


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

1390 Market Street, Suite 1150, San Francisco, CA 94102 (415) 552-9292  
 FAX (415) 252-0461

December 3, 2021

**TO:** Budget and Finance Committee

**FROM:** Budget and Legislative Analyst 

**SUBJECT:** December 8, 2021 Budget and Finance Committee Meeting

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**NOTE: Distribution of Item 16 – File 21-1204 will be on Tuesday, December 7, 2021.**

<p><b>Item 1</b>  <b>File 21-0830</b>  <i>(Continued from 12/1/2021)</i></p>	<p><b>Department:</b>                  Department of Public Health</p>
<p><b>EXECUTIVE SUMMARY</b></p>	
<p style="text-align: center;"><b>Legislative Objectives</b></p> <ul style="list-style-type: none"> <li>• The proposed resolution approves Amendment No. 3 to the agreement between the Department of Public Health (DPH) and Cross Country Staffing for as-needed registry staff at San Francisco General Hospital and Laguna Honda Hospital. The proposed Amendment No. 3 increases the total agreement amount by \$59,711,013, from \$25,928,000 to \$85,639,013, and extends the agreement term by two years to June 30, 2024.</li> </ul> <p style="text-align: center;"><b>Key Points</b></p> <ul style="list-style-type: none"> <li>• This report is based on a revised resolution to be submitted by DPH to the December 1, 2021 Budget and Finance Committee meeting.</li> <li>• According to DPH, although the current agreement does not expire until June 2022, the Department is requesting an increase in the agreement amount and extension of the agreement because the Department has already incurred agreement expenditures that exceed the agreement amount and projects ongoing expenditures for registry staffing due to vacancies, leaves of absence due to the COVID-19 pandemic, and additional staffing requirements due to the COVID-19 pandemic.</li> </ul> <p style="text-align: center;"><b>Fiscal Impact</b></p> <ul style="list-style-type: none"> <li>• According to DPH staff, the Department’s actual agreement expenditures are \$32.1 million, or approximately \$6.2 million more than the current agreement not-to-exceed amount of \$25.9 million. DPH projects total agreement expenditures through June 2024 of \$85.6 million.</li> <li>• Approximately 70% of costs are covered by non-General Fund sources.</li> </ul> <p style="text-align: center;"><b>Policy Consideration</b></p> <ul style="list-style-type: none"> <li>• Due to the size of the contract and the uncertain future need for temporary staff, we recommend that the Board of Supervisors amend the proposed resolution to request DPH report to our office regarding actual contract spending and for our office to make budget recommendations as needed during the FY 2022-23 and FY 2023-24 budget review.</li> </ul> <p style="text-align: center;"><b>Recommendation</b></p> <ul style="list-style-type: none"> <li>• Approve the resolution.</li> </ul>	

## MANDATE STATEMENT

City Charter Section 9.118(b) states that any contract 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 Department of Public Health (DPH) entered into an agreement with Cross Country Staffing, Inc. in July 2019 following a competitive solicitation for as-need registry staff to augment staff at San Francisco General Hospital and Laguna Honda Hospital to meet mandated staffing levels.<sup>1</sup> The original agreement was in an amount not-to-exceed \$9,840,000 for one year through June 2020, with four one-year options to extend the agreement through June 2024. The Department amended the agreement in June 2020, extending the term by six months to December 2020 with no change in the not-to-exceed amount.

In December 2020, the Board of Supervisors approved the second amendment to the agreement, extending the term by one and one-half years to June 2022, and increasing the agreement amount by \$16,088,000 to not-to-exceed \$25,928,000.

## DETAILS OF PROPOSED LEGISLATION

The proposed resolution approves Amendment No. 3 to the agreement between DPH and Cross Country Staffing for as-needed registry staff at San Francisco General Hospital and Laguna Honda Hospital. The proposed Amendment No. 3 increases the total agreement amount by \$59,711,013, from \$25,928,000 to \$85,639,013, and extends the agreement term by two years to June 30, 2024. The proposed resolution authorizes DPH to enter into amendments or modifications to the agreement prior to its final execution by all parties that do not materially increase the obligations or liabilities to the City and are necessary to implement the agreement.

According to Michelle Ruggels, DPH Business Office Director, although the current agreement does not expire until June 2022, the Department is requesting an increase in the agreement amount and extension of the agreement by two years through June 2024 because the Department has already incurred agreement expenditures that exceed the agreement amount (see Fiscal Impact Section below) and projects ongoing expenditures for registry staffing due to

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<sup>1</sup> According to the Budget and Legislative Analyst's report to the December 16, 2020 Budget and Finance Committee (File 20-0933), a panel consisting of representatives from San Francisco General Hospital reviewed proposals from respondents and awarding scores out of 100 points based on their qualifications statement, recent relevant experience, agency and professional background, and budget. Cross Country Staffing was selected as the Primary Contractor with 94.75 points and Aya Healthcare and TaleMed were selected as the two back-up contractors receiving 90.00 and 87.50 points, respectively. These back-up contracts can be potentially used when Cross Country does not have capacity.

vacancies, leaves of absence due to the COVID-19 pandemic, and additional staffing requirements due to the COVID-19 pandemic.

Cross Country staffing provides temporary staff to DPH to backfill for absences or meet increased patient census at San Francisco General Hospital and Laguna Honda Hospital. Cross Country staff include registered nurses, licensed vocational nurses, patient care assistants, certified nursing assistants, and other technical and licensed staff. Amendment No. 3 differs from the original agreement and prior amendments by providing for out-of-state health care staff to practice in California to respond to the COVID-19 pandemic without obtaining California licenses in accordance with the Governor's June 2021 proclamation.<sup>2</sup>

### **Registry Staffing**

According to the December 15, 2020 memorandum from the DPH Chief Operating Officer to the Budget and Finance Committee Chair, the agreement between DPH and Cross County is important because "access to temporary nursing...is crucial to COVID-19 response, in deep demand, and highly competitive." Further, according to the memorandum, because of the agreement with Cross County, DPH "has been able to meet unanticipated staffing gaps due to employee absences, while also staffing COVID-19 response both internally, and at off-site locations, such as Shelter-In-Place and Quarantine hotels. Temporary staffing needs have increased significantly, with the current hospitalization surge greater today than in May."

According to a November 3, 2021 email from the San Francisco General Hospital Director of Nursing, the COVID-19 pandemic required DPH to add nursing positions at San Francisco General Hospital to provide new (and unbudgeted) services, including COVID testing, vaccinations, and monoclonal antibody administration. The Director of Nursing also noted that the Hospital had three census surges due to COVID-19 in March 2020, December 2020, and September 2021.

Cross Country staffing hours in FY 2020-21 at San Francisco General Hospital and Laguna Honda Hospital are shown in Exhibit 1 below.

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<sup>2</sup> The Governor's proclamation remains in effect during the declared state of emergency in California, which currently extends through March 2022.

**Exhibit 1. Cross County Staff Hours**

<b>Staffing Category</b>		<b>SFGH</b>	<b>LHH <sup>a</sup></b>	<b>Total</b>	<b>Est. FTEs<sup>3</sup></b>
		7/1/20 - 8/25/21	7/1/20 - 9/30/21		
Registered Nurses	2320	42,377	66,471	108,848	54.68
Licensed Vocational Nurses	2312	117	5,670	5,787	2.82
Patient Care Assistants	2302	22,709	36,961	59,670	29.95
Medical Evaluations Assistants	2430	4,657	7,291	11,948	6.00
Licensed Psychiatric Technicians	2305	5,296	0	5,296	2.80
<b>Total</b>		<b>75,155</b>	<b>116,392</b>	<b>191,547</b>	<b>96.25</b>

Source: Department of Public Health

<sup>a</sup> Laguna Honda Hospital staff hours include 2.0 FTE registered nurse positions for contact investigation and tracing, 1.5 FTE registered nurse positions for EPIC electronic health records, and 8.0 FTE registered nurse positions for COVID response.

The staffing provided by Cross Country staffing is equivalent to approximately 96 FTEs, of which nearly 55 FTEs are registered nurses and 30 FTEs are patient care assistants.

**Staffing Plan**

According to DPH staff, Laguna Honda Hospital monitors minimum staffing requirements for each shift to ensure sufficient staff are scheduled and conducts quality assurance assessments to ensure staffing requirements are sufficiently monitored. Responsibility for hiring staff was transferred from the City's Department of Human Resources to Laguna Honda Hospital in July 2021 and Laguna Honda Hospital is now actively recruiting staff.

At General Hospital, DPH uses registry staff to backfill vacancies to maintain state-mandated staffing ratios. Staffing needs are evaluated on a weekly basis.

*Vacancies at San Francisco General Hospital and Laguna Honda Hospital*

According to San Francisco General Hospital Human Resources, the vacancy rate for registered nurse positions at San Francisco General Hospital in FY 2021-22 from July 2021 through October 2021 was 5.25 percent, which was higher than the FY 2020-21 vacancy rate of 4 percent. According to Laguna Honda Hospital Human Resources, the vacancy rate for registered nurse positions at Laguna Honda Hospital in FY 2021-22 from July 2021 through October 2021 was 7.84 percent which was higher than the FY 2020-21 vacancy rate of 7.05 percent.

*Patient Census*

Average daily patient census at San Francisco General Hospital from July 2019 through October 2021 in the medical surgical units varied from 150 to 182 and in the intensive care units varied from 24 to 40. With the exception of the winter surge in Nov 2020 to Feb 2021, census in FY 20-21 appears to have been below average. According to DPH staff, staffing ratios decreased from 2:1 to 1:1 to account for COVID safety protocols, which required more staffing than usual even

<sup>3</sup> Full time equivalent (FTE) estimates are based on approximately 80 percent time (1,624 hours out of 2,080 annual hours)

when census counts decreased. The monthly change in average daily patient census is shown in the Attachment.

According to information provided by DPH from the EPIC electronic health system, the average daily patient census for Laguna Hospital in FY 2020-21 was 708.84, which is approximately 4.9 percent lower than in FY 2019-20. The average daily patient census at Laguna Honda Hospital in FY 2021-22 from July 2021 through October 2021 was 706.29.

According to DPH staff, Laguna Honda Hospital did not admit new patients between March 2020 to June 2020 due to the Public Health Order, and restarted admissions primarily from San Francisco General Hospital in July 2020.

### **Performance Monitoring**

Cross Country services are monitored through annual reporting of performance measures as outlined in Appendix A of the original agreement, which requires Cross Country to provide qualified staff. Cross Country is monitored to ensure that all services are provided safely and effectively for patient care and support services by reviewing annually the percentage of contract staff who:

- Completed hospital unit orientations
- Met requirements for completing medication pass / narcotic audits
- Have a completed a staff evaluation
- Met criteria as established in the verification requirements
- Performed checklist skills as established in the original agreement

According to Gillian Otway of DPH Nursing Administration, in FY 2020-21, Cross Country Staffing met the above listed performance metrics, and the Department continues to monitor these metrics to ensure the registry staff are qualified and competent to care for the Department's patients.

## **FISCAL IMPACT**

### **Amendment No. 3 Rates**

The original agreement listed hourly rates for registry staff, based on whether the staff person worked an 8- or 12-hour shift, or worked a night shift. The proposed 3<sup>rd</sup> amendment includes additional rates for COVID response, based on the type of service (medical/surgical unit, intensive or cardiac care, other), and whether the staff are traveling from out-of-state or local.<sup>4</sup>

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<sup>4</sup> According to DPH, Cross Country Staffing sets rates based on guaranteed minimum assignments of 48 hours (four 12-hour shifts) and 36 hours (three 12-hour shifts) for nurses traveling from out of state. Minimum guaranteed assignments for nurses in surge/emergency situations are used primarily as a recruitment and retention tool to better compete in the marketplace for scarce registry/traveler resources in an emergency. Where possible, local resources are preferred however, given the high demand across all healthcare facilities out of state travelers are used. In such cases, housing is covered.

*Staffing Requirements at San Francisco General Hospital and Laguna Honda Hospital*

According to DPH staff, the Department mostly pays the COVID response rates listed in the proposed 3<sup>rd</sup> amendment; because the Department needed to compete for registry staff with other hospitals, the Department agreed to pay COVID rates to have sufficient staff to care for patients. Initially, the Department limited routine hospital visits such as non-urgent clinic appointments, and all elective surgery and procedures to redeploy nurses to COVID testing and vaccination, Shelter-in-Place hotels, and contact tracing. When clinic appointments and elective surgery and procedures resumed, the Department reassigned staff to their original assignments, requiring hiring of registry staff for COVID-related services.

According to DPH staff, at any given time approximately 125 registered nurses are on leave, such as Family Medical Leave Act (FMLA), COVID-related leave, or other leave, requiring backfilling of shifts with temporary/registry staff. The Department has also hired temporary/registry nurses to cover open shifts that are affected when quarantine measures are enacted for symptomatic COVID-19 or other staff.

**Agreement Expenditures**

According to the DPH Business Office Director, the Department’s actual agreement expenditures are \$32.1 million, or approximately \$6.2 million more than the agreement not-to-exceed amount of \$25.9 million. According to the DPH Business Office Director, expenses incurred above the agreement not-to-exceed amount have not been paid, pending approval of the proposed third amendment. DPH projects total agreement expenditures through June 2024 of \$85.6 million, as shown in Exhibit 2 below.

