355 Truck Driver	2.00	6.00	22.00	28.00	27%
6230 Street Inspector ^a	0.67	2.00	1.00	3.00	200%
Total	18.66	56.00	235.50	291.50	24%

Source: Proposed Ordinance (Annual Salary Amendment)

^a Additional 6230 Street Inspectors from other bureaus assist the Street Environmental Services bureau depending on operational needs.

According to Bruce Robertson, Deputy Director of Financial Management and Administration, Public Works expects to fill the 56 positions by the end of the fiscal year. Public Works is actively filling many of these positions in some of the same job classifications and the additional positions can be added to the recruitment to streamline the hiring process according to Deputy Director Robertson.

Department Vacancies

According to Public Works’ Hiring and Vacancy Update to the Public Works Commission on March 1, 2023, Public Works had a functional vacancy rate of 20.8 percent, after adjusting for positions that are about to be filled and positions that are expected to be deleted due to the passage of Proposition B in November 2022, which eliminated the Department of Sanitation and Streets and transferred its duties back to DPW. Public Works’ FY 2022-23 budget included funding for a new Human Resources section, and the Human Resources section has a goal to fill 250 positions department-wide by the end of the fiscal year.

According to DPW staff, the 9916 classification is posted continuously and the time to hire is 45-60 days.

\$25 Million Appropriation (File 23-0215)

The proposed ordinance appropriates \$25 million from the General Fund General Reserve, including funding for the 56 off-budget positions described above for 12 months, as well as temporary salaries to support 39.0 FTE 9916 Public Service Aides for 12 months, department and bureau overhead, materials and supplies, equipment, and a \$2 million professional and specialized services contract² for graffiti abatement. Due to delays in hiring and procurement,

² According to Public Works staff, these services would be put out to bid under a request for proposals.

the Department expects the program funding to provide 18 months of services. Sources and uses for the proposed appropriation are shown in Exhibit 3 below.

Exhibit 3: Proposed FY 2022-23 General Fund General Reserve Appropriation

Sources & Uses	Amount
Sources	
General Reserve	\$25,000,000
Total Sources	\$25,000,000
Uses	
Salaries	6,976,974
Mandatory Fringe Benefits	3,323,319
Department Overhead	4,429,861
Division Overhead	2,380,846
Professional & Specialized Services for Graffiti Abatement	2,000,000
Equipment Purchase ^a	4,800,000
Equipment Rental ^b	470,000
Materials and Supplies ^c	619,000
Total Uses	\$25,000,000

Source: Proposed Appropriation Ordinance

^a \$4.8 million equipment purchase budget includes \$3.0 million for six garbage truckers (\$500,000 each) and \$1.2 million for six power washers (\$200,000 each)

^b Equipment rental for steamers while six power washers to be purchased are being procured

^c Materials and supplies include cleaning materials, personal, protective, equipment (PPE), barricades, etc.

These funds are being added to a continuing authority fund. Therefore, any funding not spent in FY 2022-23 will roll-over into the following fiscal year.

FISCAL IMPACT

General Reserve

Administrative Code Section 10.60 requires the City to budget a General Reserve of at least 3.0 percent of General Fund revenues to address revenue weakness, excess spending, or other needs not anticipated during the annual budget process. The balance requirement is reduced to 1.5 percent of General Fund revenues if the City withdraws from the Rainy Day Reserve and then increases 0.25 percent per year until the 3.0 percent balance requirement is fully restored. The General Reserve balance is required to be 1.75 percent of budgeted regular General Fund revenues in FY 2022-23 and 2.00 percent of budgeted General Fund Revenues in FY 2023-24.

According to the Controller's Office FY 2022-23 Six-Month Budget Status Report, the FY 2021-22 ending balance of the General Reserve was \$43.8 million, and the FY 2022-23 approved budget includes a \$64.4 million deposit, resulting in a projected year-end balance of \$108.2 million. In FY 2023-24, the required deposit is projected to be \$18.5 million, resulting in a \$126.7 million balance at the end of FY 2023-24.

