

CITY AND COUNTY OF SAN FRANCISCO

BOARD OF SUPERVISORS

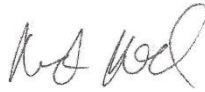
BUDGET AND LEGISLATIVE ANALYST

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September 26, 2025

TO: Budget and Finance Committee

FROM: Budget and Legislative Analyst



SUBJECT: October 1, 2025 Budget and Finance Committee Meeting

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Item 5
File 25-0873

Department:
Children, Youth, and Their Families

EXECUTIVE SUMMARY

Legislative Objectives

- The proposed resolution would retroactively approve a grant agreement between the Department of Children, Youth, and Their Families (DCYF) and San Francisco Unified School District (SFUSD) with a term from July 1, 2025, to June 30, 2026, and a total not-to-exceed amount of \$28,996,871, to fund programming for the Student Success Fund (SSF).

Key Points

- In November 2022, San Francisco voters approved Proposition G, which dedicated City funds to SFUSD for 15 years to support programs enhancing student achievement and social-emotional wellness. DCYF was designated to oversee and administer the funds.
- The proposed grant would fund three categories of grants: (1) Student Success grants, (2) District Innovation grants, and (3) grants for as-needed projects. Student Success grants provide funding for individual schools to develop a community school implementation plan and funding to implement new programs consistent with the plans. District Innovation grants provide funding for programs that span multiple schools, such as academic support for African American students, changes to the math curriculum, and afterschool STEM programs and internships at UCSF. These programs were originally funded in FY 2024-25 and the proposed grant would continue funding into FY 2025-26.
- DCYF and SFUSD developed performance measures for all grant programs in FY 2024-25, however the FY 2024-25 outcomes report will not be available until October 2025.

Fiscal Impact

- The not-to-exceed amount of this grant agreement is \$28,996,871, including \$11,050,000 for District Innovation grants, \$14,419,360 for Student Success grants, \$2,546,940 for projects as-needed grants, and \$980,571 for SFUSD's program administration.
- The remaining \$6,003,129 of the \$35 million Student Success Fund FY 2025-26 budget will be retained by DCYF. Currently, \$3,202,719 is allocated for technical assistance, \$1,225,000 for administration, and \$1,575,410 is unallocated.

Recommendation

- Approve the proposed resolution.

MANDATE STATEMENT

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

BACKGROUND

In November 2022, San Francisco voters approved Proposition G, which established the Student Success Fund (SSF) as Charter Section 16.131. This fund dedicated existing City funds to the San Francisco Unified School District (SFUSD) for 15 years to support programs enhancing student achievement and social-emotional wellness.¹ The Department of Children, Youth, and Their Families (DCYF) was designated to oversee and administer the funds.

The fund is supported through appropriations from the Educational Revenue Augmentation Fund (ERAF) revenues.² This fund consists of property tax revenues exceeding K-14 education funding obligations, which are returned to the City as “excess ERAF”. Annual appropriations from the excess ERAF established by the Charter amendment are as follows:³

- \$11 million in FY 2023-24
- \$35 million in FY 2024-25
- \$35 million in FY 2025-26
- \$45 million in FY 2026-27
- For FY 2027-28 through FY 2037-38, the appropriation is based on the prior year’s appropriation, adjusted by the annual percentage change in aggregate discretionary revenues (up to a 3 percent annual increase).

In addition, Charter Section 16.131 requires DCYF to provide the Board of Supervisors an annual report on May 1 of each year detailing the uses of Student Success Fund grants and their outcomes.

¹ A competitive solicitation process for this agreement was not required because SFUSD was selected under Administrative Code Section 21G.3(a)(1), which provides an exception for services that can only be performed by a specific governmental entity.

² Excess ERAF is budgeted at \$311.6 million in FY 2024-25, \$273 million in FY 2025-26, and \$270.2 million in FY 2026-27, per the Controller’s Office 2025-26 and 2026-27 Revenue Letter.

³ As allowed by the Charter, the City lowered SSF’s ERAF allocation from \$45 million to \$35 million for FY 2025-26 and from \$60 million to \$45 million for FY 2026-27 due to General Fund budget deficits projected in the March 2025 Update to Five Year Financial Plan.

Prior Years

In FY 2023-24, DCYF provided a \$9,008,250 grant to SFUSD. However, the annual evaluation of the outcomes did not take place as required by Charter Section 16.131(g). The grant between DCYF and SFUSD did not require Board of Supervisors approval because it was less than \$10 million and had a term of less than ten years.

For FY 2024-25, DCYF provided a grant to the District totaling \$26,519,360, which was approved by the Board of Supervisors in October 2024 (File 24-0752). As of September 9, 2025, SFUSD projects it spent approximately \$26.1 million of that grant, though SFUSD has not submitted two of the four quarterly invoices for the fiscal year and so the final spending amount is subject to change. According to DCYF, an annual evaluation report for FY 2024-25 grant outcomes is not anticipated until October 2025.

Grant Awards

Student Success grants were initially awarded in a two-stage process. DCYF and SFUSD first evaluated proposals from individual schools (the scoring summary is detailed in Appendix A to this report).

Readiness grants were scored based on alignment with SFUSD Goals and Guardrails (15 points), change desired from program (15 points), how this will improve the inclusion of community feedback (15 points), plan for and progress in hiring Community School Coordinator (15 points), plan for community inclusion in plan creation and leadership positions (15 points), challenges anticipated and risk mitigation plans (15 points), and program budget and applicability to goal (10 points), for a total possible score of 100 points.

Implementation grants were scored based on alignment with SFUSD Goals and Guardrails (5 points), description of which Goal and Guardrail the program aligns with and relation to Hopes and Needs Assessment (50 points), the process for including community feedback when establishing program's goal (15 points), motivation for the programs approach (10 points), program budget and applicability to goal (10 points), and challenges anticipated and risk mitigation plans (10 points), for a total possible score of 100 points.

Up to 15 bonus points were also available to schools that met specific risk criteria, such as low test scores, truancy, and demographic characteristics (5 points each).⁴ Schools that scored at least 65/100 points were advanced to the next stage, where DCYF and SFUSD made final award decisions based on alignment with goals to increase literacy, math, and college readiness, each program's budget, and school capacity.

⁴ Up to 15 bonus points were available if schools had any of the following (five points for each criterion): (a) ≤ 30 percent of students meeting state standards in Math/English, (b) ≥ 25 percent chronic absenteeism, and/or (c) ≥ 65 percent Unduplicated Vulnerable Student Population, index created by the State that measures the proportion of students eligible for free/reduced lunch, English learners, and who are foster youth.

SFUSD Financial Difficulties

In May 2024, SFUSD implemented a hiring freeze that impacted the ability of some schools to fill Student Success Fund funded positions during the FY 2024-25 grant term. The freeze was partially lifted in May 2025. SFUSD has budgeted a \$99.2 million deficit for FY 2025-26 and projects deficits in future years; the District is still in the process of aligning its spending with revenues.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would retroactively approve a grant agreement between the Department of Children, Youth, and Their Families (DCYF) and San Francisco Unified School District (SFUSD) with a term from July 1, 2025, to June 30, 2026, and a total not-to-exceed amount of \$28,996,871, to fund programming for the Student Success Fund (SSF).

Services

The proposed grant agreement between the DCYF and SFUSD for FY 2025-26 funds the following three major types of grants: (1) Student Success grants, (2) District Innovation grants, and (3) grants for Projects As Needed. The grant program categories are summarized in Exhibit 1 below and the individual grant programs are detailed in Appendix B (Student Success Grants) and Appendix C (District Innovation Grants).

According to the Charter, the purpose of the grants is to fund programs that provide academic support, social-emotional interventions, strategies to address persistent poverty and trauma, or support for families to achieve stability.

The proposed grant agreement states that the overall goals of the Student Success Fund include:

- **Third-grade literacy:** The percentage of ALL third-grade students reading at grade level as measured by state tests will increase from 52% proficiency rate in October 2022 to 70% proficiency by October 2027.
- **Eighth-grade math:** The percentage of ALL eighth-grade students performing math at grade level as measured by the state tests will increase from 42% proficiency rate in October 2022 to 65% proficiency by October 2027.
- **College/career readiness:** The percentage of all high school 12th graders who are “college/career ready,” as defined by the California Department of Education, will increase from 57.5% in June 2020 to 70% by June 2027.