**Exhibit 2: Actual and Projected Agreement Expenditures July 2019 – June 2024**

	San Francisco General Hospital	Laguna Honda Hospital <sup>a</sup>	Total
<b>Expenditures</b>			
<i>Actual July 2019 - August 2021</i>			
Non-COVID	\$10,408,792	\$5,865,112	\$16,273,904
COVID Response	9,878,546	5,958,963	15,837,510
Subtotal, Actual Expenditures	\$20,287,338	\$11,824,075	\$32,111,413
<i>Projected September 2021 - June 2024</i>			
Non-COVID	\$26,272,237	\$2,926,248	\$29,198,485
COVID Response	20,000,000	4,329,115	24,329,115
Subtotal, Projected Expenditures	\$46,272,237	\$7,255,363	\$53,527,600
<b>Total</b>	<b>\$66,559,575</b>	<b>\$19,079,438</b>	<b>\$85,639,013</b>

Source: DPH

<sup>a</sup> Laguna Honda Hospital actual expenditures are through September 2021.

According to DPH, General Hospital costs are 25% - 30% General Fund sourced and 30% - 35% of Laguna Honda costs are General Fund sourced, depending on the patients served. A portion of the uncompensated costs were also used as part of our claim for CARES Act Provider Relief Funds.



**Staffing Costs**

The estimated agreement cost per FTE from July 2019 to August 2021 is \$278,957, which is 14 percent more than the Department's salary and fringe benefit cost for a registered nurse in FY 2021-22 of \$244,485. However, as shown in Exhibit 1 above, the FTEs funded by the agreement with Cross Country include staff, such as patient care assistants, who have lower salary and fringe benefit costs than a registered nurse so that actual agreement costs per FTE are higher than the estimated 14 percent.

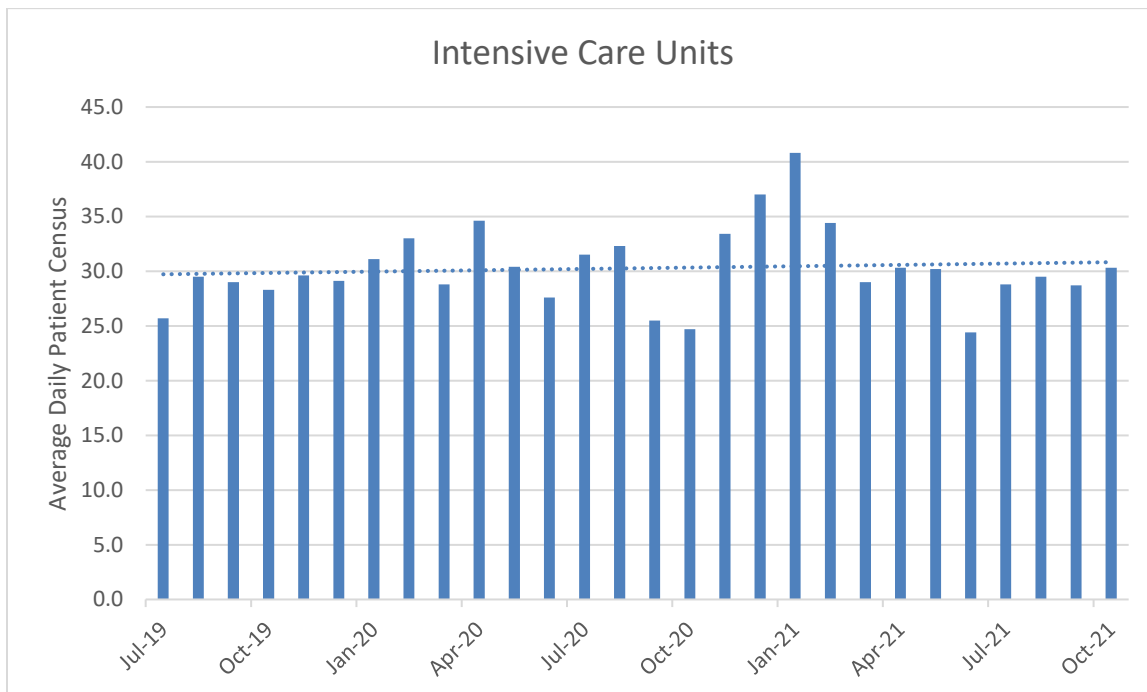
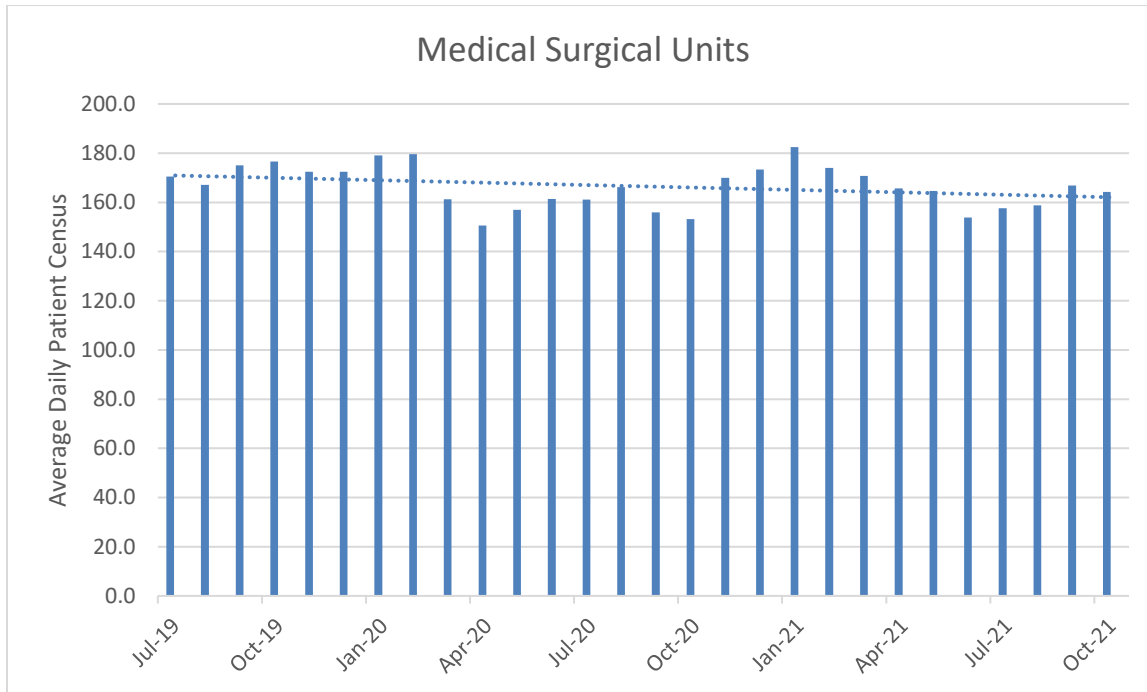
**POLICY CONSIDERATION**

As noted above, the proposed resolution expands an existing DPH contract for temporary nursing staff from by \$59,711,013, from \$25,928,000 to \$85,639,013, and extends the agreement term by two years to June 30, 2024 to manage staffing shortages at Laguna Honda and General Hospital related to the COVID pandemic. Due to the size of the contract and the uncertain future need for temporary staff, we recommend that the Board of Supervisors amend the proposed resolution to: (1) request the Director of Health submit to the Budget and Legislative Analyst for review of the proposed FY 2022-23 – FY 2023-24 annual appropriation ordinance a report that details Cross Country staff at San Francisco General Hospital and Laguna Honda Hospital in FY 2021-22 by classification, hours, and total expenditures by classification; and (2) request the Budget and Legislative Analyst to evaluate details of Cross County staffing and expenditures and make budget recommendations, as appropriate.

**RECOMMENDATION**

Approve the resolution.

**Attachment: General Hospital Average Daily Patient Census**



<b>Item 2</b> <b>File 20-0395</b>	<b>Department:</b> Public Health
<b>EXECUTIVE SUMMARY</b>	
<p style="text-align: center;"><b>Legislative Objectives</b></p> <ul style="list-style-type: none"> <li>• The proposed resolution would approve the first amendment to an agreement between the Department of Public Health and the San Francisco Public Health Foundation (SFPHF), a non-profit service provider; a) exercising four one-year options to extend the agreement term from June 2022 through June 2026, and b) increasing the total not to exceed amount by \$9,632,598, from \$9,989,672 to \$19,622,270.</li> </ul> <p style="text-align: center;"><b>Key Points</b></p> <ul style="list-style-type: none"> <li>• In November 2016, voters approved the passage of Proposition V, which established a 1 cent per ounce fee on the distribution of bottled sugar-sweetened beverages, syrups, or powders within the City. Tax collection began January 1, 2018. Revenues from this general tax are budgeted at \$12.2 million in FY 2021-22 and \$14 million in FY 2022-23. The Sugary Drinks Distributor Tax Advisory Committee which makes annual recommendations to the Mayor’s Office on how funds should be spent.</li> <li>• After a competitive solicitation, DPH awarded a \$9,989,672 contract to SFPHF to administer programming funded by the Sugary Drinks Distribution Tax for the period of April 1, 2019, through June 30, 2022 with five options for extension through March 2027. Under this contract, SFPHF does not provide direct services. Rather, it selects and manages subcontractors to provide services that decrease consumption of sugary products by (a) increasing access to healthy food and tap water, (b) increasing physical activity, and (c) implementing educational media campaigns.</li> </ul> <p style="text-align: center;"><b>Fiscal Impact</b></p> <ul style="list-style-type: none"> <li>• The proposed amendment adds \$37,155 in spending to FY 2021-22 and \$8,306,000 in spending during the extension term of FY 2022-23 to FY 2025-26. Including a 12% contingency, the total not-to-exceed amount of the contract is increasing by \$9,632,598, from \$9,989,672 to \$19,622,270. SFPHF is paid a 10% administrative fee for its administrative work.</li> <li>• Of the \$8.3 million in projected spending during the proposed extension period of FY 2022-23 through FY 2025-26, \$4.5 million would be funded by General Fund revenues, \$2.5 million would be funded from Children’s Baseline funds, and \$1.2 million would be funded by work order revenues from the San Francisco Unified School District.</li> </ul> <p style="text-align: center;"><b>Recommendation</b></p> <ul style="list-style-type: none"> <li>• Approve the proposed resolution.</li> </ul>	

## 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

### Sugary Drinks Distributor Tax

In November 2016, San Francisco voters approved the passage of Proposition V which established a 1 cent per ounce fee on the initial distribution of bottled sugar-sweetened beverages, syrups, or powders within the City. The Sugary Drinks Distributor Tax is a general excise tax for conducting business within the City and a General Fund revenue. The stated goal of the tax is to “prevent diet-sensitive chronic disease in San Francisco by decreasing sugary drink consumption and using a portion of the resulting tax revenue to increase access to healthy food and tap water, increase physical activity, and implement media campaigns.” Proposition V also established the Sugary Drinks Distributor Tax Advisory Committee, which makes annual recommendations to the Mayor’s Office on how funds should be spent.

Tax collection began January 1, 2018. According to the Controller’s FY 2021-22 – FY 2022-23 Revenue Letter, revenues from this tax are budgeted at \$12.2 million in FY 2021-22 and \$14 million in FY 2022-23. Revenues were below projections in FY 2021-22 due to COVID and are projected to decline slowly in future years as consumers switch to other products.

### Contract History & Vendor Selection

In October 2017, the Department of Public Health (DPH) issued a Request for Qualifications to create a pre-qualified list from which vendors could be selected for future contracts to provide program administration and support services. Five applicants, including the San Francisco Public Health Foundation (SFPHF) scored at least 75 points (out of a possible 100 points) and were placed on the list, which was valid for two years (January 1, 2018 to December 31, 2019) to select vendors.<sup>1</sup> In October 2019, the Department solicited proposals from the five pre-qualified vendors for program administration and support services. Three of the five vendors responded with proposals, and SFPHF was selected with the highest score.

Subsequently, DPH awarded a \$9,989,672 contract to SFPHF to administer programming funded by the Sugary Drinks Distribution Tax for the period of April 1, 2019, through June 30, 2022 with five options for extension through March 2027. Because the contract was less than \$10 million and less than 10 years, the contract did not require Board of Supervisors’ approval.

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<sup>1</sup> The San Francisco Public Health Foundation is a non-profit that acts as a fiscal sponsor for community organizations on public health projects, education, and other programs. Proposals were evaluated by staff person from the Department of Children, Youth, & Their Families, a DPH contract analyst, a staff person from the Office of Economic & Workforce Development.

SFPHF selected subcontractor service providers through a competitive process in 2019. SFPHF will undertake a new competitive process prior to the expiration of the existing subcontractor agreements in June 2022 for the funding through June 2026.

## DETAILS OF PROPOSED LEGISLATION

The proposed resolution would approve the first amendment to an agreement between the Department of Public Health and the San Francisco Public Health Foundation (SFPHF), a non-profit service provider; a) exercising four one-year options to extend the agreement term from June 2022 through June 2026, and b) increasing the total not to exceed amount by \$9,632,598 from \$9,989,672 to \$19,622,270. The agreement would have a fifth option to extend the term through March 31, 2027, which would be subject to future Board of Supervisors approval if the contract amount is increased by \$500,000 or more.

### Services Provided

Under this contract, SFPHF does not provide direct services. Rather, it selects and manages subcontractors to provide services, which are detailed in Attachment II to this report. SFPHF completed the solicitation process in FY 2021-22 and selected eleven subcontractors, which are listed in Attachment I to this report.