If the Board of Supervisors approves the appropriation from the General Reserve to fund street cleaning and graffiti abatement in Public Works, the General Reserve balance would be reduced by \$25.0 million to \$83.2 million at the end of FY 2022-23. In addition, pending before the Board of Supervisors is an appropriation from the General Reserve of \$27,640,247 for police overtime (File 23-0158), \$5,500,000 for wellness hubs to provide drug and alcohol treatment (File 22-1272), and \$199,286 to fund new positions in the Office of the District Attorney to address open-air drug dealing (File 23-0157), which if approved would reduce the General Reserve balance further to \$49.9 million. Any uses of the reserve during the current year (FY 2022-23) will increase the required deposit in the budget year (FY 2023-24) by a like amount.

POLICY CONSIDERATION

Because the enhancement is for an 18-month period and the positions are not supported by an ongoing funding source, we recommend that the Board of Supervisors consider amending the proposed ordinance that would add the 56 off-budget positions (File 23-0214) to make the positions three-year limited duration. According to Deputy Director Robertson, adding the positions as an 18-month limited duration rather than as regular, on-going positions, could make the positions less attractive to potential applicants, resulting in fewer applications and longer hiring timelines. Deputy Director Roberts also notes that because the positions are coded as off-budget, they only can be filled if sufficient funding becomes available. We note that adding the positions as three-year limited duration, rather than 18-month limited duration would provide the department with sufficient flexibility in case hiring takes longer than anticipated and funding from the proposed General Reserve appropriation is still available after 18 months.

RECOMMENDATIONS

1. Consider amending File 23-0214 to make the 56 off-budget positions three-year limited duration.
2. Approval of the proposed ordinances is a policy matter for the Board of Supervisors.

<p>Item 5 File 23-0041 <i>(Continued from 3/8 meeting)</i></p>	<p>Department: Office of Economic & Workforce Development (OEWD)</p>
<p>EXECUTIVE SUMMARY</p>	
<p style="text-align: center;">Legislative Objectives</p> <ul style="list-style-type: none"> • The proposed resolution would approve the second amendment to OEWD’s grant agreement with the Mid-Market Foundation to increase the not to exceed amount from \$20,490,000 to \$33,590,570, an increase of \$13,100,570, and extend the term by six months through December 2023. <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 \$13.1 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; (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; and (c) \$10 million to continue services uninterrupted through December 2023 conditioned on the appropriation of funds in FY 2023-24 for this program. <p style="text-align: center;">Fiscal Impact</p> <ul style="list-style-type: none"> • The proposed \$13.1 million increase would be funded by \$2.6 million in OEWD budget savings from mayoral economic recovery programming at OEWD, \$0.5 million by a work-order from the Department of Public Health (DPH), and \$10 million from FY 2023-24 General Fund appropriations. <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. 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 \$4.2 million in funding for OEWD ambassador programming, including \$2.6 million to extend the coverage area of the Mid-Market/Tenderloin Community-Based Safety Program and \$1.6 million to 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.

OEWD is proposing to increase the contract amount and extend the term 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 per the mayoral enhancement; (b) maintain increased services to United Nations Plaza between January and March 2023 to offset ambassador staffing previously funded through the Tenderloin Linkage Center; and (c) add six-months of programming to prevent service disruption (July 2023 through December 2023) in the new Fiscal Year. Separately, OEWD is proposing to increase the contract amount and extend the grant term for the Downtown Ambassadors program (File 23-0043). Exhibit 1 below provides details on the two grant agreements for the programs.

Exhibit 1: Community Ambassador Programs Funded by the General Fund

Program	Grantee	Existing Term	Proposed Term	Existing	Proposed	Change	Percent Change
Mid-Market/Tenderloin Community-Based Safety Program	Mid-Market Foundation	Jul 2022 to Jun 2023 (12 mos.)	Jul 2022 to Dec 2023 (18 mos.)	\$20,490,000	\$33,590,570	\$13,100,570	64%
Downtown Ambassadors	SF Travel	Jul 2021 to Jun 2023 (24 mos.)	Jul 2021 to Dec 2023 (30 mos.)	9,927,000	16,227,000	6,300,000	63%
Total				\$30,417,000	\$49,817,570	\$19,400,570	64%

Source: Grant Agreements

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

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

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.

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 \$33.59 million and to extend the term by six-months.

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 \$33,590,570, an increase of \$13,100,570 and to extend the term by six-months through December 2023. The Budget and Appropriations Committee accepted OEWD's amendments to the proposed resolution on March 8, 2023, but due to a substantive amendment to the proposed resolution, the addition of \$10 million for funding the program from July through December 2023, the item was continued to the March 15, 2023 Budget and Appropriations Committee meeting.