Exhibit 1: Student Success Fund Grants Provided by DCYF to SFUSD

Grant Type	Term	Amount	Purpose
Student Success Grants	Two to Five Years (see below)	Varies (see below)	To provide funding for schools to (a) develop a community school model and (b) implement community school programming
Readiness Grants (a sub-category of Student Success Grants)	July 1, 2024 - June 30, 2026 (up to 2 years)	Annual award: \$50,000 to \$350,000	Hire a community school coordinator, complete a community school needs assessment, and develop a community school implementation plan
Implementation Grants (a sub-category of Student Success Grants)	July 1, 2024 - June 30, 2027 (3 years, with a two-year option to extend)	Annual award: \$150,000 to \$400,000	Execute the community school model
District Innovation	July 1, 2024 - June 30, 2029	Max award \$7,000,000 per year total for multiple projects	To fund programs that boost academic achievement and social-emotional learning across multiple schools
Workforce Pipeline* (a sub-category of District Innovation)	No grants executed	Program design under development	To address workforce shortages in para-professional, school social worker, school district nurse and after school staffing
Rapid Response Grants (a sub-category of District Innovation)	July 1, 2024 - June 30, 2025	Max award: \$100,000 - \$150,000	Offer short-term support for emergencies, crises, and problem-solving.
Projects, As Needed	Varies	Max 10% set-aside of annual funding	For unforeseen requirements or unexpected needs that arise during the year.

Source: DCYF

Note: DCYF reports that the workforce pipeline, a District Innovation sub-category, has not yet commenced operations as planned. This pipeline was designed to address shortages in para-professional, school social worker, school district nurse, and after-school staffing. DCYF states that it and SFUSD lacked the resources to finalize a program design for the workforce pipeline program and prioritized other areas such as establishing processes for City and SFUSD collaboration on invoicing, performance monitoring, training, and design the community school implementation grants.

Performance Measurement

The goals of the Readiness grants are to (1) hire a community school coordinator, (2) complete a needs assessment, and (3) create an implementation grant. These goals should be completed within the two-year grant period (FY 2024-25 – FY 2025-26).

Benchmark goals and outcomes for FY 2025-26 Student Success Implementation grants and for the District Innovation grants will be completed by December 2025.

DCYF provided our office with the goals for each Student Success grant for FY 2024-25. They range from increasing academic achievement (literacy and math standardized test scores), increasing a sense of belonging, participation in family-involvement initiatives, and reducing absenteeism. Performance on short-term goals for FY 2025-26 will be evaluated in June 2026, and performance on long-term goals will be evaluated in June 2029.

According to the proposed grant agreement, future annual goals and outcomes will be developed by the beginning of the fiscal year in subsequent years, and progress toward each program's goals will be evaluated by DCYF on an annual basis.

Annual Reports for FY 2023-24 and FY 2024-25 Outcomes

Charter Section 16.131(g) requires DCYF to submit an outcomes report to the Mayor and Board of Supervisors by May 1 each year. As of September 23, 2025, the outcomes report for FY 2023-24 and FY 2024-25 was not available. DCYF does not anticipate the full report will be released in October 2025.

Third-Party Evaluators

A firm is being selected to conduct a third-party evaluation of the Student Success Fund. According to DCYF, the Request for Proposals process has been completed, however, DCYF is still developing a timeline for the evaluation, which is different than the annual outcomes report noted above.

FISCAL IMPACT

The proposed agreement has a not-to-exceed amount of \$28,996,871. As shown in Exhibit 2, this includes \$11,050,000 for District Innovation grants, \$14,419,360 for Student Success grants, \$2,546,940 for Projects As Needed grants, and \$980,571 for SFUSD's program administration.

The remaining \$6,003,129 of the \$35 million Student Success Fund FY 2025-26 budget will be retained by DCYF. Currently, \$3,202,719 is allocated for technical assistance, \$1,225,000 for administration, and \$1,575,410 is unallocated.

Exhibit 2: FY 2025-26 Student Success Fund Budget

Category	Proposed Contract	Funding Retained by DCYF
District Innovation Grants	\$11,050,000	
Student Success Grants	\$14,419,360	
Projects As Needed Grants	\$2,546,940	
Technical Assistance		\$3,202,719
Administration	\$980,571	\$1,225,000
Student Success Fund Allocated	\$28,996,871	\$4,427,719
Student Success Fund, Unallocated		\$1,575,410
Total		\$35,000,000

Source: DCYF

The proposed SFUSD budget is \$2,477,511 more (approximately 9 percent higher) than the previous year's budget of \$26,519,360. While District Innovation and Student Success's allocation remains the same, the addition of the Projects As Needed category (\$2,546,940) and the decrease in Administrative costs by \$69,429 result in the difference. As of September 9, 2025, SFUSD has spent approximately \$26.1 million (approximately 98 percent) of the FY 2024-25 grant budget.

Constraints

While a significant portion of grant funding supports school-based staff and partnerships with community-based organizations,⁵ per the agreement, funds cannot be used to fund core staff.⁶ According to DCYF, all invoicing to date has been for eligible expenses; however, invoices and program reports are not always provided to DCYF on a timely basis.

The Department may allow SFUSD to transfer up to 10 percent of the estimated budget to other categories, provided the maximum amount of funds does not change.

Technical Assistance

Technical assistance, which is the responsibility of DCYF, is not under the scope of this grant with SFUSD but is funded by the Student Success Fund. DCYF will provide technical assistance to schools, supporting their implementation of the Community Schools model and preparation for long-term funding from the SSF. This includes one-on-one coaching, site-based consultations, and

⁵ Grant recipients requested 90 staffing positions. As of April 17, 2025, 79 have been approved and filled (21 are Community School Coordinators). An additional six positions have been approved and posted, while five positions reviewed by the California Department of Education were denied.

⁶ The Charter defines core staff as "minimum classroom teacher staffing levels required by the District's collective bargaining agreement with the labor organization representing teachers in the District."

professional learning communities for guidance.⁷ For FY 2025-26, DCYF budgeted \$3,202,719 for technical assistance. This is separate from the approximately \$29 million grant to SFUSD but is included in the \$35 million budget for the Student Success Fund program.

Funding Source

The proposed grant is funded through annual appropriations from the ERAF.

RECOMMENDATION

Approve the proposed resolution.

⁷ According to DCYF, in FY 2024-25, 69 school sites and their principals received technical assistance. Three providers delivered 332 hours of one-on-one coaching (273 sessions) and 207 hours of school site consultations (90 sessions); facilitated 86 workshops, 21 Peer Learning Communities, and two citywide summits.

Appendix A: Student Success Grant Award Results

School	Average Score	Priority Points	Total
Readiness Grants			
Academy SF at McAteer	53	15	68
Alvarado ES	83.5	0	83.5
Aptos MS	85	5	90
Argonne ES	94.5	0	104.5
Balboa HS	79	10	89
Carver ES	81.5	15	96.5
Chavez ES	84	15	99
Clarendon Alternative ES	79	0	79
Cleveland ES	76.5	15	91.5
Cobb ES	80.5	10	90.5
Commodore Sloat	80.5	0	80.5
County Satellite Schools	79	0	79
Denman MS	87.5	15	102.5
Dolores Huerta ES	81	10	91
Feinstein ES	70	0	70
Flynn ES	88.5	15	103.5
Francis Scott Key ES	78	0	78
Glen Park ES	83	10	93
Grattan ES	87.5	0	87.5
Hillcrest ES	79.5	15	94.5
Ida B Wells HS	82.5	15	97.5
Independence HS	80	10	90
Junipero Serra ES	64.5	15	79.5
Lick MS	70.5	15	85.5
Lincoln HS	80.5	5	85.5
Malcolm X Academy	79	15	94
Marshall ES	57.5	15	72.5
Moscone ES	82	10	92
O'Connell HS	81.5	15	96.5
Roosevelt MS	79.5	0	79.5
Rosa Parks ES	77.5	10	87.5
SF Community School	86.5	10	96.5
Starr King ES	74	0	74
Stevenson ES	85.5	0	85.5
Sunset ES	79.5	0	79.5
Ulloa ES	66.5	5	71.5
Washington HS	93	0	93

