CITY AND COUNTY OF SAN FRANCISCO

BOARD OF SUPERVISORS

BUDGET AND LEGISLATIVE ANALYST

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April 17, 2026

TO: Budget and Finance Committee

FROM: Budget and Legislative Analyst

SUBJECT: April 22, 2026 Budget and Finance Committee Meeting

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EXECUTIVE SUMMARY

Legislative Objectives

- The proposed resolution would approve the first lease amendment with DPH (as tenant) and Chinese Hospital Association (as landlord) for the 11,894 square foot premises on 845 Jackson Street, revising the lease expiration date from October 29, 2028 to three years following the rent commencement date, contingent on the issuance of temporary change of use permits from the State. The proposed amendment would increase the maximum reimbursement for tenant improvements from $300,000 to $800,000.

Key Points

- In October 2025, the Board of Supervisors approved a new lease with DPH (as tenant) and Chinese Hospital Association (as landlord) for the premises on 845 Jackson Street, for a three-year term with one extension option for one-year, and an annual base rent of $499,548, or $42 per square foot. The leased premises will be used as a temporary DPH Chinatown Public Health Center during renovation of its existing space.
- The State identified additional fire and life safety system requirements associated with converting the space from hospital use to clinic use, which delayed issuance of temporary use permits. DPH is proposing to change the lease expiration date to three years following permit issuance (which is also the rent commencement date) to align the lease term with the project schedule. This would extend the lease by an estimated seven months.

Fiscal Impact

- The resolution would increase the maximum amount for tenant improvements by $500,000, for a new total of up to $800,000 due to the additional fire and life safety system requirements. Rent and other lease costs, totaling an estimated $3.1 million over the potential four-year term, are unchanged. Lease costs are funded by the City's General Fund, subject to Board of Supervisors' appropriation approval in DPH's annual budget.

Policy Consideration

- Chinese Hospital has experienced sustained financial decline over the past decade, reporting negative net income since 2015. Preserving this community-serving institution may require performance improvement, strategic partnerships, or other interventions.

Recommendations

- Amend the resolution to delete the statement "with no change to the total lease amount of $3,880,292.20" for clarity and approve the proposed resolution, as amended.

MANDATE STATEMENT

Administrative Code Section 23.27 states that the Board of Supervisors shall approve all leases on behalf of the City as tenants by resolution for which the term is longer than a year and costs over $15,000 per month.

BACKGROUND

Temporary Relocation of Chinatown Public Health Center to Chinese Hospital

In November 2024, San Francisco voters approved Proposition B, the 2024 Healthy, Safe and Vibrant San Francisco General Obligation Bond. In June 2025, the Board of Supervisors approved the first issuance of those bonds and appropriated $71.1 million of bond proceeds to fund a seismic retrofit and renovation of the Chinatown Public Health Center, which is owned by the Department of Public Health (DPH) and located at 1490 Mason Street (File 25-0349). The center provides primary care/family medicine services, specialty services (e.g., podiatry, acupuncture), health education, a nurse clinic, pharmacy services, behavioral services, and dental services, among others. The renovation project will also co-locate the Chinatown Child Development Center at the Chinatown Public Health Center, which primarily serves limited or non-English speaking patients, immigrants and low-income residents from the Chinese and Asian American community. Consequently, services at the center must be relocated while the existing space undergoes construction. DPH and the Real Estate Division (RED) selected the Chinese Hospital as the temporary relocation space due to its status as a licensed healthcare facility and central location within the Chinatown area. In October 2025, the Board of Supervisors approved a new lease with DPH (as tenant) and Chinese Hospital Association (as landlord) for the 11,894 square foot premises on 845 Jackson Street, for a three-year term with one extension option for one-year, and an annual base rent of $499,548, or $42 per square foot (File 25-0984).

