CITY AND COUNTY OF SAN FRANCISCO

BOARD OF SUPERVISORS

BUDGET AND LEGISLATIVE ANALYST

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November 24, 2021

TO: Budget and Finance Committee

FROM: Budget and Legislative Analyst

SUBJECT: December 1, 2021 Budget and Finance Committee Meeting

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Item 2 **File 21-1101**	**Department:** Public Works

EXECUTIVE SUMMARY

Legislative Objectives

- The proposed resolution would retroactively authorize Public Works to accept, expend, and execute all documents related to $1,971,000 in 2019 Active Transportation Program funds on the Alemany Interchange Project. The action is retroactive because Public Works secured the matching funds in the FY 2021-22 budget.

Key Points

- The Alemany Interchange Project is an ongoing Public Works street improvement project to improve safety as well as pedestrian and bicycle accessibility along Alemany Boulevard between Putnam Street and Bayshore Boulevard. Construction on Phase 2 (the final phase of the project) is expected to be complete by October 2022 and will be funded by the proposed grant.

Fiscal Impact

- The proposed grant does not require matching funds but is insufficient to meet projected expenses. The proposed grant would fund $1.97 million of the $2.38 million in Phase 2 construction costs, with the remaining amount funded by the General Fund. Of the $2.38 million in costs, $1.66 million would be incurred by the construction contractor and the remaining $722,175 in costs would be incurred by Public Work staff to provide construction management and support.

Recommendation

- Approve the proposed resolution.

MANDATE STATEMENT

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

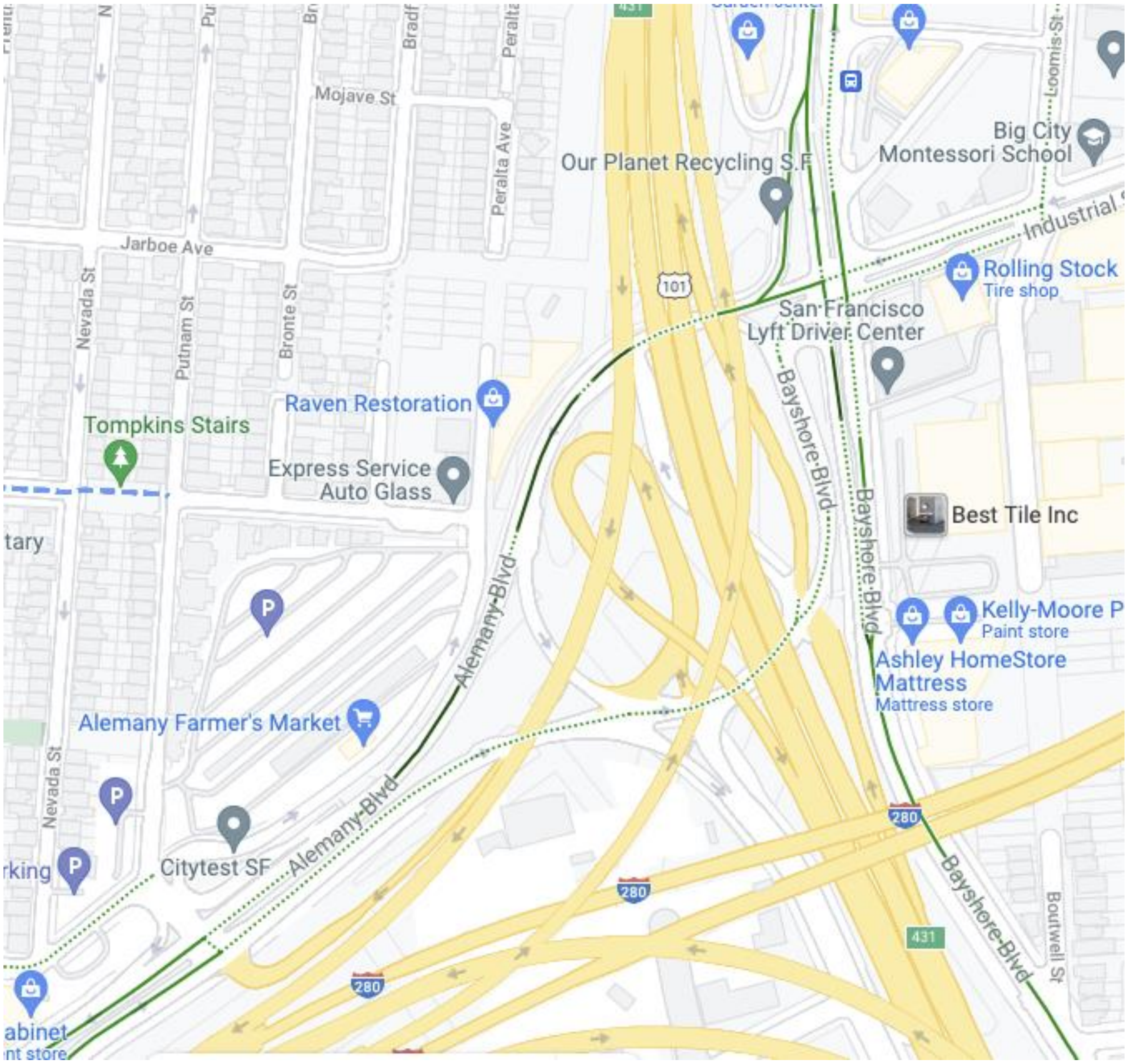
BACKGROUND

Alemany Interchange Project

The Alemany Interchange Project is an ongoing Public Works street improvement project undertaken following recommendation from an April 2017 County Transportation Agency study. The purpose of the project is to improve safety and pedestrian and bicycle accessibility along Alemany Boulevard between Putnam Street and Bayshore Boulevard. Exhibit 1 below shows a map of the project area.