SFPHF is paid a ten percent administrative fee, with the balance of the funding going towards programmatic costs, which includes direct subcontracting awards, media consultation/campaigns, San Francisco Unified School District (SFUSD) grants to community-based organizations, and community engagement activities.

Specifically, SFPHF is responsible for:

1. **Requests for Proposals (RFP):** Issuance of one RFP for community-based organizations, including selection, award and compliance for subcontractors to work towards achieving the goals of the SDDT.
2. **Management of Community Based Organizations:** Management of community-based organizations selected through an RFP process to ensure adherence to City policies and procedures.
3. **Program Administration:** Management of awarded funds to ensure subcontractors follow Generally Accepted Accounting Principles.
4. **Capacity Building/Program Support:** Management of quality of service, employment management principles and practices, reporting and invoicing, and ensuring that project timelines, goals and deliverables are met by subcontractors.
5. **Supervision of Quarterly Summary Reports:** Subcontractor Raimi Associates is to provide program monitoring and evaluation, culminating in annual summary reports.

### Programs

According to the 2019-2020 evaluation report completed by Raimi & Associates, a consultant selected by SFPHF, grants were provided to subcontractors for the following program areas noted in Exhibit 1 below:

**Exhibit 1: Public Health Foundation Programs Provided in FY 2019-20**

<b>Program</b>	<b>Description</b>
Healthy Communities	Non-profit capacity building and education activities
Healthy Communities SUPPORT	Non-profit capacity building and education activities for at-risk communities
Emergency Food	COVID-related food distribution
<b>Total</b>	

Source: San Francisco Sugary Drinks Distributor Tax 2019-2020 Evaluation Report

**Performance Monitoring**

Under the proposed contract, SFPHF monitors compliance with each subcontractor's workplan's deliverables and compliance with standard business practices, such as timely invoice submission, on a monthly basis. DPH provided documentation of the most recent monitoring report for each subcontractor. One contractor, Garden to Table, did not its deliverables is no longer being funded.

**FISCAL IMPACT**

Exhibit 2 below summarizes actual and projected uses of funds on the current agreement through FY 2021-22 and budgeted uses for the proposed extension through FY 2025-26.

**Exhibit 2: Actual and Projected Spending**

<b>Actual &amp; Projected Spending, Current Agreement</b>	<b>General</b>	<b>Youth &amp; Families</b>	<b>SFUSD Students</b>	<b>Total</b>
FY 2018-19	14,182	0	0	14,182
FY 2019-20	2,563,067	2,350,178	3,944	4,917,189
FY 2020-21	945,736	1,171,361	538,999	2,656,096
FY 2021-22	1,162,079	977,281	300,000	2,439,360
<b>Subtotal, Current Agreement</b>	<b>4,685,064</b>	<b>4,498,820</b>	<b>842,943</b>	<b>10,026,827</b>
<b>Projected Spending, Proposed Amendment</b>				
FY 2022-23	973,500	605,000	300,000	1,878,500
FY 2023-24	1,204,500	638,000	300,000	2,142,500
FY 2024-25	1,204,500	638,000	300,000	2,142,500
FY 2025-26	1,204,500	638,000	300,000	2,142,500
<b>Subtotal, Proposed Spending</b>	<b>4,587,000</b>	<b>2,519,000</b>	<b>1,200,000</b>	<b>8,306,000</b>
Contingency (12%)				1,289,443
<b>Total Spending</b>				<b>19,622,270</b>

Source: Appendix B of Proposed Contract

Note: The contingency amount is based on projected spending FY 2021-22 through FY 2025-26. FY 2018-19 values are three months of spending starting in April 2019.

As shown above, spending on the current agreement fluctuated from \$4.9 million in FY 2019-20, the first full-year of the agreement, to \$2.4 million. The proposed amendment decreases spending in FY 2022-23 to \$1.9 million because the term for the first round of 3-year RFP subcontractors ends June 2022. The Department anticipates a transitional period with reduced funding to be allocated in FY 2022-23, but then assumes a steady spend rate of \$2.1 million starting in FY 2023-24. According to the Department, SFPHF is expected to complete a new RFP process to select subcontractors with new agreements in place during FY 2022-23 and fully annualized in FY 2023-24 through FY 2025-26.

**Changes in Spending Plan**

The original contract was just below the \$10 million threshold that requires Board of Supervisors approval although actual spending on the original term is projected to be over \$10 million. The original agreement provided for \$9,989,672 in spending through FY 2021-22, including a 12% contingency. The proposed amendment shows \$10,026,827 spending through FY 2021-22, which is \$37,155 more than originally anticipated. According to DPH, the Department received higher than expected sugary drinks distributor tax allocation from the Board of Supervisors and the Mayor's Office to address COVID-19 related food security.

**Sources of Funding**

Of the \$8.3 million in projected spending during the proposed extension period of FY 2022-23 through FY 2025-26, \$4.5 million would be funded by General Fund revenues, \$2.5 million would be

funded from Children's Baseline funds, and \$1.2 million would be funded by work order revenues from the San Francisco Unified School District.

**RECOMMENDATION**

Approve the proposed resolution.



**Attachment I: List of subcontractor service providers and consultants**

Instituto Familiar de la Raza

Bayview Hunters Point Community Advocates/San Francisco Study Center

Farming Hope

SoMa Community Action Network (SOMCAN)

San Francisco African American Faith Based Coalition/San Francisco Study Center

BMAGIC/YMCA

Bounce Back Generation

Community Grows/Tides

SF Park Alliance (Urban Sprouts)

Community Well/Social Good Fund

Sister Web/Heluna

Health Initiatives for Youth

Raimi and Associates

**Attachment II: Scopes of Work for Subcontractor Non-Profit Service Providers, FY 2022-23**

SFPHF Program	Scopes of Work
<p>Provide Program Administrative support to organizations that successfully responded to RFP to provide services to priority populations that support healthy eating, active living and prevent chronic disease</p>	<p><b>Instituto Familiar de la Raza:</b> Funding will support “Nuestras Raíces Saludables” (Our Healthy Roots) program to educate the Latino indigenous community in the prevention of chronic diseases, healthy living and wellness through a series of community workshops and educational programming develop a group of Latino indigenous community members/leaders in culturally appropriate interventions and best practices. In the second year the program will incorporate community health providers in peer to peer education and capacity building to positively impact the nutritional and physical activity behaviors of the Latino indigenous community of San Francisco</p> <p><b>Bayview Hunters Point Community Advocates/San Francisco Study Center:</b> Funding will support a community-owned co-op grocery store in the Bayview Hunters Point neighborhood to provide affordable</p> <p><b>Farming Hope:</b> Funding will employ trainees at Farming Hope's social enterprise restaurant and urban garden, supporting 20+ apprentices annually from Mission, SoMa and Tenderloin neighborhoods. This support will help feed 18,000 customers, while raising awareness about veggie-forward diets</p> <p><b>SoMa Community Action Network (SOMCAN):</b> Funding will support “Our Health/Kalusugan, Our Community/Bayan” project, which aims to empower, and build the leadership and civic engagement of SF Filipino residents to attain healthier lifestyles while advocating for healthier neighborhoods</p> <p><b>San Francisco African American Faith Based Coalition/San Francisco Study Center:</b> Funding will aid in building capacity for the Coalition to provide services and serve at least 450 people over the three-year cycle with healthy food training and food security</p> <p><b>Raimi and Associates:</b> Evaluate all funded organizations; provide technical assistance to funded organizations; analyze</p>
<p>Provide Program Administrative support to organizations serving children, youth and families that successfully responded to RFP to provide services to priority populations that support healthy eating, active living and prevent chronic disease</p>	<p><b>BMAGIC/YMCA:</b> Funding will support the Bayview Park Rx Program will help us engage approximately 500 residents interested in chronic disease prevention and intervention through health and wellness activities, programs and park services</p> <p><b>Bounce Back Generation:</b> Funding will support community hiring to create and implement a wide public awareness campaign directed toward 300 Potrero/Bayview children to recognize the origins of negative coping behaviors and adopt resilient-building habits instead</p> <p><b>Community Grows/Tides:</b> Funding will support our BEETS (Band of Environmentally Educated and Employable Teens) program will help employ 10 low-income youth of color to learn and lead</p>

	<p>health-focused workshops for 130 children and adults in the Western Addition and Bayview about nutrition, gardening and mindfulness, while building and maintaining edible gardens to increase access to fresh produce in their communities</p> <p><b>SF Park Alliance (Urban Sprouts):</b> Funding will support our annual work with 1600 low-income individuals of all ages through garden-based education, job-readiness, and community health &amp; nutrition education programs in the Excelsior, Sunnyside, and Mission Bay communities</p> <p><b>Community Well/Social Good Fund:</b> Funding will support program delivery of weekly classes on food as medicine, movement and emotional wellness. We aim to serve 1,285 historically underserved residents of southern SF districts, promoting healthy behaviors and reduced rates of chronic illness</p> <p><b>Sister Web/Heluna:</b> Funding will pair 60 African American, Latinx, and Pacific Islander mothers and families with a doula from their community and provide them with specialized prenatal, peripartum, and postpartum care that includes one-to-one and group Healthy Eating and Active Living (HEAL) skills-building and coaching</p>
<p>Provide Program Administrative support to funded organizations providing services to SFUSD students.</p>	<p><b>Health Initiatives for Youth:</b> Funding will support HIFY to train HS students to be peer nutrition ambassadors educating students about nutrition and distributing healthy snacks. From the Garden to the Table teaches nutrition and cooking classes.</p> <p><b>From Garden to Table</b> – did not meet deliverables, not funded this FY</p>

<b>Items 4 &amp; 5</b> <b>Files 21-1084 &amp; 21-1085</b>	<b>Department:</b> San Francisco International Airport (Airport)
<b>EXECUTIVE SUMMARY</b>	
<p><b>Legislative Objectives</b></p> <ul style="list-style-type: none"> <li>• The proposed resolutions would approve Terminal 1 food and beverage concession leases between San Francisco International Airport (Airport) as landlord and (i) HFF SFO Two, LLC, with initial Minimum Annually Guaranteed (MAG) rent of \$545,000 (File 21-1084); and (ii) Heigh Connects, LLC, with initial MAG rent of \$570,000 (File 21-1085), as tenants, with initial 12-year terms and one 2-year option to extend each lease.</li> </ul> <p><b>Key Points</b></p> <ul style="list-style-type: none"> <li>• In 2019, the Airport issued a Request for Proposals (RFP) for five food and beverage concession leases in Terminal 1, including a Casual Dining and Bar and a Japanese or Poke restaurant. The Japanese or Poke lease was advertised as a small business set-aside, with proposers required to have annual gross revenues below \$7.5 million for the past three years. A panel reviewed the seven proposals for the two leased spaces and deemed HFF SFO Two, LLC and Heigh Connects, LLC to be the highest scoring responsive and responsible proposers. In March 2020, the Airport Commission approved leases with these prospective tenants.</li> <li>• Each lease would have a term of 12 years, with one 2-year option to extend. Each tenant would pay the greater of MAG rent, adjusted annually based on the Consumer Price Index (CPI), or percentage rent based on gross revenues.</li> </ul> <p><b>Fiscal Impact</b></p> <ul style="list-style-type: none"> <li>• Over the initial 12-year terms of the leases, the value of the MAG rent would be at least \$13,380,000. If the 2-year options are exercised, the value of the MAG rent would be at least \$2,230,000, for total MAG rent over 14 years of at least \$15,610,000.</li> <li>• The leases contain a provision that suspends the MAG rent if enplanements drop below 80 percent of 2019 levels for three consecutive months, consistent with Airport policy. The MAG is then reinstated if enplanements increase back to at least 80 percent of 2019 levels for two consecutive months. When the MAG is suspended, the tenants would still pay percentage rent, which may be lower than the MAG. MAG rents are currently suspended due to the impact of COVID-19 on air travel.</li> </ul> <p><b>Recommendation</b></p> <ul style="list-style-type: none"> <li>• Approve the proposed resolutions.</li> </ul>	

## MANDATE STATEMENT

City Charter Section 9.118(c) states that (1) any lease of real property for ten or more years, including options to renew, or having anticipated revenues to the City of \$1,000,000, or (2) the modification, amendment or termination of these leases is subject to Board of Supervisors approval.

## BACKGROUND

In September 2019, the San Francisco International Airport (Airport) Commission authorized Airport staff to commence a Request for Proposals (RFP) process for five food and beverage concession leases in Terminal 1, including a Casual Dining and Bar and a Japanese or Poke restaurant. The Japanese or Poke concession was advertised as a Small Business Enterprise set-aside, with proposers required to have gross revenues below \$7,500,000 annually over the past three years. In December 2019, after holding an informational conference with interested parties and gathering feedback, the Airport Commission approved revised lease specifications<sup>1</sup> and authorized Airport staff to accept proposals for the leases.