Change of Use Permits

DPH's leased premises include 11,581 square feet on the 4th Floor, 181 square feet on the 1st Floor Common Area, and 132 square feet on the 2nd Floor Common Area[1] for a total of 11,894 square feet at the Chinese Hospital. The fourth floor of the Chinese Hospital is currently licensed as hospital space. According to DPH, because the hospital plans to reduce its licensed bed count[2] by leasing this space, it must obtain temporary change of use approvals[3] (permits) from both the California Department of Health Care Access and Information (HCAI) and the California Department of Public Health (CDPH). Until these permits are secured, DPH is not authorized to use or occupy the space. Under the lease, the rent commences when temporary use permits from

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[1] These are the common areas or paths of travel through the building that will be used by DPH. The common areas include 1,999 square feet on the 1st Floor (lobby entrance/hallway to elevator) and 1,459 square feet on the 2nd Floor (elevator to loading dock). The City's proportionate share (9.04%) of the common areas are 181 square feet and 132 square feet respectively, which are included in the calculation of the Base Rent and operating costs.

[2] DPH states that the licensed bed count will be reduced by 19 because of the temporary relocation. The floor is currently being used for patient acute care.

[3] DPH states that the change of use permit process is a regulatory prerequisite to ensure compliance with state licensing and operational standards

the State are secured. The Chinese Hospital initially anticipated securing HCAI approval by December 2025 and CDPH approval by March 2026. However, HCAI identified expanded fire and life safety system requirements, including necessary upgrades to the fire alarm system associated with converting the space from hospital use to clinic use, which delayed the securing of the permits. Consequently, RED and DPH are proposing a lease amendment to revise the lease term to align with delayed State permit approvals and expand the scope of tenant improvements, which is now under consideration for approval by the Board of Supervisors.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would approve the first lease amendment with DPH (as tenant) and Chinese Hospital Association (as landlord) for the 11,894 square foot premises on 845 Jackson Street, revising the lease expiration date from October 29, 2028 to three years following the rent commencement date, contingent on the issuance of temporary change of use permits from the California Department of Health Care Access and Information (HCAI) and the California Department of Public Health (CDPH). The proposed amendment would increase the maximum reimbursement for tenant improvements from $300,000 to $800,000. The amendment also authorizes RED to make further amendments to the lease so long as they do not increase the City's liabilities. The lease term would commence upon Board of Supervisors' approval.

The annual base rent of $499,548, or $42 per square foot and total estimated lease costs of $3,080,292 (excluding tenant improvements) will not change. The proposed resolution states there will be no change to the total lease amount of $3,880,292.20, which includes the proposed $800,000 tenant improvement reimbursement amount under the lease amendment. We recommend that the proposed resolution be amended to delete the statement "with no change to the total lease amount of $3,880,292.20" for clarity.

The proposed lease changes are summarized in Exhibit 1 below.

Exhibit 1. Summary of Existing Lease and Proposed Lease Amendment

	Existing Lease	Proposed Amendment
Premises	11,581 square feet (4th Floor), 181 square feet (1st Floor Common Area), and 132 square feet (2nd Floor Common Area) for a total of 11,894 square feet at the Chinese Hospital located at 845 Jackson Street	No change
Base Rent (annual)	$499,548 ($42.00 per square foot) Rent commences when temporary use permits from the state are secured.	No change
Base Rent Adjustment Amount	Three percent annually	No change
Term	Three years commencing upon approval of the proposed resolution. Lease was executed on October 30, 2025 with a termination date of October 29, 2028.	Lease will expire three years from the rent commencement date, contingent upon issuance of required temporary change of use permits from the State
Options to extend	One option to extend for one year. After the expiration of the extension option, the lease will convert to month-to-month.	No change
Services and Utilities	City pays for utilities (electricity, water, sewer, and natural gas if applicable) at a fixed monthly rate of $10,780, increased by three percent annually. City pays for 13 wireless access points at fixed monthly rate of $325. City pays for janitorial services.	No change
Operating Costs	City pays percentage share of Building Common Area Maintenance Expenses at monthly rate of $8,636.36 for the initial year. Annual increases will be based on actual building expenses but not to exceed three percent. Operating costs include security services, ambassadors/patient navigators, elevator maintenance, HVAC maintenance, and building maintenance.	No change
City's Percentage Share of Operating Costs	9.04%	No change
Tenant Improvements	City will reimburse landlord up to $300,000 for tenant improvements necessary to obtain temporary change of use permits as required by the State. The scope has not been finalized but may include installation of fire alarm strobe devices, addition of self-closing door mechanisms, and updates to room signage. City will also pay for AT&T fiber and IT equipment installation.	City will reimburse landlord up to $800,000 for tenant improvements necessary to obtain temporary change of use permits as required by the State. The proposed scope is detailed in Exhibit 2 below and reflects expanded fire and life safety system requirements identified by the State. City will also pay for AT&T fiber and IT equipment installation.

