CITY AND COUNTY OF SAN FRANCISCO

BOARD OF SUPERVISORS

BUDGET AND LEGISLATIVE ANALYST

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TO:	Budget and Finance Committee
FROM:	Budget and Legislative Analyst
SUBJECT:	July 23, 2025 Budget and Finance Committee Meeting

TABLE OF CONTENTS

TABLE OF CONTENTS

Item 1 **File 25-0487** *(Continued from 7/16/25 meeting)*	**Departments:** Homelessness & Supportive Housing, Department of Public Health

EXECUTIVE SUMMARY

Legislative Objectives

- The proposed ordinance would add Chapter 124 to the Administrative Code to prohibit City officers from approving: (a) new “covered facilities” (i.e., homeless shelter, transitional housing facility, behavioral health residential care and treatment facility, or behavioral health specialized outpatient clinic) in a neighborhood where the neighborhood’s share of the City’s beds in transitional housing and homeless shelters is greater than the neighborhood’s share of the City’s unsheltered persons; and (b) new homeless shelters within 300 feet of another homeless shelter. The Board of Supervisors can waive the restrictions if it makes a finding that it is in the public interest.

Key Points

- Establishing new shelters and behavioral health facilities is typically based on the building type, size, availability, and economies of scale. In addition, DPH licensed residential facilities are required to conform to state licensing requirements related to the physical facility.
- HSH and the Planning Department would prepare a Shelter Equity Analysis every two years to determine which neighborhoods may have new covered facilities established. Based on the 2024 PIT count of unsheltered persons, new facilities would require a waiver to be located in the Financial District/ South Beach, Lone Mountain/USF, Nob Hill, Outer Richmond, Potrero Hill, South of Market, Tenderloin, and Western Addition.

Fiscal Impact

- The fiscal impact ultimately depends on individual contract awards made by departments. It could result in higher costs for the planned shelter beds or reduction in the number of beds given funding allocated in the budget.

Policy Consideration

- The Board of Supervisors could consider setting a minimum number of shelter and transitional housing beds that can be located within a neighborhood without triggering a prohibition on new facilities (such as 50 or 75).
- The Board of Supervisors could also consider: (a) simplifying the legislation to prohibit new sites in the Tenderloin and SOMA only to reduce the administrative burden and provide more certainty in the process for site identification; and (b) funding additional community ambassadors, site security, on-site mental health providers, and/or Police Department services to mitigate neighborhood impacts.

Recommendation

- Approval is a policy matter for the Board of Supervisors.

MANDATE STATEMENT

City Charter Section 2.105 states that all legislative acts shall be by ordinance, approved by a majority of the members of the Board of Supervisors.

BACKGROUND

The City does not have a geographic equity policy to guide the establishment of new shelters or behavioral health facilities in the City. According to HSH staff, establishing new shelters and transitional housing is typically based on the building type, size, availability, and economies of scale. For example, the downtown area has more hotels and single room occupancy buildings, which has led to more opportunities to site non-congregate shelters in the Tenderloin and South of Market. Areas of the city with larger lots and warehouse spaces, such as the Bayview, have had larger congregate shelters and more navigation centers established. Sixty percent of the City's shelter and transitional housing beds are located in the Tenderloin (33.8 percent) and South of Market (25.9 percent).

According to DPH staff, the establishment of new behavioral health residential care and treatment facilities and outpatient clinics is also typically based on the building type, size, and availability. In addition, licensed residential facilities are required to conform to state licensing requirements related to the physical facility, which further constrains the supply of appropriate sites. For example, this can include requirements for outdoor space, restricted number of client beds allowed, or fire safety ratings of buildings. This can make the establishment of DPH behavioral health programs more complex, as there are often non-standard requirements depending on the program model.

DETAILS OF PROPOSED LEGISLATION

The proposed ordinance would add Chapter 124 to the Administrative Code to prohibit City officers from approving: (a) new "covered facilities" (i.e., homeless shelter, transitional housing facility, behavioral health residential care and treatment facility, or behavioral health specialized outpatient clinic) in a neighborhood where the neighborhood's share of the City's beds in transitional housing and homeless shelters is greater than the neighborhood's share of the City's unsheltered persons; and (b) new homeless shelters within 300 feet of another homeless shelter. The Board of Supervisors can waive the restrictions by resolution if it makes a finding that approving the new facility is in the public interest. The ordinance would sunset on December 31, 2031.

Approval of new facilities is defined as a final commitment to fund a new facility, such as a decision to award a grant for the operation of a facility at a particular site or to purchase property to locate a facility. The prohibition on approval of new shelters within 300 feet of an existing facility does not apply to proposed covered facilities for which the City submitted an application for financing before the effective date of the ordinance.

Shelter Equity Analysis

The proposed ordinance requires HSH and the Planning Department to prepare a Shelter Equity Analysis based on the most recent Point in Time (PIT) count every two years. The analysis will include the following by neighborhood: (a) the number of unsheltered persons; (b) the share of the City's unsheltered persons; (c) the number of beds in homeless shelters and transitional housing facilities; and (d) the share of shelter and transitional housing beds. The analysis will govern which neighborhoods may have new covered facilities approved without a waiver from the proposed geographic restrictions from the Board of Supervisors.

Restrictions on Approval of New Facilities

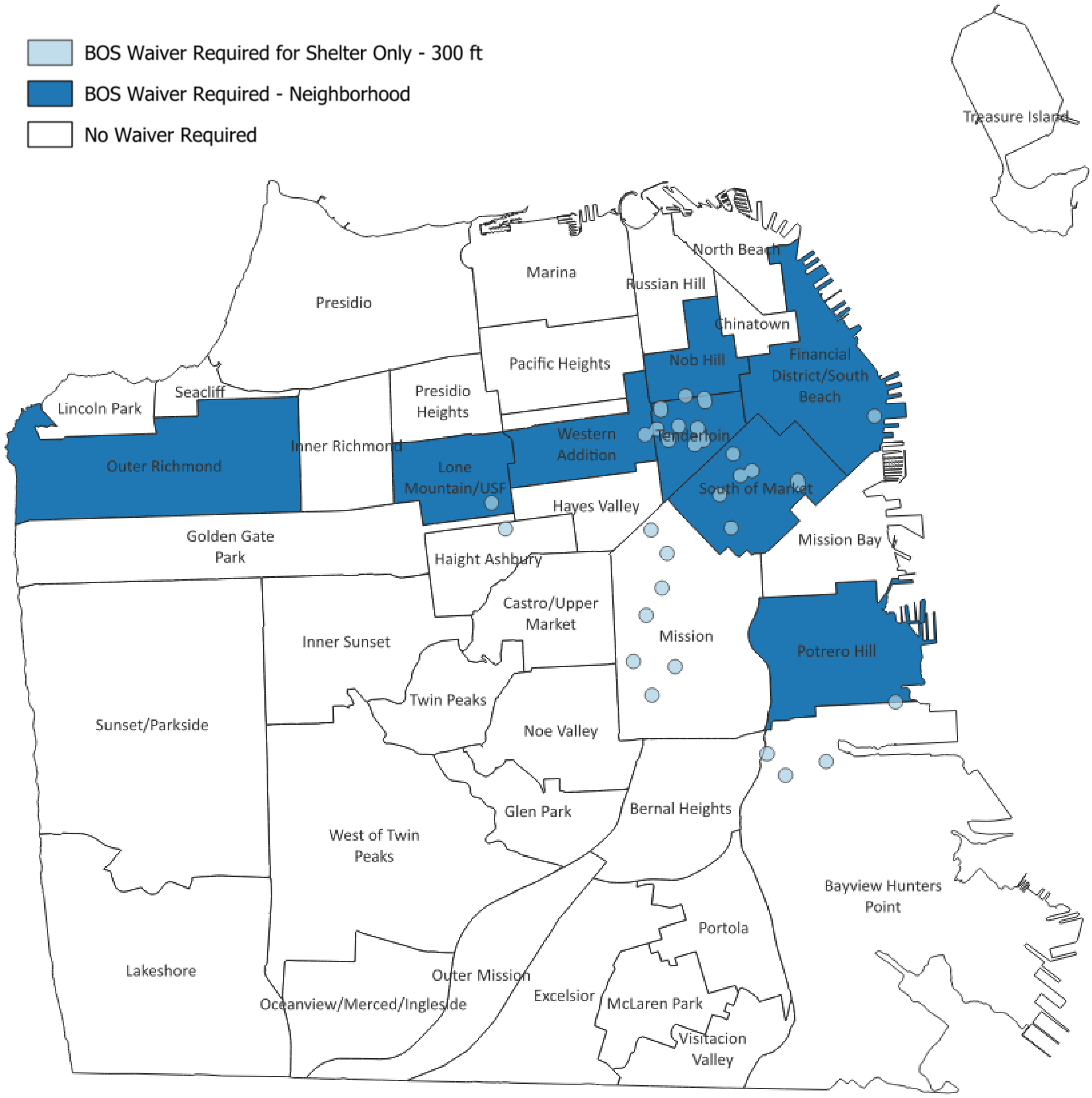
Under the proposed ordinance, the Board of Supervisors may grant a waiver of the restrictions by resolution if it makes a finding that approving the new facility at the proposed site is in the public interest. In determining if approval of a new facility is in the public interest, the Board of Supervisors would consider: (a) demand for the services that the facility would provide; (b) the cost of opening the new facility compared to the cost of opening the same type of facility at a different location; and (c) commitment by the sponsoring department to address any neighborhood concerns.

The restrictions do not apply to existing City funded sites that are increasing capacity but not their square footage for new shelters in neighborhoods that have closed a shelter within the past year.

Exhibit 1 below shows the City's existing homeless shelters with 300-foot buffer zones and the neighborhoods where new covered facilities are prohibited.[1] Waivers would be required for: (a) new covered facilities within the restricted neighborhoods; and (b) new shelters within the 300-foot buffer zones. No waivers would be required for covered facilities outside of these areas. Appendix 1 provides a list of all neighborhoods and waiver requirements.

[1] Note: the analysis excludes the location of some covered facilities determined to be "confidential" by DPH and HSH

Exhibit 1: Waiver Requirements for Covered Facilities



Source: BLA analysis based on data provided by HSH

Note: The above map only includes HSH shelter and transitional sites for the neighborhood-level analysis, per the proposed ordinance. The buffer zones only include existing homeless shelters (including navigation centers) and do not include transitional housing or DPH covered facilities.

Neighborhood Restrictions

Based on the 2024 PIT count of unsheltered persons and the location of existing HSH shelters, new covered facilities would require a waiver from the Board of Supervisors to be located in the following eight neighborhoods:

1. Financial District/ South Beach
2. Lone Mountain/USF
3. Nob Hill
4. Outer Richmond
5. Potrero Hill
6. South of Market
7. Tenderloin
8. Western Addition

New covered facilities could be located in the remaining 33 neighborhoods without a waiver. The list of neighborhoods with restrictions on new covered facilities would change following the publication of the biennial PIT count and a review of any new facilities established in the prior two years. The next PIT report is scheduled to be released in Fall 2026. Based on the 2024 PIT counts, if they establish one shelter or transitional housing site with at least 25 beds, the following 22 neighborhoods would require a waiver for any additional covered facilities:

Excelsior	Oceanview/Merced/ Ingleside
Glen Park	Outer Mission
Haight Ashbury	Pacific Heights
Inner Sunset	Portola
Japantown	Presidio
Lincoln Park	Presidio Heights
Marina	Russian Hill
McLaren Park	Seacliff
Mission Bay	Treasure Island
Noe Valley	Twin Peaks
North Beach	Visitacion Valley

DPH Planned Projects

The Mayor's proposed FY 2025-27 budget included $43.9 million in funding over two years for 415 new residential treatment beds and outpatient facilities, including funding for some sites for which the location is not yet known. Depending on the identified locations, future projects that are funded in the Mayor's proposed budget could require a waiver from the Board of Supervisors. According to DPH staff, the following behavioral health projects at known sites may require a waiver by June 2027:

1. **1660 Mission Street (Mission)**: relocating and consolidating existing outpatient DPH programs currently located at 1380 Howard Street
2. **Treasure Island Behavioral Health Building:** replacing and expanding capacity of residential treatment programs as part of the Island's redevelopment
3. **Zuckerberg San Francisco General Hospital projects (Mission)**:
    - Psychiatric Emergency Services Expansion
    - Youth Behavioral Health Facility (outpatient and residential treatment)

- Behavioral Health Center – Mental Health Rehabilitation Center Expansion (residential treatment)

HSH Projects Planned

The Mayor's proposed FY 2025-27 budget included $66.9 million in funding for sustaining existing shelter beds and creating new shelter and transitional housing beds (a portion of which are co-funded by DPH). According to HSH staff, the new beds may be located in existing or new facilities, but the sites have not yet been identified.

Reporting

The proposed ordinance requires the Director of Real Estate to track the number of covered facilities that are approved after May 6, 2025 and to report to the Board of Supervisors every six months. The report would include the following for all covered facilities that were approved by the City in the prior six month period: the address of the facility, the neighborhood in which the facility was located and the percentage of citywide beds in the neighborhood on the date of approval, the type of facility, the date of approval, and if a waiver was required by the Board of Supervisors. The report would also detail the neighborhoods in which the establishment of a facility was considered but not approved. DPH and HSH would present on progress, barriers to implementation, and solutions.

FISCAL IMPACT

The primary impact of the proposed ordinance is to establish geographic restrictions for opening new shelter and behavioral health treatment sites, rather than specifying the quantity or service composition of those beds. For this reason, we cannot precisely estimate the fiscal impact, as it ultimately depends on individual contract awards made by Departments. It could result in higher costs for the planned shelter beds or a reduction in the number of beds.

The proposed ordinance would add complexity to the process of identifying new sites for covered facilities and approving those sites, which may increase the timeline and costs for approving new sites. If suitable sites or buildings are not available outside of the prohibited areas, DPH and HSH may need to establish new facilities at less suitable sites. Portions of the Bayview, which has larger, industrial, lots, would not be prohibited from establishing shelter and treatment beds. However, because prohibited areas are primarily on the east side of the City, which has larger buildings, HSH and DPH may have to open more sites on the west side of the City, which has fewer large buildings. For this reason, HSH and DPH may need to reduce the size of the sites, leading to greater costs per unit or fewer beds given funding allocated in the FY 2025-26 – FY 2026-27 budget.

HSH estimated the average cost of a shelter bed is $65,000 in FY 2024-25. DPH bed costs range from $60,000 - $180,000, depending on the level of clinical intensity.