In January 2020, the Airport received eight proposals for the two leases, of which nine proposals were complete and met the minimum qualifications. A four-member panel reviewed the proposals and scored them, as shown in Exhibit 1 below.<sup>2</sup>

### Exhibit 1: Proposals and Scores from RFP

Proposer	Concept Name	Score
<i>Casual Dining and Bar (File 21-1084)</i>		
HFF SFO Two, LLC	Balboa Café	97.00
Amoura International, Inc.	Amoura Modern Mediterranean	79.33
<i>Japanese or Poke (File 21-1085)</i>		
Heigh Connects, LLC	Sam Choy's Poke to the Max	89.00
Silver Dragon Café, LLC	Live Sushi & Poke	85.33
Poki Time 168, LLC	Tuna Kahuna	83.00
Airside Delights SFO Inc.	Tomokazu	82.00
Reiwa USA, Inc.	Waku Waku	77.33

Source: Airport staff memo to Airport Commission

HFF SFO Two, LLC and Heigh Connects, LLC were deemed the highest scoring responsive and responsible proposers and were awarded leases. In March 2020, the Airport Commission approved the leases. According to Cheryl Nashir, Airport Director of Revenue Development and

<sup>1</sup> According to the minutes for the Airport Commission's December 3, 2019 meeting, the changes to the RFP were to allow for a casual, rather than sit-down, dining concept for Lease 12 (Casual Dining and Bar), eliminating the need for wait staff, and at the request of potential proposers, reducing the small business experience requirement from having managed a business with \$1 million to \$700,000 in annual revenues.

<sup>2</sup> The panel consisted of a Chief Financial Officer from Visum Development Group, a Senior Airport Economic Development Specialist from Sacramento Airport, a Senior Aviation Management Consultant from ICF, and a Project Manager from SFO.

Management, Board of Supervisors approval of the leases was delayed due to the COVID-19 pandemic and its impact on air travel.

### DETAILS OF PROPOSED LEGISLATION

The proposed resolutions would approve Terminal 1 food and beverage concession leases with (i) HFF SFO Two, LLC (File 21-1084); and (ii) Heigh Connects, LLC (File 21-1085), as tenants.

Each lease would have an initial term of 12 years, with one 2-year option to extend each lease. Each tenant would pay the greater of the Minimum Annually Guaranteed (MAG) rent or percentage rent based on gross revenues. The key provisions of the leases are shown in Exhibit 2 below.

#### Exhibit 2: Key Provisions of Proposed Leases

Tenant	HFF SFO Two (File 21-1084)	Heigh Connects (File 21-1085)
Concept	Casual Dining and Bar	Poke Bar
Square Footage	2,446 square feet	738 square feet
Term	12 years	12 years
Options to Extend	One 2-year option	One 2-year option
Initial MAG Rent <sup>3</sup>	\$545,000	\$570,000
MAG Adjustment	Annually based on Consumer Price Index (CPI)	
Percentage Rent	8% up to \$1,500,000	8% up to \$500,000
(of Gross Revenues)	10% from \$1,500,000 to \$2,000,000 12% over \$2,000,000	10% from \$500,000 to \$1,000,000 12% over \$1,000,000
Minimum Investment	\$1,000 per square foot	
Interim Rent During Construction	12% of gross revenues	
Deposit	Equal to ½ of the initial MAG (subject to mid-term adjustment)	
Early Termination	Airport may terminate with 6 months written notice, if space is needed for Airport's 5-Year or 10-Year Capital Plan	
Promotional Charge	\$1 per square foot per year	
Pest Control Fee	\$75 per month, subject to adjustment	
Cleaning Fee	None <sup>4</sup>	\$59 per square foot per year
Infrastructure Fee	None	\$5 per square foot per year
Terrazzo/Trellis Fee	None	\$2,371 per year

Source: Proposed leases

<sup>3</sup> Beginning with the Airport's 2016 competitive solicitation for food and beverage leases, the Airport sets MAG rents for each fully leased area, on an average, at 65 percent of projected percentage rent. The MAG rents for the proposed leases were advertised in the 2019 RFP.

<sup>4</sup> HFF SFO Two does not have cleaning, infrastructure, or terrazzo/trellis fees because it is an exclusive space and the tenant provides its own cleaning service and infrastructure. The Heigh Connects lease is a quick serve restaurant requiring food to be eaten away from the premises, making the cleaning and infrastructure fees appropriate.

According to Director Nashir, the Heigh Connects lease has a greater MAG rent than the HFF SFO Two lease because it is located adjacent to the security checkpoint in the passenger flow for both Boarding Areas B and C, compared to the HFF SFO Two lease which would only be visible for passengers departing from Boarding Area B. Airport staff anticipates that Heigh Connects will generate similar revenues to HFF SFO Two, despite its smaller premises, because of its preferable location. Additionally, HFF SFO Two’s lower MAG reflects higher anticipated labor costs as a full-service restaurant and bar, compared to Heigh Connects’ quick serve concept.

Director Nashir estimates that the HFF SFO Two lease will commence on February 1, 2023 and the Heigh Connects lease will commence on March 1, 2024. The MAG rent on lease commencement would be the amount advertised in the 2019 RFP with CPI adjustments annually thereafter.

**FISCAL IMPACT**

Under the terms of each lease, the tenants would pay the greater of MAG rent or tiered percentage rent of gross revenues. Over the initial 12-year lease terms, the total value of the MAG rent would be at least \$13,380,000. If the two-year options to extend the leases are executed, the value of the MAG rent would be at least \$2,230,000. The total value of the MAG rent over 14 years would be at least \$15,610,000, as shown in Exhibit 3 below.

**Exhibit 3: MAG Rents of Proposed Leases**

<b>Tenant</b>	<b>MAG Rent</b>	<b>MAG Rent over Initial Term (12 Years)</b>	<b>MAG Rent over Option Term (2 Years)</b>	<b>Total MAG Rent (14 Years)</b>
HFF SFO Two (File 21-1084)	\$545,000	\$6,540,000	\$1,090,000	\$7,630,000
Heigh Connects (File 21-1085)	570,000	6,840,000	1,140,000	7,980,000
<b>Total</b>	<b>\$1,115,000</b>	<b>\$13,380,000</b>	<b>\$2,230,000</b>	<b>\$15,610,000</b>

Source: BLA analysis of proposed leases

**MAG Suspension**

The leases contain a provision that suspends the MAG rent if enplanements drop below 80 percent of 2019 levels for three consecutive months, consistent with Airport policy. The MAG is then reinstated if enplanements increase back to at least 80 percent of 2019 levels for two consecutive months. When the MAG is suspended, the tenants would still pay percentage rent, which may be lower than the MAG. MAG rents are currently suspended due to the impact of COVID-19 on air travel.

**RECOMMENDATION**

Approve the proposed resolutions.

<p><b>Item 8</b> <b>File 21-1250</b></p>	<p><b>Department:</b> Mayor’s Office of Housing and Community Development (MOHCD)</p>
<p><b>EXECUTIVE SUMMARY</b></p>	
<p style="text-align: center;"><b>Legislative Objectives</b></p> <ul style="list-style-type: none"> <li>• The proposed resolution would authorize the Mayor’s Office of Housing and Community Development (MOHCD) to spend \$1,025,000 from the SoMa Community Stabilization Fund to award 11 grants to non-profit organizations from January 1, 2022 through December 31, 2022.</li> </ul> <p style="text-align: center;"><b>Key Points</b></p> <ul style="list-style-type: none"> <li>• Under the City’s Planning Code, developers constructing new residential development in the Rincon Hill Downtown Residential District pay a SoMa Community Stabilization Fee of \$17.93 per square foot on new residential development within the District to be used to mitigate the impacts of development on residents and businesses in SOMA. MOHCD administers the Fund, and the Community Stabilization Fund Community Advisory Committee (CAC) advises on the use of funds, subject to Board of Supervisors approval.</li> <li>• In September 2021, MOHCD issued a Request for Proposals (RFP) for non-profit organizations to apply for funding from the SoMa Community Stabilization Fund for services in FY 2021-2022. The five priority funding areas according to the RFP are: 1) Housing, 2) Small Business Support, 3) Youth and Family Support, 4) Community Action Grants/SoMa Community Collaborative, and 5) Capacity Building: Trauma Informed Systems Training. An evaluation panel reviewed and scored the proposals and CAC recommends awarding 11 grants in the five categories. The funding awards are for one-year from January 2022 through December 2022.</li> </ul> <p style="text-align: center;"><b>Fiscal Impact</b></p> <ul style="list-style-type: none"> <li>• The proposed resolution would authorize MOHCD to expend \$1,025,000 from the SoMa Community Stabilization Fund. After the proposed grant expenditures, the balance will be reduced from \$6,989,058 to \$5,964,058.</li> </ul> <p style="text-align: center;"><b>Policy Consideration</b></p> <ul style="list-style-type: none"> <li>• If this resolution were approved, five of the eight non-profit organizations receiving funds from the SoMa Community Stabilization Fund were also recipients of Fund monies in FY 2019-20. According to MOHCD staff, all five of these organizations met their program goals for that fiscal year.</li> </ul> <p style="text-align: center;"><b>Recommendation</b></p> <ul style="list-style-type: none"> <li>• Approve the proposed resolution.</li> </ul>	



**MANDATE STATEMENT**

In accordance with Planning Code Section 418.7, all funds in the South of Market Area (SoMa) Community Stabilization Fund are to be expended to address the effects of destabilization on residents and businesses in SOMA due to new residential development in the Rincon Hill Area. SoMa Community Stabilization Fund expenditures are administered by the Mayor’s Office of Housing and Community Development (MOHCD), subject to approval by resolution of the Board of Supervisors.

**BACKGROUND**

In August 2005, the Board of Supervisors approved a new Section 418 to the City Planning Code which, among other provisions, (a) established the Rincon Hill Downtown Residential District<sup>1</sup>, (b) imposed a Rincon Hill Community Infrastructure Impact Fee (\$14.09 per square foot of new residential development in the District<sup>2</sup>), (c) created a Rincon Hill Community Improvement Fund for the deposit of the Rincon Hill Community Infrastructure Fees collected, (d) imposed a SoMa Community Stabilization Fee (\$17.93 per square foot on new residential development within the District), (e) created the SoMa Community Stabilization Fund for the deposit of SoMa Community Stabilization Fees collected, and (f) established a SoMa Community Stabilization Fund Community Advisory Committee (CAC) to advise the MOHCD and the Board of Supervisors on the uses of the SoMa Community Stabilization Fund (Ordinance 217-05).

The legislation specifies that all funds collected in the SoMa Community Stabilization Fund are to be used to mitigate the impacts of destabilization on residents and businesses in SOMA.

Legislative History

On May 6, 2008, the Board of Supervisors approved a resolution (File 08-0544) (a) approving the SoMa Community Stabilization Fund Strategic Plan, (b) authorizing MOHCD to administer the SoMa Community Stabilization Fund in accordance with this Strategic Plan, and (c) authorizing MOHCD to work with the SoMa Stabilization Fund Community Advisory Committee (CAC) to issue Requests for Proposals (RFPs) for non-profit agencies to provide services addressing the effects of destabilization on residents and businesses in SoMa, consistent with the Community Stabilization Fund Strategic Plan (updated as of February 9, 2021).

MOHCD and the CAC did not undertake a funding cycle in FY 2020-21. The most recent SoMa Fund one-year RFP cycle was in March 2019. In June 2019, the Board of Supervisors approved a resolution authorizing MOHCD to expend \$919,954 from the SoMa Community Stabilization Fund (File 19-0576). The funds were distributed to 18 non-profit organizations for FY 2019-20.

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<sup>1</sup> The Rincon Hill Downtown Residential District is defined as the area bounded by Folsom Street, the Bay Bridge, the Embarcadero, and Essex Street.

<sup>2</sup> San Francisco Citywide Development Impact Fee Register, effective January 1, 2021

### RFP Process

On September 7, 2021, MOHCD issued a Request for Proposals (RFP) for community-based organizations to apply for funding from the SOMA Community Stabilization Fund to provide SoMA Services in FY 2021-2022. The five priority funding areas according to the RFP are: 1) Housing, 2) Small Business Support, 3) Youth and Family Support, 4) Community Action Grants/SoMa Community Collaborative, and 5) Capacity Building: Trauma Informed Systems Training.

Proposals were reviewed by a scoring panel<sup>3</sup>, and evaluated based on the following: SoMA Target Population (15 points), Program Design (20 points), Program and Organizational Impact (40 points), Approach to COVID-19 Response and Recovery (15 points) and Approach to Advance Racial Equity Goals (10 points). MOHCD received 19 proposals<sup>4</sup> and ultimately, 11 organizations scoring above 75 are being recommended by the CAC for funding for a one-year grant term, with an option to extend.

### **DETAILS OF PROPOSED LEGISLATION**

The proposed resolution authorizes MOHCD to spend \$1,025,000 from the SoMA Community Stabilization Fund to address various impacts of destabilization on residents and businesses in SOMA from January 1, 2022 through December 31, 2022.

Exhibit 1 below lists the 11 non-profit organizations that the SoMa Stabilization Fund Community Advisory Committee recommends funding for 2022.

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<sup>3</sup> The scoring panel consisted of ten reviewers: a SoMa Community Member; Community Foundation Officer; MOHCD Citizens Committee or Community Development member; a bank philanthropic foundation officer; an Office of Economic and Workforce Development program manager; an MOHCD program manager, affordable housing development and data; an MOHCD program manager, affordable housing services; an MOHCD program officer, program evaluation; an MOHCD program officer, cultural districts program; and an MOHCD program officer, immigrant rights portfolio.

<sup>4</sup> According to MOHCD, three proposals were not eligible for funding because they applied directly for Community Action Grants (CAG). The CAG process will be administered by the Community Actions Grant/Community Council grantee that is awarded through this RFP.