Source: Proposed Lease Amendment

Note: Lease term commences upon approval of the proposed resolution.

Lease Term

DPH is proposing to change the lease expiration date to three years following the rent commencement date to align the lease term with the delayed project schedule to ensure continuity of operations at the temporary site. As previously mentioned, rent commences when temporary use permits from the State are secured. According to DPH, CDPH approval was secured in October 2025, and HCAI approval is anticipated on June 2, 2026. DPH states that rent commencement of the lease is expected on June 3, 2026, with DPH's move into the hospital anticipated to begin shortly thereafter on June 8, 2026. The estimated end date of the initial term is June 2, 2029. Based on the estimated rent commencement date, the proposed resolution would extend the term of the lease agreement by approximately seven months.

According to DPH, the anticipated completion date of the seismic retrofit and renovation of the Chinatown Public Health Center remains February 2029[4] and has not changed. RED states that the lease cannot be terminated early if the project completes sooner than anticipated, though DPH states that the work will not be completed before the end of the initial term. At the end of the initial term, DPH can exercise the one-year option if needed or continue as a month-to-month tenancy (under Section 24.12 of the proposed lease) if the project does not require a full additional year. After the expiration of the extension option, the lease will convert to month-to-month.

Site Usage

As previously mentioned, the leased premises will be used as a temporary Chinatown Public Health Center during construction of its existing space. According to DPH, all the services at the Chinatown Public Health Center will be relocated, except for dental services.[5] According to DPH, 40 staff will be relocated to the leased premises.

Updated Tenant Improvements

Under the proposed lease amendment, DPH must reimburse the Chinese Hospital up to $800,000 for tenant improvements needed to obtain temporary change of use permits as required by the State. This represents an increase of $500,000 from the previously approved $300,000 cap. As previously mentioned, the proposed increase is needed to accommodate expanded scope requirements identified by HCAI, including upgrades to the fire safety system associated with converting the space from hospital use to clinic use (e.g., additional strobe and speaker devices

[4] According to our report in the first issuance of the 2024 Vibrant GO bonds, DPH estimated that the Chinatown Public Health Center renovation would be complete by November 2027. According to DPH, the timeline has been extended to February 2029 for the following reasons: (1) The Department of Building Inspection requested a third party structural review which led to a redesign of seismic upgrades and delayed the DBI permit approval process, (2) Construction delays were caused by complicated seismic work within a tunnel, and (3) Chinese Hospital did not anticipate needing change of use approvals from HCAI, which was requested by CDPH. DPH states that the project is currently in bid award phase with Public Works. Construction Notice to Proceed issuance is planned for July 2026, and construction completion remains February 2029. Chinese Hospital is planning on restoring the space back to acute care patient rooms after DPH relocates to the renovated Chinatown Public Health Center.

[5] Dental services will be continued at other DPH clinics (Silver Avenue Family Health Center, Southeast Family Health Center, Maria X Martinez Health Resource Center and Potrero Hill Health Center) that offer dental services.

in all rooms). According to DPH, the updated tenant improvements reimbursement amount of $800,000 is based on revised cost estimates of both hard and soft construction costs needed to meet State regulatory requirements. Exhibit 2 below shows the proposed tenant improvements under the lease amendment.

Exhibit 2: Proposed Tenant Improvements Under Lease Amendment

Cost Category and Vendor	Amount
Architect – Treanor	$33,115
Fire Alarm Design Service – Johnson Controls International	30,700
Construction of Fire Alarm System General Contractor – MarCon Builders	598,910[6]
Electrical Engineer Service – F.W. Associates, Inc.	7,500
Door Hinge Replacement – Chinese Hospital	10,205
Room Signage – Priority Architectural Graphics	13,684
HCAI Permit Fee	10,000
HCAI Inspector Service Fee	17,900
Special Inspection and Materials Testing – BSK Associates	6,391
Project Contingency	71,595
Total	**$800,000**

Source: DPH

The lease also stipulates that the City will pay for AT&T fiber and IT equipment installation at the Chinese Hospital. DPH states that the department will work with AT&T directly for this installation, and DPH's IT team will install the IT equipment.[7]

FISCAL IMPACT

As shown in Exhibit 3 below, over the initial three-year term plus optional one-year extension of the proposed lease, total rent to be paid by DPH is $2,089,923 and the total cost (which includes up to $800,000 in tenant improvements, operating expenses, utilities, and wireless access points) is estimated to be $3,880,292. As previously mentioned, the rent commences when temporary use permits from the state are secured, which is anticipated in June 2026. The proposed resolution would increase the maximum amount for tenant improvements by $500,000 but the other lease costs are unchanged.