POLICY CONSIDERATION

The proposed ordinance addresses the geographic concentration of shelters and behavioral health facilities in certain neighborhoods to ensure equitable access to homeless and behavioral health services and to address the impact on the surrounding communities with a high concentration of facilities. As noted above, 60 percent of the City's shelter and transitional housing beds are located in two neighborhoods (Tenderloin and SOMA). The proportion of unsheltered people and homeless shelters in a given neighborhood relative to their respective citywide counts would limit any new shelters and DPH residential and outpatient sites in that neighborhood.

The Board of Supervisors could consider simplifying the legislation to reduce the administrative burden for implementing the ordinance and provide more certainty in the process for site identification. For example, the ordinance could be amended to: (a) prohibit new sites in the Tenderloin and SOMA, rather than a set of neighborhoods that may shift based on the PIT count or approval of new facilities; and (b) to remove the prohibition of establishing new shelters within 300 feet of an existing shelter which also changes based on the approval of new facilities and does not consider the size of the existing facility.

Within the existing framework, the Board of Supervisors may want to consider setting a minimum number of shelter beds and transitional housing beds that can be located within a neighborhood without triggering a prohibition on new covered facilities in the neighborhood (such as 50 or 75). The proposed amendments limit new covered facilities from being established in neighborhoods with low numbers of unsheltered persons, such as the Outer Richmond, which only has 35 transitional housing beds and no shelter beds but would be restricted from establishing any new covered facilities.

The Board of Supervisors could also consider strategies to address neighborhood concerns related to the concentration of covered facilities. According to HSH staff, all shelter contracts include "good neighbor policies" to ensure that providers are responsive to neighborhood concerns about the facility. HSH has also funded ambassador services near some sites and started neighborhood engagement groups that include other City departments, as needed, to address issues that may be beyond any one provider's control. The Board of Supervisors could fund additional community ambassadors, site security, on-site mental health providers, and/or Police Department services to mitigate the neighborhood impact of new and existing sites.

RECOMMENDATION

Approval of the proposed ordinance is a policy matter for the Board of Supervisors.

Appendix 1: Covered Facility Waiver Requirements by Neighborhood

Neighborhood	2024 PIT Count Unsheltered	Existing Beds*	Unsheltered %	Beds %	Waiver Required
Bayview Hunters Point	886	416	20.6%	11.2%	No
Bernal Heights	88	0	2.1%	0.0%	No
Castro/Upper Market	72	0	1.7%	0.0%	No
Chinatown	45	0	1.0%	0.0%	No
Excelsior	4	0	0.1%	0.0%	No
Financial District/ South Beach	177	200	4.1%	5.4%	Yes
Glen Park	9	0	0.2%	0.0%	No
Golden Gate Park	122	0	2.8%	0.0%	No
Haight Ashbury	43	21	1.0%	0.6%	No
Hayes Valley	77	13	1.8%	0.4%	No
Inner Richmond	50	0	1.2%	0.0%	No
Inner Sunset	13	0	0.3%	0.0%	No
Japantown	17	0	0.4%	0.0%	No
Lakeshore	97	0	2.3%	0.0%	No
Lincoln Park	0	0	0.0%	0.0%	No
Lone Mountain/USF	38	111	0.9%	3.0%	Yes
Marina	29	0	0.7%	0.0%	No
McLaren Park	2	0	0.0%	0.0%	No
Mission	641	475	14.9%	12.8%	No
Mission Bay	20	0	0.5%	0.0%	No
Nob Hill	31	75	0.7%	2.0%	Yes
Noe Valley	5	0	0.1%	0.0%	No
North Beach	22	0	0.5%	0.0%	No
Oceanview/Merced/ Ingleside	9	0	0.2%	0.0%	No
Outer Mission	7	0	0.2%	0.0%	No
Outer Richmond	38	35	0.9%	0.9%	Yes
Pacific Heights	20	0	0.5%	0.0%	No
Portola	14	0	0.3%	0.0%	No
Potrero Hill	63	64	1.5%	1.7%	Yes
Presidio	10	0	0.2%	0.0%	No
Presidio Heights	21	0	0.5%	0.0%	No
Russian Hill	10	0	0.2%	0.0%	No
Seacliff	1	0	0.0%	0.0%	No
South of Market	474	961	11.0%	25.9%	Yes
Sunset/Parkside	164	0	3.8%	0.0%	No
Tenderloin	836	1,254	19.4%	33.8%	Yes
Treasure Island	14	0	0.3%	0.0%	No

Neighborhood	2024 PIT Count Unsheltered	Existing Beds*	Unsheltered %	Beds %	Waiver Required
Twin Peaks	2	0	0.0%	0.0%	No
Visitacion Valley	3	0	0.1%	0.0%	No
West of Twin Peaks	41	0	1.0%	0.0%	No
Western Addition	85	89	2.0%	2.4%	Yes
Total	**4,302**	**3,714**	**100.0%**	**100.0%**	

Source: HSH
*Includes HSH shelter and transitional housing beds only

Item 2 **File 25-0191**	**Department:** Building Inspection

EXECUTIVE SUMMARY

Legislative Objectives

- The ordinance adds Section 187 to the Planning Code and Section 106A to the Building Code to waive penalties and permit fees and grant amnesty from Planning Code enforcement for property owners who have received a Notice of Violation resulting from DBI's Internal Quality Control Audit. The new code sections would remain in effect for five years following approval of the ordinance however property owners would have three years to apply for the fee waivers.

Key Points

- DBI completed an Internal Quality Control Audit of properties associated with former Building Inspector Bernard Curran and Building Inspection Commissioner Rodrigo Santos. DBI investigators found no imminent life-safety hazards but 177 properties were flagged for potential Building and Planning Code violations. Following the required in-person inspections of the 177 red flag properties, as of June 2025, 136 DBI Notice of Violations (NOVs) have been issued for these properties and 41 remain under investigation.
- Applicants to this program will be prioritized by DBI inspectors, who will verify existing conditions, including the extent of non-compliance with the Building Code. Property owners must resolve any Building Code violations. The Planning Department would provide a determination of the property's non-conformance with the Planning Code.
- The City is not paying for any work property owners must complete to comply with the Building Code; it is just waiving fees and penalties for being out of compliance with the Building and Planning Codes.

Fiscal Impact

- The proposed fee waivers would result in approximately $924,226 in foregone revenue it could have received through normal enforcement. DBI is forgoing approximately $857,579 in revenue, representing about one percent of its FY 2025-26 budget. The Planning Department is forgoing $66,647 in fee revenues, representing less than 0.5 percent of its FY 2025-26 budget. Both Departments report they can absorb these costs without impacting services.

Policy Consideration

- The proposed fee waivers assume property owners did not collude with Bernard Curran and Rodrigo Santos to undertake unpermitted building work. DBI's audit did not investigate those connections. As a result, the proposed planning code amnesty program and fee/penalty waivers may provide a financial benefit for illegal activity. In addition, audit scope used to determine eligibility for this program did not review approximately 10,000 properties that were inspected by Curran, so the full extent of the Building and Planning Code violations from his conduct is not known.

Recommendation

- Approval of the proposed ordinance is a policy matter for the Board of Supervisors.

MANDATE STATEMENT

City Charter Section 2.105 states that all legislative acts shall be by ordinance, approved by a majority of the members of the Board of Supervisors.

BACKGROUND

Department of Building Inspection's Internal Quality Control Audit

In May 2021, the San Francisco Department of Building Inspection (DBI) commenced an Internal Quality Control Audit, focusing on properties associated with two individuals: (1) former Senior Building Inspector Bernard Curran, who was convicted of taking illegal gratuities in exchange for inspection approvals, and (2) engineer, permit expediter, and former president of the Building Inspection Commission, Rodrigo Santos, who was prosecuted for forging documents, overcharging clients, and facilitating unpermitted work. The audit was finalized in June 2025.

DBI Internal Quality Control Audit Methodology

Curran and Santos provided services for 15,281 properties during their tenure at DBI. DBI narrowed its scope based on risk factors, ultimately selecting 5,445 properties for review. Properties were included if they involved: (1) inspections conducted by Curran outside his assigned jurisdiction or same-day inspections he scheduled, or (2) projects directly associated with Santos. These properties were categorized into three risk-based tiers to prioritize review.

Tier 1 included 119 properties associated with both Curran and Santos, representing the highest risk category. Tier 2 contained 158 properties associated with either Curran or Santos, but not both, and located within slope-protection areas subject to stricter building requirements. Tier 3 included the remaining 5,168 properties associated with either Santos or Curran but located outside slope-protection areas, representing lower-risk properties.

DBI's audit employed a three-phase process. Initially, DBI staff conducted a screening by reviewing permit records, inspection documentation, and digital resources such as Google Street View, Zillow, and Redfin. This step identified properties with discrepancies between permitted and actual work or potential unpermitted work requiring further investigation.

Subsequently, flagged properties underwent a secondary review to confirm issues and classify them by severity. DBI categorized properties into those having minor administrative issues, such as expired permits, and those with significant discrepancies necessitating formal enforcement.

In the final phase, properties identified with minor administrative concerns, such as expired permits, received formal written notifications advising property owners how to resolve these issues. Properties confirmed to have significant code discrepancies were referred directly to DBI's Complaint Investigation Team for on-site inspections and formal enforcement, potentially resulting in Notices of Violation (NOVs).

Audit Findings

DBI investigators concluded the Audit in January 2025 and found no imminent life-safety hazards but flagged 294 properties for follow-up due to significant physical discrepancies, missing records, or other evidence of unpermitted work. Of those, 177 properties were flagged for potential Building and Planning Code violations. Following the required in-person inspections of the 177 red flag properties, as of June 2025, 136 DBI Notice of Violations (NOVs) have been issued for these properties. The remaining 41 properties are still under investigation by the DBI Code Enforcement Division due to limited access, owner nonresponse, or other delays. These complaints will remain open until resolved.

According to the proposed ordinance, some owners purchased these properties after the illegal or unapproved work had been completed or were otherwise unaware of any deviations from the typical inspection process by Curran or Santos. The properties may require work to bring them into compliance with the Building Code, however, this would be the responsibility of the property owner and is not included in this waiver program.

DETAILS OF PROPOSED LEGISLATION

The ordinance adds Section 187 to the Planning Code and Section 106A to the Building Code to waive penalties and permit fees and grant amnesty from Planning Code enforcement for property owners who have received a Notice of Violation resulting from DBI's Internal Quality Control Audit. The new code sections would remain in effect for five years following approval of the ordinance however property owners would have three years to apply for the fee waivers.

Applicants to the amnesty program would (1) receive a waiver/refund of all penalties for having unpermitted work, (2) a waiver/refund for the cost on obtaining the proper permits, and (3) receive a property classification of non-conforming use, allowing the property to remain out of compliance with Planning Code, as long as the conditions do not violate Building Code, pose a danger to health or safety, and the degree of non-conformity is not increased.

To qualify, a property must (1) be listed in the DBI Internal Quality Control Audit records and (2) have received a Notice of Violation linked to unpermitted work identified in DBI's Audit.

Process

According to DBI, residents who are issued an NOV in response to DBI's Audit will be notified about the amnesty program and informed about the requirements and deadlines. During the five-year period, owners of audit-identified properties with outstanding NOVs can apply by submitting an amnesty application which provides evidence of the structure's existing conditions. Applicants will be prioritized by DBI inspectors, who will verify existing conditions, including the extent of non-compliance with the Building Code. Property owners must resolve any Building Code violations. The City is not paying for any work property owners must complete to comply with the Building Code; it is just waiving fees and penalties for being out of compliance with the Building and Planning Codes.

After a DBI official confirms the status of the property, the Planning Department would be able to provide a non-conforming determination, effectively locking-in the state of the building indefinitely. Under normal circumstances, the Planning Code's existing non-conforming provisions only cover structures or uses that were once legal but later became illegal because of zoning changes. However, this ordinance allows properties to be deemed non-complying with Planning Code for amnesty purposes even if they were never legal to begin with, so long as they qualify with the criteria listed above.

Once final approval is granted, DBI and Planning would waive or refund all fees and penalties directly connected to the Audit-related NOVs and use the documented housing condition as a new baseline to prevent intensification of non-compliance. Once the amnesty application period closes, owners who have not taken advantage of the program will be subject to standard City enforcement mechanisms. If an NOV on a given property remains unresolved, no further Building and Planning permits may be issued, and the City may issue a lien on the property and file a lawsuit against the property owner.

FISCAL IMPACT

By waiving and refunding fees and penalties, the City would forgo approximately $924,226 in revenue it could have received through normal enforcement. DBI is forgoing approximately $857,579 in revenue, representing about one percent of its FY 2025-26 budget. The Planning Department is forgoing $66,647 in fee revenues, representing less than 0.5 percent of its FY 2025-26 budget.

Exhibit 1 below summarizes the sample-based projection of forgone fee revenue. DBI's fee revenue loss is estimated to be assuming $50,000 of unpermitted work per property. The actual amount of forgone fee revenue is subject to change.

Exhibit 1: Total Forgone Revenue Estimate

Category	Value
DBI	$857,5789
Planning	$66,647
Estimated Total	**$924,226**

Source: DBI and Planning

Although DBI has already concluded its Audit, DBI and Planning staff time will be needed to implement a streamlined review of amnesty applicants, resolve all NOV's by either documenting properties' existing conditions (if Planning Code violation) or approving properties after required renovations due to Building Code violations, and ensure the waived fees or refunds are properly administered. According to DBI, this unfunded work will equate to less than 1 percent of the annual workload.

Funding Source

Typically, fees and penalties collected from NOVs are used to cover the cost of enforcement. By foregoing this revenue, DBI and Planning will need to absorb these costs. According to DBI, this can be done by drawing on reserve funds. The Planning Department is planning to absorb the cost by reducing expenditures in the department's Enforcement Program.

POLICY CONSIDERATION

The proposed fee waivers assume property owners did not collude with Bernard Curran and Rodrigo Santos to undertake unpermitted building work. DBI's audit did not investigate those connections. As a result, the proposed planning code amnesty program and fee/penalty waivers may provide a financial benefit for illegal activity. At the same time, the investigation necessary to determine the amount of unethical behavior would almost certainly exceed the roughly $900,000 in estimated fee waivers.