**Exhibit 1: 2022 Funding Recommendations**

<b>Program Area</b>	<b>Organization</b>	<b>Project Description</b>	<b>Amount</b>
Housing	San Francisco Study Center <sup>a</sup>	Services to increase access to affordable housing	\$75,000
Community Action Grants	Centers for Equity and Success, Inc.	Coordination of community action grants program	\$250,000
Youth & Family Support	United Playaz	School day support for teachers and children at Bessie Carmichael schools	\$100,000
Youth & Family Support	Westbay Pilipino Multi Service Center	College preparatory services	\$50,000
Youth & Family Support	Filipino American Development Foundation	Culturally competent educational services for Bessie Carmichael/Filipino Education Center students	\$50,000
Youth & Family Support	United Playaz	Coordination of on-site services at Bessie Carmichael Schools	\$50,000
Small Business Support	Kultivate Labs	Small business accelerator and incubation	\$75,000
Small Business Support	Renaissance Entrepreneurship Center	Small business COVID support	\$75,000
Small Business Support	Kultivate Labs	Small business COVID-safe event production	\$75,000
Housing	Filipino-American Development Foundation <sup>b</sup>	Culturally Competent tenant support	\$75,000
Capacity Building: Trauma Informed Systems Training	The Regents of the University of California, San Francisco	Trauma-informed training and support at Bessie Carmichael School	\$150,000
<b>Total:</b>			<b>\$1,025,000</b>

<sup>a</sup> Fiscal sponsor of the Bill Sorro Housing Project

<sup>b</sup> Fiscal sponsor of South of Market Community Action Network

Source: MOHCD

MOHCD has not yet disbursed any funding from this procurement process.

**FISCAL IMPACT**

Exhibit 2 below summarizes the current and projected balance of the SoMa Community Stabilization Fund if the proposed spending resolution is approved.

**Exhibit 2. SoMa Community Stabilization Fund, Current and Projected Balance**

<b>Current Balance</b>	\$13,050,902
FY 2011-21 Unspent Encumbered Funds	(361,844)
FY 2021-22 Expenditures Approved by BOS but Unencumbered	(5,700,000)
<b>Balance Available</b>	<b>\$6,989,058</b>
<b>Authorizing Resolutions</b>	
11 projects, File No. 21-1205	(1,025,000)
<b>Remaining Balance</b>	<b>\$5,964,058</b>

Source: MOHCD

As shown above, if the proposed resolution is approved, the SoMa Community Stabilization Fund balance will be reduced from \$6,989,058 to \$5,964,058.

**POLICY CONSIDERATION**

If this resolution were approved, five of the eight non-profit organizations receiving funds from the SoMa Community Stabilization Fund were also recipients of Fund monies in FY 2019-20. According to MOHCD staff, all five of these organizations met their program goals for that fiscal year.

**RECOMMENDATION**

Approve the proposed resolution.

<b>Item 9</b> <b>File 21-1081</b>	<b>Department:</b> Civil Service Commission (CSC), Office of Labor Standards Enforcement (OLSE)
<b>EXECUTIVE SUMMARY</b>	
<p><b>Legislative Objectives</b></p> <ul style="list-style-type: none"> <li>• The proposed resolution would fix prevailing wage rates for employees of businesses having City contracts that (1) perform public works and improvement projects, (2) perform janitorial or window cleaning services, (3) work in public off-street parking lots, garages, or storage facilities for vehicles on property owned or leased by the City, (4) engage in theatrical or technical services related to the presentation of shows on property owned or leased by the City, (5) haul solid waste, (6) perform moving services at facilities owned or leased by the City, and (7) perform exhibit, display or trade show work at special events in the City, (8) work in broadcast services on City property, (9) drive, load, or unload commercial vehicles on City property in connection with shows or special events, (10) perform security guard services, and (11) perform motor bus services.</li> </ul> <p><b>Key Points</b></p> <ul style="list-style-type: none"> <li>• The proposed resolution would establish the following changes to prevailing wage basic hourly rates: (1) construction employees would receive wage rate increases that vary by classification, from an increase of \$0.62 per hour to an increase of \$3.40 per hour; (2) janitorial and window cleaning employees would receive a wage rate increase depending on classification ranging from no change to an increase of \$1.65 per hour; (3) garage and parking lot employees would receive no wage rate increase; (4) theatrical employees would receive a wage rate increase depending on classification ranging from \$0.82 to \$1.62 per hour; (5) solid waste haulers would receive a wage rate increase depending on classification ranging from \$0.89 to \$1.17 per hour; (6) employees performing moving services would receive a wage rate increase of \$0.65 per hour; (7) employees performing trade show work would receive no wage rate increase; (8) broadcast employees would receive no wage rate increase; (9) loaders and unloaders would receive no wage rate increase; (10) security guards would receive no wage rate increase; and (11) motor bus drivers would receive a wage rate increase depending on classification ranging from \$1.21 to \$1.54 per hour.</li> </ul> <p><b>Fiscal Impact</b></p> <ul style="list-style-type: none"> <li>• Potential increased costs to the City depend on future City contractor bids and the extent to which City contractors increase the bids submitted to the City to pay for the costs of the increased prevailing wages rates. Such potential increased costs to the City cannot be estimated at this time.</li> </ul> <p><b>Recommendation</b></p> <ul style="list-style-type: none"> <li>• Approval of the proposed resolution is a policy decision for the Board of Supervisors.</li> </ul>	

## MANDATE STATEMENT

Charter Section A7.204 requires contractors that have public works or construction contracts with the City to pay employees the highest general prevailing rate of wages for similar work in private employment. The Charter allows the Board of Supervisors to exempt payment of the prevailing wage for wages paid under public works or construction contracts between the City and non-profit organizations that provide workforce development services.

Administrative Code Sections 6.22(E)(3) and 21C.7(c)(1) require the Board of Supervisors to annually set prevailing wage rates for employees of businesses having City contracts. Exhibit 1 below identifies the (a) specific Administrative Code Sections, (b) the dates each Administrative Code Section was last amended by the Board of Supervisors, and (c) the types of City contracts, leases, and/or operating agreements in which the businesses are required to pay prevailing wages.

### Exhibit 1: List of City Contractors Required to pay the Annual Prevailing Wage

Administrative Code	Date of Most Recent Amendment	Type of Contract
Section 6.22 (E)	May 19, 2011	Public works or construction
Section 21.C.1	January 7, 2011	Motor bus services
Section 21C.2	May 28, 2014	Janitorial and window cleaning services
Section 21C.3	May 28, 2014	Public off-street parking lots, garages, and vehicle storage facilities
Section 21C.4	February 2, 2012	Theatrical performances
Section 21C.5	February 2, 2012	Solid waste hauling services
Section 21C.6	February 2, 2012	Moving services
Section 21C.8	June 19, 2014	Trade show and special event work
Section 21C.9	February 10, 2016	Broadcast service workers on City property
Section 21C.10	October 14, 2016	Loading, unloading, and driving commercial vehicles on City property
Section 21C.11	October 28, 2016	Security guard services in City contracts and for events on City property

## BACKGROUND

Businesses that have contracts with the City, lease City property, or have permits for or other access to temporary use of City property must pay prevailing wage rates to employees. “Prevailing wages” are usually based on rates specified in collective bargaining agreements for comparable classifications in the geographic area. Businesses having contracts, leases, or permits with the City must pay the prevailing wage rate, even if the employees of the specific business are not covered by a collective bargaining agreement.

Each year, the Board of Supervisors is required to establish the prevailing wage rates for workers engaged in construction, janitorial, parking, theatrical, motor bus, solid waste hauling, moving, trade show, security guard, and broadcast services, and for loading, unloading, and driving commercial vehicles on City property.

Administrative Code Section 6.22, covering public works classifications, defines prevailing wage as the per diem wage rate, and rate for overtime and holidays. Section 21C defines the prevailing wage rate for other classifications as the base hourly wage rate and the hourly rate for fringe benefits.

To assist the Board of Supervisors in determining the prevailing wage rates, the Civil Service Commission is required to furnish the Board of Supervisors, on or before the first Monday of November of each year, relevant prevailing wage rate data. The Civil Service Commission submitted the report to the Board of Supervisors on October 15, 2021.

Administrative Code Sections 6.22(E) and 21C.7 state that the Board of Supervisors is not limited to the data submitted by the Civil Service Commission to determine the prevailing wage rates for public works construction but may consider other information on the subject as the Board of Supervisors deems appropriate. According to Administrative Code Section 6.22(E), if the Board of Supervisors does not adopt the prevailing wage rates for public works classifications, the wage rates established by the California Department of Industrial Relations for the year will be adopted.

The Civil Service Commission's relevant prevailing wage rate data provided to the Board of Supervisors is based on a survey by the City's Office of Labor Standards Enforcement and includes collective bargaining agreements that have recently been negotiated.

## **DETAILS OF PROPOSED LEGISLATION**

The proposed resolution would fix prevailing wage rates for employees of private businesses having the following contracts, leases, or operating agreements with the City or perform services on City property:

- Public works and improvement project contracts,
- Janitorial services contracts,
- Public off-street parking lots, garages, or storage facilities for vehicles on property owned or leased by the City,
- Theatrical or technical services related for shows on property owned or leased by the City,
- Hauling of solid waste generated by the City in the course of City operations,
- Moving services under City contracts at facilities owned or leased by the City,
- Exhibit, display, or trade work show services at a special event on City-owned property,
- Broadcast services on City property,
- Loading, unloading, and driving of commercial vehicles on City property in connection with shows or special events,

- Security guard services, and
- Motor bus services.

The Administrative Code requires that the Civil Service Commission provide prevailing wage data to the Board of Supervisors that includes both the basic hourly wage rate and the hourly rate of each fringe benefit, including medical and retirement benefits.

- Prevailing wage rates for various crafts and labor classifications under public works projects are established by the California Department of Industrial Relations, usually based on collective bargaining agreements that cover the employees performing the relevant craft or type of work in San Francisco.
- Prevailing wage rates for contracts for other services and classifications covered by the Administrative Code, as recommended by the Civil Service Commission, are based on the collective bargaining agreements that cover work performed in San Francisco between employers and the respective labor unions.

Attachment I to this report provides an alphabetical list of all crafts covered by the City's prevailing wage rate requirements.

## **FISCAL IMPACT**

Attachment II to this report, prepared by the Budget and Legislative Analyst, summarizes (a) the types of contracts, leases, or operating agreements required to pay prevailing wages, (b) the respective collective bargaining agreements and labor unions, (c) the amount of the hourly wage rate increases in 2022 as compared to 2021, (d) the amount of the hourly fringe benefit rate increases in 2022 as compared to 2021, and (e) the proposed prevailing hourly wage rates.

### **Potential impact on the costs of future contractor bids**

Under the proposed resolution, private businesses that have contracts with the City, and perform public works construction, janitorial services, parking, theatrical, moving, solid waste hauling services, trade show work, broadcasting services, loading, and unloading, security guard services, and motor bus services in San Francisco, would be required to pay their employees at least the prevailing wage rates as shown in Attachment II of the report. Increases in the prevailing wage rates could result in increased costs of future City contracts. However, any increased contract costs to the City as a result of the proposed prevailing wage rates are dependent on future City contractors' bids and the extent to which such higher wage rates result in higher bids submitted by City contractors. Therefore, such potential increased costs to the City cannot be estimated at this time.

## **POLICY CONSIDERATION**

As noted above, the Civil Service Commission's relevant prevailing wage rate data provided to the Board of Supervisors is based on a survey by the City's Office of Labor Standards Enforcement and includes collective bargaining agreements that have recently been negotiated. Because the Board of Supervisors is not limited to the data submitted by the Civil Service Commission to determine the prevailing wage rates for public works construction but



may consider other information on the subject as the Board of Supervisors deems appropriate, we consider approval of the proposed ordinance to be a policy matter for the Board of Supervisors.

**RECOMMENDATION**

Approval of the proposed resolution is a policy decision for the Board of Supervisors.

