CITY AND COUNTY OF SAN FRANCISCO

BOARD OF SUPERVISORS

BUDGET AND LEGISLATIVE ANALYST

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

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TO: Budget and Finance Committee

FROM: Budget and Legislative Analyst

SUBJECT: February 25, 2026 Budget and Finance Committee Meeting

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Item 2 File 26-0017	**Department:** Real Estate Division (RED); Retirement Services (RET)

EXECUTIVE SUMMARY

Legislative Objectives

- The proposed resolution would authorize a lease with Double Wood Investment, Inc., as landlord for approximately 47,482 square feet of office space at 111 Pine Street, for a ten-year term with two five-year extension options. The initial annual base rent would be $2,089,208 with three percent annual escalation.

Key Points

- The Retirement System (RET) has leased office space at 1145 Market Street since 2013. There are currently two leases in place at 1145 Market Street totaling 37,098 square feet to accommodate all RET staff and service providers. RET states the leased premises at 1145 Market Street were designed for a headcount of 97 and are at full capacity with 126 filled positions currently occupying the space. Consequently, the premises would not be able to accommodate the budgeted headcount of 158 and five additional counselors. The proposed lease would allow for approximately 300 square feet per budgeted staff, which is roughly the same as the 294 square feet per actual worker at 1145 Market space.
- Under the proposed lease, the landlord will pay for $100 per square foot towards tenant improvements for a total of $4,748,200. RET will fund a match of $4,748,200. Improvements are anticipated to be substantially completed in August 2026, with lease commencement in September 2026.

Fiscal Impact

- Over the initial 10-year term, RET would pay $21,713,000 in total rent, which includes a rent credit of 12 months and three percent annual rent increases. The proposed lease would have an initial annual rent of $2,089,208 ($44 per square foot). The proposed rent of $2,089,208 is more than current rent of $1,867,169 because it is a larger space. Tenant improvements and move-in costs for the relocation to 111 Pine Street, as well as an increase in lease costs, would total approximately $5.7 million.
- Total costs, including tenant improvements, would be fully funded from RET's assets of the Defined Benefit Trust Fund and the SF Deferred Compensation Plan recordkeeper reimbursement.

Policy Consideration

- The lease terms are similar to a Civic Center lease at 1455 Market Street, where the City has an option to rent additional floors, though without a moving allowance. The relocation to 111 Pine Street would accommodate RET's geographic preference to relocate to the Financial District to be closer to financial service vendors but is also well served by public transportation.
- If RET remained at 1145 Market Street, the department would likely pay $1,178,603 in rent, which is approximately $700,000 less than RET's current leases costs at 1145 Market and approximately $900,000 less than the proposed lease at 111 Pine Street. RED is evaluating backfilling RET's space at 1145 Market Street with other City tenants who are currently incurring higher leases costs elsewhere in Civic Center.

Recommendation

- Approve the proposed resolution.

MANDATE STATEMENT

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

BACKGROUND

The San Francisco Employees' Retirement System (RET) has leased office space at 1145 Market Street since 2013. There are currently two leases in place at 1145 Market Street totaling 37,098 square feet to accommodate all RET staff and service providers: (1) a lease commencing in August 2014 for 35,388 square feet[1] of office space with existing rent $50.05 per square foot per year that expired and put on holdover status in July 2024, and (2) a month-to-month lease commencing in November 2021 for 1,710 square feet (Suite 650 adjacent to the aforementioned lease's premises) with existing rent of $56.14 per square foot per year. According to RET, the leased premises at 1145 Market Street were designed for a headcount of 97 and are at full capacity with 126 filled RET positions currently occupying the space.[2] RET states that the 1145 Market Street premises would not be able to accommodate the budgeted headcount of 158 and five additional SF Deferred Compensation Plan (SFDCP) counselors, as further discussed below. Consequently, this proposed lease at 111 Pine Street is now being considered by the Board of Supervisors for approval to relocate all RET staff and service providers to this new location.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would authorize the Director of Property, on behalf of RET, to execute a lease with Double Wood Investment, Inc., as landlord for approximately 47,482 square feet of office space at 111 Pine Street, for a ten-year term with two five-year extension options. The initial annual base rent would be $2,089,208 with three percent annual escalation. The proposed resolution would also authorize the Director of Property to make further immaterial amendments to the lease.

The new lease agreement would commence 30 days upon substantial completion of tenant improvements. RED anticipates substantial completion in August 2026 and lease commencement in September 2026.

Exhibit 1 below summarizes the terms and conditions of the lease provisions.

[1] The lease also includes approximately 191 square feet of bicycle space on the 1st floor. The leased premises include the entire 5th floor, a portion of the 6th floor and the entire 7th floor, in addition to the bicycle space.

[2] According to RET, the department accommodated the existing staff of 126 filled positions (in a space designed for a headcount of 97) by entering the second lease at 1145 Market Street for 1,710 square feet in 2021 and repurposing space, such as using member counseling rooms as offices, converting a space for a copier into a cubicle, etc.

Exhibit 1. Summary of Proposed Lease

	Proposed Lease
Premises	47,482 square feet on Floors 8, 9, 10, and 11, 111 Pine Street in San Francisco
Initial Annual Base Rent	$2,089,208 ($44 per square foot)
Rent Credit	Rent credit totaling $2,237,428 and equal to 12 months (Months 1-4, 13-16, 25-26, and 119-120)
Rent Escalation	3% annually Rent resets to market rate at each lease term extension
Utilities and Services	Landlord pays all utilities and services
Term	10 years from the commencement date. Lease will commence 30 days upon substantial completion of tenant improvements.
Options to extend	Two five-year options to extend
Tenant Improvements	Landlord will pay $100 per square foot towards tenant improvements for a total of $4,748,200. RET will fund a match of $4,748,200. Improvements may include buildouts for a multi-purpose space for meetings, member services meeting and counseling spaces, additional conference rooms, and space for training and team meetings.
Operating Costs	City pays percentage share of increase in operating costs over base year (2026). Operating costs include heat, water, HVAC, janitorial services, and security.
City's Percentage Share of Building Operating Costs	21.82 percent

Source: Proposed Lease Agreement

Site Usage

As previously mentioned, a total of 126 existing filled RET positions, which encompass all RET staff, will move from 1145 Market Street to 111 Pine Street. According to RET, the relocation is needed to adequately accommodate RET's 158 budgeted positions and five San Francisco Deferred Compensation Plan counselors, as well as space for public and stakeholder meetings. The proposed 111 Pine Street location (47,482 square feet) is 21.9 percent larger than the total 1145 Market Street leased premises (37,098). The proposed lease would allow for approximately 300 square feet per budgeted staff, which is roughly the same as the 294 square feet per actual worker at 1145 Market space. The calculation does not take into account shared space, such as conference rooms.