In addition, the DBI audit did not include approximately 10,000 properties that Bernard Curran and Rodrigo Santos were involved with during their careers. DBI limited the audit to about 5,445 of 15,281 properties, focusing on inspections conducted outside Curran's jurisdiction, same-day inspections he scheduled, or projects directly associated with Santos. Auditing all 15,281 properties could require an additional eight years of work beyond the nearly four years already spent from May 2021 to January 2025 auditing approximately 5,000 properties. By not comprehensively auditing all properties, the full extent of permitting or inspection problems remains unknown. Buyers purchasing any of these approximately 10,000 properties could unknowingly inherit responsibility for correcting costly code violations and are not included in the proposed amnesty program.

RECOMMENDATION

Approval of the proposed ordinance is a policy matter for the Board of Supervisors.

Item 3 **File 25-0742**	**Department:** Mayor's Office of Housing and Community Development (MOHCD)

EXECUTIVE SUMMARY

Legislative Objectives

- The proposed resolution would authorize the Mayor's Office of Housing and Community Development (MOHCD) to execute a grant agreement with 180 Jones Associates, L.P. for affordable housing operating subsidies, for a term of 25 years and an amount not to exceed $5,980,012.

Key Points

- In 2022, the Board of Supervisors approved a ground lease and $13,950,000 loan agreement with 180 Jones Street Associates, L.P., an affiliate of TNDC, to construct a 70-unit affordable housing building. The project came in under budget by $3,984,685, and those savings were returned to MOHCD.
- MOHCD placed a $2 million operating reserve on the property to reduce the affordability levels for 21 units and balance the projected operating deficit for 20 years. Operating costs for the building have exceeded projections from the 2022 grant loan agreement, particularly in the areas of insurance, salaries and benefits, and administrative costs, and the operating reserve is no longer sufficient to balance the projected operating deficit. MOHCD has agreed to use the remaining surplus from construction to increase the operating subsidy for the project. The proposed grant also extends the subsidy period to 25 years to ensure the full operating subsidy is utilized to support operating expenses over the extended period. The grant agreement includes an annual disbursement schedule, which begins at $44,805 in Year 2 (2025) and increases up to $552,421 in Year 25 (2048).

Fiscal Impact

- The proposed grant agreement has a total amount not to exceed $5,980,012 over 25 years. As these funds were previously committed to the project in the form of construction funding and operative reserves, there is no new funding requested by TNDC for the 180 Jones project.
- With the proposed operating subsidy, MOHCD expects that the project will not generate sufficient income to make residual receipts payments on the City loan, but that the TNDC will pay annual $15,000 rent on the ground lease. The grant is funded by 180 Jones Affordable Housing Funds, which are from inclusionary housing impact fees from the 950-974 Market Street development.

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

180 Jones Project

In 2019, the Mayor's Office of Housing and Community Development (MOHCD) issued a Request for Qualifications (RFQ) to select a developer to develop affordable housing and supportive housing on a City-owned parking lot at 180 Jones Street.[1] MOHCD limited City funding to $13,950,000 and specified that at least half the units would be for extremely low-income households. Tenderloin Neighborhood Development Corporation (TNDC) submitted the only proposal, which was deemed to meet the minimum qualifications in the RFQ and was awarded funding.

In May 2022, the Board of Supervisors approved a 75-year ground lease, with a 24-year option to extend, and a $13,950,000 loan agreement with 180 Jones Street Associates, L.P., an affiliate of TNDC (File 22-0431). The 180 Jones project is a 70-unit building comprised of 34 affordable housing units, 35 supportive housing units, and one manager's unit. The total project budget was approximately $53.6 million, of which $13.95 million (26 percent) was funded by the MOHCD loan. The loan is repayable by residual receipts with three percent basic interest, and the ground lease has annual base rent of $15,000.

The 180 Jones project was completed in February 2024, and the loan was converted to permanent financing in February 2025. The project came in under budget by $3,984,685, and those savings were returned to MOHCD.

Operating Deficit

At predevelopment approval in 2019, TNDC proposed half the units for extremely low-income homeless households and the other half at 40-85 percent of Area Median Income (AMI), in order to cross subsidize the homeless units. In 2020, TNDC applied to state financing with this unit mix. In 2022, at gap financing, MOHCD placed an operating reserve on the property for approximately $2 million, in order to bring down 21 of the 85 percent AMI units to 40 percent and 60 percent AMI, more in line with current market demands and to cover any deficits over the next 20 years. The change in affordability levels compared to the Declaration of Restrictions is shown in Exhibit 1 below.

[1] In 2017, Mid-Market Center LLC, the developer of 950-974 Market Street, conveyed the property at 180 Jones Street to the City to satisfy inclusionary housing requirements. Mid-Market Center LLC also contributed $13,950,000 to MOHCD to help fund future affordable housing construction on the site (File 16-1066).

Exhibit 1: Change in Affordability Levels (Based on Household Income as a Percentage of Area Median Income (AMI))

Affordability Levels	25% AMI (Supportive Housing)	40% AMI (Affordable Housing)	60% AMI (Affordable Housing)	85% AMI (Affordable Housing)
As Originally Proposed	35 Units	13 Units	-	21 Units
As Amended	35 Units	15 Units	19 Units	-
Change in Units	-	+2 Units	+ 19 Units	-21 Units

Source: MOHCD Memo to Citywide Affordable Housing Loan Committee

According to MOHCD's cash flow analysis, the project was not expected to generate sufficient income to make residual receipts payments on the City loan. The cash flow analysis showed an annual drawdown from the reserve starting at $43,238 in Year 1 and increasing up to $176,105 in Year 20 to balance the projected operating deficit.

Operating costs for the building have exceeded projections from the 2022 loan agreement, particularly in the areas of insurance, salaries and benefits, and administrative costs. While these operating cost increases have been partially offset by increases in project income, the operating reserve is no longer sufficient to balance the projected operating deficit over 20 years. MOHCD has agreed to use the remaining surplus from gap loans to increase the operating subsidy for the project. In June 2025, the Citywide Affordable Housing Loan Committee approved a grant agreement between MOHCD and 180 Jones Associates, L.P.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would authorize MOHCD to execute a grant agreement with 180 Jones Associates, L.P. for affordable housing subsidies, for a grant term of 25 years and an amount not to exceed $5,980,012. The resolution would also authorize MOHCD to make further immaterial amendments to the grant agreement.

The grant agreement increases the operating subsidy by $3,984,685 to reflect increases in operating costs. According to MOHCD, actual Year 1 operating costs were approximately $272,672, or 22 percent, greater than projected costs in 2022 when the loan agreement was approved. Year 1 operating cost increases are shown in Exhibit 2 below.

Exhibit 2: Year 1 Operating Cost Increases, 2022 to 2025

Costs	2022 Projection	2024/2025 Actual	Increase
Management	$79,730	$79,730	$0
Salaries and Benefits	347,945	410,847	62,902
Administration	77,435	118,252	40,817
Utilities	113,654	121,038	7,384
Taxes and Licenses	35,288	45,147	9,859
Insurance	76,245	223,426	147,181
Maintenance and Repair	221,229	225,757	4,528
Total	**$951,526**	**$1,224,198**	**$272,672**

Source: MOHCD Memo to Citywide Affordable Housing Loan Committee

As shown above, operating cost increases are largely in the areas of insurance, salaries and benefits, and administrative costs. Insurance costs are reflective of increases seen in California due to wildfire losses, inflation, and tariffs. According to Sara Amaral, MOHCD Director of Housing Development, MOHCD recently authorized affordable housing operators to increase their employee compensation to meet City requirements. Administrative costs increases are largely due to inflation. These cost increases are partially offset by increases in project income, which is comprised of tenant rents and Federal Continuum of Care subsidies.

The grant amount of $5,980,012 is comprised of the existing operating reserve of $1,995,327 and the construction cost savings of $3,984,685. In addition, the grant term extends the operating subsidy period from 20 years to 25 years to ensure the full operating subsidy is utilized to support operating expenses over the extended period. The grant agreement includes an annual disbursement schedule, which begins at $44,805 in Year 2 (2025) and increases up to $552,421 in Year 25 (2048). Future subsidies may be needed to provide affordable housing beyond the 25-year period, although the income levels may increase at that time. The grant agreement includes an annual disbursement schedule, which begins at $44,805 in 2025 and increases up to $552,421 in 2048.

FISCAL IMPACT

The proposed grant agreement has a total amount not to exceed $5,980,012 over 25 years. As these funds were previously committed to the project in the form of construction funding and operative reserves, there is no new funding requested by TNDC for the 180 Jones project. The estimated grant funding schedule is shown in Attachment 1 to this report.

With the proposed operating subsidy, MOHCD expects that the project will not generate sufficient income to make residual receipts payments on the City loan, but that the TNDC will pay annual $15,000 rent on the ground lease.

The grant is funded by 180 Jones Affordable Housing Funds, which are from inclusionary housing impact fees from the 950-974 Market Street development.

RECOMMENDATION

Approve the proposed resolution.

Attachment 1: Estimated Grant Funding Schedule

Grant Year	Amount
Year 1 (2024)	-
Year 2 (2025)	$44,805
Year 3 (2026)	55,770
Year 4 (2027)	67,454
Year 5 (2028)	79,890
Year 6 (2029)	93,114
Year 7 (2030)	107,162
Year 8 (2031)	122,072
Year 9 (2032)	137,883
Year 10 (2033)	154,636
Year 11 (2034)	172,373
Year 12 (2035)	191,140
Year 13 (2036)	210,983
Year 14 (2037)	231,949
Year 15 (2038)	254,089
Year 16 (2039)	277,455
Year 17 (2040)	302,100
Year 18 (2041)	328,082
Year 19 (2042)	355,459
Year 20 (2043)	384,291
Year 21 (2044)	414,644
Year 22 (2045)	446,581
Year 23 (2046)	480,171
Year 24 (2047)	515,488
Year 25 (2048)	552,421
Total	**$5,980,012**

Source: Proposed Grant Agreement

Item 9 File 25-0673	Department: Port

EXECUTIVE SUMMARY

Legislative Objectives

- The proposed resolution would retroactively approve a lease between the Port of San Francisco (Port) and Autodesk, Inc. for approximately 34,950 square feet of office and storage space at Pier 9, for a term of three years from February 2025 through January 2028, with a one-year option to extend through January 2029, and initial monthly rent of $147,018.

Key Points

- Autodesk has leased space from the Port at Pier 9 since 2012. The lease comprises three parcels, totaling approximately 33,282 square feet of office, research and development, and workshop space and 1,688 square feet of shed space. Autodesk's lease expired on January 31, 2025 and it is proposed to be renewed retroactively to February 1, 2025 due to unanticipated staff turnover and time needed to finalize negotiations with Autodesk.
- Under the proposed lease, Autodesk would pay initial monthly rent of $147,018, using monthly base rates consistent with the Port's FY 2023-24 minimum parameter rents approved by the Port Commission in July 2023.

Fiscal Impact

- Over the initial three-year term of the proposed lease, the Port would receive $5,398,704 in rent. If the one-year option to extend is exercised, the Port would receive an additional $1,888,884 in rent, for total rent of $7,287,588.

Policy Consideration

- Consistent with prior Port practice for this lease, the proposed lease with Autodesk was not competitively bid. Administrative Code Section 23.33 states that leases of City-owned property with rent of at least $2,500 per month should be awarded through a competitive solicitation unless it would be impractical or impossible. According to Port staff, a competitive solicitation in this case would be impractical due to the customization of the premises, high commercial vacancy rates in downtown San Francisco, and the desire to retain a stable tenant in good standing. As the proposed rental rates are consistent with minimum parameter rates set in the FY 2023-24 Rental Rate Schedule, the Budget and Legislative Analyst recommends approval of the proposed resolution.

Recommendation

- Approve the proposed resolution.

MANDATE STATEMENT

City Charter Section 9.118(c) states that any lease, modification, amendment, or termination of a lease that had an initial term of ten years or more, including options to extend, or that had anticipated revenues of $1 million or more is subject to Board of Supervisors approval.

BACKGROUND

Autodesk, Inc. (Autodesk) is a publicly traded, American multinational corporation that focuses on 3D design software used in a variety of industries. In 2012, the Port Commission first approved a lease with Autodesk for office space and unimproved shed space at Pier 9 for a 66-month term that commenced October 1, 2012. The original lease was not subject to Board of Supervisors approval because it was for less than ten years and $1 million in revenues. Autodesk has renewed its lease several times over this period, most recently in 2022.

Autodesk currently has three leases at Pier 9 that all expired January 31, 2025, and the Port is proposing to consolidate the leases under a new lease. The leased premises now include a total of 34,950 square feet of office and storage space as follows: (1) approximately 30,590 of contiguous office, research and development, and workshop space (Parcels A, B, and C), (2) approximately 2,692 square feet of separate two-story office space (Parcels D and E), and (3) approximately 1,688 square feet of shed space for storage (North and South Storage Areas). In addition, under one of the existing leases, Autodesk has a license for use of approximately 6,622 square feet of roof space for solar panels above Autodesk premises at Pier 9, and Autodesk reimburses the Port for maintenance expenses associated with a public art display on approximately 6,594 square feet on the marginal wharf located between Piers 9 and 15.

Procurement

According to the Port, only retail and restaurant opportunities require competitive bidding pursuant to Port policy.[1] Accordingly, the Autodesk office and research and development lease was not subject to a competitive solicitation when it was first procured in 2012. According to Port staff at the time, the Port "usually enters non-retail leases without competitive bidding, based on the Port Commission's approved parameter rental rate policy and a finding, upon public hearing of the Port Commission, that bidding office, warehouse, open land or other (non-retail) leases is impractical."

The parameter rental rate policy refers to the Port's rental rates, which are generally updated annually to ensure rents are consistent with market conditions—based on an analysis of comparable market data—which is then approved by the Port Commission.

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[1] The policy is described in Exhibit B of the July 7, 2023 memorandum to the Port Commission regarding the Proposed Fiscal Year 2023-24 Monthly Rental Rate Schedule, Monthly Parking Stall Rates, and Special Event Rates (Parameter Rates), "Synopsis of Port Leasing Policies/Delegated Authorities per Port Commission Resolution 23-36."

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would retroactively approve a lease agreement between the Port as landlord and Autodesk as tenant for a three-year term with one one-year option to extend for a total of $7,287,588 (if extended by one year). Exhibit 1 below summarizes the terms and conditions of the lease provisions. The proposed resolution would also authorize the Port's Executive Director to make immaterial amendments to the lease.

According to Don Kavanaugh, Port Senior Property Manager, Autodesk's space is highly customized and it would be difficult to find another long-term tenant for the premises in as-is condition. Autodesk is a tenant in good standing and has spent more than $3 million in improvements to its space, partially offset by rent credits from the Port. The proposed lease agreement consolidates three existing leases for space at Pier 9. Autodesk will still have one other lease with the Port for 6,383 square feet of storage space in Pier 19, and the Port is renewing this lease separately.

