


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

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March 13, 2014

**TO:** Budget and Finance Committee  
**FROM:** Budget and Legislative Analyst   
**SUBJECT:** March 19, 2014 Budget and Finance Committee Meeting

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**Item 1**  
**File 14-0121**

**Departments:**  
Department of Public Health

## EXECUTIVE SUMMARY

### Legislative Objective

- The proposed ordinance would appropriate \$1,387,500 of General Fund Reserve monies to the Department of Public Health (DPH), to provide homeless outreach services in FY 2013-2014.

### Key Points

- In May 2004, the San Francisco Homeless Outreach Team (SFHOT) was established as part of the Mayor's Ten-Year Plan to Abolish Chronic Homelessness. SFHOT is DPH's main outreach and case management program, consisting of 7 City employees and approximately 50 non-profit contractors, (1) performing outreach to bring homeless persons with health, mental health, and substance abuse issues into DPH's Emergency Stabilization rooms and other transitional housing, and (2) case management to link them with appropriate treatment and housing opportunities. In addition to street engagements, SFHOT currently case-manages 480 clients and provides 292 units of emergency stabilization housing at an annual cost of \$7,478,571.
- The Budget and Legislative Analyst's July 26, 2013 report, "Homeless Services and Benefits Provided by the City and County of San Francisco", estimated a homeless population of 6,436 persons as of January 2013 (7,350 including 914 children and youth counted separately), and total expenditures of \$165,710,629 on homeless services in FY 2012-2013. Of this amount, \$14,646,525, or 8.8%, was expended on Outreach and Case Management, and \$9,925,013, or 6.0%, was spent on Transitional Housing.
- According to DPH, the proposed supplemental will allow for the enhancement and expansion of SFHOT, to accomplish three main goals: (1) strengthening program infrastructure and improving the configuration of existing SFHOT units; (2) increasing the number and skill-level of SFHOT staff to provide Affordable Care Act care coordination for homeless individuals; and (3) adding stabilization units for the temporary housing of additional engaged clients.

### Fiscal Impact

- The proposed \$1,387,500 would be allocated from General Fund Reserves for FY 2013-14. If approved, the proposed supplemental appropriation would bring total SFHOT expenditures to \$8,866,071, representing an increase of 18.6% over the current approved budget of \$7,478,571.
- Finalized project scope, budget details, and implementation plans are still being determined by DPH. Funding beyond FY 2013-14 is also still to be determined.

### Recommendations

- Amend the proposed ordinance to place all of the \$1,387,500 General Fund monies on Budget and Finance Committee reserve, pending submission to the Budget and Finance Committee of further details on the final project scope, budget details, and implementation plans.
- Approval of the proposed ordinance, as amended, is a policy decision for the Board of

Supervisors.

## MANDATE STATEMENT / BACKGROUND

### Mandate Statement

In accordance with Charter Section 9.105, amendments to the Annual Appropriation Ordinance are subject to Board of Supervisors approval by ordinance, subject to the Controller certifying the availability of funds.

### Background

#### San Francisco Homeless Outreach Team

In May 2004, the San Francisco Homeless Outreach Team (SFHOT) was established as part of the Mayor's Ten-Year Plan to Abolish Chronic Homelessness. SFHOT is the Department of Public Health's (DPH) main outreach and case management program, providing two main lines of service, the Engagement Specialist Team (EST) and Stabilization Care Management (STCM).

- **The Engagement Specialist Team** performs targeted outreach to homeless individuals and also responds to requests to bring high-risk homeless persons with health, mental health, and substance abuse issues into DPH's Emergency Stabilization Rooms and other institutional care settings.
- **Stabilization Care Management** provides short-term case management for 480 high-risk homeless individuals, assisting with placement into transitional and permanent housing, and securing appropriate medical treatment. STCM currently offers 292 units of emergency stabilization housing (classified as Transitional Housing<sup>1</sup>), provided at an annual cost of \$2,628,000 (see Table 1 below).

At present, SFHOT consists of 7 City employees, including 5 social workers, one physician, and one nurse practitioner, and approximately 50 contracted positions, including administrative support, engagement specialists, dispatchers, and three teams of paraprofessional case managers. The contract is managed by Community Awareness & Treatment Services Inc. (CATS), a San Francisco non-profit that provides homeless care services. SFHOT had a FY 2013-2014 budget of \$7,478,571 (see Table 1 below for further details), of which \$2,992,754, or 40%, was devoted to the CATS contract.