As previously mentioned, RED anticipates substantial completion of tenant improvements at 111 Pine Street in August 2026. According to RED, the City is obligated to give 30 days' notice to the landlord at 1145 Market Street to terminate the holdover leases and will cease paying rent at this location 30 days after providing notice.

Utilities, Services and Percentage Share

Under the proposed lease, the landlord is responsible for all utilities and services, such as janitorial support, elevators, HVAC, and building security. RET would pay its percentage share (21.82 percent) of the increase in the building's utilities and operating expenses over the base year. The base year would be calendar year 2026, so RET would begin paying operating costs in 2027. RED estimates the projected monthly operating costs would be approximately $3,664.

Base Rent Determination

An appraisal conducted by Colliers International in August 2025 has determined that the proposed initial rent of $44 per square foot is at or below fair market rent. An appraisal was not required under Administrative Code Section 23.27 because the proposed rent is less than $45 per square foot. The base rent will be escalated by three percent annually.

Tenant Improvements

Under the proposed lease, the landlord will pay for $100 per square foot towards tenant improvements for a total of $4,748,200. RET will fund a match of $4,748,200. RED states that the $9,496,400 tenant improvement cost estimates were based on a rough order of magnitude estimate developed by an architect and construction management firm. The tenant improvements will be completed by the landlord. According to RED, the scope of improvements has not been finalized but may include buildouts for a multi-purpose space for public and internal meetings, member services meeting and counseling spaces, additional conference rooms, and space for training and team meetings. As previously mentioned, tenant improvements are anticipated to be substantially completed in August 2026.

FISCAL IMPACT

As shown in Exhibit 2 below, over the initial 10-year term, RET would pay $21,713,000 in total rent, which includes the rent credit of 12 months[3] (totaling $2,237,428) and three percent annual rent increases. If an option to extend the term is exercised, the rent for the extended term would be set at fair market rent at that time.

[3] The first four months of the lease term, as well as months 13-16, 25-26, and 119-120 (12 months total) will be rent-free.

Exhibit 2. Total Rent by Year Under Proposed RET Lease

Lease Year	Annual Rent	Annual Rent per Square Foot
Year 1	$2,089,208	$44.00
Year 2	2,151,884	45.32
Year 3	2,216,441	46.68
Year 4	2,282,934	48.08
Year 5	2,351,422	49.52
Year 6	2,421,965	51.01
Year 7	2,494,624	52.54
Year 8	2,569,462	54.11
Year 9	2,646,546	55.74
Year 10	2,725,943	57.41
Rent Credit	(2,237,428)	
Total	**$21,713,000**	

Source: Proposed Lease Agreement

The proposed lease would have an initial annual rent of $2,089,208 ($44 per square foot), with three percent annual escalation. The initial rent rate of $44/square foot is 12 percent less than the RET's current office rent of $50.05/square foot, however the proposed rent of $2,089,208 is more than current rent of $1,867,169 because it is a larger space.

The City's share of the pension contribution for employees totals approximately $630.4 million in FY 2025-26 and the pension had $37.5 billion in net assets as of June 2025. A portion of the retirement assets funds RET's administrative functions which are budgeted at $55.9 million in FY 2025-26. As shown in Exhibit 3 below, tenant improvements and move-in costs for the relocation to 111 Pine Street, as well as an increase in lease costs, would total approximately $5.7 million, which is 0.90 percent of the share of the annual City retirement/pension contributions and approximately 10.3 percent of RET's FY 2025-26 approved budget.

Exhibit 3. Costs for Relocation to 111 Pine Street

New Costs	Amount
Tenant Improvements (RET Share)	$4,748,200
Increase in Lease Costs (Year 2)	284,715
Move-in Costs	712,230
Total	**$5,745,145**

Source: BLA Analysis

Funding Sources

Costs, including tenant improvements, would be fully funded from RET's assets of the Defined Benefit Trust Fund and the SF Deferred Compensation Plan recordkeeper reimbursement.[4]

POLICY CONSIDERATION

Relocation From Civic Center to Financial District

The proposed lease relocates Retirement staff from Civic Center to the Financial District at a higher lease cost of approximately $300,000 per year. The lease terms are similar to a Civic Center lease at 1455 Market Street, where the City has an option to rent additional floors. Unlike the 1455 Market option, the proposed lease at 111 Pine does not have a moving allowance, which will cost RET approximately $700,000.

According to Real Estate staff, 1455 Market and other City space were not suitable for Retirement staff because of RET's geographic preference to relocate to the Financial District to be closer to financial service vendors. In addition, RED states 111 Pine Street's proximity near multiple transit lines provides convenient and accessible service to retirees, active members, and others. According to RED, both RED and RET toured and evaluated a total of 20 buildings, which included 1455 Market Street, but preferred a downtown location.

1145 Market Street

In 2024, the City executed three leases at 1145 Market Street for $29.95 per square foot, escalating at three percent per year.[5] The 2026 rate is therefore $31.77. If RET remained in this building, the department would likely pay this rate that other City tenants are paying in 2026, or $1,178,603 in rent, which is approximately $700,000 less than RET's current leases costs at 1145 Market and approximately $900,000 less than the proposed lease at 111 Pine Street. RED is evaluating backfilling RET's space at 1145 Market Street with other City tenants who are currently incurring higher leases costs elsewhere in Civic Center, which would have General Fund savings over time if accomplished.

RECOMMENDATION

Approve the proposed resolution.

[4] All Deferred Compensation Plan administrative expenses are funded through participant-paid administrative fees collected by the third-party recordkeeper

[5] The following leases were executed with Trinity Center, LLC at 1145 Market in 2024: (1) Law Library (File 24-0422); (2) Health Service System (File 24-0423), and (3) OCEIA and DMACC (File 24-0347).

Item 3 File 26-0076	Department: Public Health

EXECUTIVE SUMMARY

Legislative Objectives

- The proposed resolution would approve the second amendment to the agreement between the Department of Public Health (DPH) and YMCA Urban Services to extend the term by one year, from June 30, 2027, to June 30, 2028, and increase the maximum amount by $1,590,148 for a new total not-to-exceed of $11,577,751.