School	Average Score	Priority Points	Total
Webster ES	69.5	5	74.5
Yick Wo ES	78.5	5	83.5
Implementation Grants			
Bret Harte ES	85	15	100
Buena Vista Horace Mann K-8	79	15	94
Burton HS	81.5	15	96.5
Carmichael PK-8	80	15	95
Downtown HS	71	15	86
Dr. MLK MS	68.5	15	83.5
Drew College Prep	65.5	15	80.5
El Dorado ES	87.5	15	102.5
Everett MS	78.5	15	93.5
Guadalupe ES	62	15	77
June Jordan	39.5	15	54.5
Longfellow ES	61	15	76
Marshall HS	86	15	101
Mission HS	53.5	15	68.5
Mission Education Center	60	15	75
Revere PreK-8	59.5	15	74.5
Sanchez ES	76.5	15	91.5
SF International HS	80	15	95
Sheridan ES	71.5	15	86.5
Tenderloin CS	85.5	15	100.5
Vis Valley MIDDLE SCHOOL	87	15	102
Willie Brown Jr MS	89	15	104
Jean Parker ES	87.5	10	97.5
John Muir ES	74.5	10	84.5
Vis Valley ELEMENTARY SCHOOL	85.5	10	95.5
ER Taylor	89	5	94
Francisco MS	87.5	5	92.5
Hoover	0	5	5
Monroe ES	72	5	77
Sutro ES (Small)	66.5	5	71.5

Source: DCFY

Appendix B: Student Success Grant Recipients, Programs, and FY 2025-26 Funding

School	Grant Type	FY 2025-26 Grant	Program Goals
Aptos Middle School	Readiness Grant	\$350,000	Hiring a School Coordinator and Family Liaison.
Balboa High School	Readiness Grant	\$350,000	Hire Community Schools Coordinator; fund FRESH Specialist, Parent Liaison, and Pathway Coordinator.
Bret Harte Elementary School	Implementation Grant	\$300,000	Contracts for family language classes (ELI), reading intervention (Lexia), puberty instruction, renovated meeting space, and a soccer/poetry program (America SCORES).
Buena Vista Horace Mann K-8	Implementation Grant	\$249,980	Funding for small group reading intervention and a K-1 Wellness Para Educator position.
Burton High School	Implementation Grant	\$150,000	Student-led escape room and a student-centered nutrition/smoothie project.
Carmichael PK-8	Implementation Grant	\$250,000	Contract with a mental health agency (Dr. Hazel) and hire a Spanish-speaking Family Liaison.
Carver Elementary School	Readiness Grant	\$100,000	Hiring an Unconditional Education Coach and a Community Schools Coordinator.
Chavez Elementary School	Readiness Grant	\$350,000	Small group reading support, professional development, and coaching for new curriculum.
Cleveland Elementary School	Readiness Grant	\$100,000	Hiring a Community Schools Coordinator to bring in more resources.
Cobb Elementary School	Readiness Grant	\$200,000	Hiring a Community School Coordinator to support existing academic and SEL programs.
County Satellite Schools	Readiness Grant	\$350,000	Hiring a Community School Coordinator
Denman Middle School	Readiness Grant	\$350,000	Hiring a Community School Coordinator; subcontracting for a bilingual social worker.
Dolores Huerta Elementary	Readiness Grant	\$350,000	Building a community resource center and hiring a Community School Coordinator to manage initiatives.
Downtown High School	Implementation Grant	\$300,000	Partnering with Niroga Institute for training, funding an additional Special Education teacher, and therapeutic services via OTTP/RAMS.
Dr. Charles R. Drew Prep	Implementation Grant (CCSPP)	\$300,000	Funding a Behavior Coach, a professional development coach, a Mental Health Clinician, and a therapeutic gardening program.

School	Grant Type	FY 2025-26 Grant	Program Goals
Dr. MLK Middle School	Implementation Grant	\$250,000	Funding for Project-Based Learning professional development, coaching support, and resources.
El Dorado Elementary School	Implementation Grant (CCSPP)	\$400,000	Literacy intervention partnerships with Reading Partners, Learn Up, and Always Dream, and school-wide assemblies.
ER Taylor Elementary School	Implementation Grant	\$250,000	Creating two academic interventionist positions and hiring a part-time attendance clerk.
Everett Middle School	Implementation Grant	\$250,000	Providing basic needs support to families in need and additional pay for teachers' extended hours for professional development.
Flynn Elementary School	Readiness Grant	\$350,000	Funding a Community Schools Coordinator, a PBIS Coach, and a Math Interventionist position.
Francisco Middle School	Implementation Grant	\$249,880	Beacon Contract for student services, staff stipends, additional staff hours, new technology equipment, and supplies for activities.
Glen Park Elementary School	Readiness Grant	\$350,000	Hiring a Community School Coordinator and a Family Liaison, family workshops, a playground program, childcare for Parent Teacher Organization & School Site Council meetings, and an onboarding instructional coach.
Grattan Elementary School	Readiness Grant	\$350,000	Hiring a Community School Coordinator to oversee the annual Hopes and Needs Assessment, foster family support networks and fulfill grant requirements.
Guadalupe Elementary School	Implementation Grant (CCSPP)	\$283,000	Professional development for educators for research-based instructional strategies and specialized resources.
Hillcrest Elementary School	Readiness Grant	\$50,000	Hiring a Community School Coordinator to conduct needs assessments and organize community meetings/volunteers.
Ida B Wells High School	Readiness Grant	\$200,000	Created a student planning committee, launched quarterly newsletters, and required student interns to attend the School Site Council
Independence High School	Readiness Grant	\$200,000	Contracting with Occupational Therapy Training Program, a non-profit, for individualized job, academic, and mental health counseling for students.
James Lick Middle School	Readiness Grant (CCSPP)	\$50,000	Community engagement, resource coordination, family and student support, program development and implementation, and data collection and analysis.

School	Grant Type	FY 2025-26 Grant	Program Goals
Jean Parker Elementary School	Implementation Grant	\$300,000	Filling staff positions, purchasing food and supplies for family events, and funding extended learning day field trips.
John Muir Elementary School	Implementation Grant (CCSPP)	\$300,000	Funding for a Community Schools Coordinator and Family Liaisons to implement the Positive Behavior Intervention System and attendance support systems.
Lincoln High School	Readiness Grant	\$350,000	Sports banquets, family presentations, tutoring and homework assistance programs, and college workshops.
Longfellow Elementary School	Implementation Grant	\$250,000	Partnerships with the Occupational Therapy Training Program, in-school/after-school tutoring, Link Day positions for behavior management, family case management, family liaisons, family workshops, and hiring an attendance clerk.
Malcolm X Academy Elementary	Readiness Grant (CCSPP)	\$200,000	Contract with Seneca Family Agencies for a Behavior Support Specialist.
Mission Education Center	Implementation Grant	\$399,000	Established Parent Welcome Center, Hiring a Literacy Specialist and two Instructional Aides; partnering with Occupational Therapy Training Program and Mindful Life Project.
Mission High School	Implementation Grant	\$150,000	Funding an on-site position to support English Learner and Newcomer students.
Monroe Elementary School	Implementation Grant	\$250,000	Establishing a School Culture and Climate Committee and a School Admin LEAD Team.
Moscone Elementary School	Readiness Grant	\$350,000	Hiring a community school coordinator, providing mental health services through Instituto Familiar, and hiring a Cantonese-speaking paraeducator.
O'Connell High School	Readiness Grant	\$50,000	Ensuring community engagement, developing a community school implementation plan, and needs assessment.
Revere PreK-8	Implementation Grant	\$250,000	Funding for a Community School Coordinator and supplementing the Art Program's staffing.
Rosa Parks Elementary School	Readiness Grant	\$350,000	Funding positions for a Community School Coordinator, a .5 STEAM Coordinator, and a student advisor.
Sanchez Elementary School	Implementation Grant (CCSPP)	\$300,000	Funding for a bilingual Academic Response to Intervention Facilitator, bilingual paraeducators, and a family liaison.

