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

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TO: Budget and Finance Committee

FROM: Budget and Legislative Analyst

SUBJECT: September 28, 2016 Budget and Finance Committee Meeting

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Item 4 File 16-0891	Department: Office of Labor Standards Enforcement (OLSE)

EXECUTIVE SUMMARY

Legislative Objectives

- The proposed ordinance would amend the Administrative Code to require that prevailing wages be paid for security guard services at certain events on City property and in City contracts for security guard services.
- The proposed ordinance would also amend the Police Code to make a technical clarification regarding worker retention requirements for security guards.

Key Points

- The Board of Supervisors annually sets prevailing wage rates for employees of businesses with particular types of City contracts. These contracts currently include janitorial services, theatrical services, moving services, and waste removal services, among others.
- The proposed ordinance would require employees performing security guard services be paid the prevailing wage rate.

Fiscal Impact

- Paying prevailing wages to workers who provide security guard services in City contracts could result in increased costs to the City under future contracts for these services, depending on future City contractors' bids.
- Paying prevailing wages to workers who provide security guard services at events on City property could increase the costs to put on such events in San Francisco, and potentially result in fewer events being held in San Francisco.
- The overall fiscal impact of the proposed ordinance depends on future City contractor bids and the extent to which City contractors increase the bids submitted to the City to pay for the costs of the increased wage rates.

Recommendation

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

MANDATE STATEMENT

City Charter Section 2.105 states that all legislative acts shall be by ordinance and shall require two readings by the Board of Supervisors.

The City's Administrative Code requires certain contractors that have contracts with the City, including public works contracts, to pay employees the highest general prevailing rate of wages for similar work in private employment. These requirements are enforced by the City's Office of Labor Standards Enforcement.

BACKGROUND

The Board of Supervisors annually sets prevailing wage rates for employees of businesses with particular types of City contracts. The prevailing wage requirement for City contracts and events on City property requires that employees be paid not less than the prevailing wage rates, including fringe benefits or matching equivalents, paid in private employment for similar work in the area.

Section 6.22 (E) of the Administrative Code requires that public works and construction contractors pay workers prevailing wages, and Section 21C of the Administrative Code requires the same of contractors with the City for certain types of work connected with City property, including janitorial services, theatrical services, moving services, and waste removal services, among others.

Security guard contractors are currently not covered by the prevailing wage requirement.

DETAILS OF PROPOSED LEGISLATION

Administrative Code

The proposed ordinance would amend the Administrative Code to revise Section 21C.7 and add Section 21C.11 to require that prevailing wages be paid to:

(1) employees of businesses having contracts and subcontracts with the City to provide security guard services; and
(2) individuals providing security guard services as part of a contract, lease, franchise, permit or agreement to hold certain events on City property.

"Security guard services" are defined as services performed by licensed employees, including security guards, watchmen, patrolmen, and security officers, to protect individuals or property or to prevent theft. "Events" on City property include any organized gathering of people, including a live performance, dance, convention, conference, parade, or exposition on City property.

The proposed ordinance would require that prevailing wage rates be included in future contracts and subcontracts of businesses having such contracts and subcontracts with the City, after issuing a competitive solicitation, for security guard services. The City would also include in any new contract for security guard services requirements that the successor contractor:

- Retain, for a six-month period, employees who have worked at least 15 hours per week and have been employed by the prior contractor or its subcontractors, if applicable, for the preceding 12 months;
- Retain employees of the prior contractor by seniority within job classifications if fewer employees are required to perform the new contract;
- During the six-month retention period, maintain a preferential hiring list of eligible employees that were not retained by the successor contractor;
- Not discharge any retained employee during the six-month transition period without cause; and
- At the end of the six-month period, offer continued employment to retained employees, if the employee's performance is satisfactory, under the terms and conditions established by the successor contractor.

The proposed ordinance would exempt from the prevailing wage requirement contracts awarded by the San Francisco Airport Commission or performed at airport facilities and contracts for a cumulative amount of $10,000 or less per security guard services provider each fiscal year.

The proposed ordinance would also exempt the following types of events or activities from the prevailing wage requirements with respect to security guard services:

- The celebration of a marriage, domestic partnership, or civil union;
- Events that offer free access to the public in a public park or street with advertising and promotion costs less than $10,000;
- Film production;
- Events with fewer than 15 employees providing security guard services; and
- Any circumstances where application would be preempted by federal or state law.

Police Code

The proposed ordinance would also amend the Police Code by revising Article 33C, Section 3300C.1, to make a technical clarification to worker retention requirements by including City contracts for security guard services among the contracts that are governed by Section 21C.7 of the Administrative Code.