Key Points

- Under the proposed amendment, YMCA will continue to provide outpatient mental health services to youth and their families, primarily in the Bayview, Potrero Hill, and Western Addition neighborhoods. Services include assessment, individual and family therapy, and case management and are provided in schools, residences, Family Resource Centers, and/or the YMCA. The program also provides mental health services to students in special education on behalf of the San Francisco Unified School District.
- The FY 2023-24 program monitoring report showed that the program had an overall rating of "3 – Acceptable/Meets Standards." The program exceeded the contracted number of unduplicated clients. (The program served 76 unduplicated clients in FY 2024-25 when it was contracted to serve 50 unduplicated clients.)

Fiscal Impact

- While the existing term runs through FY 2026-27, there is only $370,218 available from the existing not-to-exceed amount of $9,987,604 to cover the FY 2026-27 budget of $827,960, leaving an unfunded balance of $457,742. The contract amendment provides the balance of $457,742 for FY 2026-27, the full budget for FY 2027-28 of $835,936, plus a 12 percent contingency calculated on the total expenditures for the current year (FY 2025-26) plus the budget for FY 2026-27 and FY 2027-28.
- The proposed amended contract agreement is funded by General Fund (30 percent), state Medi-Cal match funding (35 percent), and federal Medi-Cal match funding (35 percent).

Recommendations

- Amend the resolution to change the start date of the original agreement from January 1, 2018 to July 1, 2018 and approve the resolution, as amended.

MANDATE STATEMENT

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

BACKGROUND

The Department of Public Health (DPH) funds mental health services for children and youth. The Mental Health Outpatient Program is administered by SFDPH Behavioral Health Services (BHS) under the Children, Youth, and Families (CYF) System of Care.

The YMCA Mental Health Outpatient Program focuses on delivering behavioral health and family support services, primarily at schools and other community-based locations throughout the City. Therapists collaborate with families to provide individual and family counseling, case management, and referrals to additional support services with a goal of reducing psychiatric symptoms, enhancing functioning and coping skills, and improving overall mental health and quality of life—ultimately decreasing the need for future intensive interventions, according to DPH.

Procurement

On March 24, 2017, DPH issued a Request for Proposals (RFP) for Mental Health Outpatient Treatment Services and Optional Specialized Mental Health Treatment Services. The RFP scored respondents on the following criteria: Following Submission Guidelines (10 points), Outpatient Mental Health Treatment Program (up to 150 points), Optional Specialized Mental Health Outpatient Treatment Services (up to 75 points), Budget (up to 30 points), Financial Management Capacity and Fiscal Integrity (up to 30 points), Prior Performance (30 points), Priority System Needs (up to 40 points) for a total of 365 points possible. A total of seven applicants responded to the RFP for Mental Health Outpatient and Specialized Mental Health Treatment (Category 1 of the RFP), as shown in Exhibit 1. The evaluation panel consisted of four professionals: Maternal, Child, and Adolescent Health Coordinator, DPH; a representative from the San Francisco Unified School District; Mental Health Program Manager, Child & Adolescent Behavioral Health, Contra Costa County; Program Manager, Family and Children Services, Human Services Agency.

Exhibit 1: Proposers and Scores for RFP for Mental Health Outpatient and Specialized Mental Health Treatment (Category 1)

Proposer	Score (out of 255)[1]
Seneca Family of Agencies	248.50
Richmond Area Multi Services, Inc. (RAMS)	245.00
Oakes Children's Center	227.00
Special Service Groups	224.25
Family Service Agency of SF (doing business as Felton Institution)	222.50
YMCA Urban Services	209.75
Dignity Health St. Mary's Medical Center	139.75

[1] Category 1 of the RFP had a maximum score of 255.
Source: DPH

YMCA Urban Services was selected for Mental Health Outpatient Treatment Services and Educationally Related Mental Health Services (ERMHS) pursuant to the RFP. The other proposers in Exhibit 1 also were awarded contracts.

Agreement History

DPH and YMCA entered into an agreement for these services for a term of July 1, 2018 through June 30, 2022 and a not-to-exceed amount of $5,835,911.[1] On June 1, 2022, DPH amended the original agreement to extend the term by five years and to increase the not-to-exceed amount to $9,987,603.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would approve the second amendment to the agreement between DPH and YMCA to extend the term by one year, from June 30, 2027, to June 30, 2028, and increase the maximum amount by $1,590,148 for a new total not-to-exceed of $11,577,751. The proposed resolution would also authorize DPH to make further immaterial amendments to the grant.

According to DPH, the additional funding and one-year extension will enable services to continue prior to issuing a new solicitation for mental health outpatient treatment services.

We recommend that the proposed resolution be amended to correctly state that the term start date of the agreement is July 1, 2018, not January 1, 2018.

Services

Under the proposed amendment, YMCA will continue to provide outpatient mental health services. The program provides outpatient specialty mental health services for low-income youth (ages 0-21) and their families, primarily in the Bayview, Potrero Hill, and Western Addition neighborhoods. Services include assessment, individual and family therapy, and case

[1] The original contract also included services associated with Mental Health Services Act School-Based Programs.

management and are provided in the community, such as in schools, residences, Family Resource Centers, and/or the YMCA. The program also provides mental health services to students in special education on behalf of the San Francisco Unified School District.

We note that the original contract included three other programs described below:

- Positive Avenues to School Success (PASS) (funded from FY 2018-19 through FY 2022-23): Trauma and recovery services focusing on chronically truant youth (ages 5-19) to support school re-engagement or vocational enrollment. This program shifted to a new contractor following a solicitation.
- Intensive Supervision and Clinical Services (ISCS) (funded from FY 2018-19 through FY 2023-24): Multi-service intervention for youth involved with the Juvenile Probation Department, including court advocacy and intensive case management to reduce recidivism. DPH shifted this program to a separate contract with YMCA in FY 2024-25.
- OMI/Excelsior Beacon Center (funded through FY 2018-19 through FY 2022-23): Substance use disorder prevention services utilizing evidence-based curriculums like "Strengthening Families" and environmental prevention strategies for middle and high school students. DPH shifted this program to a separate contract with YMCA following a solicitation.

Exhibit 2 below summarizes the number of contracted unduplicated clients and units of service (hours) compared to actual for the YMCA Mental Health Outpatient Program in FY 2024-25, as well as the contracted levels in FY 2025-26

Exhibit 2: FY 2024-25 Contracted versus Actual Number of Unduplicated Clients and Units of Service

	FY 2024-25 Contracted	FY 2024-25 Actual	FY 2025-26 Contracted
Unduplicated Clients	50	76	111
Units of Service (hours)	1,530	1,478	2,099

Source: DPH

Program Performance

In 2025, DPH completed FY 2023-24 program monitoring for the EPSDT Program, which included a site visit. The results are summarized in Exhibit 3 below.