[6] This includes a 15 percent contingency of construction costs (approximately $60,000 of $400,000), $75,000 in Friday and weekend work contingencies to expedite construction (approximately 19 percent of $400,000) and $65,140 in off-hour work for noise reduction.

[7] According to DPH, AT&T will not charge for installation. The IT equipment is estimated to cost $122,094.

Exhibit 3. Total Estimated Costs Under Proposed Lease Amendment

	Annual Rent	Operating Expenses[8]	Utilities	Wireless Access Points	Total
Year 1	$499,548	$103,636	$129,360	$3,900	$736,444
Year 2	514,534	106,745	133,241	3,900	758,421
Year 3	529,970	109,948	137,238	3,900	781,056
Year 4	545,870	113,246	141,355	3,900	804,371
Subtotal, Rent & Operating Costs	**$2,089,923**	**$433,576**	**$541,194**	**$15,600**	**$3,080,292**
Tenant Improvements					$800,000
Total					**$3,880,292**

Source: Lease Agreement
Note: Operating expenses and utilities include a three percent annual escalation. The lease has an initial three-year term, plus one optional one-year extension.

As previously mentioned, the proposed amendment does not change the base rent or estimated operating costs, as well as the three percent annual rent increases.

The total cost would be paid from the City's General Fund, subject to Board of Supervisors' appropriation approval in DPH's annual budget.

POLICY CONSIDERATION

The proposed lease would provide temporary space for four years to relocate DPH Chinatown Public Health Center clinical services while the permanent building undergoes seismic renovation. During that time, DPH will pay $3.08 million in rent and other operating costs, funded by the General Fund and also spend $0.8 million in General Fund monies for improvements to the space.

The organization has struggled financially for the past ten years. According to their tax filings, the last year Chinese Hospital reported positive net income was 2015. In 2019, Chinese Hospital reported negative net income of $6 million and net assets of $169 million. In 2024, Chinese Hospital reported negative net income of $22 million and net assets of $123.3 million. If this non-profit were monitored in the Citywide Fiscal & Compliance Non-Profit Monitoring Program, these financial conditions would likely result in a Tier 2 Corrective Action designation, which requires non-profits to participate in action planning and technical assistance. According to California Department of Health Care Access and Information data, Chinese Hospital has 88 licensed beds, of which 33 were staffed, on average, in 2024. The proposed lease removes space for 19 unused beds, or 21.6 percent of Chinese Hospital's bed capacity.

[8] DPH would pay its percentage share (9.04 percent) of the costs to maintain the Building Common Areas, which would be a monthly rate of $8,636.36 for the initial year. Annual increases will be based on actual building expenses but capped at three percent. These operating costs include security services, ambassadors/patient navigators, elevator maintenance, HVAC maintenance, and building maintenance.

Chinese Hospital is a non-profit independent of the City that provides medical care to patients in Chinatown and has historically served the Chinese community since 1899. Preserving this community serving institution may require performance improvement, strategic partnerships or other interventions.

RECOMMENDATIONS

1. Amend the resolution to delete the statement "with no change to the total lease amount of $3,880,292.20" for clarity.
2. Approve the proposed resolution, as amended.

Item 9 **File 26-0353**	**Department:** Police Department

EXECUTIVE SUMMARY

Legislative Objectives

- The Chief Financial Officer of the Police Department sent a letter to the Chair of the Budget and Finance Committee on April 3, 2026 requesting a release of reserves in the amount of $537,583 from the FY 2025-26 budget to support overtime costs for the remaining pay periods.