FISCAL IMPACT

Under the proposed ordinance, businesses having contracts with the City to provide security guard services would be required to pay their employees at least the prevailing wage rates set by the Board of Supervisors. Increased costs as a result of paying prevailing wage rates could result in increased costs of future City contracts. However, any increased contract costs to the City as a result of paying prevailing wage rates are dependent on future City contractors' bids, and the extent to which higher wage rates may result in higher contractor bids.

The payment of such prevailing wage rates to security guard employees resulting in increased wage costs could also potentially result in fewer events being held on City property. However, it is not known at this time to what extent the payment of such prevailing wage rates might reduce the number of events held on City property and consequently reduce permit and related revenues.

RECOMMENDATION

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

Item 5 **File 16-0969**	**Department:** General Services Agency - City Administrator's Office (CAO)

EXECUTIVE SUMMARY

Legislative Objectives

- Resolution approving and authorizing the City Administrator to enter into a Seventh Amendment to the Management Agreement with Moscone Center Joint Venture (MCJV) for the Moscone Convention Center to (a) extend the term for ten years, from July 1, 2017 through June 30, 2027; (b) require MCJV to make a capital contribution of $15,000,000; (c) revise contractual clauses regarding calculating and paying of fees for food, beverage and internet services; and (d) revise certain financial records and reporting clauses.

Key Points

- In November 1990, following a competitive process, the Board of Supervisors approved an agreement with Facility Management Incorporated for the management, operation, and maintenance of Moscone Convention Center, Civic Auditorium and Brooks Hall for a five-year term through June 30, 1995, which includes pass through of facility rental revenues and percentage of gross revenues from food, beverage and ancillary services to the City.
- To date, this agreement has been amended six times, such that this agreement is currently between the City and the Moscone Center Joint Venture (MCJV).

Fiscal Impact

- Over the past eight fiscal years, the City received total revenues of $115,865,297 or an average of $14,483,162 per year. In FY2015-16, the City received $17,897,959 in revenues.
- Over the next ten-years, the City's revenues would increase to total $216,505,054, or an average of approximately $21,650,505 per year.
- The City would also receive a one-time $15,000,000 capital contribution from MCJV for the Moscone Center Expansion Project.
- However, the City's annual cost to operate Moscone is greater than the total operating revenues generated. Over the past eight fiscal years, the City expended $33,055,649 or an average of $4,131,956 more each year than the operating revenues received. Annual operating shortfalls are funded with annual General Fund transfers.

Policy Consideration

- This agreement has not been competitively bid since 1990, or 26 years. However, of the top 25 convention centers in the US, Los Angeles has the only convention center managed by a different private operator than manages Moscone Convention Center.

Recommendation

- Approve the proposed resolution.

MANDATE STATEMENT

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

BACKGROUND

Original Agreement

In November 1990, following a competitive process, the Board of Supervisors retroactively approved the award of a Management Agreement to Facility Management Incorporated for the management, operation, and maintenance of Moscone Convention Center, Civic Auditorium and Brooks Hall for a five-year term from July 1, 1990 through June 30, 1995 (Resolution No. 895-90).

The Management Agreement required Facility Management Incorporated to pay the City (a) 30 percent of gross revenues from the sale of food and beverages, including alcohol, and (b) 20 percent of the first $2,000,000 of gross revenue from the sale of ancillary services such as internet, telephone, and audio visual services, and (c) 25 percent of gross revenues from the sale of services over $2,000,000 per year. The Agreement also required Facility Management Incorporated to pass through all facility rental revenues to the City and to receive reimbursement from the City to manage, operate and maintain these City facilities.

In March 1991, the City consented to the assignment of the Management Agreement from Facility Management Incorporated to Spectator Management Group.

Previous Amendments to the Agreement

In February 1994, the Board of Supervisors approved the First Amendment to the Management Agreement to (a) extend the term of the agreement through June 30, 1999; and (b) authorize Spectator Management Group to enter into the Moscone Center Joint Venture (MCJV) with a certified local woman-owned business, Thigpen Limited, Incorporated (Resolution No. 103-94).

In January 1999, the City entered into a Second Amendment to the Management Agreement, which did not require Board of Supervisors approval, extending the term of the agreement by five years from July 1, 1999 through June 30, 2004.

In June 2003, the Board of Supervisors approved the Third Amendment to the Management Agreement, (a) extending the term of the agreement by five years from July 1, 2004 through June 30, 2009 and (b) reducing the City share of food and beverage revenue from 30 percent to 20 percent (Resolution No. 398-09).