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 maintain 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,

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.

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. Total ambassador hours increased from 39,430 in November 2022 to 48,046 in December 2022 due to the Mayor's expansion of ambassador programming, which was implemented on December 1st according to Mid-Market Foundation's November report on the program.

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	6-Month Change
Positive Engagements	137,107	114,277	108,163	79,370	60,107	66,633	565,657	-51%
Interrupt Negative Behavior	29,596	27,624	27,986	18,793	1,440	15,593	121,032	-47%
De-Escalation Interventions	4,813	3,437	2,677	1,608	1,208	1,388	15,131	-71%
311 Calls	134	111	133	125	76	94	673	-30%
911 Calls	27	12	15	3	3	3	63	-89%
Overdose Reversals	18	14	8	2	14	4	60	-78%
Needle Removals	7,654	8,011	8,116	6,066	3,775	4,138	37,760	-46%
Trash Bags Filled	4,345	3,763	3,884	2,730	1,899	2,408	19,029	-45%
Total Ambassador Hours	46,515	45,906	43,043	46,958	39,430	48,046	269,898	3%
Blockfaces with Ambassador Presence	70	70	70	70	82	82		
Average Daily Deployments	128	134	109	100	95	83	n/a	
Daily Hours per Ambassador Deployed	11.7	11.4	13.2	15.1	13.8	18.7	n/a	

Source: Mid-Market Foundation Deliverables 9 and 12

The proposed amendment also:

- Clarifies that the ambassadors' public safety roles are to provide a physical presence in the neighborhood, engaging with people in need of support, and providing referrals to other entities (such as the Police and Public Health Departments); and
- 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 \$13.1 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); (b) \$500,000 to maintain 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; and (c) \$10.0 million to add six-months of programming between July 2023 and December 2023 to prevent service disruption upon the start of the new fiscal year.

The programmatic budget is shown in Exhibit 3 below. The \$3.1 million increase in FY 2022-23 would be allocated to Urban Alchemy Deployment.

Exhibit 3: Grant Agreement Budget

	FY 2022-23 Proposed	FY 2023-24 Proposed (6 Months)	Total Proposed (18 Months)
Mid-Market Foundation			
Financial	\$40,000	\$25,000	
Insurance	5,000	5,000	
Office Rent	45,000	25,000	
Office Expenses	12,000	6,000	
Other	3,000	0	
Website	4,400	5,000	
Database	8,000	0	
Media Content	10,000	0	
Outreach	300,000	200,000	
Contingency	0	120,000	
Subcontract: Urban Place	540,000	270,000	
Subtotal, Mid-Market Foundation	\$967,400	\$656,000	
Subgrant: Urban Alchemy			
Urban Alchemy Ambassadors	21,100,570*	9,344,000	
Urban Alchemy Non-Personnel	420,000		
UA Turk/Hyde Field Office	180,000		
Subtotal, Urban Alchemy	\$21,700,570		
Subgrant: Tenderloin CBD	700,000		
Subgrant: Tenderloin Merchants	222,600		
Total Program Budget	\$23,590,570	\$10,000,000	\$33,590,570

Source: Mid-Market Foundation Deliverable 1, OEWD

*Includes proposed increase of \$3,100,570 for FY 2022-23

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 in FY 2022-23 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). The proposed \$10.0 million increase in FY 2023-24 would be funded by OEWD's FY 2023-24 base budget, which includes \$12.4 million for the Mid-Market Foundation agreement.

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 October 2022. The expanded coverage area that began in December added additional ambassadors while the originally planned ramp down in other areas continues – primarily achieved by reducing the concentration of posts where feasible and adding roving posts to supplement reduced fixed posts. 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

DPW employs unemployed and underemployed people into its 9916 Public Service Aide job classification, which serves as a pathway for staff to enter DPW's apprenticeship program. Public Service Aides support the Block Cleaner Program as well as other programs (such as additional cleaning in the Tenderloin and the Clean Corridors Program) depending on operational needs. 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 \$1.1 million.