Key Points

- In June 2025, the Budget and Appropriations Committee put $537,583 of the Police Department's FY 2025-26 General Fund overtime budget on reserve.
- The Police Department's FY 2025-26 General Fund overtime budget is approximately $100.2 million, including a $28.5 million increase approved by the Board of Supervisors in April 2026. Separately, the Police Department has received approximately $2.9 million for overtime costs related to the Superbowl and Lunar New Year from the $4.0 million General Reserve appropriation to the Department of Emergency Management approved by the Board of Supervisors in March 2026.

Fiscal Impact

- The proposed release of reserves would support the Police Department's overtime costs, including overtime costs, to meet minimum staffing requirements and to provide staffing for community events requiring additional security. The funds may also be used to offset spending above budget on temporary salaries or other line items within the overall salary account in the General Fund.
- Overall, the Police Department is projecting salary savings of approximately $0.9 million, which is 0.2 percent of the department's total General Fund salary budget of approximately $516.7 million. This projection assumes a reduction in overtime utilization.

Recommendation

- Approve the request to release the $537,583 in reserved funds for Police overtime.

MANDATE STATEMENT

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

BACKGROUND

In June 2025, the Budget and Appropriations Committee put $537,583 of the Police Department's FY 2025-26 General Fund overtime budget and $652,130 of the department's FY 2026-27 General Fund overtime budget on reserve, for a total of $1,189,713 on reserve across two years. In April 2026, the Board of Supervisors approved a $28.5 million increase in the department's overtime appropriation in FY 2025-26 from approximately $71.6 million to approximately $100.2 million (File 26-0176). In addition, the Police Department has received approximately $2.9 million for overtime costs related to the Superbowl and Lunar New Year from the $4.0 million General Reserve appropriation to the Department of Emergency Management approved by the Board of Supervisors in March 2026 (File 25-1249).

DETAILS OF PROPOSED LEGISLATION

The Chief Financial Officer of the Police Department sent a letter to the Chair of the Budget and Finance Committee on April 3, 2026 requesting a release of reserves in the amount of $537,583 from the FY 2025-26 budget to support overtime costs for the remaining pay periods.

FISCAL IMPACT

The proposed release of reserves would support the Police Department's overtime costs, including overtime costs, to meet minimum staffing requirements and to provide staffing for community events requiring additional security. The funds may also be used to offset spending above budget on temporary salaries or other line items within the overall salary account in the General Fund.

According to the Police Department's salary projections as of March 27, 2026, which assume a reduction in overtime utilization, the department is projecting savings in overtime, which are offset by projected spending above budget on temporary salaries and premium pay. Overall, the Police Department is projecting salary savings of approximately $0.9 million, which is 0.2 percent of the department's total General Fund salary budget of approximately $516.7 million. According to the Chief Financial Officer of the Police Department, Kimmie Wu, releasing the reserved funds will help ensure the department does not need another mid-year appropriation.

RECOMMENDATION

Approve the request to release the $537,583 in reserved funds for Police overtime.

Item 10 **File 26-0299**	**Department:** Police Department

EXECUTIVE SUMMARY

Legislative Objectives

- The proposed ordinance retroactively authorizes the San Francisco Police Department to (1) accept and expend a grant in the amount of $6,250,000 from the U.S. Department of Justice, Office of Community Oriented Policing Services (COPS) to fund 50 new police officer positions for approximately one year from the period of October 1, 2025 through September 30, 2030, and (2) amends the Annual Salary Ordinance for Fiscal Years 2025-26 and 2026-27 to provide for the addition of 50 grant-funded police officer positions (Q002).

Key Points

- The proposed ordinance creates 50 new grant-funded police officer positions (Q002 classification) in the Police Department.
- The proposed grant provides the City with $6.25 million for the payment of three years of salaries and fringe benefits up to $125,000 per officer during a five-year performance period. The Police Department must retain each grant funded position for at least 12 months after the three-year project period.

Fiscal Impact

- Over three years of the grant, each position would cost approximately $486,283, for a total personnel cost for all positions of over $24.3 million. Less the $6.25 million from the proposed grant award, the estimated match required by the City will be over $18 million, or 74 percent, over the three years. This exceeds the 25 percent match requirement in the grant. Matching funds would be provided by the General Fund unless the officers work at the Airport Bureau Police Department or are funded through a workorder.
- If approved, costs to the City would likely be greater than these estimates, which do not include overtime and non-personnel costs.
- Ongoing costs for these positions following the end of the grant period would transition to other City funding sources.