In October 2007, the City entered into a Fourth Amendment to the Management Agreement, authorizing MCJV to perform various public works improvements to the Moscone Convention Center.

In December 2008, the Board of Supervisors approved the Fifth Amendment to the Management Agreement, which (a) extended the term of the Management Agreement by eight years from July 1, 2009 through June 30, 2017; (b) required MCJV to make a one-time payment to the City in the amount of $8,500,000 by July 1, 2009 in consideration for the City extending the agreement by an additional eight years; and (c) required MCJV to make annual increased payments to the City equal to the greater of either (i) 5 percent (in addition to the existing 20 percent for a total of 25 percent) of gross revenues generated by the sale of food, beverage, and alcohol, or (ii) $2,000,000 (Resolution No. 529-08).

In July 2009, the City entered into a Sixth Amendment to the Management Agreement to extend MCJV's management of Bill Graham Civic Auditorium[1] for a period not-to-exceed six months or December 31, 2009, and subsequently remove the management of the Civic Auditorium from the scope of services. In June 2010, the Board of Supervisors approved the lease of Bill Graham Civic Auditorium to BGCA Management, LLC (Resolution No. 289-10).

Current Food, Beverage and Ancillary Services Revenues from Moscone

Over the past eight fiscal years, the City received a total of $115,865,297 in revenues, or an average of $14,483,162 per year, based on the gross revenues generated from food, beverage and ancillary services at Moscone Convention Center, as shown in Table 1 below. In addition, MCJV paid a one-time $8.5 million to the City by July 1, 2009, for total revenues of $124,365,297 to the City over the past eight years.

Table 1: Moscone Convention Center Gross Revenues and Payments to City from FY 2008-09 Through FY 2015-16

	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	Total 8 Years
Gross Revenue									
Food and Beverage	$30,289,655	$30,189,085	$30,579,965	$32,513,865	$38,230,310	$44,362,804	$45,584,856	$42,208,812	
Ancillary Services	16,161,932	14,850,716	17,590,644	17,749,964	20,940,093	25,425,421	30,560,620	29,783,024	
Total Gross Revenue	46,451,587	45,039,801	48,170,609	50,263,829	59,170,403	69,788,225	76,145,476	71,991,836	$467,021,766
City Revenue									
Food and Beverage	6,057,931	8,037,817	8,115,993	8,502,773	9,646,062	11,090,701	11,396,214	10,552,203	
Ancillary Services	3,940,483	3,612,679	4,297,661	4,337,491	5,135,023	6,256,355	7,540,155	7,345,756	
Total City Revenue	9,998,414	11,650,496	12,413,654	12,840,264	14,781,085	17,347,056	18,936,369	17,897,959	$115,865,297

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would approve and authorize the City Administrator to enter into a Seventh Amendment to the Management Agreement with MCJV for the continued management of the Moscone Convention Center and Brooks Hall, which would:

1. Extend the term of the Management Agreement by ten years from July 1, 2017 through June 30, 2027.

[1] Civic Auditorium was renamed Bill Graham Civic Auditorium in November 1991.

2. Require MCJV to pay the City a capital contribution of $15,000,000 by December 31, 2018 in consideration for the City extending the agreement by an additional ten years.
3. Require MCJV to pay the City the following fees for food, beverage and alcohol sales:
    a. For the period of September 1, 2016 through December 31, 2018, 20 percent of gross revenues plus (a) an additional 5 percent of gross revenues for a total of 25 percent, or (b) a guaranteed $2,000,000 per year, whichever is greater.
    b. For the period of January 1, 2019 through December 31, 2020, 30 percent of gross revenues.
    c. For the period of January 1, 2021 through June 30, 2027, 35 percent of gross revenues.
4. Require MCJV to pay the City fees from non-internet services of 20 percent of the first $2,000,000 in annual gross revenues and 25 percent of gross revenues over $2,000,000 per year.
5. Require MCJV to pay the City the following fees from the provision of internet access services:
    a. For the period of September 1, 2016 through December 31, 2018, 25 percent of gross revenues.
    b. For the period of January 1, 2019 through December 31, 2020, 30 percent of gross revenues.
    c. For the period of January 1, 2021 through June 30, 2027, 35 percent of gross revenues.
6. Require outside caterers to pay the City a fee of 17.5% of gross receipts from non-alcoholic beverage and food sales, and 25% of gross receipts from alcoholic beverages.
7. Revise certain contractual clauses regarding financial records and reporting to reflect standard clauses in management agreements for other large convention centers, such as post event audits.