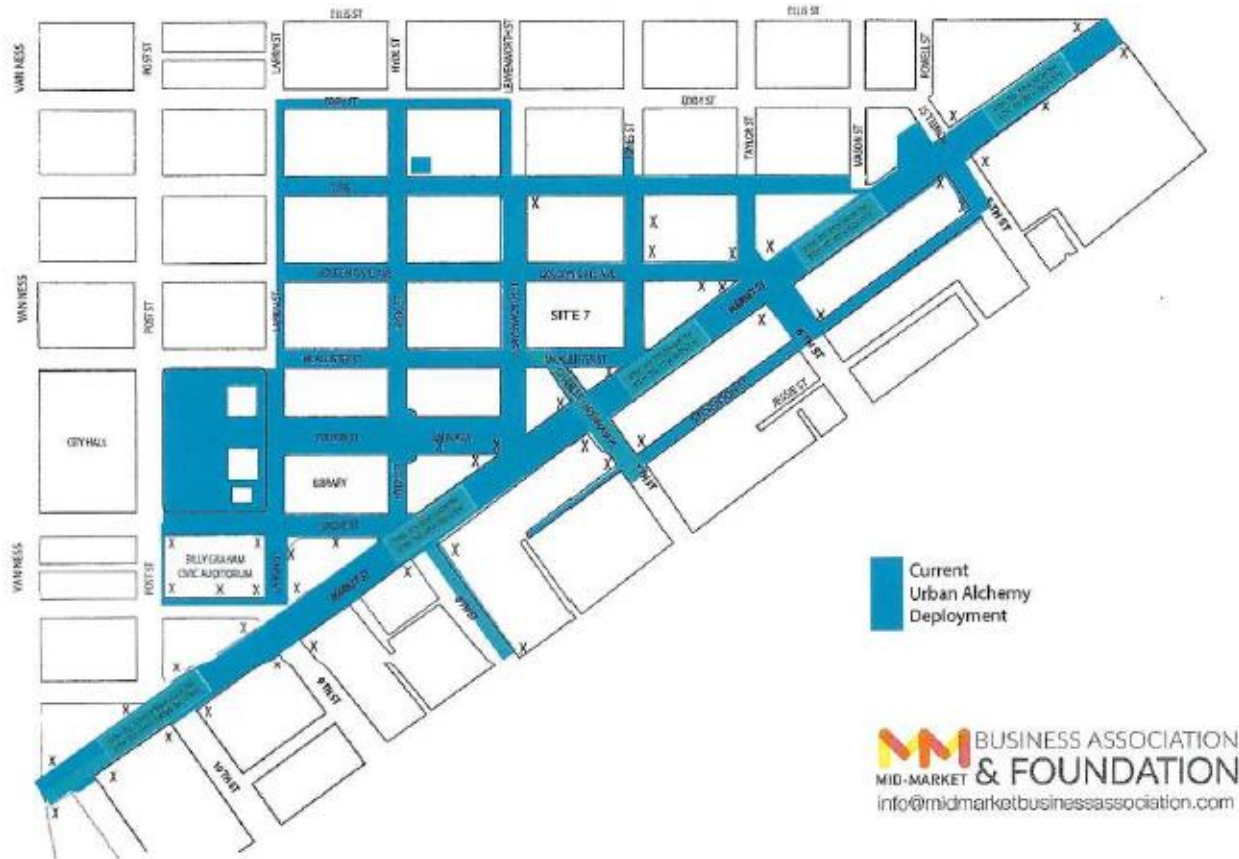
According to DPW staff, 81 Public Service Aides are currently employed to support the Block Cleaner Program and other programs. Temporary staffing may exceed budgeted levels to off-set department vacancies in permanent positions. DPW staff also report that DPW is continuously working to fill these positions from a wide variety of sources and the average time to hire is 30 – 45 days. 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

<p>Item 6 File 23-0043 <i>(Continued from 3/8 meeting)</i></p>	<p>Department: Office of Economic & Workforce Development (OEWD)</p>
<p>EXECUTIVE SUMMARY</p>	
<p style="text-align: center;">Legislative Objectives</p> <ul style="list-style-type: none"> • The proposed resolution would approve the 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 \$16,227,000, an increase of \$6,300,000, and extending the term by six months to December 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 \$6.3 million funds deliverables due to the City between April and June 2023, which were not previously funded as well as deliverables for the first six months of FY 2023-24, subject to appropriation by the Board of Supervisors. 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 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. • 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. 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 \$4.2 million in funding for OEWD ambassador programming, including \$2.6 million to extend the coverage area of the Mid-Market/Tenderloin Community-Based Safety Program and \$1.6 million to 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.