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<sup>1</sup> Transitional housing is classified as temporary housing provided for up to two years designed to help homeless persons stabilize prior to moving into permanent housing. It includes shorter-term arrangements including medical respite and emergency stabilization rooms.

**Table 1: FY 2013-2014 SFHOT Budget and Service Categories**

Service Category	Position	FTE	# Pos	Allocation
<b>Administration</b>	City Employees	0.85	1	\$279,056
	Contractor	4.00	4	307,489
	<b>Total</b>	<b>4.85</b>	<b>5</b>	<b>586,545</b>
<b>Case Management</b>	City Employees	5.00	5	806,174
	Contractor	25.00	25	1,560,539
	<b>Total</b>	<b>30.00</b>	<b>30</b>	<b>2,366,713</b>
<b>Engagement Specialists</b>	City Employees	1.00	1	138,280
	Contractor	20.42	21	1,124,726
	<b>Total</b>	<b>21.42</b>	<b>22</b>	<b>1,263,006</b>
<i>Subtotal</i>	City Employees	6.85	7	1,223,510
	Contractor	49.42	50	2,992,754
	<b>Subtotal</b>	<b>56.27</b>	<b>57</b>	<b>4,216,264</b>
<b>Expenses</b>			634,307	
<b>Housing</b>	Stabilization Units		292	2,628,000
<i>Total Case Managed Clients</i>			480	
<b>GRAND TOTAL</b>				<b>\$7,478,571</b>

Source: Department of Public Health

**Recent 2013 Report on Homeless Services in San Francisco**

The Budget and Legislative Analyst's July 26, 2013, report, "Homeless Services and Benefits Provided by the City and County of San Francisco", estimated a homeless population of 6,436 persons as of January 2013. As shown in Table 2 below, in 2013 there were a total of 7,350 homeless persons, which includes 914 children and youth that were counted separately.

**Table 2: 2013 Homeless Count by Sheltered Status and Family Status**

Setting	Single Adults 25 Years +	Children and Youth Under 25	Persons in Families	Total	% of Homeless Population
Unsheltered	2,633	1,649	33	<b>4,315</b>	58.7%
Emergency Shelter	1,187	65	374	<b>1,626</b>	22.1%
Transitional Housing	262	186	272	<b>720</b>	9.8%
Resource Centers	112	0	0	<b>112</b>	1.5%
Stabilization Rooms	233	2	0	<b>235</b>	3.2%
<b>Subtotal: HUD-defined Homeless Persons</b>	<b>4,427</b>	<b>1,902</b>	<b>679</b>	<b>7,008</b>	95.3%
Rehabilitation Facilities	93	0	0	<b>93</b>	1.3%
Jails	126	0	0	<b>126</b>	1.7%
Hospitals	123	0	0	<b>123</b>	1.7%
<b>Total</b>	<b>4,769</b>	<b>1,902</b>	<b>679</b>	<b>7,350</b>	

Source: 2013 Applied Survey Research. San Francisco Homeless Count.

The report noted that the estimated homeless population is largely unchanged since 2005, when the homeless population was 6,455, despite the construction of an additional 3,071 new units of permanent supportive housing since FY 2004-05.

The City budgeted a total of \$165,710,629 on direct homeless services expenditures in FY 2012-13, the latest year for which comprehensive data is available. Of this amount, \$14,646,525, or 8.8%, was expended on Outreach and Case Management, and \$9,925,013, or 6.0%, was spent on Transitional Housing; these two service categories encompass the work provided by SFHOT. The remainder was spent on seven other service categories, including Permanent Supportive Housing, Emergency Shelters, and Primary Care. Table 3 below provides additional details for the \$165,710,629 expended for direct homeless services.