School	Grant Type	FY 2025-26 Grant	Program Goals
SF Community School	Readiness Grant	\$350,000	Funding a Community Schools Coordinator and an Elementary Advisor/Community Relations Specialist for student groups.
SF International High School	Implementation Grant	\$300,000	Hiring a bilingual program clinician and contracting with Heart Core Consulting for trauma-informed training.
Sheridan Elementary School	Implementation Grant	\$300,000	Hiring a paraprofessional and a behavior coach.
Starr King Elementary School	Readiness Grant	\$350,000	Hiring a Community School Coordinator to address policy issues and facilitate staff and parent meetings
Sutro Elementary School	Implementation Grant	\$300,000	New facilitator position dedicated to helping students with literacy, a librarian, noon monitors, teacher stipends for the Springboard program, a "PlayWork" recess coach, and professional development.
Tenderloin Community School	Implementation Grant	\$295,000	Funding a Community Schools Coordinator, a wellness paraeducator, a community advisor, a Spanish Family Liaison, noon monitors, the Reading Partners program, and supplies.
Thurgood Marshall High School	Implementation Grant (CCSPP)	\$250,000	Hiring a Social-Emotional Learning Advisory Program Coordinator and a Literacy Coach.
Ulloa Elementary School	Readiness Grant	\$230,000	Expanding a peer support program and hosting monthly Friday Markets for the community.
Vis Valley Elementary School	Implementation Grant (CCSPP)	\$300,000	A Summer Literacy initiative, in-school literacy support, and hosting family engagement events.
Vis Valley Middle School	Implementation Grant	\$325,000	Literacy teacher/coach through an organization called Live Big.
Willie Brown Jr Middle School	Implementation Grant	\$287,500	Supplemental teacher salaries, sub salaries, extended hours, instructional supplies, and travel/conferences.
Webster Elementary	Readiness Grant	\$350,000	Purchasing supplies and transportation cards for newcomer students.

Source: DCYF

Note: School sites that received a California Community Schools Partnership Program (CCSPP) grant were awarded funding to cover the difference between their CCSPP grant and the maximum SSF school grant award.

Appendix C: District Innovation Grants Recipients, Programs, and FY 2025-26 Funding

Program	Schools	Description	Amount
Workforce pipeline C&I	District Wide	Funds to expand the SFUSD educator and college and career pathways to address workforce shortages in para-professional, school social worker, school district nurse and after school staffing.	\$250,000
African American Leadership Initiative	District Wide	Expanding a Saturday School Program for African American students hosted by the African American Achievement and Leadership Initiative (AAALI).	\$500,000
Whole School Lesson Study	John Muir, Malcolm X, Leonard R. Flynn, Sanchez, Daniel Webster	This program proposes to utilize Lesson Study (a pilot math curriculum and teaching method) as a centralized, district-wide professional development model to improve student achievement in mathematics, support teacher recruitment and retention, and prepare teachers for new Algebra policies and instructional materials.	\$4,673,346
Mission Bay	June Jordan, Thurgood Marshall, The Academy, Mission High School, San Francisco International	The Mission Bay Hub offers after school classes and internships at UCSF for 11th and 12th-grade SFUSD students, for preparation in college and careers in Health, Life Sciences, and other STEM fields, with future expansion to include younger students and community collaborations.	\$1,169,089
Total Allocated			\$6,592,435
Total Available			\$11,050,000
Total Unallocated			\$4,457,565

Source: DCYF

Item 6
File 25-0874

Department:
Airport

EXECUTIVE SUMMARY

Legislative Objectives

- The proposed resolution would approve the first amendment to the concession lease agreement between the Airport and MRG San Francisco Terminal 2, LLC (MRG) to add one permanent facility and two temporary facilities to the leased premises with no change to the 12-year term or the Minimum Annual Guarantee (MAG) rent of \$2.3 million.

Key Points

- In July 2021, the Board of Supervisors approved the lease agreement with MRG for three facilities in Terminals 1 and 2 totaling approximately 6,915 square feet with a term of 12 years. MRG secured a 12-year lease for 6,915 sq ft (File 21-0410) with a \$2.3 million Minimum Annual Guarantee rent or tiered percentage rent.
- The 12-year operating term of the lease has not yet commenced because the Airport has not turned over the 4,720 square foot premises to the tenant for build-out and operations due to the temporary relocation of the AMEX Centurion Lounge to this facility. MRG is temporarily occupying a newsstand (1,974 square feet) in place of the 4,720 sq ft space. This amendment partially addresses the shortage of 2,746 square feet and allows MRG to use an additional 1,172 square feet temporarily. The amendment also permanently adds a 409-square-foot news wall in Terminal 2 to the leased premises.

Fiscal Impact

- Under the proposed amendment, MRG would be required to pay the greater of the existing MAG or the percentage rent. The new premises may generate additional rent to the Airport if the percentage rent exceeds the MAG (or if the MAG is suspended). The Airport projects that the percentage rent will exceed the MAG during the temporary stores' operation.
- Due to a decline in enplanements, the MAG rent, previously reinstated on January 1, 2025, is again facing suspension. The MAG is reinstated when enplanements increase back to at least 80 percent of 2019 levels for two consecutive months.

Policy Consideration

- Due to delays in the delivery of the permanent location for one of the tenant's businesses, the Airport is providing two temporary specialty retail spaces totaling 1,172 square feet for two years under the proposed lease without increasing the MAG. The Airport is also permanently adding a 409 square feet news wall to the leased premises because it would not be profitable on its own under a separate lease

Recommendation

- Approve the proposed resolution.

MANDATE STATEMENT

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

BACKGROUND

In December 2019, the San Francisco International Airport (Airport) issued a Request for Proposals for the Terminal 2 Retail Market and Harvey Milk Terminal 1 Specialty Retail Stores Concession Lease. The Airport received two qualified proposals, and MRG San Francisco Terminal 2, LLC (MRG), a subsidiary of Marshall Retail Group, was determined to be the highest-scoring responsive and responsible proposer.

In July 2021, the Board of Supervisors approved the lease agreement with MRG (File 21-0410) for three facilities in Terminals 1 and 2 totaling approximately 6,915 square feet with a term of 12 years and a Minimum Annual Guarantee (MAG) of \$2,300,000 for the first year of the lease or a tiered percentage rent structure of 12 percent of revenues up to \$2,500,000, 14 percent up to \$5,000,000, and 16 percent over \$5,000,000.

The commencement of operations for the authorized lease spaces has been staggered and delayed. Each space is used to operate different retail businesses. Fireworks, a gift shop, opened on September 24, 2022, and MAC Cosmetics on August 2, 2024, both in Terminal 1. The 16th & Dolores General Store (4,720 sq ft) is not expected to open until 2028 due to 3.5-year lease extensions granted to other tenants during the pandemic and the temporary relocation of the AMEX Centurion Lounge into the future 16th & Dolores premises for two years due to the Terminal 3 West redevelopment project. The 16th & Dolores General Store has been temporarily relocated to a smaller retail market space (1,974 square feet) in Terminal 2 until March 2027.

MRG San Francisco Terminal 2, LLC

MRG is a specialty retail operator in airports and casinos across North America. Based on Airport data as of June 30, 2025, entities associated with MRG (including InMotion and Marshall Retail Group) hold nine retail concession leases.

In 2010, the Airport Commission established a policy limiting a single entity to holding a maximum of ten concession leases to foster operator diversity. The expiration of a lease with World Duty Free Group, Inc. creates four additional retail spaces available in Terminal 2. According to the Airport, it is in the Airport's best interest to add these locations to MRG's existing lease via an amendment to maintain a revenue stream for the Airport from spaces that would otherwise sit vacant. The Airport further states that this amendment partially remedies the 3+ year delays MRG has experienced in Terminal 2 by allowing them temporary operations while they wait for access to their permanent location.

The proposed Amendment No. 1 was approved by the Airport Commission on April 1, 2025.

Under the proposed amendment, MRG will operate 7,324 square feet (excluding the temporary premises) and a total of 23,588 square feet under all nine MRG leases at the Airport, as shown below in Exhibit 1. According to data provided by the Airport, MRG leased premises accounted for 32 percent of gross sales under retail concession leases in FY 2024-25.

Exhibit 1: Ongoing Retail Lease Agreements associated with MRG Entities as of 6/30/2025

Lease #	Square Feet Per Contract	Percent of Total MRG Leased Square Feet
20-0156*	7,324 (Proposed permanent)	31%
19-0246*	2,646	11
18-0368*	510	2%
18-0232	1,537	7%
18-0231	1,456	6%
18-0206*	2,458	10%
18-0203	2,457	10%
16-0256*	5,200	22%
Total	23,588	100%

Source: Airport

Note: Leases 20-0156, 19-0246, 18-0368, 18-0206, and 16-0256 are for newsstands or establishments offering news and retail services.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution approves Amendment No. 1 to the Terminal 2 Retail Market and Harvey Milk Terminal 1 Specialty Retail Stores Concession between the San Francisco International Airport (Airport) and MRG San Francisco Terminal 2, LLC (MRG), to:

- (1) Permanently add a 409-square-foot news wall to the Terminal 2 Premises, to be operated as an extension of the retail market, effective approximately September 1, 2025, with a Rent Commencement Date 90 days thereafter.
- (2) Temporarily add a 563-square-foot specialty retail store and a 609-square-foot specialty retail store to the Terminal 2 Premises, effective approximately October 1, 2025, with Rent Commencement Date 30 days thereafter, for approximately two years, subject to adjustment by the Airport Director to accommodate future leasing and construction of a common-use lounge.
- (3) Increase the annual Promotional Charge from \$6,915 to \$8,496 (at \$1 per square foot) commencing upon Tenant's operation of the news wall and the two temporary specialty retail stores.
- (4) Subsequently, decrease the Promotional Charge from \$8,496 to \$7,324 upon Tenant's vacation of the two temporary specialty retail stores.