Phase 1, which is complete, included the extension of protected bicycle lanes along Alemany Boulevard, reducing vehicle lanes from three to two in each direction, and pedestrian safety improvements. Phase 2 includes installation of a bicycle and pedestrian path from San Bruno Boulevard to Alemany Farmers Market, installation of new traffic and crossing signals, installation of new trees, and new stormwater infrastructure. Public Works has completed design work for Phase 2 at a cost of $330,000. Construction on Phase 2 is expected to be complete by October 2022 and will be funded by the proposed grant.

Exhibit 1: Map of Project Area: Alemany Boulevard between Putnam and Bayshore



Active Transportation Program

The Active Transportation Program is a competitive State grant program administered by the California Department of Transportation. In March 2019, Public Works was awarded a $1,971,000 grant for Phase 2 of the Alemany Interchange Project.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would retroactively authorize Public Works to accept, expend, and execute all documents related to $1,971,000 in 2019 Active Transportation Program funds on the Alemany Interchange Project. The action is retroactive because Public Works secured the matching funds in the FY 2021-22 budget. The Controller's Office requires evidence of local match before recommending the Accept and Expend resolutions for approval.

Contractor Selection

Public Works selected Minerva Construction as the construction contractor through a competitive solicitation. Bids were evaluated on a cost basis, with Minerva Construction providing the lowest bid.

FISCAL IMPACT

Exhibit 2 below shows the sources and uses for the construction portion of Phase 2 of the Alemany Interchange Project. The proposed grant does not require matching funds but is insufficient to meet projected expenses.

Exhibit 2: Alemany Interchange Project, Phase 2 Construction Budget

Sources	**Amount**
2019 Active Transportation Program	1,971,000
General Fund	400,000
SFMTA Proposition B	9,243
Total Sources	**2,380,243**
Uses	
Contractor	
General Work Items	212,968
Roadway Work Items	443,070
Landscape Work Items	246,447
Sewer Work Items	322,350
Structural Items	282,500
Subtotal, Contractor	1,507,335
Construction Contingency (10%)	150,733
Total Construction Costs	1,658,068
Construction Management	386,983
Construction Support	335,192
Total Uses	**2,380,243**

Source: Public Works

Note: Proposition B refers to the population-based General Fund transfer to SFMTA

As shown above, the proposed grant would fund $1.97 million of the $2.38 million in project costs, with the remaining amount funded by the General Fund. Of the $2.38 million in project costs, $1.66 million would be incurred by the construction contractor and the remaining $722,175 in costs would be incurred by Public Work staff to provide construction management and support.[1] As noted in the proposed resolution, the budget includes indirect costs totaling $256,513.

RECOMMENDATION

Approve the proposed resolution.

[1] Construction management refers to contractor oversight. Construction support refers to project management, electrical engineering, site assessment and remediation.

Items 4 & 5 **Files 21-1141, 21-1144**	**Department**: Airport

EXECUTIVE SUMMARY

Legislative Objectives

- The proposed resolutions would approve ground lease modifications between the San Francisco International Airport (Airport) as landlord and United Airlines as tenant for the following premises: (i) Plot 6, extending the term by three years through approximately December 2024 (File 21-1141); and (ii) Plot 7X, extending the term by three years through approximately December 2024 (File 21-1144).

Key Points

- United Airlines has ground leases for approximately 12.03 acres at Plot 6 and 11.3 acres at Plot 7X at the Airport. The leases expired in June 2021 and August 2021, respectively, and are currently in holdover status. Capital projects that had been anticipated at Plot 6 and Plot 7X have been delayed indefinitely, and the Airport and United Airlines have agreed to extend the leases three years.
- Under the proposed lease modifications, United Airlines would pay initial annual rent of at least $2,267,934 for Plot 6 and $2,198,394 for Plot 7. Rent would be adjusted based on the Consumer Price Index (CPI) upon commencement of the lease extensions and annually thereafter. The rent is based on an appraised value from 2016, with annual CPI adjustments.

Fiscal Impact

- Under the three-year term of the proposed lease modifications, the Airport would receive at least $6,803,803 for the Plot 6 lease and at least $6,445,183 for the Plot 7X lease, for total revenue of at least $13,248,986.

Policy Consideration

- The subject properties were most recently appraised in 2016. Under the terms of the original leases, the properties were reappraised every five years as part of the rent adjustment process, but that is no longer a requirement in the proposed lease extensions. Airport staff instead opted to continue rent adjustment by CPI rather than resetting the rent based on a new appraisal. Because the properties have not been appraised since 2016 and the Airport did not provide any other analysis related to the properties, we cannot evaluate whether the proposed lease modifications are reasonably priced.

Recommendation

- Because the properties have not been appraised since 2016, approval of the proposed resolutions is a policy matter for the Board of Supervisors.

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, (2) have anticipated revenues to the City of $1,000,000, or (3) the modification, amendment or termination of these leases is subject to Board of Supervisors approval.

BACKGROUND

Plot 6 (File 21-1141)

In 2001, the Board of Supervisors retroactively approved a ground lease between the San Francisco International Airport (Airport) and United Airlines for approximately 16.04 acres at Plot 6 for the purpose of air cargo and aviation support activities, for a term of 12 years and one month from June 1999 through June 2011 (File 01-0052). In 2012, the Board of Supervisors retroactively approved Modification No. 1 to the lease, reducing the premises to approximately 12.54 acres and extending the term by 10 years through June 2021 (File 11-1290). In August 2020, the Board of Supervisors approved Modification No. 2 to the lease, reducing the premises to approximately 12.03 acres.[1] The lease expired June 30, 2021 and is currently in holdover status.