FISCAL IMPACT

Moscone Center Expansion Project and Capital Contribution

The Moscone Center Expansion Project includes an increase of 371,000 square feet from 1,043,000 square feet for a total of 1,414,000 square feet, or an increase of 36 percent, and is estimated to cost approximately $500 million. The Moscone Center Expansion Project is financed primarily by the issuance of the principal amount $483,695,000 of Certificates of Participation by the City, with interest expenses estimated to be $512,821,000, for a total of $996,516,000. Debt service on the Certificates of Participation is paid with a combination of annual Moscone Expansion District Hotel Assessments from 2013 through 2045 (estimated to total $699,212,000) and annual City General Fund contributions from 2019 through 2047 (estimated to total $297,304,000).

The $15,000,000 capital contribution by MCJV to the City will be used to support costs associated with the Moscone Center Expansion Project, which is expected to be completed by the end of 2018. According to Mr. Kenneth Bukowski, Deputy City Administrator, modifications and add-ons to the Moscone Center Expansion Project, such as the children's play area, Howard Street bridge and building façade revisions have required additional funding, such that the $15,000,000 capital contribution from MCJV will offset part of these additional costs. The funds from the capital contribution will be subject to appropriation approval by the Board of Supervisors in the City Administrator's Office FY 2017-18 budget, and would then be allocated to the Moscone Expansion Project Fund.

If the City terminates the proposed ten-year extension term of the agreement with MCJV early, the City would be required to reimburse the unamortized portion of the capital contribution (e.g., if the City were to terminate the lease one year early, the City would be required to reimburse MCJV for one-tenth of the $15,000,000 capital contribution, or $1,500,000).

Projected Revenues to City

As shown in Table 1 above, in FY 2015-16, the Moscone Center had total gross revenues of $71,991,836 for food and beverage sales and internet and other services[2] from which the City received $17,897,959 in revenue based on the existing agreement. Assuming the same amount and composition of gross revenues as realized in FY 2015-16, during the first year the City would receive the same amount of revenue. Over the ten year proposed extension term of the agreement, as the City's share of revenues increases, the City's revenues would increase for a total of approximately $216,505,054 as shown in Table 2 below, or an average of approximately $21,650,505 per year.

Table 2: Estimated Revenues to City under the Proposed Amendment

Contract Year	Food & Beverage	Internet	Other Services	Total Revenues
Year 1	$10,552,203	$1,956,287	$5,389,469	$17,897,959
Year 2	11,607,423	2,151,916	5,389,469	19,148,808
Year 3	12,662,644	2,347,544	5,389,469	20,399,657
Year 4	13,717,864	2,543,173	5,389,469	21,650,506
Year 5	14,773,084	2,738,801	5,389,469	22,901,355
Year 6	14,773,084	2,738,801	5,389,469	22,901,355
Year 7	14,773,084	2,738,801	5,389,469	22,901,355
Year 8	14,773,084	2,738,801	5,389,469	22,901,355
Year 9	14,773,084	2,738,801	5,389,469	22,901,355
Year 10	14,773,084	2,738,801	5,389,469	22,901,355
Total	**$137,178,639**	**$25,431,726**	**$53,894,693**	**$216,505,054**

As noted above, in FY 2015-16, the City received $17,897,959 in revenues. Therefore, the proposed agreement with an average of approximately $21,650,505 in revenues per year would result in approximately $3,752,546 or 21 percent increase in revenues. However, these estimates are based on the same level of gross revenues generated in FY 2015-16. The actual amount of gross revenues to be generated each year over the next ten years is likely to vary.

[2] No outside caterers were used in FY 2015-16.

According to Mr. Michael Burdick, Budget and Planning Analyst in the City Administrator's Office, the City's Administrator's Office cannot provide a precise projection of how gross revenues will change upon completion of the Moscone Center Expansion Project, which is expected at the end of 2018. According to Mr. Burdick, such a revenue forecast depends on the number and types of events held at Moscone Center, number of attendees, and sales of food, beverage and services.

Revenues to the City from the proposed amendment to the Management Agreement would be included in the City Administrator's budget, which will be subject to Board of Supervisors appropriation approval.

Total Operating Revenues and Costs for Moscone

As noted above, the Management Agreement requires MCJV to pay a percentage of the food, beverage and services revenues paid to the City as well as pass through all facility rental revenues to the City. All of these revenues are deposited into a City special fund to support ongoing operations at Moscone Convention Center. The City then reimburses MCJV from this special fund to directly manage, operate and maintain these City facilities, including providing all of the personnel, contracts for technical support, security, maintenance, etc.