Exhibit 3: Program Monitoring for EPSDT Program for FY 2023-24

Overall Program Rating (1-4)	3 – Acceptable/Meets Standards
Program Performance Score	73%
Units of Service Deliverables	Exempt[1]
Contracted/Actual Clients	150%
Compliance Score	75%
Client Satisfaction Score	70%

[1]Note: The program was exempt from the Units of Service Deliverables for FY 2023-24 due to the implementation of payment and mid-year IT system changes associated with the State's CalAIM (Advancing and Innovating Medi-Cal)

Behavioral Health Payment Reform and a migration in the Department's electronic health record from Avatar to Epic.
Source: DPH

As reflected in Exhibit 3 above, the FY 2023-24 program monitoring report showed that the Mental Health Outpatient Program had an overall rating of "3 – Acceptable/Meets Standards."

The program received 27 out of 40 points on eight performance objectives, receiving a 68 percent score for performance objectives (a component of the 73 percent Program Performance Score above). No plan of action was assigned for these relatively low program scores because the FY 2024-25 program objectives were revised to be more "clinically meaningful," according to DPH. The program objectives now measure improvement only in areas that are the focus of an individual's treatment, rather than measures of overall wellbeing.

The program was exempt from meeting its units of service deliverables due to state payment and IT system changes; however, the program did exceed the contracted number of unduplicated clients.

Fiscal and Compliance Monitoring

The Department of Children, Youth and Their Families conducted citywide fiscal and compliance monitoring for YMCA for FY 2024-25 and identified no findings. In addition, DPH staff reviewed financial documents for YMCA in December 2025 as part of a review of fiscal health of the agency for the period FY 2021-22 to FY 2023-24. According to a DPH memo, DPH's Business Office of Contract Compliance rated YMCA a "low risk" agency. According to the memo, agencies with this rating have solid financial positions, enabling them to absorb losses during economic volatility and to support new programs and expansion.

FISCAL IMPACT

Exhibit 4 below shows the annual spending on the contract and the basis for the $11,577,751 total not-to-exceed amount. While the existing term runs through FY 2026-27, there is only $370,218 available from the existing not to exceed amount of $9,987,604 to cover the FY 2026-27 budget of $827,960, leaving an unfunded balance of $457,742. The contract amendment provides the balance of $457,742 for FY 2026-27, the full budget for FY 2027-28 of $835,936, plus a 12 percent contingency calculated on the total expenditures for the current year (FY 2025-26) plus the budget for FY 2026-27 and FY 2027-28.

Exhibit 4: Contract Agreement Not-to-Exceed Amount

Year	Existing	Proposed Increase	Total Proposed
FY 2018-19*	$1,191,453		$1,191,453
FY 2019-20*	1,372,629		1,372,629
FY 2020-21*	1,501,429		1,501,429
FY 2021-22*	1,331,699		1,331,699
FY 2022-23*	1,749,830		1,749,830
FY 2023-24*	1,048,263		1,048,263
FY 2024-25*	615,400		615,400
FY 2025-26	806,683		806,683
FY 2026-27	370,217	457,742	827,960
FY 2027-28		835,936	835,936
Subtotal, Budget	$9,987,603	$1,293,679	$11,281,282
Contingency (12%)		296,469	296,469
Not to Exceed Amount	**$9,987,603**	**$1,590,148**	**$11,577,751**

Source: DPH

*Existing amount reflects actual expenditures.

As shown above, actual expenditures decreased significantly from a high of $1,749,830 in FY 2022-23 to a low of $615,400 in FY 2024-25. This is because YMCA provided all four programs in FY 2022-23 (Mental Health Outpatient Program, PASS, ISCS, and OMI/Excelsior Beacon Center), and reduced to only providing the Mental Health Outpatient Program beginning in FY 2024-25, which is expected to continue through the end of the proposed contract term. The increase in funding from FY 2024-25 to FY 2025-26 is due to the transfer of funding from a different YMCA contract, which was underspending due to low referrals, to this contract. The minor budget increases shown for FY 2026-27 and FY 2027-28 are due to the provision of a cost-of-doing-business increase.

The FY 2025-26 budget of $806,683 funds salaries and benefits for 6.66 full-time equivalent positions (including licensed clinical professionals), operating expenses, and an additional 15 percent for indirect expenses.

Funding Source

The proposed amended contract agreement is funded by General Fund (30 percent), state Medi-Cal match funding (35 percent), and federal Medi-Cal match funding (35 percent).

RECOMMENDATIONS

Amend the resolution to change the start date of the original agreement from January 1, 2018 to July 1, 2018 and approve the resolution, as amended.

Items 5 & 6 Files 26-0019 & 26-0020	Department: Municipal Transportation Agency

EXECUTIVE SUMMARY

Legislative Objectives

- **File 26-0019** is a proposed resolution that would approve a third amendment to the agreement with IMCO Parking to add two parking facilities located at Pier 30-32 and Pier 70 and to increase the contract amount by $12,000,000 for a total amount not to exceed $219,000,000, with no change to the existing term.
- **File 26-0020** is a proposed resolution that would approve a second amendment to the agreement with LAZ Parking to add Triangle Lot and Seawall 321 to the scope of work and to increase the contract amount by $9,000,000 for a total amount not to exceed $189,000,000, with no change to the existing term.

Key Points

- In August 2025, the Port Commission authorized a Memorandum of Understanding (MOU) between the Port and the San Francisco Municipal Transportation Agency (SFMTA)—subject to Board of Supervisors' approval of the proposed contract amendments—that unifies the management of the Port's 11 off-street public parking lots under SFMTA. The Port will retain revenues generated by the lots and will reimburse the SFMTA for its administrative and operational costs.
- Under the MOU, SFMTA will provide pay stations for seven unstaffed lots, allowing customers to pay and leave. Four other lots with complex needs, such as special events, valet, and on-site staffing, will be managed by LAZ Parking and IMCO Parking. The Port lots were previously managed under two expired lease agreements.