The Airport plans to build a new Concourse H on Plot 6 as part of the International Terminal. Due to the COVID-19 pandemic and its impact on air travel, the Concourse H project is delayed indefinitely due to the re-prioritization of the Airport's capital plan in light of lower than projected revenues induced by the pandemic. Airport staff believes that an extension of the United Airlines lease is in the best interest of the Airport. In October 2021, the Airport Commission approved Modification No. 3 to the lease, extending the term by three years through approximately December 2024.

Plot 7X (File 21-1144)

In 1997, the Board of Supervisors retroactively approved a ground lease between the Airport and United Airlines for approximately 11.3 acres at Plot 7X for the operation of an inflight kitchen, repair of its ground service equipment, and employee parking, for a term of two years from September 1996 through August 1998, with an option to extend 23 years through August 2021 (Resolution 131-97).[2] United Airlines subleases a portion of the premises to Gate Gourmet, which supports United flight operations.[3] The lease expired August 31, 2021 and is currently in holdover status.

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[1] Rent is assessed on 12.004 acres of land in Plot 6. Approximately 0.025 acres house electrical equipment used by the Airport and are not assessed rent.

[2] The lease originally had a term of 25 years. Before the Board of Supervisors approved the lease, the City enacted the Non-Discrimination in Contracts and Benefits Ordinance (Chapters 12B and 12C of the Administrative Code). The Airport and United Airlines agreed to Addendum 1 of the lease, which reduced the initial term to two years, and provided the option to extend 23 years if United achieved compliance with Chapters 12B and 12C. Resolution 131-97 included approval of Addendum 1 to the lease. United achieved compliance and the option was exercised.

[3] Under the sublease, Gate Gourmet pays 45 percent of the rent charged to United Airlines, as Gate Gourmet subleases approximately 45 percent of United's leased premises in Plot 7X.

The Airport plans to use Plot 7X as part of the expanded airfield to support Airport operations. Due to the COVID-19 pandemic and its impact on air travel, the airfield expansion project is delayed. Airport staff believes that an extension of the United Airlines lease is in the best interest of the Airport. In October 2021, the Airport Commission approved Modification No. 1 to the lease, extending the term by three years through approximately December 2024.[4]

DETAILS OF PROPOSED LEGISLATION

The proposed resolutions would approve the following modifications to the Airport ground leases with United Airlines: (i) Modification No. 3 to the ground lease for Plot 6, extending the term by three years through approximately December 2024, with initial annual rent of at least $2,267,934 (File 21-1141); and (ii) Modification No. 1 to the ground lease for Plot 7X, extending the term by three years through approximately December 2024, with initial annual rent of at least $2,148,394. Rents would be adjusted based on the Consumer Price Index (CPI) upon commencement of the lease extensions. The proposed lease modifications would not change any other material terms of the leases.

According to Sean Murphy, Airport Property Manager, the rental rates were originally set as negotiated rates because ground leases are not subject to the annual Airport Rates and Charges. Under the leases, the rent is adjusted annually based on the CPI. Every five years, the premises are reappraised and rent is set to the greater of the Fair Market Rent determined in the appraisal or the adjusted rent of the previous year. The most recent appraisal, conducted by Runde & Partners in 2016, determined that annual Fair Market Rent was $167,692 per acre for the Plot 6 lease, or $2,098,500 for the premises,[5] and $168,584 per acre for the Plot 7X lease, or $1,905,000 for the premises.

According to Property Manager Murphy, the Airport does not have an anticipated project start date for the Concourse H and airfield expansion projects. The Airport does not have plans for the premises beyond the expiration of the proposed lease extensions. If the leases are extended again, the Airport and United Airlines would determine at that time whether to conduct a new appraisal or continue the existing rents with annual adjustments.

FISCAL IMPACT

Over the three-year term of the proposed lease extensions, the Airport would receive at least $13,248,984 in rent, subject to annual adjustments, as shown in Exhibit 1 below.

Exhibit 1: Rent Projections (Subject to Annual Adjustment)

Premises	Annual Rent	Rent over 3-Year Term
Plot 6 (File 21-1141)	$2,267,934	$6,803,803
Plot 7X (File 21-1144)	2,148,394	6,445,183
Total Rent	**$4,416,329**	**$13,248,986**

[4] According to Property Manager Murphy, the proposed lease extensions were not approved before the existing leases expired because of extended negotiations between the Airport and United Airlines.

[5] At the time of the appraisal, rent was assessed to 12.514 acres in Plot 6.

Source: BLA analysis of proposed leases. Totals may not add due to rounding.

The annual rent per acre is similar for each lease. The annual rent per acre is currently $188,938 for Plot 6 and $190,123 for Plot 7X.

POLICY CONSIDERATION

The subject properties were most recently appraised in 2016. Under the terms of the original leases, the properties were reappraised every five years as part of the rent adjustment process, but that is no longer a requirement in the proposed lease extensions.

In negotiating the proposed lease extensions, the Airport and United Airlines agreed to adjust the existing rent amounts based on the CPI, rather than conduct a new appraisal, even though more than five years had passed since the most recent appraisal. According to the Airport, staff decided not to conduct a new appraisal for the leases because of the depressed economic environment and uncertain recovery period at the time of the negotiations in early 2021 due to the COVID-19 pandemic. Airport staff instead opted to continue rent adjustment by CPI rather than resetting the rent based on a new appraisal.

Because the properties have not been appraised since 2016 and the Airport did not provide any other analysis related to the properties, we cannot evaluate whether the proposed lease modifications are reasonably priced. We therefore consider approval of the proposed resolutions to be a policy matter for the Board of Supervisors.