However, the City's annual cost to operate Moscone is greater than the total operating revenues generated from the food, beverage and other services and facility rental revenues realized under this agreement. As shown in Table 3 below, over the past eight fiscal years, the City has expended $33,055,649, or an average of $4,131,956 more each year than the operating revenues received under this agreement. According to Mr. Burdick, Moscone Convention Center annual operating shortfalls are funded with General Fund transfers, which are appropriated each year in the budget. Mr. Burdick advises that it is industry standard for cities to subsidize the operating deficits incurred from convention centers.

Table 3: Moscone Convention Center Total Operating Revenues to City and Operating Expenditures from FY 2008-09 Through FY 2015-16

	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	Total 8 Years
Revenues to City									
Food/Bev & Services	$9,998,414	$11,650,496	$12,413,654	$12,840,264	$14,781,085	$17,347,056	$18,936,369	$17,897,959	$115,865,297
Facilities Rental	10,223,653	10,773,974	9,236,916	7,658,773	9,156,003	8,457,242	8,198,521	7,577,223	71,282,305
Total Gross Revenue	$20,222,067	22,424,470	21,650,570	20,499,037	23,937,088	25,804,298	27,134,890	25,475,182	$187,147,602
City Expenses									
MCJV Expenses	23,788,667	24,869,631	25,238,717	25,223,903	29,892,967	30,032,763	30,519,263	30,637,340	$220,203,251
Revenue Less Expenses	-$3,566,600	-$2,445,161	-$3,588,147	-$4,724,866	-$5,955,879	-$4,228,465	-$3,384,373	-$5,162,158	-$33,055,649

Mr. Burdick notes that, although the City's annual operating deficits for Moscone Convention Center are anticipated to continue, the proposed agreement will increase the share of revenues paid to the City, such that the annual operating deficits incurred by the City's General Fund should improve relative to the current agreement's terms.

POLICY CONSIDERATION

The subject Management Agreement has not been competitively bid since 1990, or a period of 26 years. According to Mr. Burdick, Spectator Management Group[3] is the only private operator with experience managing top-tier convention centers, including Moscone, Chicago's McCormick Place and Houston's NRG Center. Of the top 25 convention centers by size in the US, Los Angeles is the only convention center managed by a private operator other than Spectator Management Group. However, the Los Angeles Convention Center, which is managed by AEG, an international entertainment presenter primarily focused on sports events and venues. AEG also manages LA live (a sports and entertainment complex) which is across the street from the convention center and provides unique synergies in sharing spaces and booking events.

Under the existing Management Agreement, the City can renew the agreement for additional terms if MCJV's performance has been adequate, courteous, safe, and efficient in the reasonable opinion of the City Administrator's Office. According to Mr. Burdick, the City Administrator's Office and Convention Facilities Department are satisfied with the MCJV's performance.

RECOMMENDATION

Approve the proposed resolution.

[3] As noted above, in February 1994, the Board of Supervisors approved the First Amendment to the Management Agreement which authorized Spectator Management Group to enter into the Moscone Center Joint Venture (MCJV) with a certified local woman-owned business, Thigpen Limited, Incorporated (Resolution No. 103-94).

Item 6 **File 16-0884**	**Department:** San Francisco International Airport (Airport)

EXECUTIVE SUMMARY

Legislative Objectives

- Chapter 29 of the Administrative Code requires that prior to requesting an environmental review from Planning, departments proposing to implement a project estimated to have construction costs greater than $25,000,000 and that will use more than $1,000,000 in public monies must prepare a fiscal feasibility study and submit it to the Board for a finding that the proposed project is fiscally feasible and responsible.

Key Points

- The San Francisco International Airport (SFO) proposes to build a Secure Connector between Terminals 2 and 3, as well as an Office Block consisting of 92,750 square feet of space to serve the airport's administrative functions and to provide additional retail opportunities.