According to Port staff, the Port is seeking retroactive approval of the proposed lease due to unanticipated staff turnover and time needed to finalize negotiations with Autodesk.

Exhibit 1: Summary of Proposed Lease

Term	36 months with one option to extend for an additional 12 months, except for Solar License which is month-to-month
Commencement Date	February 1, 2025, subject to Port Commission and Board of Supervisors approval
Premises	*Premises with rental rates based on use type (34,950 sf):* • Approximately 30,590 square feet of contiguous office, R&D, and workshop space (Parcels A, B, and C); • Approximately 2,692 square feet of separate two-story office space (Parcels D and E); • Approximately 1,668 square feet of shed space (North and South Storage Areas); *Premises with maintenance reimbursement:* • 6,594 square feet on the marginal wharf located between Piers 9 and 15 (Public Access Parcel) with public art and educational programming; and *Premises provided at no charge:* • Approximately 6,622 rentable square feet of roof space on the facility (Solar License)
Initial Rent	$147,018 monthly or $4.21/sf (includes $3,000 maintenance fee to clean and maintain public wharf) $1,764,217 annual or $50.48/sf
Rent Increase	2% increase during initial term and 3% for extension term
Security Deposit	$305,820

Maintenance and Repair	Paid by tenant; tenant reimburses port for maintenance of public access parcel
Utilities	Paid by tenant

Source: Proposed Lease Agreement

Rental Rates and Maintenance Reimbursement

The monthly base rate per square foot in year one is as follows: $1.95 for Parcel C, $2.06 for the North and South Storage Areas, $4.38 for Parcels A and B, and $5.52 for Parcels D and E. These rates were established based on the existing rent and are consistent with the Port's FY 2023-24 minimum parameter rents approved by the Port Commission in July 2023.

In addition to the leased office and shed space, the proposed lease would include Autodesk's Solar License at no charge and Public Access Parcel Maintenance Agreement with a fee. Autodesk has installed solar panels and equipment on approximately 6,622 square feet of roof space at Pier 9, and the tenant is responsible for all costs associated with maintenance and repair of the solar panels. The Port reserves its right to revoke the solar license with 30 days' notice to Autodesk. The tenant would also continue to pay the Port $3,000 per month to clean and maintain the public wharf between Piers 9 and 15.

FISCAL IMPACT

Under the proposed lease, Autodesk will pay a total annual rent of $1,764,216 in year one, which is calculated based on established monthly base rates per square foot for parcels A, B, C, D, E, and the north and south storage areas, plus a $3,000 maintenance fee to clean and maintain the public wharf between Piers 9 and 15. The rent increases by two percent annually for the initial term for a total of $5.4 million in rent over the initial term. If the one-year option to extend is exercised, rental rates would increase by three percent, and the Port would receive an additional $1.9 million in annual rent for a total of $7.3 million over the total term. The annual rent paid by Autodesk is shown in Exhibit 2 below.

Exhibit 2: Total Rent Under the Proposed Lease

Year	Monthly Base Rent	Annual Rent
Year 1	$147,018	$1,764,216
Year 2	149,964	1,799,568
Year 3	152,910	1,834,920
Subtotal, Initial Term		**$5,398,704**
Extension Option	157,407	1,888,884
Lease Total		**$7,287,588**

Source: Lease Agreement

In Year 1, the tenant will pay an average rent of $50.48 per square foot of office and storage space and $36,000 in estimated maintenance reimbursement for the public art display on the public access parcel. Use of the roof for solar panels is provided to the tenant at no charge.

POLICY CONSIDERATION

No Competitive Solicitation

Consistent with prior Port practice for this lease, the proposed new lease with Autodesk was not competitively procured. San Francisco Administrative Code Section 23.33 states that any leases that are expected to produce more than $2,500 per month in revenue be awarded in accordance with Competitive Bidding Procedures, unless such procedures are impractical or impossible. In the resolution setting the Port's FY 2022-23 Rental Rate Schedule, the Port Commission "finds that competitively bidding the real property agreements covered by the… rental rate schedules approved by this Resolution is impractical" and therefore established uniform rates for leases or licenses for special events, office, warehouse space, or unimproved land.

According to Port staff, a competitive solicitation in this case would be impractical due to the customization of the premises, high commercial vacancy rates in downtown San Francisco, and the desire to retain a stable tenant in good standing. The Port's Tenant in Good Standing Policy states that tenants in good standing may receive consideration for lease amendments, additional term, change in leasehold size, assignments or sublets, and/or requests for additional agreements on Port property.

Administrative Code Section 23.33 also states that leases awarded without a competitive solicitation shall have rent equal to fair market value or more. As the proposed rental rates are consistent with minimum parameter rates set in the FY 2023-24 Rental Rate Schedule, the Budget and Legislative Analyst recommends approval of the proposed resolution.

RECOMMENDATION

Approve the proposed resolution.

Item 10 **File 25-0652**	**Department:** Port of San Francisco

EXECUTIVE SUMMARY

Legislative Objectives

- The proposed resolution would approve a new lease agreement between the Port as landlord, and TEC of California, Inc. (TEC) as tenant for a three-year term with three one-year options to extend for a projected rent of $1,219,691 over the initial three-year term, and up to $2,735,362 in total rent if all extension options are exercised.

Key Points

- The Port currently has two separate leases with TEC of California, Inc. (TEC) at Pier 80 that are both in holdover status. The Port will consolidate the premises of these two existing leases under a proposed new lease to continue the use of the property for TEC's current operations, which includes servicing commercial trucks, storage, and parking. The 33,382 square feet of premises are comprised of approximately 21,842 square feet of shed space and 11,540 square feet of paved land.
- The proposed lease relies on Port Commission-approved FY2023-24 parameter lease rate terms and conditions to determine the base rental rates. To incentivize and retain tenants, the Port determined the monthly base rent for the shed space by using a ramp-up rent schedule. The proposed lease is on the low end of the range for parameter rents for paved land, at $0.55 per square foot per month.

Fiscal Impact

- Over the first three years of the initial lease term of the proposed lease, total rent to be paid by TEC to the Port for all parcels is approximately $1,219,691. If each of the three one-year lease extension options are exercised, the total rental income would be approximately $2,735,362. 6.5 percent of lease revenues will go towards the Port's Southern Waterfront Community Benefits and Beautification Fund.

Policy Consideration

- The current leases and the proposed lease were not competitively procured. The Port manages approximately 550 relatively small areas of land that are routinely leased and it is determined that competitively bidding such a large volume of leases would be impractical. Rents for such leases are based on parameter rents established by the Port and whether the tenant is in good standing.

Recommendation

- Approve the proposed resolution.

MANDATE STATEMENT

City Charter 9.118(c) states that any lease, modification, amendment, or termination of a lease that had an initial term of ten years or more, including options to extend, or that had anticipated revenues of $1 million or more is subject to Board of Supervisors approval.

BACKGROUND

The Port currently has two separate leases with TEC of California, Inc. (TEC) at Pier 80.[1] One lease (Lease No. L-16782) was approved for approximately 12,326 square feet of shed space and 2,000 square feet of paved land with a term from February 1, 2021 through January 31, 2025. According to the Port, this lease has been on month-to-month holdover status effective February 1, 2025 with a rental rate of $19,589 per month. The other lease with TEC at Pier 80 (Lease No. L-16792) was approved for approximately 7,353 square feet of shed space and 3,420 square feet of paved land with a term from July 1, 2021 through June 30, 2025. According to the Port, this lease has been on month-to-month holdover status effective July 1, 2025 with a rental rate of $12,911. Because the leases had anticipated revenues of less than $1 million and were less than ten years, they did not require Board of Supervisors' approval. To streamline administration, the Port will consolidate the premises of these two existing leases under a proposed new lease with TEC at Pier 80.

Procurement of Proposed Lease

According to the Port, the proposed lease was not competitively procured because a competitive bid was determined impractical under Administrative Code Section 23.33 due to the size of the site and rental rates.[2] The tenant was in compliance with the lease obligations and met all of the criteria in accordance with the Port's Tenant in Good Standing Policy[3] (Commission Resolution No. 09-49) and was therefore eligible for Port consideration of an additional term and change in leasehold size. Consequently, on May 13, 2025, the San Francisco Port Commission adopted a resolution approving the new proposed lease between the Port and TEC. This lease is now being considered by the Board of Supervisors for approval because the new lease's initial three-year term would generate over $1 million in rent revenue.

[1] According to the Port, TEC has leased space at Pier 80 since 2017.

[2] San Francisco Administrative Code Section 23.33 permits the Port to enter leases that are expected to produce more than $2,500 per month in revenue without competitive bidding procedures when competitive bid is impractical or impossible.

[3] Under this policy, a Tenant in Good Standing is one who, in the professional judgment of Port staff, meets the following criteria: (1) being current on all financial obligations and having paid all amounts due on time; (2) accurately calculating any percentage rents owed, with no unauthorized offsets; (3) maintaining required lease records and making them available for Port staff or auditors; (4) using the premises as permitted in the lease, with no encroachments, trespasses, or unauthorized sublets or transfers; (5) complying with all insurance requirements under the lease; (6) meeting all regulatory obligations, including those related to CEQA, BCDC, and environmental operation plans; (7) maintaining the leasehold property in good condition as required; (8) obtaining all necessary permits; (9) complying with all other lease covenants and obligations; and (10) having no ongoing litigation or disputes that are adverse to the Port.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would approve a new lease agreement between the Port as landlord, and TEC of California, Inc. (TEC) as tenant for a three-year term with three one-year options to extend for a projected rent of $1,219,691 over the initial three-year term, and up to $2,735,362 in total rent if all extension options are exercised. The lease is for 21,842 square feet of shed space and 11,540 square feet of paved land at Pier 80. The initial monthly base rent would be $29,281 ($1.05 per square foot for shed space and $0.55 per square foot for paved land), for a total annual base rent of $351,373. The new lease agreement would commence upon approval of this resolution. Exhibit 1 below summarizes the terms and conditions of the lease provisions.

Exhibit 1. Summary of Proposed Lease

	Proposed Lease
Premises	21,842 square feet of shed space (Parcel A), 7,540 of paved land (Parcel B), and 4,000 square feet of paved land (Parcel C) at Pier 80, San Francisco
Total Base Rent (annual)	$351,373 (Year 1) ($10.53/sf, including $12.60/sf for shed space and $6.60/sf for paved land)
Utilities, Maintenance and Repair	Tenant solely responsible
Term	Three years from commencement date[4]
Options to extend	Three one-year options to extend
Rent Ramp Up for Shed Space	Base rent for shed space is adjusted to 70% in Year 1, 80% in Year 2, and 100% in Year 3
Base Rent Adjustment Amount	Parcel A (shed space): 3% per year for Years 4 – 6 (extension options) Parcels B and C (paved land areas): 3% per year
Security Deposit	$79,143.20 (twice the monthly base rent at all times, calculated based on Year 3 monthly rent). $59,123.67 already held by the Port under the current leases. Tenant to owe $20,019.53 to meet the total required amount.

Source: Proposed Lease Agreement

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

Site Usage

The 33,382 square feet of premises are comprised of approximately 21,842 square feet of shed space (Parcel A), and 11,540 square feet of paved land (Parcels B and C) at both the interior and exterior areas of the Pier 80 G&M Building. The proposed lease allows for a continuation of the existing use of the property for TEC's current operations, which includes maintenance, repair,

[4] According to the Port, TEC is only able to commit financially to a maximum six-year term, which includes the initial three-year lease and three one-year extension options.

and service of commercial trucks and truck parts, storage, and general business operations/administration on the shed space, and parking of vehicles and commercial trucks on the paved land areas.

The new lease increases the size of the currently leased premises by 2,163 square feet of shed space, from 19,679 square feet to 21,842 square feet, and 6,120 square feet of paved land, from 5,420 square feet to 11,540 square feet. According to the Port, this increase is needed to support TEC's growing operational needs.

Utilities, Maintenance & Repair

Under the proposed lease, the tenant will pay the utilities separately from the rent. The tenant is also responsible for all maintenance and repair to the premises.

Rent Determination

According to the Port, the base rental rates for the proposed lease were determined based on the Port Commission-approved FY 2023-24 parameter lease rate terms and conditions.[5] The Port states that the rental rate structure listed in the parameter terms is informed by a third-party analysis of comparable rent charged in the private sector and/or existing conditions of individual properties as adjusted annually to reflect market conditions. Parameter rents for shed space at Pier 80 are set in a range of $1.50 - $1.75 per square foot per month. However, to incentivize and retain tenants (as approved as part of the FY 2023-24 parameter rate terms), the Port determined the monthly base rent for the shed space (Parcel A) by using the following graduated (ramp-up) rent schedule:

- Year 1: $1.05, which is 70 percent of the Port's adopted rental (parameter) rate of $1.50;
- Year 2: $1.20, which is 80 percent of the parameter rate of $1.50; and
- Year 3: $1.50, which is 100 percent of the parameter rate

Parameter rents for the paved land areas (Parcel B and C) are set in a range of $0.55 - $0.75 per square foot per month. The initial base rent for the proposed lease is at the low end of that range, at $0.55 per square foot per month. Paved land areas are not subject to or are eligible for the ramp-up rent schedule.

For the shed space, the annual rent adjustment is three percent for Years 4 – 6 (extension options), while the rent for the paved land areas increases by a fixed three percent per year for the entirety of the term.

[5] Due to market conditions, Port staff recommended in July 2023 that most rental rates be maintained at FY 2022-23 levels and that 3% of the rates be lowered (for locations that were consistently vacant). According to the Port, rental rates have not been updated since July 2023 because of market conditions over the past few years, which did not support an increase. The Port determined that maintaining the existing rates was appropriate after evaluation of market trends and comparable rates and is in the process of completing a rental rate review for the upcoming fiscal year. Any adjustments will be informed by updated market analysis.

Security Deposit

The security deposit from the current leases will be applied toward the security deposit required under the new lease. The lease provisions require that the security deposit should at all times be equal to two times the applicable monthly base rent.

FISCAL IMPACT

As shown in Exhibit 2 below, over the first three years of the initial lease term of the proposed lease, total rent to be paid by TEC to the Port for all parcels is approximately $1,219,691. If each of the three one-year lease extension options are exercised, the total rental income would be approximately $2,735,362.