**Table 3: FY 2012-13 Expenditures on Outreach Case Management, Transitional Housing, and Other Direct Homeless Services**

Service Category	Local Funding	Federal/State Funding	All Funding Sources
Outreach and Case Management	\$8,503,527	\$6,142,998	\$14,646,525
Transitional Housing	7,975,866	1,949,147	9,925,013
Other Direct Homeless Services <sup>2</sup>	106,702,194	34,436,897	141,139,091
GRAND TOTAL	\$123,181,587	\$42,529,042	\$165,710,629

Source: Budget and Legislative Analyst

According to data compiled from the Human Services Agency (HSA), DPH, and Department on the Status of Women, as of 2013 the City funded 341 total units of emergency stabilization housing, which represented 54% of the city's total 629 transitional housing units. The 292 units of emergency stabilization housing provided by SFHOT thus comprise 86% of the total emergency stabilization housing provided by the City, and 46% of the City's overall transitional housing units.

#### **SFHOT Services FY 2005-06 to FY 2013-14**

Table 4 below contains data from DPH detailing the services provided by SFHOT in assisting its homeless clients since its first full year of operation in FY 2005-06, including temporary housing, permanent housing, medical care, and financial aid.

<sup>2</sup> Including: Permanent Supportive Housing, Emergency Shelters, Resource Centers and Drop-in Clinics, Substance Abuse and Mental Health, Primary Care, Education and Employment Services, and Eviction Prevention / Rapid Rehousing.

**Table 4: SFHOT Services Provided since FY 2005-06**

<b>Fiscal Year</b>	<b>Cases Managed</b>	<b>Secured Financial Entitlement*</b>	<b>Secured SSI Entitlement*</b>	<b>Connected to Primary Medical Care Provider</b>	<b>Connected to Behavioral Health Provider</b>	<b>Engaged in Temporary Housing</b>	<b>Secured in Permanent Housing</b>
FY05-06	334	49	13	18	29	143	82
FY06-07	587	168	51	125	103	376	145
FY07-08	850	320	111	299	190	672	179
FY08-09	669	223	160	142	130	397	238
FY09-10	664	188	111	125	123	460	242
FY10-11	566	120	70	103	53	370	202
FY11-12	552	129	100	145	92	368	149
FY12-13	530	126	77	116	74	327	183
FY13-14 thru Dec 2013	357	52	28	38	24	168	70
<b>Unduplicated Jul 1 2005 to Dec 31 2013</b>	<b>3,188</b>	<b>1,275</b>	<b>725</b>	<b>1,196</b>	<b>887</b>	<b>2,746</b>	<b>1,572</b>
<b>Percent of Cases</b>	<b>100.0%</b>	<b>40.0%</b>	<b>22.7%</b>	<b>37.5%</b>	<b>27.8%</b>	<b>86.1%</b>	<b>49.3%</b>

Source: Department of Public Health.

\*Entitlements include County Adult Assistance Programs (CAAP), Food Stamps, Supplemental Security Income (SSI), Veteran's Benefits, State Disability, etc.

As shown in Table 4 above, the annual number of individual cases managed by SFHOT decreased by 320 or 37.6%, from 850 in FY 2007-08 to 530 in FY 2012-13. According to Ms. Maria Martinez, Acting Director of SFHOT, the number of individual cases managed by SFHOT decreased because the number of permanent housing slots decreased between 2008 and 2013, causing longer stays in SFHOT's stabilization rooms and longer periods of case management for each client; as a result, SFHOT was not able to accept as many new clients .

Ms. Martinez says SFHOT's services to clients have also been impacted by (1) new requirements imposed by the Affordable Care Act, and (2) operational limitations with current resources, organization, and infrastructure.

First, the implementation of the Affordable Care Act has increased requirements for the "care coordination"<sup>3</sup> of complex clients, in order to improve services and increase cost savings.

<sup>3</sup> The U.S. Department of Health and Human Services defines care coordination as: "the deliberate organization of patient care activities between two or more participants (including the patient) involved in a patient's care to facilitate the appropriate delivery of health care services. Organizing care involves the marshalling of personnel  
SAN FRANCISCO BOARD OF SUPERVISORS BUDGET AND LEGISLATIVE ANALYST

According to Ms. Martinez, this creates a need for increased expertise, clinical assessment, communication, documentation, supervision, resources, and quality assurance, from the on-site interactions of the outreach team with homeless clientele, to the care coordinators within service organizations, and for establishing priority for clients being served by SFHOT into permanent housing exits. According to Ms. Martinez, the current para-professional outreach and case management teams cannot provide this increased level of care coordination.