The amendment does not alter the 12-year Lease term, the MAG of \$2,300,000, or the base rent structure, which includes percentage rent on all gross revenues from the added spaces.

The key terms of the proposed amendment are summarized in Exhibit 2 below.

Exhibit 2: Summary of Amended Lease Provisions

Key Term	Value/Details
Location	Harvey Milk T1; T2, Boarding Area D
Total Square Feet	8,496 Square Feet
Permanent Square Feet	7,324 Square Feet
Temporary Square Feet	1,172 Square Feet
Operating Term	12 years
Options to Extend	None
Minimum Annual Guarantee	\$2,300,000 per year
MAG by Total Square Feet	Approximately \$271
MAG by Permanent Square Feet	Approximately \$314
MAG Adjustment	Adjusted annually based on CPI once the Operating Term starts (expected 2027)
Revenue Percentage Rent*	12% of revenues up to \$2,500,000; 14% of revenues from \$2.5M to \$5M; 16% of revenues over \$5M
Interim Rent During Construction	16% of gross revenues of operating a temporary facility during construction of initial improvements
Deposit Amount	50 percent of the initial MAG
Minimum Initial Investment	\$700 per square foot on permanent premises; \$5,126,800**
Annual Promotional Fee (With temporary stores)	\$8,496
Annual Promotional Fee (Permanent locations only)	\$7,324
Pest Control Services Fee	\$75 per month

Source: Lease Agreement No. 20-0156, Amendment No. 1, Airport Memo 040125

Note: *Unchanged formula but applied to Gross Revenues from all operational facilities.

**Actual Minimum Initial Investment total could be less than said amount, provided Tenant complies with the Concessions Design Guidelines and receives Design Review Committee approval.

As mentioned earlier, MRG is temporarily occupying a newsstand (1,974 square feet) in place of the 4,720 sq ft space in Terminal 2 (16th & Dolores General Store) due to the temporary relocation of the AMEX Centurion Lounge. This amendment partially addresses the shortage of 2,746 square feet and allows MRG to use an additional 1,172 square feet temporarily. According

to Airport staff, the 12-year operating term of the lease has not yet commenced because the 4,720 square foot premises have not been turned over to the tenant for build-out and operations. See Exhibit 3 for a detailed breakdown of the amended premises.

Exhibit 3: Premises under Amended Lease No. 20-0156

Facility	Location	Square Footage
Original Lease Premises		
Fireworks	Harvey Milk T1, Boarding Area B	1,219
MAC Cosmetics	Harvey Milk T1, Boarding Area B	976
16th and Dolores General Store*	Terminal 2, Boarding Area D	4,720
Subtotal Original		6,915
Amendment No. 1 Additions		
News Wall	Terminal 2, Boarding Area D	409
Specialty Retail Store 1 (Temporary)	Terminal 2, Boarding Area D	609
Specialty Retail Store 2 (Temporary)	Terminal 2, Boarding Area D	563
Subtotal Proposed Additions		1,581
Total with Temporary Stores		8,496
Total Permanent		7,324

Source: Airport Commission Resolution No. 25-0050, Lease Agreement No. 20-0156, Draft Amendment No. 1

*MRG is temporarily occupying a 1,974 square foot retail market space in Terminal 2 in place of the 4,720 square foot retail market space

FISCAL IMPACT

Under the proposed Amendment No. 1, MRG would be required to pay the greater of the existing MAG or the percentage rent. The sales from the additional temporary premises and the news wall will be included in the overall calculation of gross revenue for determining the percentage rent for the entire lease. This may result in an increase in the total rent paid to the Airport if percentage rent exceeds the MAG. The Airport projects that the percentage rent will exceed the MAG during the operation of the temporary stores.

In FY 2024-25, MRG paid \$450,838 in rent, which was equal to the percentage rent. The MAG rent was \$365,040, which was equal to a prorated share of the full MAG amount of \$2.3 million based on the rent commencement dates of the two existing facilities. The existing Fireworks and MAC Cosmetics locations generated approximately \$3.6 million in sales, for percentage rent of \$450,838.

Once the operating term commences, the full MAG of \$2.3 million will apply. MRG's 12-year lease includes a total minimum rent of \$27.6 million, excluding CPI adjustments, which will apply after the 16th & Dolores General Store premises turnover, expected in 2027.

As detailed in Exhibit 3, the annual Promotional Charge will be adjusted to \$8,496 while MRG occupies the temporary locations and will be reduced to \$7,324 thereafter.

MAG Suspension

According to Airport staff, due to a "severe decline in enplanements" (over 20 percent drop compared to 2019 levels), the MAG rent, previously reinstated on January 1, 2025, is again facing suspension, as per Section 4.16 of the original lease. When the MAG is suspended, the tenant pays percentage rent, which may be lower than the MAG. The MAG will be reinstated when enplanements increase back to at least 80 percent of 2019 levels for two consecutive months.

POLICY CONSIDERATION

The lease amendment adds 1,581 square feet to the leased premises without a competitive process and without increasing the MAG of \$2,300,000. The new premises may generate additional rent to the Airport if the percentage rent exceeds the MAG (or if the MAG is suspended). The updated premises include a permanent location of 409 square feet, two new temporary locations totaling 1,172 square feet, and a temporary location of 1,974, totaling 3,555 square feet. This is less than the 4,720 square-foot premises that MRG is unable to use in Terminal 2 due to the relocation of American Express, as noted above.

Due to delays in the delivery of the permanent location for the 16th and Dolores Street market from the Airport to the tenant, the Airport is providing two temporary specialty retail spaces totaling 1,172 square feet for two years under the proposed lease amendment. According to Airport staff, the lease does not allocate MAG rent for the temporary specialty retail spaces because they would not be financially feasible for the tenant to operate. In addition, the Airport reports that it would not be able to otherwise lease these premises for two years.

The Airport is also permanently adding a 409 square feet news wall to the leased premises under the proposed lease. According to Airport staff, the news wall would not be profitable on its own under a separate lease and must be bundled under a lease with other premises that will generate more revenue. The proposed lease does not increase MAG rent for the news wall because it reflects less than 10 percent of the original premises (in terms of square feet). Under Section 1.2(e) of the lease, the MAG is not modified unless the change in premises is greater than ten percent.

RECOMMENDATION

Approve the proposed resolution.

Item 7
File 25-0883

Department:
Technology

EXECUTIVE SUMMARY

Legislative Objectives

- The proposed resolution would approve the Second Amendment to the public safety-grade wireless communication services contract (FirstNet) between the Department of Technology (DT) and AT&T Mobility (AT&T). This amendment extends the term by 18 months, through April 21, 2027, and increases the not-to-exceed amount by \$7,319,751, for a total not-to-exceed amount of \$29,572,719.

Key Points

- On June 23, 2020, the Department of Technology (DT) executed an agreement (through the State of California's CALNET program) with AT&T Mobility (AT&T) to use the FirstNet network, a nationwide public safety-grade network designed for first responders.
- The initial agreement was amended in 2023 to increase the not-to-exceed amount due to significant growth in FirstNet service usage by city first responders, and a second amendment is proposed due to a CALNET contract extension and increased usage.

Fiscal Impact

- The proposed contract amendment would increase the FirstNet AT&T contract not-to-exceed amount by \$7,319,751, from \$22,252,968 to \$29,572,719.
- The actual expenditure in FY 2024-25 was \$4.8 million. The contract is funded by the various departments that use FirstNet AT&T services.

Policy Consideration

- The City now has 20,021 cellular lines across four providers. Departments are not fully complying with City policy to terminate accounts that are inactive for 60 days or provide a business justification for keeping the line active to DT. We estimate that deactivating unused lines without documented business justifications could save up to \$940,000 per year.

Recommendation

- Approve the proposed resolution.