Exhibit 2. Annual Rents Paid by TEC (All Parcels)

	Monthly Base Rent	Annual Rent	Annual Rent/sf
Year 1	$29,281	$351,373	$10.53
Year 2	32,788	393,458	11.79
Year 3	39,572	474,859	14.23
Subtotal		$1,219,691	
Extension Option 1	$40,779	$489,349	14.66
Extension Option 2	42,102	505,224	15.13
Extension Option 3	43,425	521,099	15.61
Subtotal, Extensions		$1,515,672	
Lease Total		**$2,735,362**	

Source: Proposed Lease Agreement. Totals may not add due to rounding.

The initial monthly base rent will be $29,281, totaling $351,373 for the first year, or $10.53 per square foot. The annual rent would be $469,320 ($14.06 per square foot) without the 30 percent rent reduction for shed space in Year 1.

Annual rent of $351,373 is $38,627 (11 percent) less under the proposed lease compared to the combined annualized holdover rent of $390,000 ($15.54 per square foot) for the two existing leases with TEC, despite a 33 percent increase in the leased premises due to the temporarily reduced rent for shed space in Year 1.[6]

Southern Waterfront Community Benefits and Beautification Fund

In accordance with the Port's Policy for Southern Waterfront Community Benefits and Beautification, and the FY 2023-24 Monthly Rental Rate Schedule, 6.5 percent of lease revenues will go towards the Port's Southern Waterfront Community Benefits and Beautification Fund. Over the initial three-year lease term, this equates to approximately $79,280, and $177,799 if all

[6] The Port is undergoing a roof repair/replacement project at the shed space during the new lease term. To retain a tenant willing to occupy the space and accommodate the construction activity, the Port offered ramp-up rental rates. The Port states that while this approach leads to lower revenue initially, they anticipate revenue to exceed the current rent over the course of the lease term.

three one-year options to extend are exercised. The funds will be applied to any or all of the Port's Southern Waterfront beautification projects, including open space, wetlands restoration, pier removal, public art, historic preservation, or other community-focused projects.

POLICY CONSIDERATION

The current leases, as well as the proposed new lease, on Port land with TEC were not competitively procured. San Francisco Administrative Code Section 23.33 states that any leases that are expected to produce more than $2,500 per month in revenue be awarded in accordance with Competitive Bidding Procedures, unless such procedures are impractical or impossible.

According to the Port, they manage approximately 550 relatively small areas of land that are routinely leased. The Port has determined that competitively bidding such a large volume of leases would be impractical because the cost of resources that would be required to competitively bid on the leases outweighs the prospective return on rent.

As previously mentioned, according to the Port, TEC has consistently been in compliance with all terms and conditions of the lease during their tenancy and is considered to be a "tenant in good standing." In addition, rental rates are consistent with Port Commission-approved FY 2023-24 parameter lease rate terms and conditions.

RECOMMENDATION

Approve the proposed resolution.

Item 11 File 25-0745	Department: Port of San Francisco

EXECUTIVE SUMMARY

Legislative Objectives

- The proposed resolution authorizes the Port of San Francisco to accept and expend a total grant award of $12,420,000 from the California State Transportation Agency's (CalSTA) Port Freight Infrastructure Program for the Pier 80 Subsidence Project. The resolution also authorizes the associated grant agreement for these revenues.

Key Points

- In July 2023, STA announced a $21,582,000 award to the Port for the Maritime Eco-Industrial Complex, a manufacturing and business hub located in the Southeastern Waterfront area encompassing Piers 80 through 96. On October 29, 2024, the San Francisco Board of Supervisors approved a resolution to accept and expend $9,162,000 of the CalSTA grant (File 24-0968) because CalSTA requires agencies to begin to award construction contracts within six months of the grant awards. The Port is now returning to the Board to accept and expend the remaining $12,420,000 in grant funds upon design completion of the Pier 80 Subsidence Project.
- The Pier 80 Subsidence Project addresses land sinking and flooding issues that currently restrict access to parts of the terminal and reduces vehicle storage capacity by an estimated 400 spaces, or 13.3% of the terminal's 3,000-space capacity. The project aims to restore the terminal by stabilizing sunken areas, raising and deepening storm drains, and installing one-way valves and a new pump station. According to the Port, this repair is estimated to extend the terminal's useful life by another 15-20 years.

Fiscal Impact

- The resolution would accept and expend a grant award of $12,420,000 from the California State Transportation Agency's Port Freight Infrastructure Program. The Port will provide $3,105,000 (20 percent of total project cost) in matching funds from the Port Harbor Fund.

Recommendation

- Approve the proposed resolution.

MANDATE STATEMENT

City Charter Section 9.118(a) states that contracts entered into by a department, board, or commission that (i) have anticipated revenues of $1 million or more, or (ii) have anticipated revenues of $1 million or more and require modifications, are subject to Board of Supervisors approval.

City Administrative Code Section 10.170-1 states that accepting Federal, State, or third-party grant funds in the amount of $100,000 or more, including any City matching funds required by the grant, is subject to Board of Supervisors approval.

BACKGROUND

The Port of San Francisco, a department of the City and County of San Francisco, manages 7.5 miles of waterfront property with a goal of ensuring public access to the waterfront and preserving maritime commerce. The Maritime Eco-Industrial Complex, a hub for a community of manufacturing and businesses, is located in the Southeastern Waterfront area and encompasses Pier 80 through Pier 96. The complex is owned and operated by the Port, with certain facilities leased to private operators.

In 2022, the California State Legislature provided $1.2 billion in one-time funding specifically for port and freight infrastructure improvements to improve the resilience of the supply chain. The funding was provided to the California State Transportation Agency (CalSTA) to implement the Port and Freight Infrastructure Program (PFIP).

In January 2023 Port submitted a $36.5 million grant proposal to CalSTA to improve the Maritime Eco-Industrial Complex. The project's objectives are to increase service offerings to cargo shippers, boost the utilization of existing cargo facilities, create a safer workplace for maritime workers, and develop a plan to reduce air emissions while promoting equity and environmental justice. In July 2023, CalSTA PFIP announced a $21,582,000 award to the Port for specific projects valued at over $36.5 million within the Maritime Eco-Industrial Complex Improvement Project.

On February 27, 2024, the San Francisco Port Commission authorized the Port to seek Board of Supervisors' approval to accept and expend the $21,582,000 CalSTA PFIP grant.

On October 29, 2024, the San Francisco Board of Supervisors approved a resolution to accept and expend $9,162,000 of the CalSTA PFIP grant (File 24-0968) for three projects (Pier 80 Fendering Project, Amador Street Improvement Project, and the Zero Emissions Marine Terminal Truck Fleet Study).

The grant was partially accepted because CalSTA requires agencies to begin to award construction contracts within six months of the publishing of the grant awards but the Pier 80 Subsidence Project did not have a completed design. The Port committed to returning to the Board to accept and expend the remaining $12,420,000 upon design completion of the Pier 80 Subsidence Project.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution authorizes the Port of San Francisco to accept and expend a total grant award of $12,420,000 from the California State Transportation Agency's Port Freight Infrastructure Program (CalSTA PFIP) for the Pier 80 Subsidence Project. The resolution also authorizes the associated grant agreement for these revenues.

Pier 80 Subsidence Project

In 2016, the Port entered into a 15-year lease with Pasha Automotive Services to operate the Pier 80 terminal, which is now an export point for Tesla electric vehicles under a multi-year agreement. Pier 80 is also designated in San Francisco’s Emergency Response Plan as a post-disaster site for debris removal and supply chain staging. Pier 80 is located on the north side of Islais Creek.

The Pier 80 Subsidence Project addresses land sinking and flooding issues that currently restrict access to parts of the terminal. The subsidence impacts approximately 6 acres in the southeast corner of Pier 80 and reduces vehicle storage capacity by an estimated 400 spaces, or 13.3% of the terminal’s 3,000-space capacity, during storm and tidal flooding. This increases the distance terminal operators must travel during loading, damages vehicle electrical systems, and creates slip hazards for workers.

The project aims to restore the terminal by adding lightweight concrete fill to stabilize sunken areas, resurfacing with new asphalt concrete, raising storm drains to align with the new surface level, deepening up to seven storm drains installing one-way valves and a new pump station, repainting approximately 400 affected vehicle export parking spaces, and performing utility repairs.

According to the Port, this repair is estimated to extend the terminal’s useful life by another 15-20 years.

Timeline

The Port’s current schedule approved by CalSTA anticipates advertising the project for bids in August 2025, with a notice to proceed with construction expected to be issued by November 2025, and substantial completion of the project projected for November 2026.

FISCAL IMPACT

The proposed resolution would authorize the Port of San Francisco to accept and expend a grant award of $12,420,000 from the California State Transportation Agency's Port Freight Infrastructure Program. The Port will provide $3,105,000 (20 percent of total project cost) in matching funds from the Port Harbor Fund. These funds will support the Pier 80 Subsidence Project as shown below in Exhibit 1. The grant will reimburse project construction phase costs that are initially funded by the Port. Soft costs such as pre-design services will not be reimbursed.

Exhibit 1: Pier 80 Subsidence Total Project Cost

Project Tasks	Port Match (20%)	CalSTA Grant (Proposed)	Total
Construction	$2,550,000	$10,200,000	$12,750,000
Construction Contingency (10%)	255,000	1,020,000	1,275,000
Project Management	9,577	38,308	47,885
Design Construction Support	28,206	112,822	141,028
Construction Management	262,217	1,048,870	1,311,087
Project Total	**$3,105,000**	**$12,420,000**	**$15,525,000**

Source: Port

RECOMMENDATION

Approve the proposed resolution.

Item 12 File 25-0579	Department: Human Services Agency

EXECUTIVE SUMMARY

Legislative Objectives

- The proposed resolution would approve a new grant agreement between the Department of Disability and Aging Services and Self-Help for the Elderly for congregate nutrition services for older adults for a four-year term from July 1, 2025 to June 30, 2029 and a total not to exceed amount of $11,125,299.

Key Points

- Under the proposed agreement, Self-Help will provide congregate meals and other nutrition services to older adults and people with disabilities.
- Across DAS nutrition programs, the cost of food is increasing by more than local, state, and federal funding, resulting in a decline in the projected number of meals provided to older adults and adults with disabilities in FY 2025-26. The proposed new agreement with Self-Help for the Elderly reflects a 61 percent reduction in meals and a 30 percent reduction in clients annually compared to FY 2023-24 levels under the existing agreement. According to DAS staff, clients may be turned away from congregate meals sites due to the reduction in meals.

Fiscal Impact

- The not to exceed amount of $11.1 million reflects a $2.5 million annual budget over the four-year term and a 10 percent contingency. The annual budget of $2.5 million is largely funded by the General Fund. In addition, Self-Help for the Elderly anticipates that it will provide approximately $0.8 million in annual program funding through fundraising, project income, and in-kind volunteering.
- The total cost per meal is $18.46. City funding provides $14.05 per meal (76 percent), and Self-Help funding and in-kind volunteering is subsidizing costs by $4.41 per meal.

Recommendation

- Approve the proposed resolution.

MANDATE STATEMENT

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

BACKGROUND

The Congregate Nutrition Services for Older Adults is a program administered by the Human Services Agency and Department of Disability and Aging Services (DAS) that provides free and low-cost meals to seniors to reduce hunger and improve nutrition. Self-Help for the Elderly[1] is an existing provider for the program with a grant agreement that expired in June 2025. In December 2024, the Human Services Agency issued a Request for Proposals (RFP) to identify vendors for six nutrition programs for older adults and adults with disabilities, including Congregate Nutrition Services for Older Adults and Adults with Disabilities.[2]

The Department received 10 responses to the RFP for the congregate nutrition services program for older adults, which were scored by an evaluation panel as shown below in Exhibit 1.[3]

[1] Self-Help for the Elderly is a nonprofit organization founded in San Francisco in 1966. The organization provides services to older adults and operates in San Francisco, San Mateo, Santa Clara Alameda, and Contra Costa counties.

[2] The other five programs included: (a) to-go meal program; (b) Choosing Healthy Appetizing Meal Plan Solutions for Seniors (CHAMPSS) congregate meal program; (c) home-delivered meal program; (d) citywide emergency home-delivered meal program; and (e) culturally responsive supplemental grocery program.

[3] The panel consisted of a Health Educator from the Department of Public Health, a Health Services Manager from San Mateo County Health, Aging and Adult Services, and a retired Director of a non-profit that specializes in grant making.

Exhibit 1: RFP Results for Congregate Nutrition Services for Older Adults

Respondent	Score
Glide	90
Centro Latino	87
Bayview Senior Services	85
Project Open Hand	85
Self Help for the Elderly	84
Kimochi	81
St. Francis*	81
Episcopal Community Services	80
On Lok	80
Russian American Community Services	74

Source: HSA

*St. Francis did not receive a grant award. According to DAS staff, St. Francis submitted a proposal for a multicultural breakfast program in District 5 only. There were two other respondents who submitted a proposal for multicultural breakfast in District 5 and scored higher than St. Francis (Glide and Project Open Hand).

DAS awarded grant agreements to nine proposers, including Self-Help for the Elderly. Self-Help for the Elderly was awarded a contract for $11,125,299 with a four-year term from July 1, 2025, through June 30, 2029.

Reduction in Meals across DAS Nutrition Programs

Across DAS nutrition programs, the cost of food is increasing by more than local, state, and federal funding, resulting in a decline in the projected number of meals provided to older adults and adults with disabilities in FY 2025-26. According to data provided by DAS staff, the Congregate Nutrition Services program served ten percent fewer meals in FY 2024-25 and an additional ten percent fewer meals will be served in FY 2025-26. Over the two-year period, the number of meals served will decline from 1.4 million served in FY 2023-24 to 1.1 million in FY 2025-26, a decline of 19 percent, despite an 18 percent increase in grant budgets. In addition, the number of clients served is increasing from 19,296 in FY 2023-24 to 22,150 in FY 2025-26, an increase of 15 percent, resulting in fewer meals per client served. As discussed below, the proposed new agreement with Self-Help for the Elderly reflects a 61 percent reduction in meals and a 30 percent reduction in clients annually compared to FY 2023-24 levels under the existing agreement. According to DAS staff, clients may be turned away from congregate meals sites due to the reduction in meals.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would approve a new grant agreement between the Department of Disability and Aging Services and Self-Help for the Elderly for congregate nutrition services for older adults for a four-year term from July 1, 2025 to June 30, 2029 and a total not to exceed amount of $11,125,299.