Fiscal Impact

- Direct Financial Benefits to the City from Concessions: An estimated one percent increase in concessions revenue in both Terminals would produce a net increase of approximately $493,000 in annual Airport concession revenue, and a $74,000 increase in the Annual Service Payment to the City's General Fund.
- Direct Financial Benefits to the City from Non-Concession Revenue: The Airport anticipates that by freeing-up leasable space in the International Terminal Building, it will be able to generate approximately $15,767,464 in additional annual airline revenue.
- Direct Employment: The Connector is expected to generate 802 construction-related jobs. These are temporary jobs that will last the 2.5 year duration of the project.
- Costs of Construction: The Airport estimates the cost of the Secure Connector and Office Block Project to be $171,685,509, including construction and related costs.
- Available funding: In 2014 the Board of Supervisors appropriated $1,969,830,773 in General Airport Revenue bonds (Files 14-0232 and 14-0237), of which the Airport will have approximately $437,000,000 in unused authority at the end of September, 2016.
- Long-term operating and maintenance costs: The long-term operating and maintenance costs from the proposed project are approximately $375,000 annually.
- Debt load carried by the Airport: The debt service payments of approximately $12,800,000 annually would be passed through to the airlines doing business at the Airport, and would be paid through the terminal rental rates under the terms of the 2011 Lease and Use Agreement.

Recommendation

- Approve the proposed resolution.

MANDATE STATEMENT

Chapter 29 of the Administrative Code requires that prior to requesting an environmental review from the Planning Department, as is required under the California Environmental Quality Act (CEQA), City departments proposing to implement a project that is estimated to have construction costs greater than $25,000,000 and that will use more than $1,000,000 in public monies must prepare a financial feasibility study and submit it to the Board of Supervisors for a finding that the proposed project is fiscally feasible and responsible.

Under the provisions of San Francisco Administrative Code Section 29.2, there are five criteria to evaluate the project's fiscal feasibility. The five criteria are as follows:

1. Direct and indirect financial benefits of the project to the City, including to the extent applicable, cost savings or new revenues, including tax revenues generated by the proposed project;
2. The cost of construction;
3. Available funding for the project;
4. The long-term operating and maintenance costs of the project; and
5. Debt load to be carried by the City department or agency.

BACKGROUND

The Secure Connector and Office Block Project

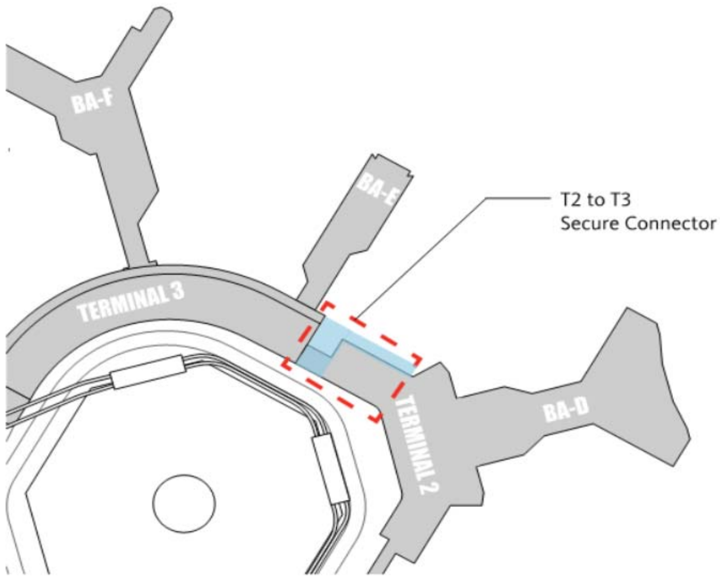
The San Francisco International Airport is the primary commercial service airport for the San Francisco Bay Area. The Airport proposes to build a Secure Connector between Terminals 2 and 3 (Connector), as well as an Office Block and rentable tenant space to serve the Airport and its tenants.

The Secure Connector (Connector)

The Connector would allow passengers who are connecting from a flight at Terminals 1, 2, or 3, and the International Terminal Building, to move between Terminals 2 and 3 without having to pass through a security screening checkpoint again. Secure connectors already exist between Terminals 1 and 2, and between Terminal 3 and Boarding Area G in the International Terminal. The Connector between Terminals 2 and 3 would be the final element in the Airport's internal infrastructure to allow connecting customers to move between all of the terminals without having to exit and re-enter through a security screening checkpoint. Completing this infrastructure would allow the airlines to schedule connecting flights more efficiently, by making it easier for an airline to operate in two different boarding areas with the ability to transfer passengers between them, and by allowing airlines that are in strategic alliances to be located in adjacent boarding areas with the ability to transfer passengers without having them exit and re-enter the security area.

Exhibit 1 below illustrates where the Connector between Terminals 2 and 3 will be located.