Fiscal Impact

- The proposed $9 million increase for the LAZ Parking contract and $12 million increase for the IMCO Parking contract include parking tax collected by SFMTA and paid to the Treasurer-Tax Collector's Office by the operator. LAZ Parking's monthly management fee will increase by $492 from $10,000 to $10,492, and IMCO Parking's monthly management fee will increase by $3,174 from $11,600 to $14,774 based on the additional parking spaces.
- Net revenues to the Port are estimated to be an average of $4.0 million annually which is comparable to FY 2024-25 revenues to the Port under the prior management structure. This yields a total of approximately $23.8 million in net revenues over the remaining six years of the contracts, which will accrue to the Port Harbor Fund to support Port operations.

Recommendation

- Approve the proposed resolutions.

MANDATE STATEMENT

City Charter Section 9.118(b) states that any contract entered into by a department, board or commission that (1) has a term of more than 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 San Francisco Municipal Transportation Agency (SFMTA) manages 18 City-owned parking garages and lots and four parking garages owned by the Parking Authority.[1] The Agency contracts with professional parking management firms to handle day-to-day operations, including revenue collection, maintenance, and staffing, while retaining control over rates and policies.

The SFMTA has divided its 22 garages and lots into two groups, as follows:

Group A includes the Ellis O'Farrell Garage, 5th and Mission Garage, Kezar Lot, Mission Bartlett Garage, Moscone Center Garage, 7th and Harrison Lot, San Francisco General Hospital Garage, 16th and Hoff Garage, and Union Square Garage.

Group B includes the Japan Center Garages, Civic Center Garage, Golden Gateway Garage, Lombard Garage, North Beach Garage, Performing Arts Garage, Pierce Lot, Polk Bush Garage, Portsmouth Square Garage, St. Mary's Square Garage, Sutter Stockton Garage, Vallejo Garage, and Music Concourse Garage.

Procurement

In January 2022, SFMTA issued a Request for Proposals (RFP) for firms to operate the Groups A and B parking facilities. SFMTA received four proposals, and a three-member evaluation panel deemed LAZ Parking California, LLC and IMCO Parking, LLC the two highest-scoring responsive and responsible proposers and were awarded contracts. In September 2022, the SFMTA Board of Directors awarded the Group A contracts to LAZ Parking and the Group B contracts to IMCO Parking.

Contract History

The Board of Supervisors approved the original agreements in November 2022 (Files 22-1073 and 22-1094). The SFMTA administratively approved first amendments to both agreements, and the Board of Supervisors approved a second amendment to the IMCO Parking contract in September 2024 (File 24-0815). The original agreements and amendments are described below.

[1] California law establishes parking authorities for every city and county to finance, construct, and manage parking facilities. While the Parking Authority is a separate legal entity from SFMTA, SFMTA acts as the Parking Authority and the SFMTA Board serves concurrently as the Parking Authority Commission.

- **Group A (LAZ):** The original agreement with LAZ commenced on February 1, 2023, with a not-to-exceed amount of $180,000,000 and a term of nine years (five years with two 2-year options to extend through January 31, 2032). The first amendment, entered into in March 2023, modified parking revenue transfer procedures and added a performance bond requirement but did not alter the contract amount.
- **Group B (IMCO):** The original agreement with IMCO commenced on February 1, 2023, with a not-to-exceed amount of $180,000,000 and a term of nine years (five years with two 2-year options to extend through January 31, 2032). The first amendment, entered into in July 2023, revised the list of approved subcontractors. The second amendment, entered into in December 2024, added the Music Concourse Garage to the scope and increased the contract amount by $27,000,000 to a new total of $207,000,000.

In December 2025, the SFMTA Board of Directors approved a second amendment to the LAZ Parking contract and a third agreement to the IMCO Parking contract to add four Port-owned off-street public parking lots to the scopes of work.

Management of Port-Owned Parking Lots

For many years, the Port has collaborated with SFMTA to manage paid parking on-street (such as along the Embarcadero), and the Port reimburses SFMTA for vendor and staff costs related to management of Port's on-street parking. In August 2025, the Port Commission authorized a Memorandum of Understanding (MOU) between the Port and SFMTA (subject to Board of Supervisors' approval of the proposed contract amendments) that unifies the management of the Port's 11 off-street public parking lots under SFMTA.[2] The Port lots were previously managed under two expired lease agreements, where for certain locations, the tenant operator retained 33 percent of gross revenues to operate the lot. Under the MOU, SFMTA will provide pay stations for seven unstaffed lots, allowing customers to pay and leave. Four other lots with complex needs, such as special events, valet, and on-site staffing, will be managed by LAZ Parking and IMCO Parking. According to the Port, management by LAZ Parking and IMCO Parking will modernize parking operations, increase operational transparency, streamline enforcement and payment systems and better align Port-managed parking with Citywide technology platforms. The Port will retain revenues generated by the lots and will reimburse the SFMTA for its administrative and operational costs.

DETAILS OF PROPOSED LEGISLATION

File 26-0020 is a proposed resolution that would authorize the Director of Transportation to execute a second amendment to the agreement with LAZ Parking to add Triangle Lot and Seawall 321 to the scope of work and to increase the contract amount by $9,000,000 for a total amount not to exceed $189,000,000, with no change to the existing term.

[2] According to Port staff, the Port plans to issue a Request for Proposals to identify an operator of the Port's private off-street parking lots.

File 26-0019 is a proposed resolution that would authorize the Director of Transportation to execute a third amendment to the agreement with IMCO Parking to add two parking facilities located at Pier 30-32 and Pier 70 and to increase the contract amount by $12,000,000 for a total amount not to exceed $219,000,000, with no change to the existing term.

These amendments incorporate four Port of San Francisco properties into the SFMTA's parking management portfolio effective March 1, 2026.

The amendments activate the "Addition or Deletion of Facilities" clause within the existing agreements, which allows the SFMTA to add or remove up to three parking facilities to the contractors' scope. For LAZ Parking, operations will expand to include the Triangle Lot (66 spaces) and Seawall 321 (180 spaces), totaling 246 added spaces; these two lots are located in close proximity to the Pier 39 garage, which LAZ Parking already manages. For IMCO Parking, operations will expand to include Pier 30-32 (1,300 spaces) and Pier 70 (287 spaces), totaling 1,587 added spaces. IMCO Parking is affiliated with the current operator of these two lots. Pier 70 includes Crane Cove Park, Illinois Street/20th Street, and Seawall Lot 349. If the proposed amendments are approved, one more parking facility may be added to the LAZ Parking scope of work (through a contract amendment), but no more parking facilities may be added to the IMCO Parking scope of work.