Additionally, Ms. Martinez says the current organization of SFHOT does not have sufficient staff resources to allow for comprehensive 24-hour coverage of homeless outreach and referral.

## DETAILS OF PROPOSED LEGISLATION

The proposed ordinance would appropriate an additional \$1,387,500 of General Fund Reserve monies for the Department of Public Health's San Francisco Homeless Outreach Team (SFHOT), to provide additional homeless outreach services in FY 2013-2014, as shown in Table 5 below.

**Table 5: Proposed Source and Use of \$1,387,500 General Fund Reserve**

<b>Source of Funds</b>	
General Fund Reserve	\$1,387,500
<b>Use of Funds</b>	
Department of Public Health	
San Francisco Homeless Outreach Team (SFHOT)	\$1,387,500
<b>SFHOT Current FY 2013-2014 Budget</b>	\$7,478,571
<b>SFHOT Revised FY 2013-2014 Budget</b>	\$8,866,071

If approved, the proposed \$1,387,500 supplemental appropriation, together with the \$7,478,571 as previously appropriated by the Board of Supervisors in the DPH FY 2013-14 budget, would result in total SFHOT expenditures for FY 2013-2014 of \$8,866,071, representing an increase of 18.6%.

According to DPH and the Controller's Office, the requested additional \$1,387,500 would provide funding for up to an additional 120 stabilization beds, and augment the outreach services provided by the nonprofit contractor, CATS.

According to Ms. Jenny Louie, Budget Director for DPH, the proposed supplemental will allow for the enhancement and expansion of SFHOT, to accomplish three main programmatic goals:

- (1) strengthening program infrastructure and improving the configuration of existing SFHOT units;
- (2) increasing the number and skill-level of SFHOT staff; and
- (3) adding stabilization units for the temporary housing of additional engaged clients.

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and other resources needed to carry out all required patient care activities and is often managed by the exchange of information among participants responsible for different aspects of care."

Ms. Martinez says that DPH wants to increase the clinical skill level and capacity of the case management and outreach teams - currently comprised primarily of para-professionals - by bringing in more licensed medical staff, social workers, and master’s and bachelor’s level staff. DPH also wants to change their current outreach model by reorganizing internal staff. This will include more targeted outreach searching for high-risk, high-cost homeless clients, as well as added infrastructure such as transport vans.

**FISCAL IMPACT**

The proposed \$1,387,500 supplemental appropriation would be funded from the City’s General Fund Reserve. According to Ms. Risa Sandler, Citywide Budget Manager in the Controller’s Office, the City’s General Fund Reserve has a current balance of \$44,663,143. If the proposed appropriation for homeless outreach services is approved, the General Fund balance would be \$44,275,643. Approval of the \$4,515,000 supplemental appropriation for Nonprofit Rent Stabilization currently pending before the Board of Supervisors as well as this subject request of \$1,387,500 would result in a remaining General Fund balance of \$38,760,643 as shown in Table 6 below.

**Table 6: Impact on General Reserve Fund**

<b>Current General Fund Reserve Balance</b>		\$44,663,143
Proposed Supplemental Appropriations	Homeless Outreach Services (subject of this request)	1,387,500
	Nonprofit Rent Stabilization (pending before Board of Supervisors)	4,515,000
Remaining General Fund Reserve Balance		\$38,760,643

Source: Controller’s Office

**POLICY CONSIDERATIONS**

Finalized project scope, implementation plans, and budget details are still being determined by DPH. The Department has developed several proposed options for the enhancement and expansion of SFHOT, all of which are still under discussion.

Furthermore, funding beyond FY 2013-2014 for the proposed homeless outreach services supplemental appropriation is still to be determined. Although the supplemental appropriation is included in the Five-Year Budget projections developed by the Budget and Legislative Analyst’s Office, Mayor’s Budget Office, and Controller, it has not been confirmed at this time whether the appropriation will be included in the Mayor’s recommended FY 2014-15 budget. According to Ms. Martinez, whether the proposed supplemental is a one-time appropriation, partially annualized, or fully annualized will have a significant effect on how the funds will be utilized by DPH. Therefore the requested \$1,387,500 should be placed on reserve.