RECOMMENDATION

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

Item 6 **Files 21-0830**	**Department:** Department of Public Health

EXECUTIVE SUMMARY

Legislative Objectives

- 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.

Key Points

- This report is based on a revised resolution to be submitted by DPH to the December 1, 2021 Budget and Finance Committee meeting.
- 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.

Fiscal Impact

- 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.
- Approximately 70% of costs are covered by non-General Fund sources.

Policy Consideration

- 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, as detailed below.

Recommendations

- 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.
- Approve the resolution, as amended.

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.[1] 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.

This report is based on a revised resolution to be submitted by DPH to the December 1, 2021 Budget and Finance Committee meeting.

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

[1] 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.

(see Fiscal Impact Section below) 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.

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.[2]

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.

[2] 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

Staffing Category		SFGH	LHH [a]	Total	Est. FTEs[3]
		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
	Total	**75,155**	**116,392**	**191,547**	**96.25**

Source: Department of Public Health

[a] 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

[3] 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 3rd 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.[4]

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[4] 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 3rd 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 [a]	Total
Expenditures			
Actual July 2019 - August 2021			
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
Projected September 2021 - June 2024			
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
Total	**$66,559,575**	**$19,079,438**	**$85,639,013**

Source: DPH

[a] 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

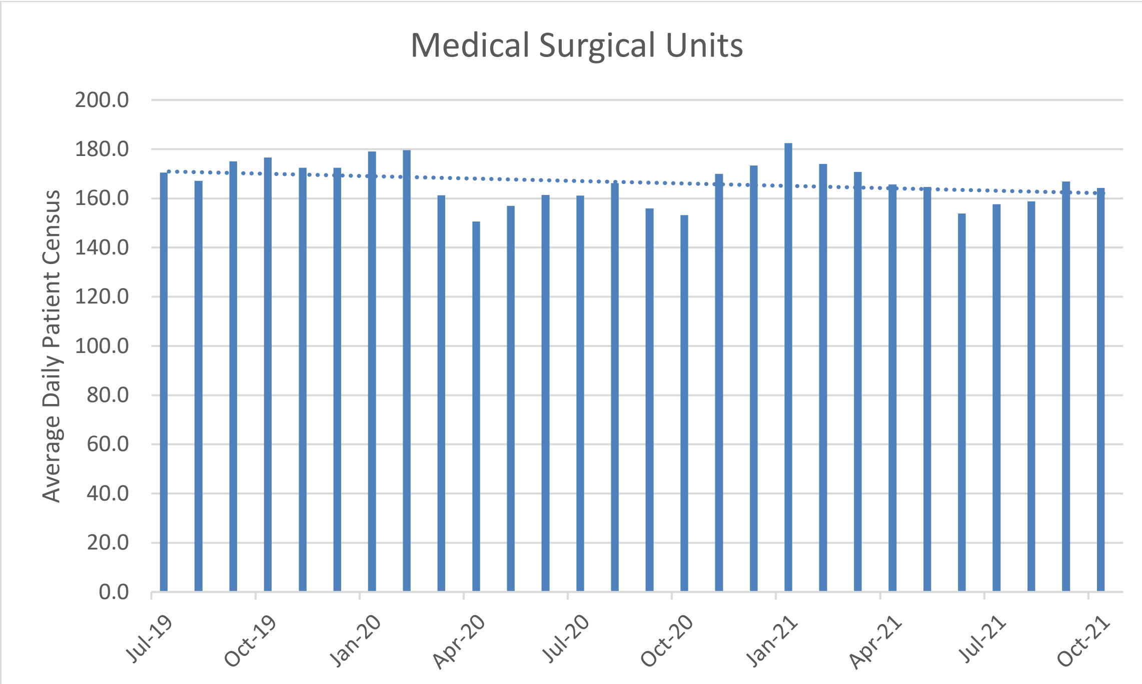
As noted above, the proposed resolution expands an existing DPH contract for temporary nursing staff from by $59,711,013, from $25,928,000 to $85,639,013, and extends the agreement term by two years to June 30, 2024 to manage staffing shortages at Laguna Honda and General Hospital related to the COVID 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.