**List of the Crafts Covered by Prevailing Wage Requirements**

Asbestos Removal Worker (Laborer)	Parking and Highway Improvement Painter (Painter)
Asbestos Worker, Heat and Frost Insulator	Parking Lot and Garage Workers
Boilermaker-Blacksmith	Pile Driver (Carpenter)
Broadcast Services Workers	Pile Driver (Operating Engineer - Building Construction)
Brick Tender	Pile Driver (Operating Engineer - Heavy and Highway Work)
Bricklayer, Blocklayer	Plaster Tender
Building/Construction Inspector	Plasterer
Carpenter and Related Trades	Plumber
Carpet, Linoleum	Roofer
Cement Mason	Security Guards
Dredger (Operating Engineer)	Sheet Metal Worker (HVAC)
Drywall Installer (Carpenter)	Slurry Seal Worker
Electrical Utility Lineman	Solid Waste Hauling Workers
Electrician	Stator Rewinder
Elevator Constructor	Steel Erector and Fabricator (Operating Engineer - Heavy & Highway Work)
Field Surveyor	Steel Erector and Fabricator (Operating Engineer - Building Construction)
Furniture Movers and Related Classifications	Teamster
Glazier	Telecommunications Technician
Iron Worker	Telephone Installation Worker
Janitorial Services Worker	Terrazzo Finisher
Janitorial Window Cleaner Workers	Terrazzo Worker
Laborer	Theatrical Workers
Landscape Maintenance Laborer	Tile Finisher
Light Fixture Maintenance	Tile Setter
Loaders and Unloaders	Trade Show and Special Event Workers
Marble Finisher	Traffic Control/Lane Closure (Laborer)
Marble Mason	Tree Maintenance (Laborer)
Metal Roofing Systems Installer	Tree Trimmer (High Voltage Line Clearance)
Modular Furniture Installer (Carpenter)	Tree Trimmer (Line Clearance)
Motor Bus Driver	Tunnel Worker (Laborer)
Moving Services	Tunnel/Underground (Operating Engineer)
Operating Engineer	Water Well Driller
Operating Engineer (Building Construction)	
Operating Engineer (Heavy and Highway Work)	
Painter	

Type of Contract, Lease, or Operating Agreement	Collective Bargaining Agreement and/or Labor Union	Hourly Wage Rate Increase/ Decrease in 2022 compared to 2021	Hourly Fringe Benefits Rate Increase/ Decrease in 2022 compared to 2021	Proposed Prevailing Wage Rates (Hourly Wage Rate + Hourly Fringe Benefit Rate)
Public Works and Construction	California Department of Industrial Relations	Varies by classification, ranging from an increase of \$0.62 per hour for certain tile finishers to an increase of \$3.40 per hour for tapers.	Varies by classification, ranging from no change for certain water well drillers and pump installers to an increase of \$3.25 for certain inside wiremen and cable splicers.	Varies by classification: -The low wage rate increases from \$17.50 to \$18.50 per hour for water well driller helpers. -The high wage increases from \$123.72 to \$129.22 per hour for cable splicers.
Janitorial Services Contract	Collective bargaining agreement between the San Francisco Maintenance Contractors Association and the Service Employees International Union, Building Services Employees Union, Local 1877, Division 87.	No changes.	Varies by classification, from an increase of \$0.20 per hour to an increase of \$0.34 per hour.	Varies by classification: -The low wage increases from \$27.25 per hour to \$27.45 per hour. -The high wage increases from \$34.12 per hour to \$34.50 per hour.
Window Services Contract	Collective bargaining agreement between the San Francisco Window Cleaning Contractors Association and Window Cleaners Union – Service Employees International Union Local 1877, AFL-CIO	An increase of \$1.65 per hour.	Varies by classification, from an increase of \$0.46 per hour to an increase of \$0.47 per hour.	Varies by classification: -The low wage increases from \$39.48 per hour to \$41.59 per hour. -The high wage increases from \$41.02 per hour to \$43.14 per hour.
Public Off-Street Garage Employees	San Francisco Master Parking Agreement between the Signatory Parking Operators and Teamsters Automotive and Allied Workers, Local 665.	No changes.	No changes.	Varies by classification: -The low wage remains at \$30.08 per hour. -The high wage remains at \$38.82 per hour.

Type of Contract, Lease, or Operating Agreement	Collective Bargaining Agreement and/or Labor Union	Hourly Wage Rate Increase/ Decrease in 2021 compared to 2020	Hourly Fringe Benefits Rate Increase/ Decrease in 2021 compared to 2020	Proposed Prevailing Wage Rates (Hourly Wage Rate + Hourly Fringe Benefit Rate)
Theatrical Services	2016 Project Collective Bargaining Agreement - International Alliance of Theatrical Stage Employees, Local 16, and Moving Picture Technicians, Artists and Allied Crafts, and Canada Local 16	Varies by classification, from an increase of \$0.82 per hour to an increase of \$1.62 per hour.	Varies by classification, from a decrease of \$0.55 per hour to an increase of \$0.68 per hour.	Varies by classification: -The low wage increases from \$58.12 per hour to \$58.39 per hour. -The high wage increases from \$114.98 per hour to \$117.28 per hour.
Solid Waste Hauling	Collective Bargaining Agreement between Recology Sunset & Recology Golden Gate and Sanitary Truck Drivers and Helpers Union Local 350, IBT	Varies by classification, from an increase of \$0.89 per hour to an increase of \$1.17 per hour.	A decrease of \$3.91 per hour. (Does not include vacation benefits which vary based on length of employment)	Varies by classification: -The low wage rate decreases from \$70.07 to \$67.05 per hour. -The high wage rate decreases \$85.43 to \$82.76 per hour.
Moving Services	Collective Bargaining Agreement between the Northern California employers and the Northern California Regional Council of Carpenters and the Carpenters 46 Northern California Counties Conference Board.	An increase of \$0.65 per hour.	An Increase of \$0.43 per hour.	Varies by classification: -The low wage rate increases from \$35.92 to \$37.00 per hour. -The high wage rate increases from \$36.77 to \$37.85 per hour
Trade Shows	Collective Bargaining Agreement, between the Convention Services Employer and Allied Trades District Council 36 on behalf of Sign Display and Allied Crafts Local Union 510	No changes.	An increase of \$1.02 per hour.	Varies by classification: -The low wage increases from \$70.96 to \$71.98 per hour. -The high wage increases from \$75.68 to \$76.70 per hour.
Broadcast service workers	Agreement between MIRA Mobile Television Inc. and KELLEYCORE d/b/a SAMMCO, and the International Alliance of Theatrical Stage Employees, Moving Picture Technicians, Artists, and Allied Crafts, AFL-CIO, CLC, and Local 119/ Bay Area Freelance Ass.	No changes.	No changes.	Varies by classification: -The low wage remains at \$28.80 per hour. -The high wage remains at \$104.97 per hour.

Type of Contract, Lease, or Operating Agreement	Collective Bargaining Agreement and/or Labor Union	Hourly Wage Rate Increase/ Decrease in 2021 compared to 2020	Hourly Fringe Benefits Rate Increase/ Decrease in 2021 compared to 2020	Proposed Prevailing Wage Rates (Hourly Wage Rate + Hourly Fringe Benefit Rate)
Loaders and Unloaders	Collective Bargaining Agreement between Freeman Exposition Inc., GES/Global Experience Specialists, Curtin Convention & Exposition Services, Inc., and all other signatory employers within the greater San Francisco Bay Area and Teamsters Local 2785, Local 287 and Local 70	No changes.	No changes.	Varies by classification:  -The low wage remains at \$64.30 per hour.  -The high wage remains at \$65.43 per hour.
Security Guard Services	Collective Bargaining Agreement between Security Employers and Services Employees International Union, United Services Workers West	No changes.	Varies by classification, from no change to an increase of \$0.32 per hour.	Varies by classification:  -The low wage increases from \$20.36 per hour to \$20.63 per hour.  -The high wage remains at \$21.37 per hour.
Motor Bus Services	Collective Bargaining Agreement between Bauer's Intelligent Transportation, Inc. and Teamsters Local Union No. 665	Varies by classification, from an increase of \$1.21 per hour to an increase of \$1.54 per hour.	Varies by classification, from an increase of \$0.43 per hour to an increase of \$0.45 per hour.	Varies by classification:  -The low wage increases from \$33.71 per hour to \$35.35 per hour.  -The high wage increases from \$40.92 per hour to \$40.92 per hour.

<p><b>Item 10</b> <b>File 21-1173</b></p>	<p><b>Department:</b> Elections</p>
<p><b>EXECUTIVE SUMMARY</b></p>	
<p style="text-align: center;"><b>Legislative Objectives</b></p> <ul style="list-style-type: none"> <li>• The proposed ordinance would appropriate \$6,875,478 from the General Reserve and \$5,098,123 from Department of Elections revenues and authorize \$11,973,601 in Department of Elections expenditures in FY 2021-22.</li> </ul> <p style="text-align: center;"><b>Key Points</b></p> <ul style="list-style-type: none"> <li>• Since the approval of the FY 2021-22 budget, two special elections have been scheduled that are not included in the Department of Elections budget. In February 2022, the City will hold a municipal election to determine whether to recall three members of the Board of Education, to elect an Assessor-Recorder, and conduct a primary election for the State Assembly District 17. In April 2022, the City is planning to hold a special general election to elect a representative for State Assembly District 17 if no candidate receives a majority of votes in the primary election held in February 2022.</li> <li>• Of the proposed \$11.97 million in new spending, \$6.5 million would result from the February 2022 special election and \$4.8 million would result from the April 2022 special election.</li> <li>• In addition to the special election costs, the proposed ordinance provides for \$704,791 in expenditures to fund vote by mail and drop box requirements provided by State Assembly Bill 37, which was passed in September 2021, as well as costs associated with the installation of a modular office for the Department’s warehouse personnel to use at Pier 31.</li> </ul> <p style="text-align: center;"><b>Fiscal Impact</b></p> <ul style="list-style-type: none"> <li>• If the Board of Supervisors approves the appropriation from the General Reserve to fund elections in FY 2021-22, the General Reserve balance would be reduced by \$6.9 million to \$74.5 million. Draws on the General Reserve in the current year require the General Reserve to be replenished by a like-amount in the budget year.</li> </ul> <p style="text-align: center;"><b>Policy Consideration</b></p> <ul style="list-style-type: none"> <li>• The Board of Supervisors has previously approved supplemental appropriations sourced from General Fund reserves to fund special election costs.</li> <li>• Although State law requires that the School District pay for the costs of the recall election for the three members of the Board of Education, the proposed ordinance would provide for those costs to instead be funded by the City.</li> </ul> <p style="text-align: center;"><b>Recommendations</b></p> <ul style="list-style-type: none"> <li>• Approval of the portion of the appropriation related to the Board of Education recall (approximately \$3,250,000) is a policy matter for the Board of Supervisors.</li> <li>• Approve the remainder of the appropriation (\$8,723,601).</li> </ul>	

**MANDATE STATEMENTS**

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

City Charter Section 9.113(c) states that supplemental appropriations related to items that were rejected by the Mayor or the Board of Supervisors during the development of the annual appropriation ordinance requires approval of two-thirds of the Board of Supervisors.

**BACKGROUND**

**Special Elections in 2022**

The Department of Elections FY 2021-22 – FY 2022-23 budget includes funding for regularly scheduled elections in June 2022 and November 2022. Since the approval of the current budget, two special elections have been scheduled that are not included in the Department’s budget. In February 2022, the City will hold a municipal election to determine whether to recall three members of the Board of Education, to elect an Assessor-Recorder, and conduct a primary election for the State Assembly District 17. In April 2022, the City is planning to hold a special general election to elect a representative for State Assembly District 17 if no candidate receives a majority of votes in the primary election held in February 2022.

**Department of Elections Budget**

The Department of Elections FY 2021-22 expenditure budget is \$30.7 million. At the time budget was approved, the two special elections noted above were not yet scheduled and not included the Department’s budget. The Department’s budget assumed State revenues of \$4.6 million in FY 2021-22, including \$3.875 million in reimbursements for the September 2022 special election to recall the Governor. According to the Department of Elections staff, actual reimbursements from the State for that election were approximately \$9 million, resulting in \$5 million in unbudgeted State reimbursement revenue.

**DETAILS OF PROPOSED LEGISLATION**

The proposed ordinance would appropriate \$6,875,478 from the General Reserve and \$5,098,123 from Department of Elections revenues and authorize \$11,973,601 in Department of Elections expenditures in FY 2021-22.

As shown below in Exhibit 1, of the proposed \$11.97 million in new spending, \$6.5 million would result from the February 2022 special election and \$4.8 million would result from the April 2022 special election.

**Exhibit 1: Special Election Costs**

<b>Activity</b>	<b>February 2022</b>	<b>April 2022</b>	<b>Total</b>
Temporary Staff	2,532,919	2,084,253	4,617,172
Vote by Mail Ballots	1,074,343	617,047	1,691,390
Voter Information Pamphlets	970,239	728,263	1,698,502
Facility and Records Security	476,123	263,036	739,159
Polling Place & Poll Workers	508,890	309,896	818,786
Outreach	505,000	461,000	966,000
Vehicle Rental	214,300	147,500	361,800
Materials	200,000	120,000	320,000
Equipment Maintenance	28,000	28,000	56,000
<b>Total</b>	<b>6,509,814</b>	<b>4,758,995</b>	<b>11,268,809</b>

Source: Department of Elections

Temporary staff includes hiring clerks to process voter registration, conduct signature verification, maintain voter data, provide phone support to the public, recruit and train poll workers, process ballots, station the City Hall Voting Center, conduct outreach, translation and proofread materials, support polling places, etc. The vote by mail and voter information costs are largely made up of printing and postage costs for both programs. Security of ballots and of polling sites is provided by Municipal Transportation Agency staff and Deputy Sheriffs as well as contract security guards for School District polling places. Outreach costs include advertising and translation. Vehicle rentals are provided to Department of Election field workers and to Deputy Sheriffs to transport ballots. Finally, materials costs refer to supplies for polling places. The April 2022 special election costs are lower because there are 183 polling places for the Assembly District 17 special election as compared to the 314 polling places for February 2022 special election that includes Citywide office holders.

In addition to the above costs noted in Exhibit 1, the proposed ordinance provides for \$704,791 in expenditures that are not related to the February and April special elections, as shown below in Exhibit 2.

**Exhibit 2: Other New Spending**

<b>Activity</b>	<b>Amount</b>
Vote by Mail, June 2022 Election	390,311
Installation of 35 Drop Boxes	236,500
Pier 31 Warehouse Rehabilitation	77,980
<b>Total</b>	<b>704,791</b>

Source: Department of Elections

According to the Department of Elections, Assembly Bill 37, which became effective in September 2021, requires counties, starting in 2022, to deliver mail ballots to all voters and provide one drop box for every 30,000 voters. These new requirements were not anticipated in the Department of



Election FY 2021-22 budget. In addition, the appropriation provides \$77,980 to cover costs associated with the installation of a modular office for the Department's warehouse personnel to use at Pier 31.