Under the proposed agreement, Self-Help will provide congregate meals and other nutrition services to older adults and people with disabilities. In addition to providing direct meal services, Self-Help is required to provide nutrition education and conduct annual nutrition risk screenings. To qualify for services, an individual must meet one of the following criteria: (1) A person who is 60 years of age or older (older adult); (2) The spouse or domestic partner of an older adult, regardless of age; (3) A person with a disability, under the age of 60 who resides in housing facilities occupied primarily by older adults at which congregate nutrition services are provided; (4) A disabled individual who resides at home with and accompanies an older adult who participates in the program; or (5) a volunteer under the age of 60 if sufficient meals are available.

The congregate nutrition services program is intended to support individual's ability to live independently, ensure health and well-being through improved nutrition, to reduce isolation, and serve as an access point for other services. The program provides services at 11 sites to serve 4,310 unduplicated clients annually, as shown in Exhibit 2 below. The program will provide at least one meal five days per week at each site.

Exhibit 2: Self-Help Congregate Meal Sites

Site Name	Address	Neighborhood	Unduplicated Clients
Jackie Chan Senior Center*	5757 Geary Blvd	Richmond	650
Manilatown Senior Center	848 Kearny St	Chinatown	220
Geen Mun Senior Center*	777 Stockton St	Chinatown	720
Lady Shaw Senior Center*	1483 Mason St	Chinatown	350
South Sunset Senior Center	2601 40th Ave	South Sunset	450
Chi Sing Community Center	3133 Taraval St	Taraval	450
Woolf House Senior Center	801 Howard St	South of Market	300
Mendelsohn House*	737 Folsom St	South of Market	250
West Portal Club House	131 Lenox Way	West Portal	310
John King Senior Center*	500 Raymond Ave	Vistacion Valley	360
Geneva Community Center*	5050 Mission St	Excelsior/ Outer Mission	250
Total			**4,310**

Source: Appendix F, Proposed Grant Agreement

*DAS conducted site visits of six of these sites as part of program monitoring for FY 2023-24

Change In Contracted Level of Service

Under the proposed grant agreement, Self-Help would provide 180,026 meals annually to 4,310 unduplicated clients. This reflects a reduction of 11,918 meals (or six percent) and an increase of 435 clients (or 11 percent) annually compared to the FY 2024-25 budget. However, the number of meals and clients declined in FY 2024-25 due to higher operational costs according to DAS staff. The proposed grant agreement reflects a 61 percent reduction in meals and 30 percent reduction in clients compared to FY 2023-24 levels as shown in Exhibit 3 below. According to DAS staff, clients may be turned away from congregate meal sites due to the reduction in meals.

Exhibit 3: Self-Help Congregate Meal Sites

	Existing Agreement FY 23-24	FY 24-25	*Proposed* FY 25-26	2-Year Change	%	1-Year Change	%
Unduplicated Clients	5,620	3,875	4,310	-1,310	-30%	435	11%
Meals	290,292	191,944	180,026	-110,266	-61%	-11,918	-6%
Meals per Client	52	50	42	-10	-24%	-8	-16%
Total Annual Budget	$3,817,267	$3,452,365	$3,323,184	-$494,083	-15%	-$129,181	-4%
City Annual Contribution	$2,547,038	$2,414,739	$2,528,477	-$18,561	-1%	$113,738	5%
Total Cost per Meal	$13.15	$17.99	$18.46	$5.31	29%	0.47	3%
City Cost per Meal	$8.77	$12.58	$14.05	$5.27	38%	1.46	12%

Source: DAS

Performance Monitoring

DAS staff conducted program monitoring site visits for FY 2023-24 in May and June 2024 for Self-Help for the Elderly programs. A summary of the FY 2023-24 performance results is provided in Exhibit 4 below. As shown, Self-Help served 89 percent of the unduplicated client objective of 5,500 and delivered 99 percent of contracted meals. Self-Help achieved or exceeded all five performance objectives specified in the grant agreement. However, Self-Help surveyed 665 clients, which is less than the average daily number of meals served (805), which is the target sample size specified in the agreement.

Exhibit 4: FY 2023-24 Performance Results

Objective	Objective	Actual
Unduplicated Clients Served	5,500	4,885
Meals Served	219,050	216,168
% of unduplicated clients surveyed	Avg number of daily meals served (805)	665
Increased consumption of fruits, vegetables and/or whole grains	75%	98%
Feel less worried about getting enough food to meet their needs	85%	97%
Rate quality of food as excellent or good	85%	90%
Feel a greater sense of connection to community	85%	97%
Feel safe and welcomed by program staff*	85%	99%

Source: Program monitoring report provided by DAS
*Measure not included in proposed agreement

The proposed agreement maintains four of the five existing performance measures shown above and adds one new measure: at least 85 percent of survey respondents report that the food support received helps them live stably in the community.

Fiscal Monitoring

HSA completed fiscal and compliance monitoring of the grantee for FY 2024-25 and identified no findings.

FISCAL IMPACT

The projected uses of funds over the four-year term of the grant agreement are shown in Exhibit 5 below.

Exhibit 5: Projected Uses of Funds for Grant Agreement

Uses	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	Total
Salaries & Benefits	$789,686	$789,686	$789,686	$789,686	$3,158,744
Operating Expenses	1,388,986	1,388,986	1,388,986	1,388,986	5,555,944
Indirect Cost (15%)	326,801	326,801	326,801	326,801	1,307,204
NCQA Expenditures[4]	23,004	23,004	23,004	23,004	92,016
Total	**2,528,477**	**2,528,477**	**2,528,477**	**2,528,477**	**$10,113,908**
Contingency (10%)					1,011,391
Not to Exceed					**$11,125,299**

Source: Appendix B, Proposed Grant Agreement

Funding Sources

The grant agreement includes a 10 percent contingency to cover unanticipated expenses. The annual budget of $2.5 million is largely funded by the General Fund.

In addition to HSA's grant, Self-Help for the Elderly anticipates that it will provide approximately $0.8 million in annual program funding through fundraising, project income, and in-kind volunteering.

Cost per Meal

The average cost per meal is $18.46. City funding provides $14.05 per meal, and Self-Help for the Elderly funding and in-kind volunteering is subsidizing costs by $4.41 per meal. Annual city costs (14.05 per meal) are increasing compared to the existing agreement ($8.77 per meal in FY 2023-24 and $12.58 per meal in FY 2024-25) largely due to increases in the total cost per meal. According to DAS staff, the total cost per meal is increasing from $13.15 in FY 2023-24 to $18.46 in FY 2025-26 due to rising operational and staffing costs as well as decreases in voluntary contributions from clients.

RECOMMENDATION

Approve the proposed resolution.

[4] Nutrition Compliance and Quality Assurance (NCQA) are required components of congregate and home-delivered nutrition services that include actions that ensure food safety, certify menu compliance, provide nutrition education, confirm consumer eligibility, nutrition counseling, and assessing consumers' well-being and need for nutrition and other supportive services.

Item 13 Files 25-0580	Department: Human Services Agency

EXECUTIVE SUMMARY

Legislative Objectives

- The proposed resolution would approve a new grant agreement between the Department of Disability and Aging Services and Self-Help for the Elderly for home-delivered meals for older adults for a four-year term from July 1, 2025 to June 30, 2029 and a total not to exceed amount of $13,871,295.

Key Points

- Across DAS nutrition programs, the cost of food is increasing by more than local, state, and federal funding, resulting in a decline in the projected number of meals provided to older adults and adults with disabilities in FY 2025-26. The proposed new agreement with Self-Help for the Elderly reflects a six percent reduction in meals and a nine percent reduction in clients annually compared to the existing agreement. According to DAS staff, Self-Help will be reducing the number of meals they serve weekly from seven to five.

Fiscal Impact

- The not to exceed amount of $13.9 million reflects a $3.1 million annual budget over the four-year term and a 10 percent contingency. The agreement is largely funded by the General Fund. In addition, Self-Help for the Elderly anticipates that it will provide approximately $350,000 in annual program funding through fundraising and project income, for a total annual budget of $3.5 million.
- The total cost per meal is $18.05. City funding provides $16.24 per meal (90 percent), and Self-Help for the Elderly funding is subsidizing costs by $1.81 per meal.

Policy Consideration

- The total cost per meal for the Self-Help for the Elderly agreement ($18.05) is greater than the total cost per meal for the Meals on Wheels of San Francisco agreement ($12.02) due to differences in economies of scale and program design. If Self-Help were able to deliver meals at the cost of Meals on Wheels, it could provide approximately 396,969 meals per year instead of the budgeted 194,126 meals.

Recommendation

- Approve the proposed resolution.

MANDATE STATEMENT

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

BACKGROUND

The Home-Delivered Meal Program for Older Adults is a program administered by the Human Services Agency and Department of Disability and Aging Services (DAS) that provides home-delivered meals to elderly residents. Home-delivered meal clients are asked to make a voluntary contribution to the meals, but no client is denied service if they do not contribute. Self-Help for the Elderly[1] is an existing provider for the program with a grant agreement that expired in June 2025. In December 2024, the Human Services Agency issued a Request for Proposals (RFP) to identify vendors for six nutrition programs for older adults and adults with disabilities, including the Home-Delivered Meal program for Older Adults and Adults with Disabilities.[2]

The Department received eight responses to the RFP for the home-delivered meal program for older adults, which were scored by an evaluation panel as shown below in Exhibit 1.[3]

Exhibit 1: RFP Results for Home-Delivered Meals for Older Adults

Respondent	Score
Meals on Wheels	85
Centro Latino	83
Self Help for the Elderly	82
On Lok	79
Jewish Family & Children Svcs	78
Kimochi	75
Russian American Community Services	70
Booker T Washington*	67

Source: HSA
*Did not receive a grant award

[1] Self-Help for the Elderly is a nonprofit organization founded in San Francisco in 1966. The organization provides services to older adults and operates in San Francisco, San Mateo, Santa Clara Alameda, and Contra Costa counties.

[2] The other five programs included: (a) to-go meal program; (b) Choosing Healthy Appetizing Meal Plan Solutions for Seniors (CHAMPSS) congregate meal program; (c) congregate nutrition services program; (d) citywide emergency home-delivered meal program; and (e) culturally responsive supplemental grocery program.

[3] The panel consisted of executive staff from the California Food is Medicine Coalition, an executive consultant from Wu Yee Children's Services, and a principal administrative analyst from SFO procurement.

DAS awarded grant agreements to the top seven scoring proposers, including Self-Help for the Elderly. Self-Help for the Elderly was awarded a contract for $13.9 million with a four-year term from July 1, 2025, through June 30, 2029.

Reduction in Meals across DAS Nutrition Programs

Across DAS nutrition programs, the cost of food is increasing by more than local, state, and federal funding, resulting in a decline in the projected number of meals provided to older adults and adults with disabilities in FY 2025-26. According to DAS staff, 21 percent fewer meals will be served through DAS's Home Delivered Meals program, from 2,272,975 budgeted in FY 2024-25 to 1,806,800 budgeted in FY 2025-26 despite a five percent increase in grant budgets. However, more clients will be served from 5,942 in FY 2024-25 to 6,726 in FY 2025-26. As discussed below, the proposed new agreement with Self-Help for the Elderly reflects a six percent reduction in meals and a nine percent reduction in clients annually compared to the existing agreement. According to DAS staff, Self-Help will be reducing the number of meals they serve weekly from seven to five.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would approve a new grant agreement between the Department of Disability and Aging Services and Self-Help for the Elderly for home-delivered meals for older adults for a four-year term from July 1, 2025 to June 30, 2029 and a total not to exceed amount of $13,871,295.

Services Provided and Eligibility

Under the proposed agreement, the grantee would provide home-delivered meals and other nutrition services, such as nutrition education and nutrition risk screening, to older adults. The grantee would provide at least five meals per week to program participants and may offer more than five meals per week if there is a demonstrated need. The grantee is responsible for procuring food, preparing meals, transporting, and delivering meals to participants.

To qualify for services, an individual must meet one of the following criteria: (1) A person who is 60 years of age or older (older adult) living in San Francisco who is in need of home-delivered meals as determined by the grantee based on an initial assessment and quarterly reassessments; (2) The spouse or domestic partner of an older adult enrolled in the program if assessment staff determine that it is in the best interest of the enrolled older adult; or (3) A person with a disability, under the age of 60 who resides at home with an enrolled older adult if assessment staff determine that it is in the best interest of the enrolled older adult.

Waitlist for Home Delivered Meals

Under the Home Delivered Meals program, grantees use a centralized waiting list to identify and enroll eligible clients. DAS staff determine initial eligibility based on a telephone screening process. The grantees prioritize clients from the waiting list based on the following criteria: (a) cuisine preference that matches the options of the grantee; (b) grantee delivery availability at the client's address; and (c) if the client matches the cuisine and delivery availability of the grantee, the grantee selects the client with the highest priority score from the waiting list. The grantees conduct an in-home assessment within two weeks of the participant receiving their first meal to verify the need for services, evaluate the participant's need for additional services, and complete a nutrition risk screening.

According to DAS staff, as of June 2025, there are 316 individuals on the waiting list for home delivered meal services, including some individuals (approximately 10 percent) currently receiving services but not on their preferred cuisine. Individuals typically spend seven weeks on the waiting list before receiving services.[4] This includes individuals served through home delivery by Self-Help for the Elderly as well as other non-profit organizations with DAS grants to provide home delivered meals.

Change In Contracted Level of Service

Under the proposed grant agreement, Self-Help would provide 194,126 meals annually to 860 unduplicated clients. This reflects a six percent reduction in meals and a nine percent reduction in clients annually compared to the existing agreement. According to DAS staff, Self-Help will be reducing the number of meals they serve weekly from seven to five.

Exhibit 2 below compares the unduplicated clients, meals, annual budget, and cost per meal in the proposed agreement to the existing agreement.

Exhibit 2: Proposed Changes in Services and Budget

	Existing Agreement FY 2024-25	Proposed Agreement FY 2025-26	Change	% Change
Unduplicated Clients	940	860	(80)	-9%
Meals	206,658	194,126	(12,532)	-6%
Meals per UDC per Week	4.2	4.3	0.1	3%
Total Annual Budget	$3,798,378	$3,503,063	($295,315)	-8%
City Annual Contribution	$3,224,299	$3,152,567	($71,732)	-2%
Total Cost per Meal	$18.38	$18.05	($0.33)	-2%
City Cost per Meal	$15.60	$16.24	$0.64	4%

Source: Existing and Proposed Agreements

Performance Monitoring

DAS staff conducted program monitoring site visits in May 2024. A summary of the FY 2023-24 performance results is provided in Exhibit 3 below.