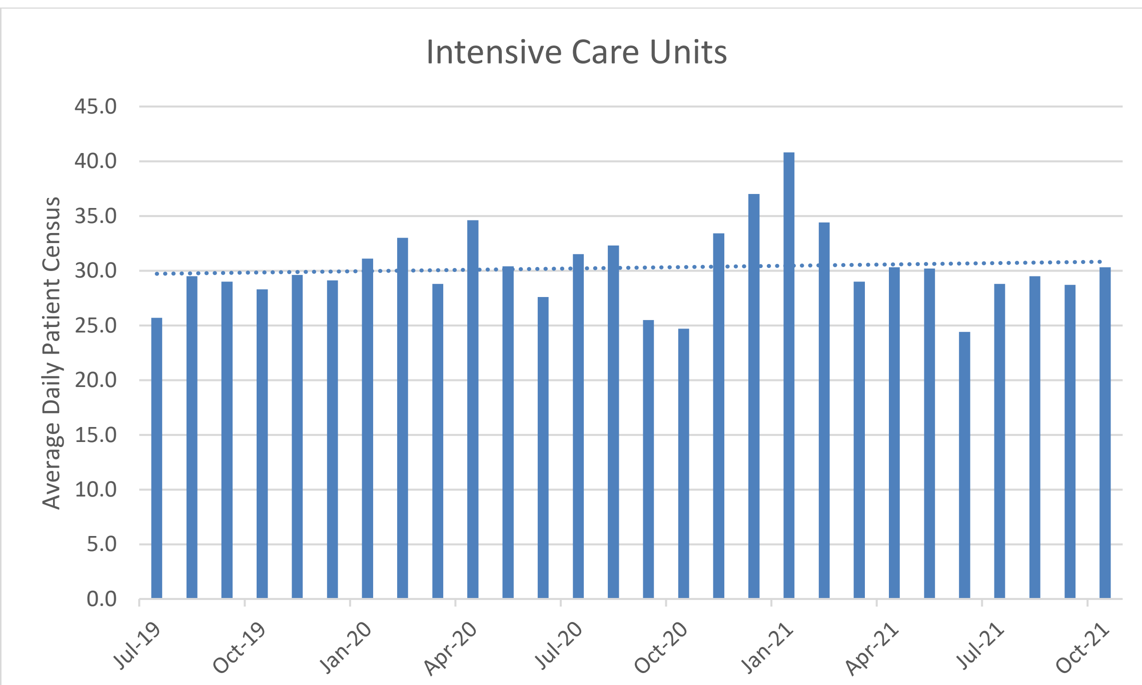
RECOMMENDATIONS

1. 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.

2. Approve the resolution, as amended.

Attachment: General Hospital Average Daily Patient Census





Item 7 **File 21-1086**	**Department:** Airport

EXECUTIVE SUMMARY

Legislative Objectives

- The proposed resolution would approve Modification No. 2 of the lease between the Airport and the FBI for the continued use of 2,396 square feet of office space located at the International Terminal of the Airport. Modification No. 2 would extend the lease term by an additional three years, for a total of a nine-year term from January 4, 2016 through January 3, 2025, and increase the annual rent to $665,489, which includes base rent of $632,304, and annual operating costs of $33,185.

Key Points

- The FBI has occupied this office space since July 2010. According to the Airport, the FBI's Airport office often serves as a command post for federal investigative operations involving national security issues and all crimes aboard aircraft.

Fiscal Impact

- The total payments to be made by the FBI to the Airport for the proposed three-year lease term extension would be $1,996,467 including $1,896,912 in rent and $99,555 in operating costs. These operating services are provided by the Airport Facilities Division and are reimbursed by the FBI under the lease.

Policy Consideration

- The proposed resolution continues the practice of providing eight parking permits to the FBI free of charge. According to the Airport this is a common practice at other U.S. airports. If the Airport were to charge the FBI the full rate for each permit, it would receive an additional $10,752 per year, or $32,256 over the course of the three-year term of the lease extension.

Recommendation

- Approve the proposed resolution.

MANDATE STATEMENT

City Charter Section 9.118(c) states that any lease of real property for a period of ten years or more or that has revenue to the City of $1 million or more is subject to Board of Supervisors approval.

BACKGROUND

On January 26, 2016, the Board of Supervisors approved a resolution for a lease between the Airport and the US Federal Bureau of Investigation (FBI) for 2,396 square feet of office space in the International Terminal. The original lease term was for a duration of three years, from January 4, 2016 through January 3, 2019, with an annual rent of $542,766 (File 15-1221). On February 5, 2019, the Board of Supervisors approved Modification No. 1 to the lease to extend the term by three years from January 3, 2019 to January 3, 2022, and increase the annual rent to $615,385 (File 19-0014).

The FBI has occupied this office space since July 2010, and according to the Airport, they have no plans to relocate. According to the Airport, the FBI's Airport office often serves as a command post for federal investigative operations involving national security issues and all crimes aboard aircraft. Nine FBI Airport Liaison Agents are assigned to the office, and they conduct onsite planning and logistics in coordination with other law enforcement agencies to respond to federal criminal investigations. They work with other federal counterparts located at the Airport, including the Drug Enforcement Agency, the Department of Homeland Security, the Transportation Security Administration, and Customs and Border Protection. The Airport considers FBI services critical to security.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would approve Modification No. 2 of the lease between the Airport and the FBI for the continued use of 2,396 square feet of office space located at the International Terminal of the Airport. Modification No. 2 would extend the lease term by an additional three years, for a total of a nine-year term from January 4, 2016 through January 3, 2025, and increase the annual rent to $665,489, which includes base rent of $632,304, and annual operating costs of $33,185 as shown in Exhibit 1 below.

Exhibit 1: Key Lease Provisions

	Current Lease	Proposed Modification No. 2
Lease Term	6 years	Plus 3 years
Term Dates	January 4, 2016 – January 3, 2022	January 4, 2016 – January 3, 2025
Size of Space	2,396 square feet	No Change
Parking	8 free parking spaces	No Change
Annual Space Rent	$592,780 ($247.40 per SF)	$632,304 ($263.90 per SF)
Annual Operating Costs (Paid by Tenant)	$22,605 ($9.43 per SF)	$33,185 ($13.85 per SF)
Total Annual Rent	$615,385	$665,489
Consumer Price Index Adjustments	None. Fixed annual rent for the entire term based on negotiated escalation rates	No Change
Utilities and Services	FBI pays operating costs as part of the rent, and the Airport provides all utilities and janitorial services.	No Change
Options to Extend	None	No Change

Source: Airport

As shown above, under the proposed lease extension, the total annual rent paid by the FBI to the Airport increases from $615,385 to $665,489 or by 8.1 percent.

Rate Determination

The fixed annual rent rate of $263.90 per square foot is based on the FY 2021-22 Category II Terminal Rental Rate of $255.21 per square foot per year and projected increases averaged over the three-year term, as provided by Airport Finance Division. Annual operating costs of $13.85 per square foot consist of current estimated FBI office maintenance, janitorial and utility costs, which during the current fiscal year is $12.81 per square foot per year, and projected increases averaged over the three-year term. These operating services are provided by the Airport Facilities Division and are reimbursed by the FBI under the lease.