Detail on how the proposed appropriation would be programmed into the City's budget system is included in Attachment I to this report.

## **FISCAL IMPACT**

### **General Reserve**

Administrative Code Section 10.60 requires the City to budget a General Reserve of at least 3.0 percent of General Fund revenues to address revenue weakness, excess spending, or other needs not anticipated during the annual budget process. The balance requirement is reduced to 1.5 percent of General Fund revenues if the City withdraws from the Rainy Day Reserve and then increases 0.25 percent per year until the 3.0 percent balance requirement is full restored. According to the Controller's FY 2021-22 – FY 2022-23 Revenue Letter, the projected ending balance for the FY 2021-22 General Reserve is \$81.4 million, including a required \$3.1 million deposit during the year.

If the Board of Supervisors approves the appropriation from the General Reserve to fund elections in FY 2021-22, the General Reserve balance would be reduced by \$6.9 million to \$74.5 million. In addition, pending before the Board of Supervisors is an appropriation from the General Reserve of \$2.5 million for new paramedic positions in the Fire Department, which if approved would reduce the General Reserve balance to \$72 million. Draws on the General Reserve in the current year require the General Reserve to be replenished by a like-amount in the budget year.

### **Two-Thirds Vote Required**

According to the proposed ordinance, \$10,082,775 requires approval of two-thirds of the Board of Supervisors per City Charter Section 9.113(c), which states that supplemental appropriations related to items that were rejected by the Mayor or the Board of Supervisors during the development of the annual appropriation ordinance requires approval of two-thirds of the Board of Supervisors. The FY 2021-22 – FY 2022-23 annual appropriation ordinance approved by the Board of Supervisors reduced the Mayor's proposed budget for the Department of Elections' salaries, fringe benefits, and professional services by \$85,000. Therefore, increases to those budget lines require two-thirds approval by the Board of Supervisors.

## **POLICY CONSIDERATION**

### **Unanticipated Special Election Costs**

The Board of Supervisors has previously approved supplemental appropriations sourced from General Fund reserves to fund special election costs, including for a May 2009 special election (File 09-0336) and October 2003 recall election (File 03-1395).

**School District Board of Education Recall Election Costs**

According to John Arntz, Director of Elections, California Education Code Section 5424 requires that the School District pay for the costs of the recall election for the three members of the Board of Education that is scheduled for February 2022. The proposed ordinance would provide for those costs to instead be funded by the City. According to the Department of Elections, the City is not planning request reimbursement from the School District.<sup>1</sup> We estimate the proportional share of the School District's cost of the February 2022 election is approximately 50%, or \$3.25 million in unreimbursed costs.

**RECOMMENDATIONS**

1. Approval of the portion appropriation related to the Board of Education recall (approximately \$3,250,000) is a policy matter for the Board of Supervisors.
2. Approve of the remainder of the appropriation (\$8,723,601).

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<sup>1</sup> The School District's March 2021 recent interim budget report was submitted with a qualified certification because the School District was still in the process of balancing its budget for FY 2022-23. More recently, the State's examination of the School District's budget has triggered additional State oversight.

**Attachment 1: Appropriation Detail****Sources**

General Reserve	6,875,478
Department Revenues	5,098,123
<b>Total Sources</b>	<b>11,973,601</b>

**Uses***Department of Elections*

Professional Services	5,465,603
Temporary Staff	3,457,680
Overtime	687,990
Mandatory Fringe Benefits	471,502
Materials & Supplies	556,500
<i>Elections Subtotal</i>	<i>10,639,275</i>

*Work Orders with Other Departments*

Sheriff	494,346
Reproduction	350,000
Municipal Transportation Agency	180,000
Public Works	152,980
Technology	50,000
Facilities Management	50,000
Central Shops	40,000
Recreation & Parks	12,000
Public Utilities	5,000
<i>Work Orders Subtotal</i>	<i>1,334,326</i>

<b>Total Uses</b>	<b>11,973,601</b>
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<p><b>Items 11 and 12</b> <b>Files 21-1174 and 21-1175</b></p>	<p><b>Department:</b> Fire Department</p>
<p><b>EXECUTIVE SUMMARY</b></p>	
<p style="text-align: center;"><b>Legislative Objectives</b></p> <ul style="list-style-type: none"> <li>• The proposed ordinances would appropriate \$2,479,218 of General Fund General Reserve to the Fire Department and amend the Annual Salary Ordinance to add 13.68 FTE H-3 EMT/Paramedic/Firefighters to the Fire Department in FY 2021-22.</li> <li>• The proposed ordinances would allow the Fire Department to hire and pay for costs of hiring 50 H-3 EMT/Paramedic/Firefighter positions in FY 2021-22.</li> </ul> <p style="text-align: center;"><b>Key Points</b></p> <ul style="list-style-type: none"> <li>• The Fire Department has 210 paramedics in its Emergency Medical Services (EMS) Division. The addition of 50 new paramedic positions represents an increase of 24 percent in the Department’s staffing levels.</li> <li>• The need for 50 new H-3 EMT/Paramedic/Firefighter positions assumes that the Fire Department responds to 85 percent of calls for ambulances in the City. However, this percentage is higher than the 80 percent minimum established in the State-authorized Exclusive Operating Area, which was also used in a 2015 staffing model conducted by the Controller’s Office. When the 80 percent standard is used, the number of additional paramedics needed decreases to approximately 36 FTE. Reducing the number of new paramedics to 36 would still allow the Fire Department to hire 29 new positions in February and 7 new positions in April 2022, increasing total paramedic staffing by 17 percent.</li> </ul> <p style="text-align: center;"><b>Fiscal Impact</b></p> <ul style="list-style-type: none"> <li>• Approval of the proposed ordinances would appropriate \$2,479,218 from the General Fund General Reserve to the Fire Department, which would reduce the General Reserve balance to \$78.9 million. Draws on the General Reserve in the current year require the General Reserve to be replenished by a like amount in the budget year.</li> <li>• The approval of 50 new paramedic positions would generate an ongoing General Fund cost to the City of approximately \$8 million in FY 2022-23 for salary and benefits. The Fire Department also anticipates the need to purchase additional ambulances and equipment during FY 2022-23; however, these costs have not yet been determined.</li> </ul> <p style="text-align: center;"><b>Recommendations</b></p> <ul style="list-style-type: none"> <li>• Amend File 21-1174 to appropriate \$2,015,572 rather than \$2,479,218, to reflect current-year costs of 36 new paramedic positions.</li> <li>• Amend File 21-1175 to add 11.34 FTE H-3 positions rather than 13.68 FTE H-3 positions, to reflect the addition of 36 new paramedic positions.</li> <li>• Approve the proposed ordinances as amended.</li> </ul>	

**MANDATE STATEMENT**

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

**BACKGROUND**

The San Francisco Fire Department is one of three organizations that is authorized to provide ambulance services in San Francisco.<sup>1</sup> The Fire Department's ambulance deployment facility, known as Station 49, houses and deploys the City's ambulance fleet that responds to 9-1-1 and emergency medical calls when dispatched via the City's Computer-Aided Dispatch system.

New Fire Department recruits are hired into either the City's H002 (H-2) Firefighter classification or the H003 (H-3) EMT/Paramedic/Firefighter classification. H-2 Firefighters have emergency medical technician (EMT) certification and may perform basic life support tasks but are typically assigned to a fire suppression unit rather than medical transport. H-2 Firefighters are distinguished from H-3 EMT/Paramedic/Firefighters in that the H-3 position performs advanced life support tasks.

The H-3 EMT/Paramedic/Firefighter classification is a "deep class" classification that encompasses multiple levels of responsibility:

- Level 1: a certified EMT who performs basic life support duties on ambulances
- Level 2: a licensed paramedic who performs advanced life support duties on ambulances
- Level 3: a firefighter/paramedic who is a fully trained firefighter as well as a licensed paramedic, who may work either on an ambulance as a paramedic or on a fire suppression apparatus as a firefighter

According to Mark Corso, Deputy Director of the Fire Department's Finance and Planning Division, the Fire Department has 210.00 FTE authorized H-3 EMT/Paramedic/Firefighter positions in the Department's Emergency Medical Services (EMS) Division that are deployed on ambulances.<sup>2</sup> In 2015, the Controller's Office developed a staffing model to calculate the number of EMS employees that would be needed to meet historical workload volumes and response time goals. The analysis found that the Fire Department would need 200.00 FTEs to staff ambulance shifts to meet response time goals, and the Fire Department was allocated additional FTEs to

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<sup>1</sup> Exclusive Operating Areas, established under California Health and Safety Code with approval of the State's Emergency Medical Service Authority, determine which ambulance and advanced life support service providers are authorized to operate within a jurisdiction. The other two ambulance service providers in San Francisco authorized in the Exclusive Operating Area are King American Ambulance and American Medical Response (AMR), which are both privately-run operators.

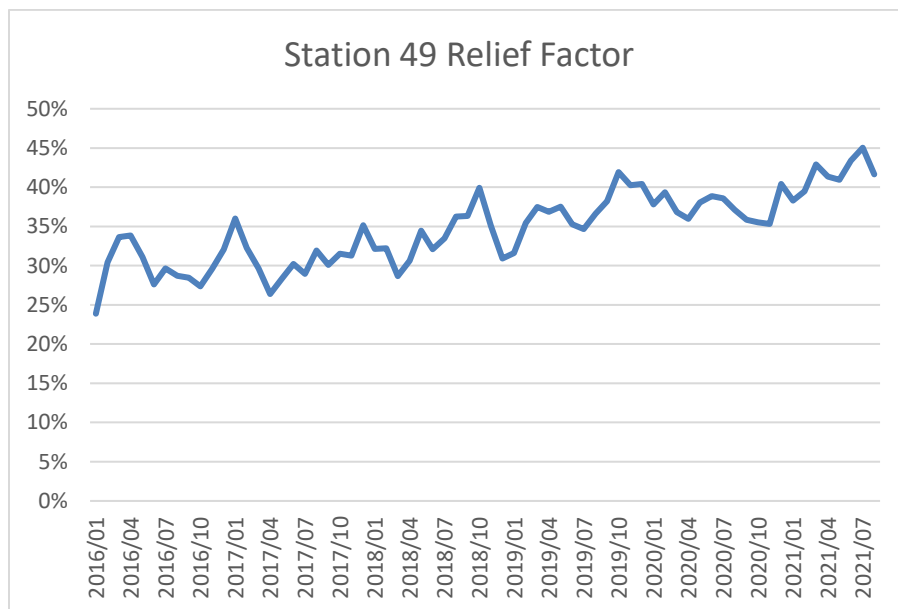
<sup>2</sup> In addition to staffing ambulances, H-3 positions may also be assigned to fire stations and respond to calls for service on fire engines.

reach the 200.00 FTE amount. As part of the FY 2021-22 budget process, the Board of Supervisors added an additional 10.00 FTE H-3 EMT/Paramedic/Firefighter positions to the Fire Department’s Operations Division for ambulance staffing, bringing the Department’s total H-3 ambulance staffing levels to 210.00 FTE beginning in FY 2021-22.

Fire Department Staffing Levels and Relief Factor

The 2015 staffing analysis conducted by the Controller’s Office assumed a 32 percent relief factor based on Fire Department historical trends. Relief factor is a measure of time off taken by employees as vacation, sick leave, disability leave, compensatory time off, and various other forms of approved leave, and is used when calculating staffing levels and establishing shift schedules in order to ensure adequate and uninterrupted coverage even in the case of absences. Since 2016, the Fire Department’s Station 49 monthly relief factor has increased from a monthly average of approximately 30 percent in 2016 to 42 percent in the first eight months of 2021. Exhibit 1 below displays the Department’s historical Station 49 relief factor since 2016.

**Exhibit 1: Historical Station 49 Relief Factor, 2016 to 2021**



Source: San Francisco Fire Department

As shown in Exhibit 1 above, relief factor is somewhat cyclical and fluctuates according to the time of year, the staffing balance of new recruits and retirements (new recruits have accrued less time off than more senior employees), and other factors. The Fire Department has also reported an increase in time off taken by employees due to COVID-19, either as sick time or other earned time off under City policy: beginning in April 2020, the City has implemented emergency leave and benefit policy changes to allow employees to take COVID-19 paid administrative leave and/or supplemental paid sick leave to self-isolate, quarantine, care for themselves or a family member, or recover from vaccinations. These policies have resulted in less time worked on average per employee and a higher relief factor for the Fire Department. Upon expiration of the emergency COVID-19 leave and benefit policy changes, the volume of time off entitled to City employees will

decrease, and the Fire Department will likely see a slightly lower relief factor than the 2020 and 2021 peaks.

#### Changes in Demand for Emergency Medical Services

Between 2016 and 2019, the average number of ambulance dispatches per month in San Francisco increased by between one and five percent annually, as shown in Exhibit 2 below. In 2020 and 2021, the average number of ambulance dispatches per month was lower, likely due to shelter-in-place orders and general decreased public activity as a result of COVID-19. Although 2021 continues to show reduced ambulance dispatch activity through the first eight months of the year, the Fire Department predicts that ambulance dispatches will return to pre-pandemic levels by 2022.