Policy Consideration

- The City's acceptance of the grant funds is contingent on certain conditions of the grant being restrained, including requirements that grant recipients agree to comply with all Presidential Memoranda and all Executive Orders by the President, and certify that they do not operate any programs related to diversity, equity and inclusion. The City Attorney's Office will be seeking judgment and a permanent injunction against these conditions, and a preliminary injunction will remain in effect while the Court adjudicates the summary judgment motion. If the Court does not grant a permanent injunction, the U.S. Department of Justice could terminate the grant and refuse to make future payments unless the City agrees to the challenged conditions.

Recommendation

- Approve the proposed ordinance.

MANDATE STATEMENT

City Charter Section 9.118(a) states that contracts entered into by a department, board or commission having anticipated revenue to the City and County of one million dollars or more, or the modification, amendment or termination of any contract which when entered into had anticipated revenue of one million dollars or more, shall be subject to approval of the Board of Supervisors by resolution.

Administrative Code Section 10.170-1 requires Board of Supervisors approval for acceptance and expenditure of federal, state, and other grants of $100,000 or more.

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

Through the U.S. Department of Justice Community Oriented Policing Services (COPS) Office, the Police Department applied for the FY 25 COPS Hiring Program grant on June 25, 2025, and received a grant award notice on October 10, 2025. The grant award notice included t new conditions imposed by the current federal administration, including (a) requirements that grant recipients agree to comply with all Presidential Memoranda and all Executive Orders by the President, and (b) certify that they do not operate any programs that violate any applicable Federal civil rights or nondiscrimination laws, including any programs having components related to diversity, equity and inclusion. In addition, the Notice of Funding Opportunity (NOFO) prohibits COPS Office funding from being used: (c) to support a school or other educational agency that requires a COVID-19 vaccination to attend an in-person; (d) to “promote gender ideology”; (e) to pay for projects that advance diversity, equity, or inclusion, or environmental justice; (f) or if the recipient failed to protect public monuments from vandalism or destruction.

The City Attorney’s Office filed a lawsuit challenging the new conditions in SFPD’s COPS grant award on various legal grounds. The Court granted a preliminary injunction enjoining those conditions on January 21, 2026. Following the issuance of this order, the Police Department filed a supplemental statement submitted with the grant award acceptance, confirming that the Department’s consent is subject to the preliminary injunction and contingent on these conditions being restrained.

According to the City Attorney’s Office, the federal government did not appeal the preliminary injunction. The City Attorney’s Office will file a motion for summary judgment on April 17, 2026, seeking final judgment and a permanent injunction against the challenged conditions. The City’s motion will raise similar legal arguments to those raised in the City’s preliminary injunction motion. The Court will hear the motion on August 20, 2026. The January 21 preliminary injunction will continue to remain in place while the Court adjudicates the summary judgment motion.

The grant award also includes a condition that the grantee must comply with 8 U.S.C. 1373 concerning the exchange of information regarding immigration status of individuals with other governments. According to the City Attorney's Office, the Ninth Circuit Court of Appeals has previously ruled that the City's Sanctuary Ordinance complies with this statute.

DETAILS OF PROPOSED LEGISLATION

The proposed ordinance retroactively authorizes the San Francisco Police Department to (1) accept and expend a grant in the amount of $6,250,000 from the U.S. Department of Justice, Office of Community Oriented Policing Services (COPS) to fund 50 new police officer positions for approximately one year from the period of October 1, 2025 through September 30, 2030, and (2) amends the Annual Salary Ordinance for Fiscal Years 2025-26 and 2026-27 to provide for the addition of 50 grant-funded police officer positions (Q002).

Program Description

According to the grant award, the FY25 COPS Hiring Program provides funding to law enforcement agencies to hire and/or rehire additional career law enforcement officers to increase community policing capacity and crime prevention efforts. The anticipated outcomes of the grant include engagement in planned community partnerships, implementation of projects to analyze and assess problems, implementation of changes to personnel and agency management in support of community policing, and increased capacity to engage in community policing activities.

New Grant-Funded Positions

The proposed ordinance amends the Annual Salary Ordinance for Fiscal Years 2025-26 and 2026-27 to create 50 new grant-funded police officer positions (Q002 classification) in the Police Department.