## RECOMMENDATIONS

1. Amend the proposed ordinance to place all of the \$1,387,500 General Fund monies on Budget and Finance Committee reserve, pending submission to the Budget and Finance Committee on the final project scope, budget details, and implementation plans.
2. Approval of the proposed ordinance, as amended, is a policy decision for the Board of Supervisors.

<b>Item 2</b> <b>File 14-0190</b>	<b>Department:</b> Public Library (Library)
<b>EXECUTIVE SUMMARY</b>	
<p style="text-align: center;"><b>Legislative Objectives</b></p> <ul style="list-style-type: none"> <li>• The proposed ordinance would appropriate \$3,243,752 in Library Preservation Fund unappropriated fund balance to complete the Teen Digital Media Lab at the San Francisco Main Library branch in downtown San Francisco.</li> </ul> <p style="text-align: center;"><b>Key Points</b></p> <ul style="list-style-type: none"> <li>• The Teen Digital Media Lab will provide information and resources to teenagers through the use of electronic media and technology. The Lab will be located on the 2<sup>nd</sup> floor of the Main Library in the Civic Center. In order to construct the Lab, the Library will relocate existing Library staff and services from the 2<sup>nd</sup> floor to the 5<sup>th</sup> and 6<sup>th</sup> floors, including renovation of the 5<sup>th</sup> floor to house the Literacy and Learning Center.</li> <li>• The Department of Public Works (DPW) will oversee the Teen Digital Media Lab project and related renovations. Work will be performed by DPW staff or construction contractors selected through a competitive bid process. The project is expected to be complete and the Teen Digital Media Lab open for services by April 2015.</li> </ul> <p style="text-align: center;"><b>Fiscal Impact</b></p> <ul style="list-style-type: none"> <li>• The total project budget is \$5,500,000, which includes renovation and the 5<sup>th</sup> and 6<sup>th</sup> floors and relocation of Library staff and services as well as construction of the Teen Digital Media Lab.</li> <li>• The Board of Supervisors previously appropriated \$2,100,000 for the proposed Teen Digital Media Lab and related renovations, as shown in Table 3 below. In addition SFPL will re-allocate \$156,248 in unexpended funds that are not required for other projects, for total available funds of \$2,256,248. The proposed ordinance would appropriate \$3,243,752 in Library Preservation Funds to fully fund the proposed Teen Digital Media Lab and related renovations budget of \$5,500,000.</li> <li>• The unappropriated Library Preservation Fund balance is \$18,676,156. Approval of the requested \$3,243,752 supplemental appropriation will result in a remaining unappropriated Library Preservation Fund balance of \$15,432,404.</li> </ul> <p style="text-align: center;"><b>Recommendation</b></p> <ul style="list-style-type: none"> <li>• Approve the proposed ordinance.</li> </ul>	

**MANDATE STATEMENT / BACKGROUND****Mandate Statement**

City Charter Section 9.105 states that the Board of Supervisors shall approve by ordinance all amendments to the Annual Appropriation Ordinance after the Controller certifies the availability of funds.

**Background**

In 1994, San Francisco voters approved Proposition E, a Charter Amendment that created the Library Preservation Fund, which provides funding for the City's library services, materials, and operations. Proposition E required the City to (a) maintain a baseline appropriation which would not be less than the amount appropriated to the Public Library's budget in FY 1992-93 and (b) set aside two and one-half cents (\$0.025) for each one hundred dollars (\$100) assessed valuation from annual Property Taxes for the Library Preservation Fund for a term of 15 years from FY 1994-95 through FY 2008-09.

In November 2007, San Francisco voters approved Proposition D, a Charter Amendment that authorized the Library Preservation Fund for an additional 15 years from FY 2009-10 through FY 2023-24. Proposition D also reset the baseline to the amount appropriated to the Public Library in FY 2006-07 and maintained the \$0.025 annual set-aside for the Library Preservation Fund through FY 2023-24.

**DETAILS OF PROPOSED LEGISLATION**

The proposed ordinance would appropriate \$3,243,752 from the Library Preservation Fund unappropriated fund balance to pay for construction of the Teen Digital Media Lab and related renovations at the San Francisco Main Library located at the Civic Center. The Teen Digital Media Lab will provide information and resources through electronic technology.