#### **Exhibit 2: Ambulance Dispatches per Month, 2016 to 2021**

<b>Ambulance Dispatches per Month</b>	<b>Average</b>	<b>Pct. change</b>
2016	10,253	
2017	10,797	5%
2018	10,873	1%
2019	11,106	2%
2020	9,888	-11%
2021 (Jan. – Aug.)	9,817	-1%

Source: San Francisco Fire Department

### **DETAILS OF PROPOSED LEGISLATION**

The proposed ordinances would (1) appropriate \$2,479,218 of General Fund General Reserves to the Fire Department (File 21-1174), and (2) amend the Annual Salary Ordinance for Fiscal Years 2021-22 and 2022-23 to add 13.68 FTE H-3 EMT/Paramedic/Firefighters to the Fire Department in FY 2021-22 (File 21-1175). These proposed ordinances would allow the Fire Department to hire and pay for the salary, benefits, and other costs of hiring 29 H-3 EMT/Paramedic/Firefighter positions in February 2022 and 21 H-3 EMT/Paramedic/Firefighter positions in April 2022, corresponding to the Fire Department's planned academy schedule, for a total of 50 new positions.

#### FY 2021-22 Appropriation (21-1174)

As shown in Exhibit 3 below, the total annual salary, fringe benefits, and premium pay costs for one Level 2 H-3 paramedic position are \$154,668 for FY 2021-22.

**Exhibit 3: Annual FY 2021-22 Salary and Benefit Cost of 1.00 FTE Paramedic**

<b>H-3 Position, Step 5 (Level 2 - Paramedic)</b>	<b>FY 2021-22 Cost (\$)</b>
Annual salary	\$101,894
Annual premium pay	10,088
Annual fringe benefits (variable and fixed)	42,686
<b>Total salary and benefits</b>	<b>\$154,668</b>

Source: San Francisco Fire Department

The 50 proposed new positions would be hired in either February or April of 2022, corresponding to the Fire Department's planned academy class schedule. The new positions that begin in February 2022 would incur personnel costs for 35.1 percent of the current fiscal year (February 22, 2022 to June 30, 2022), and the new positions that begin in April 2022 would incur personnel costs for 16.7 percent of the fiscal year (April 30, 2022 to June 30, 2022). In addition to salary and benefit costs, the Fire Department would incur additional current-year expenses for materials and supplies (new recruit uniforms), professional services (new hire exams), and overtime (academy instructor costs) associated with the hiring and onboarding of these positions.

Exhibit 4 below shows the prorated salary and benefit costs for the FY 2021-22 partial year, plus other non-academy costs that would be incurred in FY 2021-22, to total the Fire Department's appropriation for FY 2021-22.

**Exhibit 4: Total Proposed FY 2021-22 General Fund General Reserve Appropriation**

<b>Expense</b>	<b>Annual Cost per Recruit</b>	<b>Pct. of Year</b>	<b>No. of Recruits</b>	<b>FTE Equiv.</b>	<b>Total FY 2021-22 Cost</b>
<i>Prorated personnel costs</i>					
Feb. 2022 academy	\$154,668	35.1%	29	10.17	\$1,572,948
Apr. 2022 academy	154,668	16.7%	21	3.51	542,820
<b>Total prorated personnel costs</b>				<b>13.68</b>	<b>2,115,768</b>
Uniforms	1,719		50		85,950
New hire exams	1,657		50		82,850
Academy instructors	3,893		50		194,650
<b>Total FY 2021-22 costs</b>					<b>\$2,479,218</b>

Source: San Francisco Fire Department

**FY 2021-22 New Positions (21-1175)**

In addition to appropriating funds from the General Fund General Reserve to cover the current-year costs of hiring and academies, the proposed ordinance in File 21-1175 would amend the Annual Salary Ordinance for Fiscal Years 2021-22 and 2022-23 to add 13.68 FTE H-3 EMT/Paramedic/Firefighters to the Fire Department in FY 2021-22. As shown in Exhibit 4 above, when annualized, these 13.68 FTEs represent the addition of 50.00 new FTEs for the Fire Department.



## FISCAL IMPACT

### FY 2021-22 Fiscal Impact

Approval of the proposed ordinance in File 21-1174 would appropriate \$2,479,218 from the General Fund General Reserve to the Fire Department in FY 2021-22. Administrative Code Section 10.60 requires the City to budget a General Reserve of at least 3.0 percent of General Fund revenues to address revenue weakness, excess spending, or other needs not anticipated during the annual budget process. The balance requirement is reduced to 1.5 percent of General Fund revenues if the City withdraws from the Rainy Day Reserve and then increases 0.25 percent per year until the 3.0 percent balance requirement is full restored. According to the Controller's FY 2021-22 – FY 2022-23 Revenue Letter, the projected ending balance for the FY 2021-22 General Reserve is \$81.4 million, including a required \$3.1 million deposit during the year.

If the Board of Supervisors approves the appropriation from the General Reserve to fund new paramedic positions in the Fire Department, the General Reserve balance would be reduced by \$2.5 million to \$78.9 million. In addition, pending before the Board of Supervisors is an appropriation from the General Reserve of \$6.9 million to fund elections in FY 2021-22, which if approved would reduce the General Reserve balance to \$72 million. Draws on the General Reserve in the current year require the General Reserve to be replenished by a like amount in the budget year.

### FY 2022-23 and Ongoing Fiscal Impact

Approval of the proposed ordinance in File 21-1175, which would amend the Annual Salary Ordinance to add 13.68 FTEs to the Fire Department, would generate ongoing, long-term costs for the City in addition to the current-year reserve appropriation shown in Exhibit 4 above. As shown in Exhibit 5 below, the addition of 50.00 FTE new H-3 positions would generate an ongoing General Fund cost of approximately \$7,936,878 in FY 2022-23 for these positions' salary and benefit costs. These costs would increase annually according to the results of negotiations for salary increases for H-3 employees between the City and relevant labor organizations.

#### **Exhibit 5: Salary and Benefit Costs of 50 New Paramedic Positions, FY 2022-23**

<b>H-3 Position, Step 5 (Level 2 - Paramedic)</b>	<b>FY 2022-23 Cost (\$)</b>
Annual salary	\$104,951
Annual premium pay	10,390
Variable fringe benefits	24,395
Fixed fringe benefits	19,002
<b>Total salary and benefits – 1.00 FTE</b>	<b>\$158,738</b>
<b>Total salary and benefits – 50.00 FTE</b>	<b>\$7,936,878</b>

Source: San Francisco Fire Department (base calculations); BLA analysis (FY 2022-23 costs).

Note: The table above assumes a 3 percent pay increase beginning July 1, 2022, as specified in the Memorandum of Understanding between the City and San Francisco Fire Fighters Union Local 798, IAM, AFL-CIO, Unit 1.

### Undetermined Equipment Costs

The proposed ordinances cover the current-year cost of hiring and onboarding new paramedics, but do not include any additional vehicle or equipment costs related to the deployment of these additional paramedics. According to the Deputy Director for Finance and Planning, the Fire Department plans to request additional funding for the purchase of ambulances and associated equipment as part of the FY 2022-23 budget cycle but has not finalized the number of additional ambulances that will be needed. The Fire Department has a fleet of 62 ambulances and was allocated funding for the purchase of ten ambulances in the City's FY 2021-22 budget. FY 2021-22 costs per ambulance were approximately \$150,000.

### The Need for 50 New Paramedics

California Health and Safety Code allows a Local Emergency Medical Services Agency<sup>3</sup> to establish an Exclusive Operating Area (EOA) with approval of the State's Emergency Medical Service Authority to restrict the number of ambulance and advanced life support service providers that operate within a jurisdiction. The three approved ambulance service providers in the San Francisco EOA are the San Francisco Fire Department, American Medical Response (AMR), and King American Ambulance. Under the terms of the EOA, the Fire Department should respond to between 80 and 90 percent of all emergency medical calls in San Francisco, with the remaining 10 to 20 percent answered by either AMR or King American Ambulance. Accordingly, when the Controller's Office developed a model to calculate the number of EMS employees that would be needed to meet ambulance workload volumes and response time goals in 2015, the model assumed that the Fire Department would respond to 80 percent of calls for ambulances, as stipulated in the approved EOA for San Francisco.

However, the need for 50.00 FTE new paramedic positions in the Fire Department is based on a calculation that assumes the Fire Department responds to 85 percent, rather than 80 percent, of ambulance calls. As shown in Exhibit 6 below, when the 80 percent standard is used, the number of additional paramedics needed decreases to approximately 36.00 FTE, including additional positions to backfill time out of the field for training requirements.

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<sup>3</sup> Under California Health and Safety Code, Local Emergency Medical Services Agencies (LEMSAs) share the governance of a county's emergency medical services with the State's EMS Authority. LEMSAs design, manage, and regulate local EMS systems by establishing and overseeing implementation of local protocols within the State's scope of practice that govern the provision of EMS services by private and public entities. The San Francisco LEMSA is located in the Department of Emergency Management.

**Exhibit 6: Paramedic Staffing Need Calculations**

	<b>Fire Dept. Proposed</b>	<b>Meets EOA Standard</b>
Total daily ambulance demand	659	659
Ambulance calls answered by SFFD	560.15 (85%)	527.20 (80%)
No. of daily shifts required <sup>a</sup>	50.92	47.93
Effective no. of employees needed <sup>b</sup>	183.32	172.54
Total FTEs needed (incl. relief): ambulance staffing <sup>c</sup>	256.65	241.55
Training coverage hours needed (40 hours/employee)	10,266	9,662
FTEs needed for training coverage	4.76	4.39
Total FTEs needed: ambulance deployment and training coverage	261.32	245.95
Current FTE staffing	210.00	210.00
Difference	<b>51.32</b>	<b>35.95</b>

Source: San Francisco Fire Department (Fire Department proposed); BLA calculations (EOA standard).

a: EMS employees are deployed on 12-hour shifts; however, the number of daily shifts is calculated assuming 11 hours of ambulance deployment, to allow for 30 minutes of transition time at the start and end of a shift.

b: The effective number of employees needed is based on the assumption that overtime and/or per diem EMT/Paramedic employees account for 10 percent of the needed shift coverage, and that each ambulance shift requires four employees.

c: The total number of FTEs needed assumes a 40% relief factor.

The addition of 50.00 FTE paramedic positions to the Fire Department's EMS Division would increase in the Department's paramedic staffing levels by 24 percent and represent a significant ongoing General Fund cost to the City. Given that these new paramedic positions have come before the Board of Supervisors outside of the City's annual budget process, the Budget and Legislative Analyst recommends that the number of new paramedic positions added during the current year be reduced to 36.00 FTE, as calculated using the official 80 percent response rate consistent with the EOA and the 2015 staffing analysis completed by the Controller's Office, to allow the Fire Department to staff to meet the minimum standard established in the EOA. Whether the Fire Department should establish a goal of responding to more than 80 percent of ambulance calls, and allocated funding to staff accordingly, is a policy decision for the Board of Supervisors and should be considered as part of the City's regular budget process.

Reducing the number of new paramedic positions to 36.00 FTE would reduce the current-year General Fund General Reserve appropriation from \$2,479,218 to \$2,015,572 and the number of FTEs added to the Annual Salary Ordinance for FY 2021-22 from 13.68 to 11.34, as shown in Exhibit 7 below. The revised current-year appropriation would still allow the Fire Department to hire 29 new H-3 recruits in February 2022, as originally planned, plus seven addition recruits in April 2022, and would still allow for a rapid increase in paramedic staffing levels once the February 2022 academy class begins.

**Exhibit 7: Revised FY 2021-22 General Fund General Reserve Appropriation for 36 Positions**

<b>Expense</b>	<b>Annual Cost per Recruit</b>	<b>Pct. of Year</b>	<b>No. of Recruits</b>	<b>FTE Equiv.</b>	<b>Total FY 2021-22 Cost</b>
<i>Prorated personnel costs</i>					
Feb. 2022 academy	\$154,668	35.1%	29	10.17	\$1,572,948
Apr. 2022 academy	154,668	16.7%	7	1.17	180,940
<b>Total prorated personnel costs</b>				<b>11.34</b>	
Uniforms	1,719		36		61,884
New hire exams	1,657		36		59,652
Academy instructors	3,893		36		140,148
<b>Total FY 2021-22 costs</b>					<b>\$2,015,572</b>

Source: San Francisco Fire Department

The addition of 36 new H-3 positions would generate ongoing General Fund costs of approximately \$5.7 million annually for these positions' salary and benefits costs.

The revised current-year appropriation still allows for a material increase in the Fire Department's relief factor for paramedics. As described earlier in this report, the Fire Department has reported an increase in time off earned and taken by employees due to COVID-19, either as COVID-19 paid administrative leave and/or supplemental paid sick leave. These additional COVID-19 leave policies have resulted in less time worked on average per employee and a higher relief factor for the Fire Department. Upon expiration of the emergency COVID-19 leave and benefit policy changes, the volume of time off entitled to City employees will decrease, and the Fire Department will likely see a slightly lower relief factor than the 2020 and 2021 peaks. The addition of 36 new H-3 positions is based on an assumption of a 40 percent relief factor, which is significantly higher than the relief factor of 32 percent used in the Controller's 2015 staffing model.

## RECOMMENDATIONS

1. Amend File 21-1174, the proposed ordinance to appropriate funds from the General Fund General Reserve, to appropriate \$2,015,572 rather than \$2,479,218.
2. Amend File 21-1175, the proposed ordinance to amend the Annual Salary Ordinance, to add 11.34 FTE H003 positions rather than 13.68 FTE H003 positions, to reflect the addition of 36 new positions.
3. Approve the proposed ordinances as amended.