Cost Reimbursement & Management Structure

Under the existing contracts, SFMTA pays a flat monthly management fee of $10,000 to LAZ Parking and $11,600 to IMCO Parking, with five percent escalation in Years 6 and 8 (if the contracts are extended), as well as reimbursement for all expenses. Under the proposed amendments, the monthly flat management fee will increase by $2.00 per parking space as provided under the original agreements. Therefore, the LAZ Parking management fee will increase from $10,000 to $10,492 for the addition of 246 parking spaces, and the IMCO Parking management fee will increase from $11,600 to $14,774 for the addition of 1,587 parking spaces.

According to Rob Malone, SFMTA Senior Manager of Parking and Curb Management, the contract model has allowed SFMTA to provide improved customer service, as vendors can hire additional staff to meet customer demand. Senior Manager Malone reports that staffing for the two contracts is approximately 82 full-time equivalent (FTE) employees.

Under the contracts, the operators collect parking tax from customers as a portion of parking fees and submit monthly statements to the Treasurer-Tax Collector detailing the parking tax collected that month; 80 percent of parking tax revenue is returned to SFMTA, and 20 percent goes to the City's General Fund.

Net Revenues and Parking Policies for Port-Owned Parking Lots

According to Port staff, the four lots in question were previously managed through lease agreements with two different parking lot operators, in which the tenant operator retained 33 percent of the revenue; in both cases, the lease agreements have expired. The SFMTA model was determined by the Port to provide better financial terms and parking management services.

The Port would receive net revenues from the parking lot operations and would reimburse the SFMTA for administrative costs. The SFMTA would apply the same policies to the four Port-owned parking lots as other City-owned garages, including the demand-responsive pricing policy.

Performance Management

According to Senior Manager Malone, the contracts do not have quantitative performance measures or ratings. However, SFMTA staff assess the effectiveness of the service on a qualitative basis, such as whether the vendors are effective partners in implementing parking policies and providing parking operation services. SFMTA staff meets with the vendors monthly to review financials, operations, and policy issues, and discuss any performance issues during those meetings. Senior Manager Malone reports that SFMTA is generally satisfied with LAZ Parking and IMCO Parking's performance under the existing contracts.

FISCAL IMPACT

The proposed amendment for LAZ Parking increases the contract amount by $9,000,000 for the management of Triangle Lot and Seawall 321 for a total not to exceed $189,000,000. The proposed amendment for IMCO Parking increases the contract amount by $12,000,000 to manage off-street parking facilities at Pier 30-32 and Pier 70 for a total not to exceed $219,000,000. As mentioned above, the not-to-exceed contract amounts include parking tax collected by SFMTA.

Funding for these increases is provided by the Port, which receives the net income from parking fees and citations. The estimated annual expenditures are shown in Exhibits 1 and 2 below.

Exhibit 1: LAZ Parking Proposed Increase in Contract Expenditures

	Operating Expenses	Parking Tax	Total
Year 4 (11 months)	$687,394	$564,554	$1,251,948
Year 5	736,125	690,896	1,427,021
Year 6 (1st Option)	756,001	725,441	1,481,442
Year 7	786,241	761,713	1,547,954
Year 8 (2nd Option)	809,828	799,798	1,609,627
Year 9	842,221	839,788	1,682,010
Total	**$4,617,811**	**$4,382,189**	**$9,000,000**

Source: SFMTA. Operating expenses include monthly management fee.

Exhibit 2: IMCO Parking Proposed Increase in Contract Expenditures

	Operating Expenses	Parking Tax	Total
Year 4 (11 months)	$1,065,780	$664,282	$1,730,062
Year 5	1,178,178	$718,400	$1,896,578
Year 6 (1st Option)	1,210,141	$761,504	$1,971,645
Year 7	1,243,062	$807,194	$2,050,256
Year 8 (2nd Option)	1,276,971	$855,626	$2,132,597
Year 9	1,311,897	$906,964	$2,218,861
Total	**$7,286,030**	**$4,713,970**	**$12,000,000**

Source: SFMTA. Operating expenses include monthly management fee.

The proposed $9,000,000 increase for the LAZ Parking contract covers estimated monthly operating expenses of approximately $127,000 and an increase in the monthly management fee of $492 (calculated as 246 spaces x $2.00).[3] As such, the current monthly management fee of $10,000 will increase to $10,492. The estimated monthly operating expenses (including the management fee) are approximately $119,000 in Year 5 and are projected to increase by four percent annually.

The proposed $12,000,000 increase for the IMCO Parking contract covers estimated monthly operating expenses and an increase in the monthly management fee of $3,174 (calculated as 1,587 spaces x $2.00). The current monthly management fee will increase from $11,600 to $14,774. The estimated monthly operating expenses (including the management fee) are approximately $158,000 in Year 5 and are projected to increase by four percent annually.

In Year 5, the monthly operating cost per parking space is $483 for the additional 246 parking spaces under the LAZ Parking contract and $100 for the additional 1,587 parking spaces under the IMCO Parking contract. According to SFMTA, the operating costs per parking space are greater for the additional spaces under the LAZ Parking contract compared to the additional spaces under the IMCO Parking contract because the LAZ contract has a higher local business enterprise percentage requirement and the two lots under its management have higher staff needs during peak months related to security and janitorial services.

According to SFMTA, the estimated monthly operating expenses for LAZ Parking and IMCO Parking take into account the following factors:

- Local Business Enterprise requirements based on Group A (16 percent) and Group B (12 percent) of total operating expenses;
- Projected costs for repair and maintenance, such as striping, lighting, and sweeping;
- Back-end costs, such as credit card transaction fees, insurance, workers' compensation insurance, and management oversight;
- Staffing for busy summer months; and
- Annual contract increases for operator staff represented by local 665 Teamsters.

[3] The rate of $2.00 per space reflects the rate in the original contracts for LAZ Parking and IMCO Parking.

According to SFMTA, staffing levels for the new facilities will range from 5 to 10 FTE employees, depending on the season.

SFMTA Cost Recovery and Estimated Net Revenues

Net revenues to the Port are estimated to be at least $3.7 million annually (or an average of $4.0 million annually over the six-year contract period). This yields a total of approximately $23.8 million over the remaining six years of the proposed contract, as shown in Exhibit 3 below. Net revenues will accrue to the Port Harbor Fund and support Port operations. This assumes parking revenues increase by four percent annually and SFMTA administrative costs increase by five percent annually.