MANDATE STATEMENT

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

BACKGROUND**AT&T FirstNet Contract**

The First Responder Network Authority (FirstNet) was established under the Middle-Class Tax Relief and Job Creation Act of 2012 as an independent federal authority responsible for building a nationwide, interoperable public safety-grade network designed specifically for first responders. In March 2017, FirstNet awarded AT&T a 25-year federal contract to build and manage the network. FirstNet provides prioritized cellular service for law enforcement, firefighters, and other public safety officials, operating on a spectrum set aside exclusively for emergency services. In 2017, the State of California opted into this federal initiative and negotiated FirstNet terms through its CALNET-3 (CALNET) telecommunications program.

On June 23, 2020, the Department of Technology (DT) executed an agreement with AT&T Mobility (AT&T) to use the FirstNet network, utilizing the CALNET contract. The original agreement had a term commencing on June 23, 2020, and ending on October 21, 2025, with an amount not to exceed \$9,000,000.

On March 14, 2023, the Board of Supervisors approved the First Amendment to the agreement, raising the not-to-exceed amount to \$22,252,968 (File 23-0051). This was due to increased FirstNet Services usage by City first responders and other eligible groups (such as public works, transportation, and utilities), which grew by 29 percent in FY 2021-22 and 21 percent in FY 2022-23 according to DT staff.¹

CALNET Contract Extension and Increased Usage

DT is proposing to amend the FirstNet contract due to an extension of the underlying State contract and continuing growth in demand for FirstNet services.

The State of California Department of Technology (CDT) extended the term of the CALNET Contract, which was set to expire on October 21, 2025, by an additional 18 months to April 21, 2027. This extension occurred on July 22, 2025, and provides the CDT with more time to negotiate a successor contract (CALNET-5). The Second Amendment is necessary to ensure the City's agreement aligns with CALNET and maintains access to the FirstNet platform.

¹ According to DT staff, an AT&T committee (subject to oversight by the FirstNet Authority) determines eligibility for FirstNet.

According to DT staff, despite cost-control efforts, demand for FirstNet services continues to grow as departments shift from AT&T Commercial to FirstNet, the nationwide public-safety network. Following the passage of the First Amendment, DT partnered with the Committee on Information Technology to introduce the citywide Mobile Device Use Policy in 2023. As a result, expenditure growth slowed to 10 percent in FY 2023-24 and 11 percent in FY 2024-25 (below the previously projected 14 percent).

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would approve the Second Amendment to the public safety-grade wireless communication services contract (FirstNet) between the Department of Technology (DT) and AT&T Mobility (AT&T). This amendment extends the term by 18 months, through April 21, 2027, and increases the not-to-exceed amount by \$7,319,751, for a total not-to-exceed amount of \$29,572,719.

Other contract terms and rates remain unchanged.

Services

The scope of services encompasses prioritized cellular voice and data services, as well as wireless mobile equipment (such as cell phones, wireless cards, vehicle modems, and cellular monitoring devices) dedicated for use by first responders at set rates. According to DT staff, the benefits of the CALNET-3 (CALNET) FirstNet contract include:

- No minimum purchase commitment
- Month-to-month service flexibility and no termination fees
- "Most Favored Nation" pricing clause, ensuring the best available rates.

As of July 2025, the average monthly service cost for FirstNet was \$42.57, compared to \$36.86 for AT&T's Commercial Service. According to DT, AT&T FirstNet service is priced higher than other carriers because it provides first responders and other eligible groups with prioritized access on a dedicated network.

AT&T FirstNet Contract Term

The term extension aligns the City's contract with the State of California's CALNET contract extension, making the agreement coterminous with the CALNET contract, which expires on April 21, 2027.

Usage

As of July 1, 2025, the total number of AT&T FirstNet wireless lines utilized by the City is 7,208 (7,058 managed by DT and 150 by the San Francisco International Airport). The City utilizes a total of 20,021 cellular lines across all providers (AT&T FirstNet, AT&T Commercial, Verizon Wireless, and T-Mobile).

According to DT staff, demand for FirstNet services continues to grow and usage has shifted toward the FirstNet platform as a result of its enhanced public safety capabilities. This involves a

steady shift primarily from AT&T Commercial plans to FirstNet (as well as T-Mobile). Between June 1, 2023, and June 1, 2025, FirstNet lines increased by a net of 414, while AT&T Commercial lines declined by 1,108. Over the same time period, the number of T-Mobile lines increased by 614, while the number of Verizon lines decreased by 61, resulting in a net decrease of 141 total lines overall.

From May to July 2025, the average usage per FirstNet device was 40 voice minutes, 27 text messages, and approximately 9.2 GB of data, at an average monthly cost of \$44.22 per line.

Device Count

As shown in Exhibit 1, as of July 2025, first responders departments reflect 4,490 out of 7,058 devices (excluding the Airport), or 64 percent. Growth in the number of devices, which can have more than one line, was driven by growth in devices for first responders. The five departments with the highest device count in July 2025 were the Police Department, the Municipal Transportation Agency, Public Works, Sheriff's Office, and Recreations and Parks Department.

Exhibit 1: Departments by Device Count from July 2023 to July 2025*

Department	7/1/2023	7/1/2025	Two-Year Change	Percent Change
<u>First Responders Depts</u>				
Police	2,911	2,944	33	1%
Sheriff	553	862	309	56%
Fire	212	305	93	44%
Emergency Management	150	209	59	39%
Adult Probation	138	140	2	1%
Public Defender	56	10	-46	-82%
Public Health	31	20	-11	-35%
Subtotal, First Responders	4,051	4,490	439	11%
<u>Supporting First Responders Depts</u>				
Municipal Transportation	962	1,055	93	10%
Public Works	1,078	830	-248	-23%
Recreation and Parks	213	339	126	59%
Human Services	173	119	-54	-31%
Public Utilities	154	153	-1	-1%
Controller	11	39	28	255%
Technology	6	20	14	233%
Port	0	12	12	
City Administrator	0	1	1	
Subtotal, Supporting	2,597	2,568	-29	-1%
Total	6,648	7,058	410	6%

Source: DT

*Excludes the Airport; Devices may have more than one line

FISCAL IMPACT

The proposed contract amendment would increase the FirstNet AT&T contract not-to-exceed amount by \$7,319,751, from \$22,252,968 to a total not-to-exceed amount of \$29,572,719. The City's annual expenditure under this agreement is approximately \$4.8 million for both services and equipment. The actual expenditure in FY 2024-25 was \$4,823,044.

Historical Expenditures

Total expenditures from the start of the contract (June 2020) through FY 2024-25 totaled \$18,860,550 as of July 7, 2025. The breakdown by fiscal year, cost type, and year-over-year growth is detailed in Exhibit 2 below.

Exhibit 2: Contract Spending FY 2020-21 through FY 2024-25

Fiscal Year	Cellular Service Cost	Equipment Cost	Total Spend	Year-Over-Year Increase
FY 2020-21	\$2,468,729	\$46,095	\$2,514,824	
FY 2021-22	3,145,091	110,272	3,255,363	29.4%
FY 2022-23	3,715,309	212,584	3,927,893	20.7%
FY 2023-24	3,962,930	376,496	4,339,426	10.5%
FY 2024-25	4,526,344*	296,700	4,823,044	11.1%
Total	\$17,818,403	\$1,042,147	\$18,860,550	
Contract Extension Projection (18 Months)				
FY 2024-25 Expenditure + 15% Growth Rate				\$5,546,500
Projected 18-Month Spend				\$8,319,750
Anticipated Savings				(1,000,000)
Total Amendment				\$7,319,750
Original Agreement				\$22,252,968
Total Not-To-Exceed				\$29,572,719

Source: DT

Note: *From FY 2023-24 to FY 2024-25, the City's FirstNet service costs increased by 14% (\$563,414) due to departments increasing the number of lines and increased citywide data usage

Projected Expenditures

DT estimated the proposed \$7.3 million increase in the contract amount for the 18-month extension based on FY 2024-25 actual expenditures of \$4.8 million and a flat 15 percent growth rate for the 18-month period, less \$1.0 million in anticipated savings under the existing contract. The flat 15 percent growth rate is based on the FY 2024-25 annual growth rate (11 percent) over 18 months. This results in projected annual spend of \$5.5 million, or \$8.3 million over 18 months. After accounting for anticipated savings of \$1.0 million under the existing term, the total needed is \$7.3 million as detailed above in Exhibit 2.

Funding Source

The contracts are funded by the various departments that use AT&T services. According to the data provided, only the Airport Commission and DT pay for monthly recurring costs and recover the expenses through department billing, while all other departments pay for their respective hardware costs only.