COVID

The proposed amendment incorporates into the lease Executive Order 14042, Ensuring Adequate COVID-19 Safety Protocols for Federal Contractors. The Executive Order requires workplace safety protocols including COVID-19 vaccination of federal contractor employees (in this case, the Airport), masking and physical distancing while in the workplace, and designation of a person to coordinate COVID-19 workplace safety efforts at the workplace.

FISCAL IMPACT

The total payments to be made by the FBI to the Airport for the proposed three-year lease term extension would be $1,996,467 including $1,896,912 in rent and $99,555 in operating costs, as shown in Exhibit 2.

Exhibit 2: Proposed Total Payments from FBI to Airport

Year	Annual Rent	Operating Costs	Annual Payment
1	$632,304	$33,185	$665,489
2	632,304	33,185	665,489
3	632,304	33,185	665,489
Total	**$1,896,912**	**$99,555**	**$1,996,467**

Source: Airport

POLICY CONSIDERATION

Free Parking

The proposed resolution continues the practice of providing eight parking permits to the FBI free of charge. According to the Airport this is a common practice at other U.S. airports. The Airport's FY 2021-22 Rates and Charges state that employee parking permits in the Domestic and International Terminal Garages cost $112 per month. If the Airport were to charge the FBI the full rate for each permit, it would receive an additional $10,752 per year, or $32,256 over the course of the three-year term of the lease extension. The Airport provides a total of 1,459 free parking permits to Federal agencies, including eight allocated to the FBI. This practice of providing parking permits to Federal agencies free of charge represents an opportunity cost of $163,408 per month, or $1,960,896 per year, to the Airport.

RECOMMENDATION

Approve the proposed resolution.

Item 8 **File 21-1089**	**Department:** Department of Technology

EXECUTIVE SUMMARY

Legislative Objectives

- The proposed resolution authorizes DT to enter into a new agreement with AT&T to provide the City with telecommunication services for an amount not-to-exceed $80,000,000 over six and one-half years, beginning January 1, 2022 and ending June 30, 2028. The agreement includes one, five-year option to extend the agreement, which would be subject to future Board of Supervisors' approval if the amount increases by more than $500,000.
- Services provided under this agreement are classified as voice and data transport technology that includes telephone services such as long distance and toll-free calling, support for legacy telecommunications, voice over internet protocol services, and internet services.

Key Points

- DT's current agreement with AT&T for these services, which began in 2010, expires December 31, 2021.
- The proposed agreement with AT&T utilizes terms and service rates established by the State's CALNET Program, which recently established a new set of contracts, "CALNET-Next Generation," which replaces the CALNET-3 rates that the City currently uses. The new CALNET rates are generally the same as the prior rates.
- In June 2021 Gartner, an information technology research and consulting company, evaluated DT's telecommunications contract rates and found that its rates are 23 percent below market compared with other state and local prices.
- Gartner concluded that DT's use of CALNET contract rates for telecommunications services can achieve optimum pricing for the City. If DT decided to competitively bid out these services, Gartner estimated that this would result in additional one-time costs of between $2.4 million to $5.3 million associated with the transfer of services to a new provider.

Fiscal Impact

- DT projects that annual expenditures for the AT&T agreement will total $11.1 million per year, or approximately $72.1 million over the 6.5 years of the contract. The agreement also includes an estimated $7.9 million in contingency, for an estimated total of $80 million.

Recommendation

- Approve the proposed resolution.

MANDATE STATEMENT

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

BACKGROUND

The Department of Technology (DT) has contracted with AT&T since 2001, with Board approval, to provide telecommunication services to the City and County of San Francisco. The current agreement with AT&T expires on December 31, 2021. This current agreement with AT&T was initially approved beginning on February 26, 2010, and subsequently amended five times. The 2010 agreement combined all AT&T landline services under one citywide master contract in an effort to consolidate information technology procurement and contracting on a citywide basis. The telecommunication services provided to departments under this contract include telephone services, such as voice over internet protocol (VoIP), legacy and circuit telephony, long distance, and toll-free service as well as internet connectivity.

The current contract utilizes terms and service rates established by the California Department of Technology's California Network and Telecommunications (CALNET) Program, which provides competitively bid telecommunications rates for use by state and local agencies. The State recently concluded a negotiation with telecommunications providers and established a new set of rates, "CALNET-Next Generation," which replaces the CALNET-3 rates that the City relied upon for its current agreement with AT&T. The new CALNET rates are generally the same as the prior rates.

Using rates from the CALNET Program is permissible under Administrative Code Section 21.16(b), which allows DT to rely on the competitive procurement of other public agencies when purchasing commodities or services.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would authorize DT to enter into a new agreement with AT&T to provide the City with telecommunication services for an amount not-to-exceed $80,000,000 over six and one-half years, beginning January 1, 2022 and ending June 30, 2028. The agreement includes one, five-year option to extend the agreement, which would be subject to future Board of Supervisors' approval if the amount increases by more than $500,000.

Services Provided

DT has negotiated a new agreement with AT&T using the most recent CALNET terms and services of the State's "CALNET Next Generation Contracts." These contract terms provide the City with what staff believes to be the best pricing for telecommunication services given that it utilizes the State's procurement process and buying power. The agreement with AT&T covers 14 categories of services as defined in the CALNET contracts. Each of these services can be classified as voice and data transport technology that includes telephone services such as long distance and toll-free calling, support for legacy telecommunications, voice over internet protocol services, and internet services.

Legacy Services

The contract also covers Tariff and Guidebook services for legacy and voice services that are not offered through the CALNET Next Generation Contracts but were previously offered by CALNET-3. These services are no longer part of CALNET as they are considered older and being phased out; however, DT staff report that while these are older technologies that they are trying to decommission, they do not want to migrate away from them as they are still utilized by certain departments. DT staff determined that AT&T is the sole source for these legacy services still used by some City departments. The Office of Contract Administration has approved the waiver for competitive solicitation for these services.