[4] According to an analysis of the waitlist provided by DAS staff, the median wait time is seven weeks. The average wait time (20 weeks) is longer than the median due to longer wait times for clients with preferences for Japanese and Kosher meals. According to DAS staff, many clients on the waitlist for Japanese meals are already receiving services but not on their preferred cuisine.

The proposed agreements maintain the existing performance measures shown below and adds one new measure: at least 85 percent of survey respondents report that the food support received helps them live stably in the community.

Exhibit 3: FY 2023-24 Performance Results

Objective	Objective	Actual
Unduplicated Clients Served	920	929
Meals Served	223,435	221,987
% of unduplicated clients surveyed	40%	62%
Increased consumption of fruits, vegetables and/or whole grains	75%	96%
Feel less worried about getting enough food to meet their needs	85%	94%
Rate quality of food as excellent or good	85%	90%

Source: Program monitoring reports provided by HSA

As shown, Self-Help exceeded the unduplicated client target of 920 and delivered 99 percent of contracted meals. Self-Help achieved or exceeded all four performance objectives specified in the grant agreement.

Fiscal Monitoring

HSA completed fiscal and compliance monitoring of Self-Help for the Elderly for FY 2024-25 and identified no findings.

FISCAL IMPACT

Exhibit 4 below shows the calculation of the not to exceed amount, which includes a 10 percent contingency.

Exhibit 4: Proposed Not to Exceed Amount

	Amount
FY 2025-26	3,152,567
FY 2026-27	3,152,567
FY 2027-28	3,152,567
FY 2028-29	3,152,567
Total Budget	**12,610,268**
Contingency (10%)	1,261,027
Not to Exceed	**13,871,295**

Source: Proposed Grant Agreement

The proposed annual budget for the Self-Help for the Elderly agreement is $3.1 million in each year. The annual budget is detailed in Exhibit 5 below.

Exhibit 5: Projected Annual Uses of Funds

	Amount	Percent
Salaries & Benefits	909,958	29%
Operating Expenses	1,606,928	51%
Indirect Cost (15%)	377,533	12%
NCQA Expenditures[5]	258,148	8%
Total Uses	**3,152,567**	**100%**

Source: Appendix B, Proposed Grant Agreement

Funding Sources

The annual budget is largely funded by the General Fund although DAS staff report DAS may use state or federal funding to cover the NCQA expenditures ($258,148 per year).

In addition to HSA's grant, Self-Help for the Elderly anticipates that it will provide approximately $350,000 in annual program funding through fundraising and project income.

Cost per Meal

The average cost per meal is $18.05. City funding provides $16.24 per meal (90 percent), and Self-Help for the Elderly funding is subsidizing costs by $1.81 per meal. Annual city costs (16.24 per meal) are increasing by $0.64 per meal compared to FY 2024-25 under the existing agreement ($15.60 per meal) largely due to a reduction in Self-Help for the Elderly funding. According to HSA staff, Self-Help funding is decreasing because their revenue sources have declined.

POLICY CONSIDERATION

According to DAS staff, the total cost per meal under the Home Delivered Meals program varies between organizations based on the size of the program, program design, the types of meals provided, fundraising by non-profit partners, and other factors. The total cost per meal for the Self-Help for the Elderly agreement ($18.05) is greater than the total cost per meal for the Meals on Wheels of San Francisco agreement ($12.02, see File 25-0581) due to economies of scale of the Meals on Wheels program which provides 1.1 million meals annually. The City cost per meal also varies between these grants: from $7.94 per meal for Meals on Wheels to $16.24 for Self-Help for the Elderly. Self-Help's higher cost is also due to their program design, as they partner with a caterer to produce meals tailored to the Chinese community. However, if Self-Help were able to deliver meals at the cost of Meals on Wheels, it could provide approximately 396,969 meals per year instead of the budgeted 194,126 meals.

[5] Nutrition Compliance and Quality Assurance (NCQA) include monitoring food quality, compliance with program rules, and nutrition counseling for clients.

RECOMMENDATION

Approve the proposed resolution.

Item 14 File 25-0514	Department: Human Services Agency (HSA)

EXECUTIVE SUMMARY

Legislative Objectives

- The proposed resolution would approve the first amendment to the grant between HSA and Institute on Aging for the provision of the Community Living Fund (CLF) program, increasing the not to exceed amount by $16,216,128 for a total not to exceed $27,630,868, and extending the term by two years through June 30, 2027.

Key Points

- The CLF was established in 2006 by the Board of Supervisors and is funded by annual General Fund appropriations and federal funds issued by the State. Administered by the HSA through the Department of Disability and Aging Services, the program assists eligible lower income San Francisco residents transition out of hospitals or care facilities so they can live independently. In June 2023, the Board of Supervisors approved a grant between HSA and the Institute on Aging for the provision of the Community Living Fund program in the amount of $11,414,740 for a two-year term from July 1, 2023 through June 30, 2025.
- Under the proposed amendment, the Institute on Aging will continue to provide case management and purchase of goods and services for older adults and adults with disabilities who are currently in or at risk of being institutionalized, administer the Public Guardian Housing Fund program, and provide an Enhanced Care Management program for San Francisco Health Plan members. The proposed amendment updates the scope of services to include the provision of the Community Supports program for San Francisco Health Plan members to find and pay for housing.
- According to the FY 2024-25 program monitoring report, Institute on Aging met or exceeded most service objectives. Data for two of the outcome objectives was not available at the time of program monitoring because of a database transition but will be reported on FY 2025-26.

Fiscal Impact

- When factoring the actual expenditures for FY 2023-24 (which were less than budgeted), projected remaining spending, and a contingency, we estimate that HSA will spend $25,676,683 on this grant. This is $1,954,185 less than the Department is seeking.
- The grant is funded approximately 80 percent by the City's General Fund and approximately 20 percent by federal funds. The grant funds a total of 14.19 FTE program staff for the CLF program and 0.35 FTE for the Public Guardian Housing Fund program.

Recommendations

- Amend the proposed resolution to reduce the not to exceed amount from $27,630,868 to $25,676,683.
- Approve the proposed resolution, as amended.

MANDATE STATEMENT

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

BACKGROUND

Community Living Fund

The Community Living Fund (CLF) was established in 2006 by the Board of Supervisors (File 06-0793) and is funded by annual General Fund appropriations and federal funds issued by the State. Administered by the Human Services Agency (HSA) through the Department of Disability and Aging Services (DAS), the CLF program assists eligible lower income San Francisco residents transition out of hospitals or care facilities so they can live independently and prevents unnecessary institutionalization for individuals living the community. As specified in Section 10.100-12 of the San Francisco Administrative Code, appropriations to the fund may only be used for DAS programming related to community placement alternatives.

Existing Grant

In June 2023, the Board of Supervisors approved a grant between HSA and the Institute on Aging for the provision of the Community Living Fund program in the amount of $11,414,740 for a two-year term[1] from July 1, 2023 through June 30, 2025 (File 23-0407). Under the terms of the RFP, the total grant duration was for four years.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would approve the first amendment to the grant between HSA and Institute on Aging for the provision of the CLF program, increasing the not to exceed amount by $16,216,128 for a total not to exceed $27,630,868 and extending the term by two years for a total four-year term from July 1, 2023 through June 30, 2027. The resolution also authorizes HSA to make further immaterial amendments to the contract.

Services and Client Eligibility

Under the proposed amendment, the Institute on Aging will continue to provide the following services as part of the CLF program:

[1] The Board amended the original resolution and approved a two-year grant in 2023 (although a four-year grant was requested). HSA had fully spent the FY 2021-22 budget despite only serving 50 percent of the target number of clients. According to HSA, the decrease in clients served in FY 2021-22 was driven by the impact of COVID-19 and paused discharges from Laguna Honda Hospital. HSA experienced a reduction in program referrals during this same period compared to previous years. According to HSA, the average monthly purchase of services cost per client rose by $370 (14 percent) from the prior year, primarily in increased costs for home care and assisted living subsidies. In addition. In addition, grant funds were used to upgrade a data system, as well as higher indirect costs for that year.

- Case management and purchase of goods and services (deemed necessary by assessment) for older adults and adults with disabilities who are currently in or at risk of being institutionalized. Examples of goods and services that can be purchased through the CLF program include home care, transportation, assistive devices, home modifications, and translation services.
- Administration of the Public Guardian Housing Fund program. This program provides support to Public Guardian clients through monthly approval and administration of housing subsidies, coordinated case management, in-person visits, and other activities. Allowable purchases through the Public Guardian Housing Fund include (1) monthly subsidies (up to 100 percent) for a licensed assisted living facility, supportive housing, or similar, and (2) move-related costs and purchases (such as security deposits, furniture, etc.).
- Provision of the Enhanced Care Management (ECM) program through the California Advancing and Innovating Medi-Cal (CalAIM) initiative for San Francisco Health Plan (SFHP) members. These services are designed to help individuals with complex health and social needs living in the community at risk of institutionalization or transitioning from living in a nursing facility to the community. ECM services include client outreach, assessment and development of care plans, coordination of medical and non-medical services, provision of health education, client support during transitions such as hospital discharges, care navigation support, and client referral to community and social support resources.

In addition, the proposed amendment updates the scope of services to include the following as part of the CLF program:

- Provision of the Community Supports program through the CalAIM initiative for SFHP members. Clients in this program must be eligible for and enrolled in the Enhanced Case Management program. This program helps eligible San Francisco Health Plan members (1) transition from a licensed facility to living in a private residence, and (2) transition from a nursing facility or at risk of being placed in such a facility to living in an assisted living facility. Services include housing needs assessments, assistance in locating and securing housing or facility placement, assessment of eligibility for the Assisted Living Waiver[2] and assistance with placement, and other activities.

Under the proposed amendment, Institute on Aging must continue to annually serve approximately 375 total unduplicated clients in the CLF program. Institute on Aging will also annually serve approximately 30 total unduplicated clients in the Community Supports program and serve at least six new clients in the Public Guardian Housing Fund program.

Eligible CLF program recipients must be San Francisco residents, age 18 or older, institutionalized or at risk of being institutionalized, willing and able to live in the community with appropriate supports, and at an income level up to 300 percent of federal poverty plus assets up to $130,000

[2] An assisted living waiver program is a Medicaid program that allows individuals to receive long-term care services in an assisted living facility or home and community-based setting, instead of a nursing home, while still receiving Medicaid benefits

for case management services (or assets up to $6,000 for individuals with only purchase of service needs). Priority is given to patients of Laguna Honda and Zuckerberg San Francisco General Hospital, patients at other San Francisco acute care hospitals and skilled nursing facilities, nursing home eligible individuals on the Laguna Honda Hospital waiting list, and individuals who are at imminent risk for nursing home or institutional placement.

Subcontractors

The contract also provides funding to three subcontractors that provide case management services to clients: (1) Catholic Charities for $157,832 annually; (2) Self-Help for the Elderly for $172,014 annually; and (3) Conard House for $130,115 annually.

Performance and Fiscal Monitoring

FY 2024-25 Performance

HSA staff completed program monitoring on the Institute on Aging grant for FY 2024-25 in July 2025. Based on the monitoring, Institute on Aging was found in compliance with the terms of the contract, and no corrective action was needed.

As reflected in Exhibit 1 below, the FY 2024-25 program monitoring report showed that Institute on Aging met or exceeded most service objectives. The organization served a total of 391 unduplicated clients, which exceeded the service objective goal of 375 unduplicated clients. Institute on Aging also enrolled 27 non-ECM clients, which was below the service objective goal of 55; however, the organization exceeded the objective goal for the total number of new clients enrolled.

Data for two of the outcome objectives was not available at the time of program monitoring because of a database transition for the launch of ECM.[3] According to HSA, a new data management system was implemented to document ECM services and claims and incorporate new Community Supports program services and claims, while an existing data system tracked other CLF program clients and services, therefore limiting reporting functionality. HSA states that the two data systems will be consolidated in FY 2025-26, and these objectives will be tracked and reported on for FY 2025-26. In addition, according to a client satisfaction survey completed in May 2025, 83 percent of clients believed that CLF services helped maintain or improve their quality of life, which is somewhat below the outcome objective goal of 90 percent.

[3] According to the FY 2022-23 program monitoring report, Institute on Aging exceeded the outcome goal for percentage of clients who are being discharged from Laguna Honda Hospital at the time of enrollment and community living for at least six months (93 percent) but did not meet the outcome goal for percentage of care plan problems resolved, on average, after one year of enrollment in CLF program (53 percent) due to challenges related to the high needs of clients receiving intensive case management. Data was not available for these two outcome objectives in the FY 2023-24 program monitoring report due to the database transition.

Exhibit 1: FY 2024-25 Service and Outcome Objective Performance

Objective	Target	Performance
Service Objectives		
Number of unduplicated clients	375	391
Number of total new client enrollments (ECM and non-ECM)	175 (total), 120 (ECM) and 55 (non-ECM)	212 (total), 185 (ECM) and 27 (non-ECM)
Number of clients enrolled in Public Guardian Housing Fund	6	6
Outcome Objectives		
Percent of clients who are being discharged from Laguna Honda Hospital at the time of enrollment and community living for at least six months	85%	Not Tracked
Percent of care plan problems resolved, on average, after one year of enrollment in CLF program	70%	Not Tracked
Percent of client survey respondents who believe that CLF services helped maintain or improve their quality of life	90%	83%

Source: HSA

<u>Proposed Service and Outcome Objectives</u>

The proposed amendment maintains the existing service objective to serve a total of 375 unduplicated clients.[4] The amendment adds an additional service objective that Institute on Aging annually serve approximately 30 total unduplicated clients in the Community Supports program, as well as modifies the service requirements on new client enrollments. The service objectives under the proposed amendment are detailed below:

- Serve a total of 375 unduplicated clients;
- Enroll a total of 175 new clients (150 ECM clients, 25 traditional CLF Program clients);
- Serve a total of 30 unduplicated Community Supports program clients (10 Community Transition clients and 20 Nursing Facility Transition/Diversion clients); and
- Serve a total of six (6) clients for Public Guardian Housing Fund services.

In addition, the proposed amendment updates the outcome objectives to include the following:

- At least 85 percent of clients experience one or fewer unplanned admissions to an acute care hospital within a six-month period;

[4] According to HSA, the service goal remains the same despite the addition of the Community Supports program component because some clients are receiving both ECM and Community Support services, which may not lead to a higher unduplicated client count. As previously mentioned, clients in the Community Supports program must be enrolled in the ECM program.