**Teen Digital Media Lab**

In 2011, the San Francisco Public Library (SFPL) was awarded a \$99,680 grant by the Institute of Museum and Library Services and the John D. and Catherine T. MacArthur Foundation for conceptual design of the Teen Digital Media Lab, a learning lab for middle and high school students that "would improve digital literacy and engage young people in hands-on learning that can help them achieve the 21<sup>st</sup> Century skills and knowledge they need to succeed in school, careers and life today."

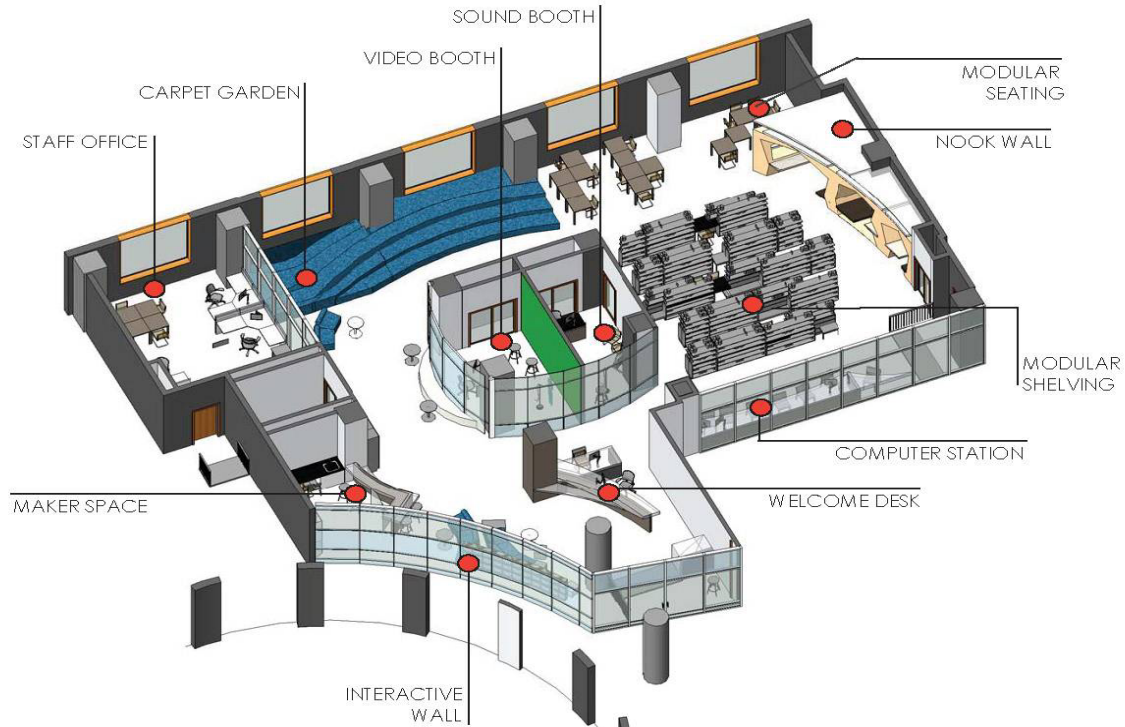
The Teen Digital Media Lab will occupy 4,770 square feet on the 2<sup>nd</sup> floor of the Main Library and will include:

- Meeting space,
- Sound booths – for recording and editing,
- Maker space – equipment space for designing and building manufactured works,
- Video booths – for video production including recording and editing, and

- Computer space.

Exhibit 1 below shows a schematic drawing of the Teen Digital Media Lab.

### Exhibit 1: Teen Digital Media Lab Schematic



Source: San Francisco Public Library

SFPL and the Department of Public Works (DPW) entered into a Memorandum of Understanding (MOU) in August 2013 for DPW to oversee construction of the Teen Digital Media Lab and to relocate SFPL departments displaced by the construction of the Teen Digital Media Lab. Completion of the Teen Digital Media Lab requires three project phases:

- Phase I reconfigures administrative offices on the 4<sup>th</sup> and 6<sup>th</sup> floors of the Main Library for relocation of the human resources and information technology staff who currently occupy the space on the 2<sup>nd</sup> floor where the proposed Teen Digital Media Lab will be located.
- Phase II builds a new Literacy and Learning Center on the 5<sup>th</sup> floor and relocates Project Read, an adult literacy program at the Main Library, from the 2<sup>nd</sup> floor to the 5<sup>th</sup> floor.
- Phase III provides for building the Teen Digital Media Lab on the 2<sup>nd</sup> floor of the Main Library.