OEWD is proposing to increase the contract amount and extend the term for the Downtown Ambassadors program to expand service levels through the end of FY 2022-23 per the mayoral enhancement and add six-months of programming to prevent service disruption (July 2023 through December 2023). Separately, OEWD is proposing to increase the contract amount and extend the grant term for the Mid-Market/Tenderloin (File 23-0041). Exhibit 1 below provides details on the two grant agreements for the programs.

Exhibit 1: Community Ambassador Programs Funded by the General Fund

Program	Grantee	Existing Term	Proposed Term	Existing	Proposed	Change	Percent Change
Mid-Market/Tenderloin Community-Based Safety Program	Mid-Market Foundation	Jul 2022 to Jun 2023 (12 mos.)	Jul 2022 to Dec 2023 (18 mos.)	\$20,490,000	\$33,590,570	\$13,100,570	64%
Downtown Ambassadors	SF Travel	Jul 2021 to Jun 2023 (24 mos.)	Jul 2021 to Dec 2023 (30 mos.)	9,927,000	16,227,000	6,300,000	63%
Total				\$30,417,000	\$49,817,570	\$19,400,570	64%

Source: Grant Agreements

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

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 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, 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.

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

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 \$16,227,000 and to extend the term by six-months.

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.

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 \$16,227,000, an increase of \$6,300,000, and extend the term by six months for a total term of July 2021 to December 2023. Note, the proposed resolution incorrectly states that the grant period is July 2022 to December 2023. The Budget and Appropriations Committee accepted OEWD's amendments to the proposed resolution on March 8, 2023. However, because substantive amendments were made to the proposed resolution during the Committee meeting, the item was continued to the March 15, 2023 Budget and Appropriations Committee meeting.

Service Provided

The proposed amended agreement increases the number of ambassadors deployed from an average of 40 to 45 ambassadors deployed daily between 8am and 8pm under the existing agreement to an average of 45 to 50 ambassadors deployed daily under the amended agreement. Ambassadors will continue to be placed 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
Total Ambassador Hours	10,115*	
Average Daily Deployments	42*	

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

*Average Monthly Total Ambassador Hours and 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 \$6.3 million includes \$3.3 million in funding for deliverables due to the City between April and June 2023, which were not previously funded by the existing grant, and \$3.0 million to add six months of programming between July 2023 and December 2023 to prevent service disruption.

Exhibit 3: Grant Agreement Budget

	FY 2021-22	FY 2022-23	FY 2023-24	Total	Percent of Total
SFTIDMC					
Salary and Benefits	\$182,250	\$145,125			
Accounting, Auditing, and Payroll Processing Fee	8,500	2,250			
Insurance & Taxes	3,000	2,475			
Telecommunications	5,600	2,565			
Management Information System	22,900	6,300			
Staff Development	3,000	4,500			
Hosted Function ⁴	22,400	9,000			
Food/Meals	10,500	4,500			
Uniforms	30,755	0			
Equipment (Radio)	29,985	1,800			
Marketing Costs ⁵	75,000	13,500			
Other Support Costs	5,980	5,670			
Subtotal, SFTIDMC	399,870	197,685			4.5%
Subgrant: SF Travel					
Rent & Office/Equipment Maintenance	17,880	14,081			
SF Travel Staff Administrative Services	172,500	144,000			
Subtotal, SF Travel	190,380	158,081			2.6%
Subgrant: Destination Analysis	30,000	34,235			0.5%
Subgrant: Downtown Recovery Project ⁶	187,000	0			1.4%
Subgrant: Baker Tilly (Audit Services)		5,000			0.0%
Subgrant: Urban Place Consulting	168,000	110,000			2.1%
Subgrant: Block by Block	5,651,750	6,095,000			88.8%
Total	\$6,627,000	\$6,600,000	\$3,000,000	\$16,227,000	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 in FY 2022-23 will be funded by OEWD's FY 2022-23 budget for the grant, including carryforwards from FY 2021-22, as well as budget savings from mayoral economic recovery programming. OEWD's FY 2021-22 budget included \$6,627,000, and the FY 2022-23 budget included an additional \$5,000,000, for a

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.

total of \$11,627,000. The remaining \$1,600,000 would be funded by budget savings from mayoral economic recovery programming at OEWD, which is sufficient to fund the two-year grant of \$13,227,000. The proposed \$3.0 million increase in FY 2023-24 would be funded by OEWD's FY 2023-24 base budget, which includes \$5.0 million for the Downtown Ambassadors agreement.