Exhibit 1: Location of Connector between Terminals 2 and 3



PROJECT LOCATION/SITE PLAN

Source: Fiscal Feasibility Study, San Francisco Airport

The Office Block

The Airport faces severe space constraints within the terminals. Approximately 25,000 square feet of space remains available throughout the terminals, and approximately 50 percent of this space is already earmarked for upcoming capital projects and tenant relocations. The remaining spaces are non-contiguous, averaging 500 to 600 square feet in size, and are located in areas that present operational challenges to tenants and Airport staff.

The proposed Office Block would be above and adjacent to the Secure Connector. It would consist of approximately 92,750 square feet of space, of which approximately 70,000 square feet would be utilized to house portions of the Airport's Administration, Business and Finance, Marketing and Communications, and Operations divisions, as well as offices for the Federal Transportation Security Administration (TSA), Federal Bureau of Investigation (FBI), and Airline Liaison Office (ALO). Approximately 22,750 square feet would be developed as rentable administrative space, with the goal that the space will generate revenue, reduce operational impacts, and allow for tenant growth within the terminal complex, including airlines and non-airline tenants.

According to the Airport, two problems create the need for the 22,750 square foot area for tenant administrative space. The first is a current lack of tenant space at the Airport that is one contiguous area of 5,000 square feet or greater. The second is that over the 10-year span of the Capital Improvement Plan, six major projects over $200 million will be displacing and/or relocating tenants. The 22,750 square feet of space will be the new home for some of these tenants.

The Airport estimates that there will be approximately 5,000 square feet of new retail and/or food and beverage space created on the Departures level of Terminal 2 and Terminal 3 as a result of the Secure Connector and the office space that is developed.

DETAILS OF PROPOSED LEGISLATION

On June 1, 2016, the Airport Commission authorized the Director of the San Francisco International Airport to submit a fiscal feasibility report to, and seek a finding from, the Board of Supervisors that the proposed Terminal 2 and Terminal 3 Secure Connector and Office Block Project is fiscally feasible and responsible as defined by the requirements of San Francisco Administrative Code Chapter 29.

The proposed resolution indicates that the Board of Supervisors has reviewed the general description of the Project, the general purpose of the Project, the fiscal plan and other information, including the Airport's Fiscal Feasibility Report, and has considered the direct and indirect financial benefits of the Project to the City and County of San Francisco, as well as reviewing the cost of construction, and the available funding for the Project.

The proposed resolution makes a finding of fiscal feasibility and responsibility under San Francisco Administrative Code Chapter 29, and allows that the Environmental Evaluation Application be filed with the Planning Department, so that the Planning Department may undertake environmental review of the Project as required under CEQA and Chapter 31 of the Administrative Code.

FISCAL IMPACT

This section describes how the proposed Terminal 2 to Terminal 3 Secure Connector and Office Block project meets the requirements of fiscal feasibility and responsibility as outlined in Chapter 29 of the San Francisco Administrative Code.

Direct Financial Benefits to the City

<u>Concessions Revenue</u>

Under the Lease and Use Agreement between the Airport and the airlines serving the Airport, the San Francisco Airport allocates 15 percent of its gross concession revenues to the City's General Fund through an "Annual Service Payment." The FY 2014-2015 Annual Service Payment was $40,500,000, and that represented a 6.6 percent increase over the payment received in FY 2013-2014 of $38,000,000.

The Airport anticipates that the Connector project will increase concession revenues in two ways: 1) By providing connecting passengers with more time to make concession purchases since they do not have go through security again prior to a connecting flight; and 2) By providing all passengers using Terminals 2 and 3 with post-security access to the full range of concessions available in both terminals. Terminal 3 has the largest number of enplaning passengers and Terminal 2 has the highest rate of concessions spending per passenger of any of the Airport's four terminals.

The Airport does not currently have an estimate of the incremental concessions revenue that could result from the implementation of the Secure Connector. The Fiscal Feasibility Study estimates that a one percent increase in concessions revenue in both Terminals would produce a net increase of approximately $493,000 in annual Airport concessions revenue, which would result in approximately a $74,000 increase in the Annual Service Payment to the City's General Fund.

Non-Concession Revenue

The Airport anticipates that by freeing-up leasable space in the International Terminal Building for higher and better uses, as a consequence of the construction of the Office Block, the Airport would be able to generate an estimated $15,767,464 additional annual rental revenue from both the airlines and non-airline tenants, as shown in Table 1 below.