Exhibit 2 below shows a schematic drawing of the conceptual design of the Literacy and Learning Center that will house the Library's literacy services, which includes the Project Read program that is currently located in the space on the 2<sup>nd</sup> floor where the Teen Digital Media Lab will be located.

**Exhibit 2: Literacy and Learning Center (Conceptual Design)**

*Source: San Francisco Public Library*

According to the MOU between SFPL and DPW, DPW will provide construction management services for the renovation of the 6<sup>th</sup> floor office space and the 5<sup>th</sup> floor for the Literacy and Learning Center and for construction of the Teen Digital Media Lab on the 2<sup>nd</sup> floor. The DPW Bureau of Building Repair will provide most of the construction work of the Literacy and Learning Center. Based on a competitive Request for Bids award, DPW will contract with a private construction firm for construction of the Teen Digital Media Lab and construction work related to heating, ventilation and air-conditioning as well as life-safety.

The DPW issued a Request for Bids for the Teen Digital Media Lab construction contract in March 2014, with the goal of awarding the construction contract in approximately mid-April 2014. Construction on the Teen Digital Media Lab is expected to begin on September 8, 2014 with an expected completion date of March 25, 2015 and a final move-in date of April 24, 2015. The DPW currently plans to begin renovations on the 5<sup>th</sup> floor for the Literacy and Learning Center in May 2014 to complete the Literacy and Learning Center by August 15, 2014 and relocate Project Read from the 2<sup>nd</sup> floor to the 5<sup>th</sup> floor Literacy and Learning Center by September 5, 2014.

**FISCAL IMPACT****Project Budget**

The City's 10-year 2014-2023 Capital Plan does not include a final budget for the proposed Teen Digital Media Center because SFPL was in the process of revising the budget based on an updated design. The revised budget of \$5,500,000 is an increase of \$1,349,010 from the original \$4,150,990 budget for the Teen Digital Media Lab and related renovations, as shown in Table 1 below.

**Table 1: Original and Revised Budgets for the Teen Digital Media Lab and Related Renovations**

<b>By Project Phase</b>	<b>Original Budget</b>	<b>Revised Budget</b>	<b>Increase</b>
Relocation	\$1,009,590	\$1,023,605	\$14,015
Literacy and Learning Center	783,880	1,151,005	367,125
Teen Digital Media Lab	2,357,520	3,075,390	717,870
Program Reserves (4.5% of Total Program Costs)	0	250,000	250,000
<b>Total</b>	<b>\$4,150,990</b>	<b>\$5,500,000</b>	<b>\$1,349,010</b>
<b>By Project Activity</b>			
Construction	\$2,135,000	\$2,811,250	\$676,250
Fixtures, Furniture, Equipment	811,500	875,500	64,000
Architectural & Engineering Fees	654,400	1,017,020	362,620
Permits	70,000	70,000	0
Contingency (13% of Construction Costs)	360,090	378,230	18,140
DPW Construction Management	120,000	98,000	(22,000)
Program Reserves	0	250,000	250,000
<b>Total Project</b>	<b>\$4,150,990</b>	<b>\$5,500,000</b>	<b>\$1,349,010</b>

According to Ms. Maureen Singleton, SFPL Chief Financial Officer, the initial grant from the Institute of Museum and Library Services and the John D. and Catherine T. MacArthur Foundation provided for a 19-member youth advisory board<sup>1</sup> to collect input on the project design from stakeholders at schools and community events. In addition to the youth advisory board, the Bay Area Video Coalition, the California Academy of Sciences, KQED and key SFPL staff also provided input on the project design, which was incorporated by the architects and planners.

According to Ms. Singleton, stakeholder input for the Literacy and Learning Center came from SFPL staff and from a literacy landscape study that was conducted by Harbour Strategic Consulting, a private consulting firm, and included external literacy services providers such as the Early Literacy Network.

<sup>1</sup> The youth advisory board represented 12 different geographical areas of the City and different educational institutions, and met twice monthly from June 2012 through June 2013.