Exhibit 3: IMCO Parking Proposed Increase in Contract Expenditures

	LAZ and IMCO Revenues	LAZ and IMCO Contracts	SFMTA Administrative Costs	Total Expenses	Net Revenues to Port
Year 4 (11 months)	$6,879,127	$2,982,010	$100,000	3,082,010	$3,797,118
Year 5	7,136,711	3,323,599	105,000	3,428,599	$3,708,112
Year 6 (1st Option)	7,417,082	3,453,086	110,250	3,563,336	$3,853,745
Year 7	7,708,667	3,598,210	115,763	3,713,973	$3,994,694
Year 8 (2nd Option)	8,011,915	3,742,224	121,551	3,863,774	$4,148,141
Year 9	8,327,294	3,900,870	127,628	4,028,499	$4,298,795
Total	**$45,480,796**	**$21,000,000**	**$680,191**	**$21,680,191**	**$23,800,605**

Source: SFMTA

Change in Port Revenues

According to the Port, under the expired leases for the four parking facilities, the Port received 66 percent of revenue. Based on FY 2024-25, the Port received revenue of approximately $3.9 million (shown in Exhibit 4), which is roughly equivalent to the net annual revenue from shifting to LAZ Parking and IMCO Parking. According to the Port, management by LAZ Parking and IMCO Parking will modernize parking operations, increase operational transparency, streamline enforcement and payment systems and better align Port-managed parking with Citywide technology platforms as noted above.

Exhibit 4: Gross Revenues Under Prior Port Lease Agreements

	Total Revenue	Operator Revenue (33%)	Port Revenue (66%)
Triangle Lot	1,773,909	$591,244	$1,182,665
Seawall 321	1,090,722	363,538	727,184
Pier 30-32	1,693,555	564,462	1,129,093
Pier 70	1,240,818	413,565	827,253
Total	**5,799,004**	**$1,932,808**	**$3,866,196**

Source: Port

RECOMMENDATION

Approve the proposed resolutions.

Item 7 File 25-1249	**Department:** Department of Emergency Management (DEM), Human Rights Commission (HRC)

EXECUTIVE SUMMARY

Legislative Objectives

- The proposed ordinance would (1) appropriate $4,000,000 from the General Reserve to the Department of Emergency Management (DEM) for expanded street conditions staffing, and (2) appropriate $150,000 from the General Reserve to the Human Rights Commission (HRC) for community initiatives in FY 2025-26.

Key Points

- At the direction of the Mayor's Office, the San Francisco Police Department (SFPD) and Department of Public Works (DPW) have increased patrols and street cleaning activity in late 2025 and early 2026 to ramp up for the Super Bowl and Lunar New Year festivities. To support these activities, the Mayor's Office is requesting a $4 million supplemental appropriation from the General Reserve to DEM, which will assist the Mayor's Office with validating SFPD and DPW expenditures. The intent is to provide additional services in areas along Market Street, Union Square, and the Moscone Center affected by drug activity without diverting services from other areas.
- SFPD has requested $6 million for overtime and approximately $750,000 for services, materials and supplies, equipment, and to reimburse the California Highway Patrol for deployments during Super Bowl week. DPW has requested $1.14 million for street cleaning temporary staffing and illegal vending enforcement overtime, as well as $200,000 for materials and supplies. HRC is requesting $150,000 to continue funding two grants supporting low-income domestic violence survivors through the end of the fiscal year.

Fiscal Impact

- In FY 2026-27, the required General Reserve deposit is projected to be $29.6 million, resulting in a projected year-end balance of $190.1 million. Any uses of the reserve during the current year (FY 2025-26) will increase the required deposit in the budget year (FY 2026-27) by a like amount.

Policy Consideration

- We recommend that if the Board of Supervisors approve this supplemental appropriation ordinance, the Board should request a report back from all Departments receiving supplemental funding assessing the effectiveness of the initiative.
- SFPD and DPW could reduce services in other neighborhoods to fund surges in Downtown in order to avoid drawing on the City's budget reserves.

Recommendation

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

MANDATE STATEMENT

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

BACKGROUND

At the direction of the Mayor's Office, the San Francisco Police Department (SFPD) and Department of Public Works (DPW) have increased patrols and street cleaning activity in late 2025 and early 2026 to ramp up for the Super Bowl and Lunar New Year festivities. To support these activities, the Mayor's Office is requesting a $4 million supplemental appropriation from the General Reserve to the Department of Emergency Management (DEM), which will assist the Mayor's Office with validating SFPD and DPW expenditures.

DETAILS OF PROPOSED LEGISLATION

The proposed ordinance would (1) appropriate $4,000,000 from the General Reserve to DEM for expanded street conditions staffing, and (2) appropriate $150,000 from the General Reserve to the Human Rights Commission (HRC) for community initiatives in FY 2025-26.

DEM - $4,000,000

According to Sophia Kittler, Mayor's Budget Director, the $4 million appropriation to DEM is intended to allow SFPD and DPW to submit eligible charges to DEM for services beyond normal service levels for the period from October 2025 through March 7, 2026, including festivities surrounding the Super Bowl and Lunar New Year. The intent is to provide additional services in areas along Market Street, Union Square, and the Moscone Center affected by drug activity without diverting services from other areas. Funds would be placed on Mayor's reserve to provide oversight of funding requests and identify ways to absorb costs within existing department budgets. Initial funding requests totaling $8.1 million are shown in Exhibit 1 below. The requests of $8.1 million exceed the $4 million available in the proposed appropriation. According to Director Kittler, other departments are eligible to submit related expenses for consideration, although none have been requested at this time. Eligible expenses may include behavioral health outreach or paramedic response for drug use.

Exhibit 1: SFPD and DPW Estimated Funding Request

Requests	Amount
SFPD	
Overtime	$6,000,000
Non-Personnel Services	245,050
Materials and Supplies	128,000
CHP Deployment	209,000
Wedge Barriers	167,000
SFPD Subtotal	*$6,749,050*
DPW	
Street Cleaning Staffing	$541,981
Illegal Vending Overtime	599,214
Materials and Supplies	200,000
DPW Subtotal	*$1,341,195*
Total	**$8,090,245**

Source: Mayor's Budget Office

SFPD

According to Kimmie Wu, SFPD Chief Financial Officer, the $6 million request would fund approximately 45,113 hours of overtime. SFPD reports approximately 62,414 hours of overtime incurred from July 2025 through January 2026 for special initiatives related to illegal vending, drug activity, encampments, night markets, and other quality of life concerns requested by the Mayor's Office. These units are primarily being deployed in Union Square, the Market Street corridor, and Mid-Market.[1] The Police Department will incur additional expenditures through March 2026 related to the Mayor's special initiative for additional patrols.