In accordance with grant requirements, the Department can allocate up to 50 percent of recruits from each police academy class to the grant. As of April 2026, 14 grant-funded positions were filled from the December 2025 academy class, and 13 grant-funded positions were filled from the February 2026 class. The Department plans to fill the remaining 23 grant-funded positions through future academy classes.

Grant Agreement

The proposed grant provides the City $6.25 million to fund 50 additional police officers (Q002) positions in the Police Department. The grant term is five years from October 1, 2025 through September 30, 2030.

The funding is for the payment of three years of salaries and fringe benefits up to $125,000 per officer during a five-year performance period. The Police Department must retain each grant funded position for at least 12 months after the three-year project period. The Police Department may not reduce its existing budget for sworn officers to make use of the grant award. Any budget cuts must be unrelated to the receipt of grant funds.

Match Requirement and Matching Funds

The FY 25 COPS Hiring Program requires grantees to provide at least 25 percent of the grant award. The local match must be from funds not previously budgeted for law enforcement purposes and must be paid during the award period.

The grant budget assumes a progressively larger share of the cost of the grant with local funds over the three-year project period, as part of the local match requirement. As a result, the local share must increase over time, while the federal share must decrease.

Following the conclusion of the project period, the ongoing costs to support these 50 officers will transition to other funding sources, depending on their assignment. Unless the officers work at the Airport Bureau Police Department or are funded through a workorder, they will be funded by the General Fund.

FISCAL IMPACT

The proposed grant budget of $6.25 million will support the hiring of 50 new policer officer positions over three years.

The estimated annual personnel cost per officer is shown in Exhibit 1 below.

Exhibit 1: Estimated Annual Costs per New Police Officer

Personnel Cost	Year 1	Year 2	Year 3	Total
Wages	$119,251	$122,706	$125,759	$367,716
Social Security	7,394	7,6078	7,797	91,269
Medicare	1,729	1,779	1,824	5,332
Health Ins	9,836	9,836	9,836	29,508
Retirement	18,365	18,897	19,367	56,629
Dental	1,433	1,433	1,433	4,299
Total Annual Cost	**$158,008**	**$162,259**	**$166,016**	**$486,283**

Source: Proposed Grant Budget

Over three years of the grant, each position would cost approximately $486,283, for a total personnel cost for all positions of over $24.3 million. Less the $6.25 million from the proposed grant award, the estimated match required by the City will be over $18 million, or 74 percent, over the three years, shown in Exhibit 2 below. Matching funds would be provided by the General Fund unless the officers work at the Airport Bureau Police Department or are funded through a workorder.

Exhibit 2: Estimated City Match Requirements During Grant Period

Total 3-Year Personnel Costs per Officer	$486,283
Total Personnel Costs for all 50 Officers	**24,314,150**
Grant Award Amount	6,250,000
Estimated City Match	**$18,064,150**

Source: Proposed Grant Budget

If approved, costs to the City would likely be greater than these estimates, which do not include non-personnel costs or overtime. Ongoing costs for these positions following the end of the grant period would transition to other City funding sources.

The estimated annual personnel cost per officer in FY 2028-29 is $172,000; the total personnel costs for these 50 officers is $8.6 million.

According to the Department, as of April 2026, there are currently 248.50 vacant full-time equivalent positions in the police officer (Q002) classification, excluding any vacancies in the Airport Bureau Police Department.

POLICY CONSIDERATION

Preliminary Injunction Against Certain Conditions

As mentioned above, the Police Department's acceptance of the grant funds is contingent on certain conditions of the grant being restrained, including requirements that grant recipients agree to comply with all Presidential Memoranda and all Executive Orders by the President, and certify that they do not operate any programs that violate any applicable Federal civil rights or nondiscrimination laws, including any programs having components related to diversity, equity and inclusion. The City Attorney's Office will be seeking judgment and a permanent injunction against the challenged conditions, and the preliminary injunction will remain in effect while the Court adjudicates the summary judgment motion. If the Court does not grant a permanent injunction, the U.S. Department of Justice could terminate the grant and refuse to make future payments unless the City agrees to the challenged conditions.

RECOMMENDATION

Approve the proposed ordinance.