Professional Services

According to DT's Strategic Sourcing Manager, the services provided under this new agreement exclude professional/consultancy services, which was included in the prior agreements to provide consulting services to departments and Airport helpdesk services. If DT determines that these professional services are needed, they will be competitively bid out for. The agreement also excludes certain network services purchased under commercial terms, such as the Airport's Sonet Ring and Police Netbond Services. DT reports that they anticipate competitively bidding out these services through existing data transport service contracts that the Office of Contract Administration and DT established in 2020.[1]

Evaluation of Rates

In June 2021 Gartner, an information technology research and consulting company, completed a report for DT that analyzed the rates paid by DT for telecommunication services provided through the AT&T contract. Gartner's evaluation found that across the telecommunications services it analyzed, the current prices for DT's telecommunications contract rates are 23 percent below market compared with other state and local prices. However, there were a few areas where DT's prices were slightly higher for legacy services.

Gartner's report recommended that DT consider stop using legacy data transport technologies, such as telephone and older data circuits that operate at low speeds. These services comprise 20 percent of the City's telecommunications spending and are eight percent more expensive than modern, faster services. DT reports that it continues modernizing circuits and migrating telephony services to Voice over internet protocol (VoIP) through on ongoing project, which is anticipated to be completed by the end of 2025. The legacy telephony circuits will be turned off

[1] The Data Transport Service contracts established a pool of vendors in 2020 that consists of Wave, AT&T, Zayo and Comcast. These vendors will be used for data circuit project bids as determined by departments and DT.

when DT migrates all departments to VoIP. The Department reports that cost savings from the VoIP migration will likely be offset increased data usage.

Finally, Gartner concluded that DT's use of CALNET contract rates for telecommunications services can achieve optimum pricing for the City. Gartner also concludes that if DT decided to competitively bid out these services, the Department would require funding for one-time costs of between $2.4 million to $5.3 million associated with the transfer of services to a new provider.

FISCAL IMPACT

DT's agreement with AT&T is for a not-to-exceed amount of $80 million over six and one-half years, January 1, 2022 until June 30, 2028. DT determined the $80 million not to exceed amount by reviewing the prior four fiscal years of spending.

As shown below in Exhibit 1, DT determined that over the past four fiscal years (FY 2017-18 through FY 2020-21) the average expenditures on the contract were $11,592,566.

Exhibit 1: AT&T contract expenditures, FY 2017-18 through FY 2020-21

Department*	2018	2019	2020	2021	Total
Airport	$1,828,700	$1,148,856	$1,352,067	$956,625	$5,286,249
Children, Youth and Their Families	10,553				10,553
Emergency Management			10,409		10,409
Public Health	35,400	29,830	42,138	(31,838)	75,530
Juvenile Probation	5,608	4,626	(323)		9,910
Library	13,348				13,348
Technology	10,714,765	9,135,195	10,482,451	10,631,857	40,964,267
Total Expenditures	*$12,608,373*	*$10,318,506*	*$11,886,742*	*$11,556,644*	*$46,370,266*
Average Annual Contract Expenditures					**$11,592,566**

Source: Department of Technology

*The Airport is the only department that makes purchases directly with AT&T on this contract; however, there are instances over the past four fiscal years when other departments have made purchases without going through DT. This practice is being phased out as seen in the decrease in number of purchases made by other departments over this time period.

Note: Negative charges reflect corrections made to charge the appropriate project.

As shown below in Exhibit 2, DT determined the estimated annual cost by subtracting the costs for system consulting and certain data circuits that will not be included in the proposed contract from the average annual expenditure total for FY 2017-18 through FY 2020-21. This anticipated annual expenditure less the consulting and circuit changes was multiplied by 6.5 to determine the total cost of $72,102,069 over the upcoming six and one-half years of the proposed agreement term. DT included an additional $7,931,228 for contract contingency. The total not-to-exceed amount was rounded to $80 million.

Exhibit 2: Determination of the $80 million not-to-exceed amount

Description	**Amount**
Current Average Annual Expenditures	**$11,592,566**
Removal of Professional Services (Consulting Services)*	(307,200)
Migration of Airport private telecom network charges (Sonet Ring)*	(175,260)
Migration of Police Data Circuit charges (Netbond)*	(17,480)
Subtotal Projected Annual Expenditures	*$11,092,626*
Projected Expenditures over 6.5 years (Agreement Term)	72,102,069
11 percent Contingency	7,931,228
Total Projected Expenditures	**$80,033,297**
Not-to-Exceed Amount in the Agreement	**$80,000,000**

Source: Department of Technology

*These charges were determined through manual calculations from departments that were provided to DT

For the majority of spending on the AT&T contract, DT purchases on behalf of all other City departments, which are then funded by DT's service charges to City departments. DT does not administer purchases for the Airport, which makes its own purchases on the AT&T contract. Other departments, as seen in Exhibit 1, have occasionally made purchases directly on the AT&T contract. However, this is a practice that DT reports is being phased out so that all departments other than the Airport are making purchases through DT.

RECOMMENDATION

Approve the proposed resolution.

Item 10 **File 21-1095**	**Department:** Recreation & Parks

EXECUTIVE SUMMARY

Legislative Objectives

- The proposed ordinance would reduce or waive fees for certain Recreation and Parks facilities for veterans, which are defined in the legislation as active and veteran members of the armed services.

Key Points

- According to federal agency statistics, 3.4% of the City's adult population would be eligible for reduced Recreation and Parks fees, as well as 6.0% of the statewide population and 8.0% of the nationwide population. Since we do not know the number of resident and tourist veterans that visit Recreation and Park facilities, we applied the range of the eligible population to Recreation and Parks fees that are subject of the proposed ordinance.