- At least 70 percent of clients achieve their annual care plan goals within one year of enrollment in the program; and
- At least 85 percent of clients feel they are treated with respect by program staff.

Fiscal and Compliance Monitoring

HSA staff reviewed Institute on Aging's financial documents in June 2025 as part of the FY 2024-25 Citywide Fiscal and Compliance Monitoring program and identified no findings.

FISCAL IMPACT

The proposed first amendment would increase the not-to-exceed amount of the Institute on Aging grant by $16,216,128, for a total not to exceed $27,630,868. The budgeted sources and uses of the grant from FY 2023-24 through FY 2026-27 are summarized in Exhibit 2 below.

Exhibit 2: Budgeted Sources and Uses of Funds for Proposed Grant

	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	Total
Sources					
City General Fund	$4,760,146	$4,771,848	$5,270,716	$5,258,902	$20,061,611
Federal Funds	548,161	711,021	1,757,682	2,040,498	5,057,360
Total Sources	**$5,308,306**	**$5,482,869**	**$7,028,398**	**$7,299,398**	**$25,118,971**
Expenditures					
Salaries & Benefits	$1,582,218	$1,793,554	$1,853,855	$1,853,855	$7,083,482
Operating Expenses	768,688	722,688	723,996	723,996	2,939,367
Indirect Cost (12%)	284,481	308,442	317,684	317,684	1,228,291
Management Fee for Subcontractors[5]	12,750	12,750	12,750	12,750	51,000
Capital Expenditure[6]	0	68,250	0	0	68,250
Purchase of Services	2,292,114	2,207,525	3,750,454	4,021,454	12,271,546
Subtotal, CLF Program	*$4,940,251*	*$5,113,209*	*$6,658,738*	*$6,929,738*	*$23,641,936*
Public Guardian Housing Program	368,055	369,660	369,660	369,660	1,477,034
Total Expenditures	**$5,308,306**	**$5,482,869**	**$7,028,398**	**$7,299,398**	**$25,118,971**
Contingency (10%)					2,511,897
Not to Exceed Amount					**$27,630,868**

Source: Appendix B of Proposed Amendment

Salaries and fringe benefits funded by the grant are for a total of 14.19 FTE program staff for the CLF program and 0.35 FTE for the Public Guardian Housing Fund program. For FY 2025-26 and FY 2026-27, operating expenses for each year for the CLF program reflect approximately 10 to 11 percent of the total budget and include costs such as rent, staff travel, subcontractors, web hosting and user fee, technology equipment, translation services, and other expenses.

[5] This refers to an administrative fee that was established with Institute on Aging for managing the subcontractors.
[6] This funds the start-up development and customization of the data system used to document and track ECM and Community Support Services client and programmatic data

Expenses for the purchase of goods and services in the CLF program increase by approximately $1.5 million from FY 2024-25 to FY 2025-26. According to HSA, this will fund six additional CLF program clients in need of on-going assisted living subsidies (an estimated $27,000 per month), as well as upfront expenses[7] for approximately 30 Community Supports clients before reimbursements are received from SFHP. According to HSA, revenue from claims submitted to SFHP will be used to offset the General Fund.

The not-to-exceed amount includes a 10 percent contingency to account for escalation and/or expansions of programs. The contingency is calculated based on the four-year budget. The contingency amount of $2.5 million provides an 18 percent contingency on the remaining two years. We recommend that the contingency amount be reduced to $1,432,780 to reflect 10 percent of the remaining two-year budget. The grant is funded approximately 80 percent by the City's General Fund and approximately 20 percent by federal funds.

Actual Spending

According to HSA, spending was below budget in FY 2023-24 of the grant agreement, with Institute on Aging spending approximately 84 percent, or $4.4 million of the total budget of $5.3 million. HSA states this was driven by staffing vacancies and underspending in operating expenses and purchases of goods and services. As of April 2025, invoiced expenditures were 71 percent of the budget in FY 2024-25, or $3.9 million out of $5.5 million. Assuming Institute on Aging fully spends the FY 2024-25 grant budget of $5.5 million, plus actual and proposed spending on the grant, we expect the total grant authority needed to extend the agreement to be $25,676,683 (which includes the reduced contingency amount). Therefore, we recommend HSA reduce the not to exceed amount of the grant by $1,954,185 from $27,630,868 to $25,676,683 and the Board of Supervisors amend the resolution to reflect a new not to exceed amount of $25,676,683.

RECOMMENDATIONS

1. Amend the proposed resolution to reduce the not to exceed amount from $27,630,868 to $25,676,683.
2. Approve the proposed resolution, as amended.

[7] This includes the purchase of goods and services, Nursing Facility Transition (NFT) service fees that fund the cost of services provided by assisted living facilities (such as assistance with Instrumental Activities of Daily Living like eating, bathing, dressing, meal preparation, and other activities), and NFT admin fees.

Items 17 & 18 Files 25-0722, 25-0723	Department: Police Department

EXECUTIVE SUMMARY

Legislative Objectives

File 25-0722: is a resolution that authorizes the Police Department to retroactively accept and expend an in-kind gift of office space at 315 Montgomery Street from the San Francisco Police Community Foundation (SFPCF), valued at $2,131,543, through December 31, 2026.

File 25-0723: is a resolution that authorizes the Police Department to retroactively accept and expend gifts of equipment, services, and funds totaling $7,250,028 from the SFPCF. The resolution also allows the Police Department to accept future gifts from SFPCF.

Key Points

- The San Francisco Police Community Foundation (SFPCF) is a non-profit that is dedicated to supporting the Police Department and, according to the proposed resolutions, is supported by Chris Larsen, who co-founded the company Ripple Labs, Inc., a cryptocurrency financial services firm. Ripple rents 315 Montgomery Street and would sublease the 8th floor, which is currently vacant, to the Police Department until December 31, 2026, the remainder of the Ripple's lease term. The office would be used by 40 Police staff from the Real Time Investigations Center (RTIC), the Strategic Investigations Unit, and the Drone as a First Responder Unit.
- RTIC is currently operating out of the Hall of Justice. According to the Police Department, the space is not suitable due to faulty wiring, limited internet, radio, and cellular access, and plumbing leaks.

Fiscal Impact

- The proposed sublease has no rent but only runs through December 2026, after which the City will face market rents. The Police do not anticipate any moving costs to occupy the space because all equipment will be donated by Ripple.
- We estimate that the Department would incur approximately $350,000 in moving costs to exit to a new permanent location.

Policy Consideration

- According to the Mayor's Office, the Police Department will not continue to occupy 315 Montgomery Street once the proposed sublease expires, however a permanent location has not been identified. The City is proposing move the Police Department's specialized investigation units twice: first to 315 Montgomery Street and then to a new location in 2027.
- We estimate that the City would save approximately $500,000 per year in rent starting in 2027 if the Police Department moved into City-leased space at 1455 Market Street rather than stay in the Financial District.

Recommendations

- Approval of File 25-0722 is a policy matter for the Board of Supervisors.
- Amend File 25-0723 to delete the delegated authority for the Police to accept gifts for the Real Time Investigations Center and approve File 25-0723, as amended.

MANDATE STATEMENT

Administrative Code Section 10.100-305 states that the acceptance or expenditure of any gift of cash or goods of a market value greater than $10,000 requires approval of the Board of Supervisors, by resolution.

BACKGROUND

Real Time Investigations Center (RTIC)

The Real Time Investigations Center (RTIC) is a unit within the Police Department that uses technology such as drones, Automated License Plate Readers, surveillances cameras and other tools to track, investigate, and apprehend people committing crimes. The use of this technology was generally deemed approved by the passage of Proposition E in March 2024.

RTIC is currently operating out of the Hall of Justice. According to the Police Department, the space is not suitable due to faulty wiring, limited internet, radio, and cellular access, and plumbing leaks.

San Francisco Police Community Foundation (SFPCF)

The San Francisco Police Community Foundation (SFPCF) is a non-profit that is dedicated to supporting the Police Department and, according to the proposed resolutions, is supported by Chris Larsen, who co-founded the company Ripple Labs, Inc., a cryptocurrency financial services firm.

DETAILS OF PROPOSED LEGISLATION

File 25-0722: is a resolution that authorizes the Police Department to retroactively accept and expend an in-kind gift of office space at 315 Montgomery Street from the San Francisco Police Community Foundation, valued at approximately $2,131,543, for the Real Time Investigation Center (RTIC) from May 22, 2025, through December 31, 2026.

File 25-0723: is a resolution that authorizes the Police Department to retroactively accept and expend gifts of equipment, services, and funds totaling approximately $7,250,028 from the San Francisco Police Community Foundation to support the Real Time Investigation Center. These gifts include the installation of fiber internet service, the purchase of 12 docks and drones, related software and services, data integration software, and employee parking fees, starting from April 30, 2025.

The resolution also allows the Police Department to accept future gifts from SFPCF for additional support of the RTIC.

Retroactive Approval

The proposed resolution contains a retroactive approval for the sublease because it is dated April 29, 2025. However, the Police have not moved into the space at 315 Montgomery.

Ordinance Waiving Procurement Regulations

File 25-0699 is an ordinance pending at the Rules Committee that would waive competitive solicitation requirements in Administrative Code Chapters 6 and 14B for the purchase of equipment, technology, or services to support the RTIC using the funds gifted by SFPCF.

Sublease Terms

Exhibit 1 below summarizes the key terms of the proposed donated sublease for 315 Montgomery Street. Ripple rents the 2nd, 3rd, and 8th floor of 315 Montgomery Street and would sublease just the 8th floor, which is currently vacant, to the Police Department until December 31, 2026, the remainder of the Ripple's lease term.

The space will house 40 Police staff from the Real Time Investigations Center, the Strategic Investigations Unit, and the Drone as a First Responder Unit.

Exhibit 1: Sublease Terms

Landlord	HWA 555 OWNERS, LLC
Master Tenant	Ripple Labs, Inc.
Premises	315 Montgomery Street, 8th floor; approximately 14,135 square feet.
Term	Approximately 20 months, ending on December 31, 2026.
Annual Base Rent	$0.00
Parking	None. Subtenant and its affiliates are prohibited from parking marked police vehicles in the parking lot at 555 California Street (adjacent building to 315 Montgomery)
Tenant Improvement Allowance	None
Moving Allowance	None
Furniture	Subtenant allowed us to use existing furniture at no charge during the Sublease Term. Subtenant must insure and maintain the furniture in good condition.
Value of Sublease	$2,131,543 (approximately $90 per square foot)

Source: Proposed Sublease

As shown above, the Police Department's sublease has no-cost rent. The lease does not include any parking and prohibits marked police cars from parking in the garage at 555 California Street, adjacent to 315 Montgomery. The estimated value of the lease is $2,131,534 or $90 per square foot.

Equipment & Services Donation

Exhibit 2 below summarizes the donated equipment and services for the Police Department.

Exhibit 2: Equipment & Services Donation

Item	Value
12 Docks and 12 Drones	$5,277,107
Video Wall Installation and Services	$1,194,770
Network Connectivity and Related Services	$294,156
Employee Parking Fees	$266,000
Computer Equipment for Employee Use	$110,995
Fiber Internet Service Installation	$57,000
IT Professional Services	$50,000
Total	**$7,250,028**

Source: Proposed Resolution

Of the proposed $7.2 million in equipment and services donations, $5.3 million is for drone equipment and the remaining $2.0 million is for tenant improvements at 315 Montgomery Street and parking at a nearby SFMTA parking garage.

Exhibit D of the proposed sublease also notes that Ripple is planning to donate funding for furniture and that the Police Department may install an antenna system on the roof of 315 Montgomery to strengthen the radio signal for RTIC equipment.

FISCAL IMPACT

According to the Police Department, there is no cost to move into and occupy 315 Montgomery Street. No equipment is being moved into the space.

However, we estimate that the Department would incur approximately $350,000 in moving costs to exit the building to a new permanent location at the end of sublease term, which runs through December 31, 2026.

POLICY CONSIDERATION

Long Term Space Planning

The proposed sublease does not have any rent but only runs through December 2026, after which the City will face market rents. According to the City Administrator and Mayor's Office staff, the Police Department will not continue to occupy 315 Montgomery Street once the proposed sublease expires, however a permanent location has not been identified. Potential candidates for a permanent office include 1455 Market Street, at which the City has the option to rent an additional approximately 700,000 square feet through December 2027. The City Administrator's Office reports that 1455 Market Street is not suitable for the Police to move in as of this writing because the City would have to rent an entire floor, which is larger than the space needs of the Police Department. The City Administrator is assessing what other City tenants could move into 1455 Market Street to take advantage of the City's option to lease additional space. Rather than find a suitable set of tenants to occupy 1455 Market Street with the Police Department, the City is proposing move the Police Department's specialized investigation units twice: first to 315 Montgomery Street and then to a new location in 2027.

We estimate that the City would save approximately $500,000 per year in rent starting in 2027 if the Police Department moved into 1455 Market Street rather than stay in the Financial District.[1]

The City's lease at 1455 Market Street also provides $15 per square foot of a moving cost allowance and a $100 per square foot of allowance for tenant improvements, valued at $212,025 and $1,413,500, respectively, based on a 14,135 square foot use. The proposed sublease does not contain such allowances though $2 million of tenant improvements, equipment, and parking costs are funded by the proposed donation.

Given the difference in rent and additional financial benefits for the Police Department moving the Real Time Investigations Center and related investigation units into 1455 Market Street, we do not recommend the Police Department remain in the Financial District following the expiration of the proposed sublease. The City can save money by moving the Police Department's investigative units to 1455 Market Street and using nearby SFMTA parking garages at Civic Center and the Performing Arts Center instead of committing to the most expensive office market in the city.

Delegated Authority

As noted above, File 25-0723 allows the Police Department to accept future gifts from SFPCF for additional support of the RTIC without further Board of Supervisors' approval. The Board should consider deleting this provision to allow for a public process and Board oversight over future donations for the Police Department's Real Time Investigations Center.

RECOMMENDATIONS

1. Approval of File 25-0722 is a policy matter for the Board of Supervisors.
2. Amend File 25-0723 to delete the delegated authority for the Police to accept gifts for the Real Time Investigations Center.
3. Approve File 25-0723, as amended.

[1] According to Cushman and Wakefield, a real estate services firm, the current asking rent for downtown Class A office space in Q1 2025 is $72.42, or $31.22 more per square than the City's lease at 1455 Market Street. If the Police staff remained in the Financial District after 2027 rather than move to 1455 Market Street, we estimate the City would pay $12.1 million more in rent through May 2045, the end of the City's initial term for the lease at 1455 Market Street.