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

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

one General Manager, as well as amounts for administrative support, uniforms, and equipment. 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:

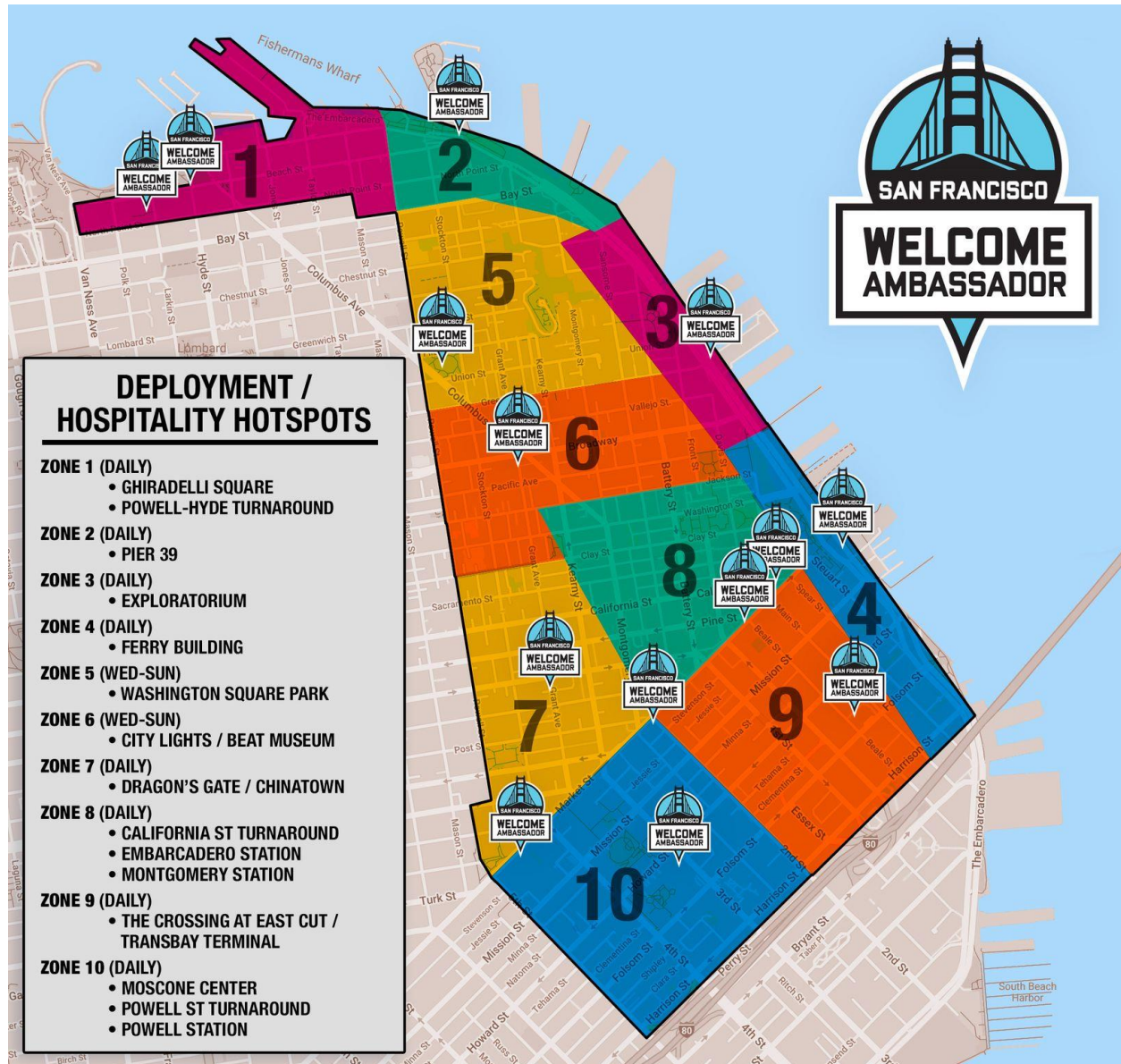
- An allocation of 1.25% of City hotel tax revenue;
- An overall City-managed Ambassador Grant Pool which would allocate funding to all City ambassador programs based on current needs;
- Donations from major corporations;
- Funding from the Moscone Center to fund ambassadors during events; and
- Funding 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 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.
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

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