POLICY CONSIDERATION

In July 2020, the City Administrator's Office issued a memo establishing a policy to terminate accounts that are inactive for 60 days. Over the past two years, through initiatives like the Mobile Device Use Policy and the Dormant Cell Phone application, DT has removed 1,161 inactive FirstNet lines. Across all four providers, there were 3,627 inactive lines as of July 2025, which reflects 18 percent of the City's lines and is comparable to the share of inactive lines in 2023. Of the 3,627 inactive lines as of July 2025, 2,117 (or 58 percent) do not have an approved use case and 1,510 (or 42 percent) have a documented business justification. This reflects an improvement in DT oversight in implementing City policy compared to 2023. As we recommended in 2023 report on this contract, DT is obtaining documentation to justify exemptions from the policy. However, 58 percent of inactive lines do not have an approved use case because departments are not fully complying with City policy. The inactive lines without an approved use case generate cost approximately \$82,000 in monthly service fees, or approximately \$984,000 per year. According to the Citywide Mobile Device Use Policy, department CFOs, finance directors, budget directors, or departmental leadership are responsible for deactivating underutilized mobile devices or providing written justification to DT. DT does not have the authority to compel departments to submit business justifications or activate or deactivate end-user cellular services.

RECOMMENDATION

Approve the proposed resolution.

Items 8 & 9 Files 25-0884 & 25-0885	Department: Office of Contract Administration (OCA)
EXECUTIVE SUMMARY	
Legislative Objectives - The proposed resolutions authorize the Office of Contract Administration (OCA) to enter into new contracts for the supply of diesel fuel and gasoline. The proposed contract with Golden Gate Petroleum for the supply of diesel fuel has a total not-to-exceed amount of \$195,000,000 (File 25-0884). The proposed contract with Pacific Coast Petroleum for the supply of gasoline fuel has a total not-to-exceed amount of \$93,000,000 (File 25-0885). Both contracts have an initial five-year term, from November 1, 2025, through October 31, 2030, with an option to extend for up to three additional years, for a total term of eight years. Key Points - OCA selected Golden Gate Petroleum and Pacific Coast Petroleum through a competitive process. The two contractors were the lowest responsible bidders for their fuel categories under an Invitation for Bids for fuel and fuel products. - Fuel delivery prices are based on the pricing published by the Oil Price Information Service (a fuel, chemical, and environment commodity industry research firm), adjusted by the contractors' markup or markdown, which covers all delivery costs and remains firm for the contract's duration. - The contracts include terms to hold vendors accountable for delivery timeframes, product availability, and reporting, with annual usage reports to OCA and monetary credits for the City if performance thresholds for negative performance are exceeded. Fiscal Impact - The proposed resolutions approve the contracts with a combined not-to-exceed amount of \$288,000,000 for the potential 8-year maximum contract period. This includes \$195,000,000 for the diesel contract and \$93,000,000 for the gasoline contract. - The total not to exceed amounts are based on average annual spending of \$17.6 million for diesel and \$8.3 million for gasoline over the last four years and include a 20 percent contingency to account for potential fuel market volatility. - Approximately 70 percent of gasoline purchases and 17 percent of diesel purchases would be covered by the General Fund, with enterprise funds (including MTA, PUC, and the Airport) accounting for the remainder of the spending. Recommendation - Approve the proposed resolutions.	

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 10 years or (2) requires expenditures of \$10 million or more is subject to Board of Supervisors approval.

BACKGROUND

The Office of Contract Administration (OCA) manages the procurement of fuel for City departments. The City's existing contracts for diesel fuel (Golden Gate Petroleum) and gasoline fuel (Mansfield Oil Company) are set to expire on October 31, 2025.

Invitation for Bids

On July 31, 2025, OCA issued an Invitation for Bids (IFB) for fuel and fuel products to replace the expiring contracts. Bidders were asked to quote their pricing differential relative to the pricing published by the Oil Price Information Service (OPIS), a fuel, chemical, and environment commodity industry research firm. The highest-ranking bidder for each fuel or fuel product type was determined by total cost after applying applicable discounts.

The deadline for bids was August 15, 2025. Bidders had to meet minimum qualifications during the evaluation phase.¹ Responsible bidders were then evaluated for the lowest total bid.

- Gasoline: Pacific Coast Petroleum was identified as the lowest responsive and responsible bidder out of four bids for the supply of Regular and Premium Gasoline Fuel to City sites.
- Diesel: Golden Gate Petroleum was identified as the lowest responsive and responsible bidder out of four bids for the supply of Clear Renewable Diesel Fuel and Red Dye Renewable Diesel Fuel to City sites.

The Original IFB provided for an initial term of seven years. According to OCA, at least one supplier reported difficulty in securing pricing for that length of time. In response to this feedback, OCA issued an addendum to the IFB and reduced the initial term to its standard five-year term, with a three-year option to extend the term.

OCA awarded the contracts to Golden Gate Petroleum and Pacific Coast Petroleum for diesel and gasoline fuel, respectively. The IFB also indicated the intent to award Second Place Primary and Secondary contracts, to secure alternate vendors in the event primary vendors are unable to meet the City's fuel needs. According to the OCA, they are currently finalizing agreements with those contractors.

¹ Minimum qualifications included a questionnaire (including basic company information and submission requirements), references, a bid sheet, five years of experience, all necessary permits, Material Safety Data Sheets provision, and an Emergency Response Plan.

DETAILS OF PROPOSED LEGISLATION

The proposed resolutions authorize the Office of Contract Administration (OCA) to enter into new contracts with Golden Gate Petroleum and Pacific Coast Petroleum for the supply of diesel fuel and gasoline, respectively. The proposed contract with Golden Gate Petroleum for the supply of diesel fuel has a total not-to-exceed amount of \$195,000,000 (File 25-0884). The proposed contract with Pacific Coast Petroleum for the supply of gasoline fuel has a total not-to-exceed amount of \$93,000,000 (File 25-0885). Both contracts have an initial five-year term, from November 1, 2025, through October 31, 2030, with an option to extend for up to three additional years, for a total potential duration of eight years.

Services

Under the proposed contracts, Golden Gate Petroleum will serve as the Primary Contractor for renewable diesel fuel,² and Pacific Coast Petroleum will serve as the Primary Contractor for gasoline fuel. The contracts detail specifications for the quality of the fuel purchased. Both contracts are indefinite quantity agreements, and the City is not required to purchase any specific quantity of fuel. Commodities may be requested 7 days a week, including holidays, and will be ordered on an as-needed basis. Fuel is delivered to City sites, such as operated by the City Administrator's Fleet Management Division, SFMTA sites, and SFPUC sites.

In addition to fuel deliveries, both Contractors must provide technical support and assistance to the City, including providing personnel with in-depth product knowledge during City business hours.

Pricing

The fuel delivery price for both contracts is determined by the average OPIS price on the delivery date, adjusted by an agreed-upon contractor markup or markdown (differential pricing) which itself varies based on volume. The range of the markup for gasoline purchases is \$0.05 to \$0.20 per gallon and the markup for diesel is -\$0.25 to \$1.50. This markup accounts for all delivery costs, including overhead, profits, insurance, and transport. The contractor's markup or markdown terms must remain firm for the entire duration of the contract. Appendix 1 (Diesel) and Appendix 2 (Gasoline) provide a detailed breakdown of the differential pricing.

Emergency Deliveries

These contracts outline the responsibilities of Golden Gate Petroleum and Pacific Coast Petroleum for emergency fuel deliveries to the City, particularly during declared emergencies, demand spikes, regional or industry-wide fuel shortages, or catastrophic events. The contracts include a provision that the City will be prioritized for fuel delivery during an emergency, 24/7 staffing for emergency sources during Governor-proclaimed or local states of emergency, and a

² Renewable diesel is produced by from cooking oil and other vegetable or animal fats that is blended with petroleum diesel but in a higher concentration than traditional biodiesel. The contract also provides for red dye diesel which is petroleum-based diesel that is intended for use in off-road vehicles and equipment.

tiered response system based on threat levels.³ The contractors are expected to leverage their supply chains to ensure continuous supply and can charge standard emergency fees for transportation of fuel during an emergency on top of regular contracted rates for the fuel itself.⁴

Performance Monitoring

The contracts include terms and conditions to hold the vendor accountable for product delivery timeframes, product availability, and reporting requirements. The contractors are required to provide an annual usage report to OCA. OCA will determine if the contractors are underperforming based on written feedback from City staff. In addition, the City is entitled to monetary credits if the contractors do not meet performance requirements. Appendix 3 of this report outlines the performance metrics, including monetary credits for the City, if thresholds for negative performance are exceeded. Credit amounts vary from \$10 to \$1,000, plus associated costs, depending on the type of failure, such as missed delivery, late delivery, missing delivery receipt, inaccurate billing, late invoicing, delayed response, poor-quality product, and incorrect product type.