Fiscal Impact

- We estimate that the proposed ordinance would reduce fee revenues by between $321,821 and $757,225 annually, depending on the share of the veteran population that visits Recreation and Parks facilities.
- According to Recreation and Parks staff, nearly all fee reductions would reduce the Department's General Fund revenues.

Policy Consideration

- The reduced fees would apply to all such veterans, regardless of whether they are a resident of San Francisco. Recreation and Parks Department staff report that limiting the proposed fee reductions to San Francisco residents would reduce the annual General Fund revenue loss, but by how much is uncertain.

Recommendation

- Because the proposed ordinance reduces Recreation and Parks revenues outside of the annual budget process, we consider approval to be a policy matter for the Board of Supervisors.

MANDATE STATEMENT

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

BACKGROUND

Article 12 of the Park Code provides for fees to various Recreation and Parks facilities. According to Department staff, facilities fees are generally part of the Department's General Fund revenues, which are budgeted at $134,129,546 in FY 2021-22 and $130,458,891 in FY 2022-23 in the current annual appropriation ordinance.

DETAILS OF PROPOSED LEGISLATION

The proposed ordinance would reduce or waive fees for certain Recreation and Parks facilities for veterans, which are defined in the legislation as active and veteran members of the armed services. In particular, the proposed ordinance would make the following changes to the Recreation and Park Fees:

Exhibit 1: Proposed Fee Reductions

Fees	Discount
Camp Mather Cabin & Tent Rental and Day Use	50%
Japanese Tea Garden Admission	100%
Coit Tower Admission	100%
Conservatory of Flowers Admission	100%
Aquatic Facility Admission	100%
Golden Gate Park Tennis Center Hourly Fees	50%
Botanical Gardens	100%
Hourly Rates for Weddings	100%

Source: Proposed Ordinance

Eligible Population

To estimate impact of the proposed fee reductions, we consulted federal agency statistics to determine the share of the local, state, and nationwide population that is actively serving or has previously served in the armed forces. Exhibit 2 below shows the 2019 statistics.

Exhibit 2: 2019 Active Duty and Veteran Service Members Proportion of Population

	United States	California	San Francisco
Veteran	7.3%	5.2%	3.1%
Active	0.5%	0.5%	0.0%
Reserve	0.2%	0.3%	0.3%
Total	**8.0%**	**6.0%**	**3.4%**

Sources: BLA Analysis of 2019 Five-Year American Community Survey, Table B21001 (U.S. Census Bureau) and September 2019 Military and Civilian Personnel by Service/Agency (U.S. Department of Defense)

Note: San Francisco values for active are assumed to be zero and reserve value is assumed to be consistent with the statewide statistic. All values are relative to the 2019 adult population.

As shown above, under the proposed ordinance, 3.4% of the City's adult population would be eligible for reduced Recreation and Parks fees, as well as 6.0% of the statewide population and 8.0% of the nationwide population. Since we do not know the number of resident and tourist veterans that visit Recreation and Park facilities, we applied the range of the eligible population to Recreation and Parks fees that are subject of the proposed ordinance.

FISCAL IMPACT

We estimate that the proposed ordinance would reduce fee revenues by between $321,821 and $757,225 annually. Exhibit 3 below shows the composition of the estimated revenue loss.

Exhibit 3: Estimated Annual Revenue Loss

Fee	FY 2018-19 Revenue	Low Scenario	High Scenario
Japanese Tea Garden	$4,282,127	($145,592)	($342,570)
Camp Mather	$1,383,569	($23,521)	($55,343)
Botanical Garden	$1,261,341	($42,886)	($100,907)
Coit Tower	$1,132,655	($38,510)	($90,612)
Conservatory of Flowers	$1,047,000	($35,598)	($83,760)
Tennis*	$750,000	($12,750)	($30,000)
Aquatics	$637,907	($21,689)	($51,033)
Weddings	$50,000	($1,275)	($3,000)
Total	**$10,544,599**	**($321,821)**	**($757,225)**

Source: BLA analysis; Recreation and Parks Department analysis

Note: Only 5% of tennis fees paid to the Golden Gate Park Tennis Center operator are collected by the Recreation and Parks Department; 95% of those fees are retained by the facility operator.

Given the uncertainty of veteran visitors to the Recreation and Park facilities, Exhibit 3 provides a range of estimated revenue loss using FY 2018-19 fee revenue. The Low Scenario assumes 3.4% of visitors are eligible for reduced fees, based on the San Francisco veteran, active, and reserve population noted in Exhibit 1. The High Scenario assumes 8% of visitors are eligible, based on the nationwide veteran, active, and reserve population noted in Exhibit 1. The analysis does not account for changes in facility usage due to reduced fees or discounts for group reservations that may be applied to non-veterans (such as Camp Mather and Golden Gate Park Tennis Center group reservations).

According to Recreation and Parks staff, nearly all fee reductions would reduce the Department's General Fund revenues. The Department collections 5% of the fees paid to the Tennis Center operator, with the remaining 95% of those fees retained by the facility operator.

Because the proposed ordinance reduces Recreation and Parks revenues outside of the budget process, we consider approval to be a policy matter for the Board of Supervisors.

POLICY CONSIDERATION

The reduced fees would apply to all such veterans, regardless of whether they are a resident of San Francisco. Recreation and Parks Department staff report that limiting the proposed fee reductions to San Francisco residents would reduce the annual General Fund revenue loss, but by how much is uncertain.

RECOMMENDATION

Because the proposed ordinance reduces Recreation and Parks revenues outside of the annual budget process, we consider approval to be a policy matter for the Board of Supervisors.