As a result of the input from the stakeholders noted above, SFPL added funds to the Teen Digital Media Lab for audio-visual equipment and increased access to technology, and to the Literacy and Learning Center to include more e-learning classes, more assistance to learn new technologies, more structured classroom work with equipment, and more early learning tools and space for families.

The increase of \$1,349,010 in the revised Teen Digital Media Lab and related renovations budget results from increased construction costs, Americans with Disabilities Act requirements, and expanded project scale as shown in Table 2 below.

**Table 2: Project Increases for the Proposed Teen Digital Media Lab**

	Original	Revised	Difference	Reason
<b>Construction Costs</b>				
Relocation	\$510,000	531,250	\$21,250	Increased construction costs
Literacy and Learning Center	400,000	700,000	300,000	Americans with Disabilities Act compliance
Teen Digital Media Lab	1,225,000	1,580,000	355,000	Increased construction costs
Subtotal Construction	\$2,135,000	\$2,811,250	\$676,250	
<b>Architectural and Engineering Fees</b>				
Relocation	\$121,900	\$130,665	\$8,765	Additional design services to reflect stakeholder input / expanded scale
Literacy and Learning Center	130,800	203,925	73,125	Additional design services to reflect stakeholder input / expanded scale
Teen Digital Media Lab	401,700	682,430	280,730	Additional design services to reflect stakeholder input / expanded scale
Subtotal	\$654,400	\$1,017,020	\$362,620	
Contingency	360,090	378,230	18,140	Percentage of costs
Equipment	811,500	875,500	64,000	Audio-visual equipment for the Teen Digital Media Lab
DPW Management Fees	120,000	98,000	(22,000)	Less time required to manage the construction
Permits	70,000	70,000	-	
Program Reserve	-	250,000	250,000	Additional fund for contingencies
<b>Total</b>	<b>\$4,150,990</b>	<b>\$5,500,000</b>	<b>\$1,349,010</b>	

Under the revised budget shown in Table 2 above, construction costs per square foot for the proposed Teen Digital Media Lab and related renovations have increased by \$676,250, or approximately 32 percent, and architectural and engineering fees have increased by \$362,620, or approximately 55 percent. According to Ms. Singleton, the increased costs for construction and architectural and engineering fees reflect the completed designs, which were more detailed than the conceptual designs included in the original budget. According to Ms. Singleton, cost increases were due to:

- The requirements of the Americans with Disabilities Act including signage and restroom upgrades;
- Site verification including measuring, surveying and x-raying the space;
- Design requests to minimize the loss of library seating on the 5<sup>th</sup> floor;
- Design work to reconfigure the fire sprinkler, plumbing, ceiling, and HVAC systems;
- Structural work and consultation; and
- Unforeseen electrical work.

The proposed budget for the Teen Digital Media Lab and related renovations also includes a \$250,000 program reserve, which is approximately 4.5 percent of the total budget, for additional unforeseen costs. Ms. Singleton states that including a program reserve is consistent with the policy used in construction projects completed under the Branch Library Improvement Program (BLIP).

**Source of Funds**

The Board of Supervisors previously appropriated \$2,100,000 for the proposed Teen Digital Media Lab and related renovations, as shown in Table 3 below. In addition, SFPL will re-allocate \$156,248 in unexpended funds that are not required for other projects, for total available funds of \$2,256,248. The proposed ordinance would appropriate the needed additional \$3,243,752 in Library Preservation Funds to fully fund the proposed Teen Digital Media Lab and related renovations budget of \$5,500,000, as shown in Table 3 below.

**Table 3: Source of Funds**

<b>Project Budget</b>	<b>\$5,500,000</b>
<b>Prior Appropriations Approved by the Board of Supervisors</b>	
FY 2012-13 Appropriation	\$450,000
FY 2013-14 Appropriation	1,650,000
Subtotal, Prior Appropriations	\$2,100,000
Re-allocation of Unexpended Project Funds	156,248
<b>Total Prior Appropriation</b>	<b>\$2,256,248</b>
<b>Additional Required Funds</b>	<b>\$3,243,752</b>

According to Ms. Singleton, the unappropriated Library Preservation Fund balance is \$18,676,156. Approval of the requested \$3,243,752 supplemental appropriation will result in a remaining unappropriated Library Preservation Fund balance of \$15,432,404.

**RECOMMENDATION**

Approve the proposed ordinance.