Historical Spending

From FY 2021-22 to FY 2024-25, the City's expenditures for diesel and gasoline fuel totaled approximately \$103.6 million, procured from suppliers including Golden Gate Petroleum, Western States Oil, and Mansfield Oil Company. This averages approximately \$25.9 million annually over the four-year period.

Diesel Fuel

The City's diesel fuel suppliers accounted for approximately \$70.3 million in purchase order encumbrances from FY 2021-22 to FY 2024-25, averaging \$17.6 million per fiscal year.

The primary user of diesel fuel is the Municipal Transportation Agency, which accounts for nearly 80 percent of the City's encumbrances for diesel fuel. Total encumbrances for diesel fuel by all City departments over the four-year period are provided in Exhibit 1 below.

³ Threat levels are defined as (1) an immediate threat, such as loss of power affecting service, should be addressed within 4 hours; (2) an imminent threat within 10 hours; and (3) an impending threat within 18 hours.

⁴ Golden Gate's (Diesel) rates for emergency deliveries are \$250 per hour, and Pacific Coast's (Gasoline) rates are \$125 per hour.

Exhibit 1: Total Diesel Encumbrances by Departments between FY 2021-22 to FY 2024-25

Dept	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	4-Year Total	4-Year Average
MTA	27,419,473		15,420,458	11,698,425	54,538,356	13,634,589
ADM	2,197,281	2,050,240	2,200,202	1,927,901	8,375,624	2,093,906
FIR	628,385	1,286,065	927,405	870,000	3,711,855	927,964
PUC	405,336	464,908	524,896	449,761	1,844,901	461,225
AIR	310,018	392,531	314,554	325,000	1,342,103	335,526
Other	98,787	239,611	62,610	88,644	489,652	122,413
Total	\$31,059,280	\$4,433,355	\$19,450,125	\$15,359,731	\$70,302,491	\$17,575,623

Source: OCA

Note: There were no encumbrances for MTA in FY 2022-23 because MTA previously encumbered funds for diesel fuel over two-year periods but now encumbers funds annually similar to other departments

Gasoline Fuel

City departments have encumbered approximately \$33.3 million for the procurement of gasoline fuel from FY 2021-22 to FY 2024-25, averaging approximately \$8.3 million per year.

The primary user of gasoline fuel is the Office of the City Administrator's Fleet Management Division, which accounts for over 60 percent of the City's encumbrances for gasoline fuel.⁵ Total encumbrances for gasoline fuel for the top five City departments over the four-year period are provided in Exhibit 2 below.

Exhibit 2: Total Gasoline Encumbrances by Departments between FY 2021-22 to FY 2024-25

Dept	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	4-Year Total	4-Year Average
ADM	5,334,198	4,767,793	5,473,389	5,033,883	20,609,263	5,152,316
PUC	806,459	849,630	1,042,303	1,444,493	4,142,885	1,035,721
FIR	732,127	1,272,236	766,048	1,118,388	3,888,799	972,200
AIR	484,288	447,047	354,972	540,000	1,826,307	456,577
MTA	385,618	809,988	514,448	559,593	2,269,647	567,412
Other	96,639	136,483	127,401	230,241	590,764	147,691
Total	\$7,839,329	\$8,283,177	\$8,278,561	\$8,926,598	\$33,327,665	\$8,331,916

Source: OCA

⁵ The Fleet Management Division purchases gasoline and diesel from the citywide contracts to supply three City-owned and operated gas stations and one emergency tanker truck that resides at Central Shops and is used to fuel diesel trucks (such as fire trucks) during an emergency. Fleet Management bills each department based on their fuel consumption.

FISCAL IMPACT

The proposed resolutions approve the contracts with a combined not-to-exceed amount of \$288,000,000 for the potential 8-year maximum contract period (initial 5-year term plus 3-year option). This includes \$195,000,000 for the diesel contract and \$93,000,000 for the gasoline contract. Exhibit 3 below shows the proposed budgets for both contracts, which include a 20 percent contingency.

Exhibit 3: Proposed Budgets and Not to Exceed Amounts

Year	Pacific Coast Petroleum Gasoline	Golden Gate Petroleum Diesel
Year 1	\$8,300,000	\$17,600,000
Year 2	8,660,220	18,304,000
Year 3	9,036,074	19,036,160
Year 4	9,428,239	19,797,606
Year 5	9,837,425	20,589,511
Subtotal, Initial Term	\$45,261,957	\$95,327,277
Year 6	10,264,369	21,413,091
Year 7	10,709,843	22,269,615
Year 8	11,174,650	23,160,399
Subtotal, Extension Term	\$32,148,861	\$66,843,105
Total Budget	\$77,410,819	\$162,170,382
Contingency (20%)	15,482,164	32,434,076
Total Budget plus Contingency	\$92,892,982	\$194,604,459
Not to Exceed Amount (Rounded)	\$93,000,000	\$195,000,000

Source: OCA Memo 082925

The proposed budgets incorporate recent spending averages. OCA calculated the total not to exceed amount based on average annual spending over the last four years (\$17.6 million for diesel, \$8.3 million for gasoline), the average annual increase in spending since 2018 (4.0 percent for diesel, 4.34 percent for gasoline), and a 20 percent contingency to account for potential fuel market volatility.

Funding Sources

The proposed contracts are funded by the budgets of City departments that use gasoline and diesel fuel. Based on historical spending, we estimate approximately 70 percent of gasoline purchases and 17 percent of diesel purchases would be paid for from the General Fund and the remaining spending would be paid for from enterprise funds (such as MTA, PUC, and the Airport).

RECOMMENDATION

Approve the proposed resolutions.

Appendix 1: OPIS Differential Pricing (Diesel - Golden Gate Petroleum)

Fuel Type	Delivery Volumes (gallons)	OPIS Differential Pricing
Diesel - Clear	<= 500	0.85
Diesel - Clear	501-1,000	0.55
Diesel - Clear	1,001-3,000	0.45
Diesel - Clear	3,001-5,000	0.40
Diesel - Clear	5,001-7,000	0.35
Diesel - Clear	> 7,000	-0.25
Diesel - Red Dye	<= 100	1.50
Diesel - Red Dye	101-250	1.05
Diesel - Red Dye	251-1,000	0.75
Diesel - Red Dye	1,001-3,000	0.55
Diesel - Red Dye	> 3,000	0.50

Source: Proposed Contract

Appendix 2: OPIS Differential Pricing (Gasoline - Pacific Coast Petroleum)

Fuel Type	Delivery Volumes (gal.)	OPIS Differential Pricing
Gasoline - Unleaded 87	<= 500	0.20
Gasoline - Unleaded 87	501-1,000	0.15
Gasoline - Unleaded 87	1,001-3,000	0.09
Gasoline - Unleaded 87	3,001-5,000	0.05
Gasoline - Unleaded 87	5,001-7,000	0.05
Gasoline - Unleaded 87	> 7,000	0.04
Gasoline - Premium 91	<= 1,000	0.15
Gasoline - Premium 91	1,001-3,000	0.09
Gasoline - Premium 91	3,001-5,000	0.05
Gasoline - Premium 91	> 5,000	0.05

Source: Proposed Contract

Appendix 3: Performance Metrics, Thresholds, and Monetary Credits

Performance Type	Allowable Negative Performance Threshold (Agreement Term)	Credit to the City Upon Exceeding Threshold (Credit is due until performance failure has been cured)
Missed Delivery	5	\$50/occurrence
Late Delivery (After Missed)	8	\$50/day delivery is delayed
Late Delivery (Same Day)	8	\$25/occurrence
Missing Delivery Receipt	10	\$25/occurrence
Inaccurate Billing	10	20% of the corrected invoice value or \$100, whichever is less
Late Invoicing (more than 7 days)	10	2% of the invoice total, exclusive of taxes
Delayed Response to City requests for orders (more than 3 days)	5	\$10/each late day
Poor Quality Product	3	\$500 plus all associated costs (e.g., replacement, decontamination).
Incorrect Product Type	3	\$1,000 plus all associated costs (e.g., replacement, decontamination).

Source: Proposed Contracts