In addition to overtime, SFPD reports expenditures of approximately $245,050 for non-personnel services (such as hotel rooms and vehicle rentals for bomb squad officers), $128,000 in materials and supplies for officer meals (as required by the Police Officers' Association Memoranda of Understanding), and $209,000 to reimburse the California Highway Patrol (CHP) for deployments in San Francisco during Super Bowl week. SFPD also plans to purchase wedge barriers for use during the FIFA World Cup and other large events for approximately $167,000.

DPW

According to DPW, the $1.34 million request includes approximately $1.14 million in labor costs to support expanded above-baseline street cleaning and illegal vending enforcement services in high-traffic corridors and priority areas experiencing elevated activity. The labor estimate includes hiring approximately 25 temporary 9916 Public Service Aide positions to provide

[1] SFPD is also planning to request a supplemental appropriation to de-appropriate approximately $26 million from salaries and fringe benefits to fund overtime needs, which is projected to exceed budgeted overtime of $74 million. The Department is planning to decrease its use of overtime in the second half of FY 2025-26, resulting in 714,745 General Fund overtime hours this year, which would be lower than FY 2024-25 (781,344 hours), and FY 2023-24 (743,543 hours).

dedicated cleaning support (approximately 8,000 total hours), as well as approximately 2,427 overtime hours for 6230 Street Inspectors, 6231 Senior Street Inspectors, and 6232 Street Inspection Supervisors to expand enforcement coverage and proactive corridor presence for illegal vending enforcement. DPW reports that the illegal vending enforcement classifications have already been operating at elevated overtime levels due to existing vacancies and sustained enforcement activity in high-traffic, high-need corridors. The supplemental request reflects incremental surge capacity beyond existing operational commitments. Payroll data through January 2026 indicate that these classifications have incurred over 9,400 overtime hours, totaling approximately $2.17 million in labor costs, in the current fiscal year. DPW has also requested $200,000 in materials and supplies for barricades and cleaning items.

According to Bruce Robertson, DPW Deputy Director of Financial Management and Administration, enhanced deployments were implemented in multiple priority corridors, including high-traffic and commercial areas, while maintaining baseline services citywide.

HRC - $150,000

HRC is requesting $150,000 to continue funding two Department on the Status of Women-administered grant programs: (1) Indigenous Justice, and (2) Center on Juvenile and Criminal Justice. Funding for these grants was exhausted as of December 31, 2025, and the proposed supplemental appropriation would allow the programs to be funded through June 30, 2026. The grantees each provide a guaranteed income pilot of $1,000 per month to 10 low-income or very low-income survivors of domestic violence, as well as a needs-based microgrant program of up to $5,000 for low-income or very low-income individuals. According to HRC, these programs are intended to benefit survivors of violence and human trafficking.

FISCAL IMPACT

The proposed ordinance would appropriate $4,000,000 from the General Reserve to DEM for and $150,000 to HRC in 2025-26, as shown in Exhibit 2 below.

Exhibit 2: Proposed Supplemental Appropriation

Sources	Amount
General Reserve	$4,150,000
Total Sources	**$4,150,000**

Uses	Amount
DEM – Street Conditions Staffing	$4,000,000
HRC – Community Initiatives	150,000
Total Uses	**$4,150,000**

Source: Proposed ordinance.

General Reserve

Administrative Code Section 10.60 requires the City to budget a General Reserve of at least 3.0 percent of General Fund revenues to address revenue weakness, excess spending, or other needs not anticipated during the annual budget process. The balance requirement is reduced to 1.5 percent of General Fund revenues if the City withdraws from the Rainy-Day Reserve and then

increases 0.25 percent per year until the 3.0 percent balance requirement is fully restored. The General Reserve balance in FY 2025-26 was required to be 2.5 percent of budgeted General Fund revenues and is anticipated to be 2.75 percent in FY 2026-27.

According to the Five-Year Financial Plan Update, issued in December 2025 by the Controller's Office, Mayor's Office, and Budget and Legislative Analyst's Office, the FY 2024-25 ending General Reserve balance was $136.8 million. After accounting for a one-time $3.5 million reserve appropriation for immigrant legal services, the Controller's Office anticipates a required deposit of $27.6 million in FY 2025-26, resulting in a projected year-end balance of $160.8 million. In FY 2026-27, the required deposit is projected to be $29.6 million, resulting in a projected year-end balance of $190.1 million.

Any uses of the reserve during the current year (FY 2025-26) will increase the required deposit in the budget year (FY 2026-27) by a like amount.

POLICY CONSIDERATION

Lack of Performance Measures

According to Director Kittler, the surge of additional policing and street cleaning during a period of high visibility in San Francisco is a pilot program that will not go on indefinitely. At this time, the Mayor's Office, SFPD, and DPW have not determined how success for this program will be measured, such as through a decrease in 311 or 911 calls in the areas where additional services were provided. SFPD has conducted similar surges of overtime in recent years, such as the Safe Shopper Initiative, Tourism Deployment Plan, and Tenderloin Triangle Public Safety Plan, but has generally not evaluated outcome data to determine the effectiveness of these initiatives. In the Budget and Legislative Analyst's December 2024 Performance Audit of Police Overtime, we recommended that the Police Department evaluate the effectiveness of special initiatives completed on overtime by reviewing public safety outcomes, such as calls for service, crime rates, successful prosecutions, and perceptions of safety, which the Police Department partially agreed with. The Police Department stated it reviews such outcomes but due to limited staffing, it is unable to complete formal reports of its analysis.

DPW reports that it tracks service order volume, tonnage of debris collections, and enforcement activity in priority corridors and provided data for January 2026 and part of February 2026. Available data indicate sustained 311 service order levels, continued debris collection, and ongoing enforcement of street vending. The February data may be clouded by rainy weather during that period.

We recommend that if the Board of Supervisors approve this supplemental appropriation ordinance, the Board should request a report back from all Departments receiving supplemental funding assessing the effectiveness of the initiative.

Use of General Reserve

The Mayor's Office is proposing to fund these additional services through a supplemental appropriation from the General Reserve, rather than by redirecting existing resources. SFPD and

DPW could reduce services in other neighborhoods for the remainder of the fiscal year to fund surges in Downtown in order to avoid drawing on the City's budget reserves.

RECOMMENDATION

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