Table 1: Incremental Airport Terminal Rental Revenue Associated with Construction of Office Block

Available Leasable Space if Office Block is Constructed	***Square Footage***	***Terminal Rental Rate Category***	***FY 16/17 Rental Rate***	***Estimated Annual Rent Revenue***
Intl. Terminal – Boarding Area A Shoulder Building	14,919	Category II	$212.22	$3,166,110
Intl. Terminal – Boarding Area G Shoulder Building	31,202	Category II	$212.22	$6,621,688
Office Block – "Flex Space" for interim tenant relocations	22,750	Category II	$212.22	$4,828,005
Office Block – Departures Level	5,000	Category II	$212.22	$1,061,100
Office Block – Ramp Level	3,200	Category V	$28.30	$90,560
Totals	77,071			$15,767,464

The estimated incremental rental revenue of $15,767,464 associated with leasing additional space made available in the International Terminal Building by the Office Block would more than cover the entire Project's estimated annual debt service of $12,800,000 and annual operations and maintenance costs of $375,000, totaling $13,175,000, which is described further below.

Direct Employment

There are an estimated 36,400 jobs that are dependent on the activity of the San Francisco International Airport. The jobs fall into a range of categories, including retail and concessions, security firms, parking, facilities services, and ground transportation. The Airport is unlikely to experience a decline in employment if the project does not proceed. However, the Airport might forego opportunities to increase direct employment by airlines and Airport concessionaires because it would not have additional space to allow for expanded passenger lounges and other passenger amenities.

In terms of direct job development, the Connector is estimated to generate 802 construction related jobs, as shown in Table 2 below. These are temporary jobs for the construction project that has an expected duration of 2.5 years from the start of design to the end of construction.

Table 2: Job Impact of the Terminal 2 to Terminal 3 Connector

Project Components	*Cost of Construction*	*Total New Jobs*
Level 1 -- Ramp level and site improvement	$2,618,448	22
Level 2 -- Post security connector	$21,103,934	177
Level 2 – Departures	$16,524,460	138
Level 3 -- Tenant Swing Space (Office)	$9,100,000	76
Level 4 to 6 Commission Space (Office)	$41,746,250	349
T2 Improvements	$4,820,600	40
Totals	$95,913,692	802

Indirect Financial Benefits to the City

The Airport estimates that off-site business activities that depend on local air service for staff movements, cargo deliveries, or customer visits (visitor spending) together raised the direct airport economic contribution to the Bay Area to $35.4 billion in FY 2013-14 in business sales and approximately 155,800 jobs.

Spin-off activities in the region (indirect and induced multiplier effects) associated with suppliers of goods and services to the directly affected businesses raised the Airport's total economic footprint in the Bay Area to almost $59.7 billion in business sales in FY 2013-14, including $21.2 billion in total payroll, and more than 285,000 jobs in the region.[1]

While the Airport generates economic benefits to the City and the Bay Area region, the Airport's Fiscal Feasibility Report does not provide estimates of any specific economic benefits generated by the proposed Secure Connector and Office Block Project.

Costs of Construction

The Airport estimates the cost of the proposed Secure Connector and Office Block Project to be $171,685,509, including construction costs, internal costs for Airport staff, external professional services to provide project management and construction management support, and

[1] Economic Development Research Group. "2014 Economic Impact Study Update: San Francisco International Airport." Prepared for the San Francisco Airport Commission, December 2014.

associated design and engineering work. The cost breakdown for the project is shown in Table 3 below. This cost estimate was established on a square foot basis and the costs developed based on the cost of current construction projects at the Airport.

Table 3: Total Estimated Project Costs

Project Components	*Construction Cost*	*Soft Costs*	*Total Costs*
Level 1 - Ramp level and Site Improvement	$ 2,618,448	$2,068,574	$ 4,687,022
Level 2 - Post Security Connector	21,103,934	$ 16,672,108	37,776,042
Level 2 – Departures	16,524,460	13,054,323	29,578,783
Level 3 - Tenant Swing Space (Office)	9,100,000	7,189,000	16,289,000
Level 4 to 6 Commission Space (Office)	41,746,250	32,979,538	74,725,788
T2 Improvements	4,820,600	3,808,274	8,628,874
Total	$95,913,692	$75,771,817	**$ 171,685,509**

Available Funding

This proposed Secure Connector and Office Block Project is included in the Airport's Plan of Finance and the Airport's Five-Year and 10-Year Capital Improvement Plan. The Airport anticipates funding this project from future general Airport revenue bond issues. In 2014 the Board of Supervisors appropriated $1,969,830,773 in General Airport Revenue bonds (Files 14-0232 and 14-0237), of which the Airport has approximately $863,319,583 in unused appropriation authority.

Long-Term Operating and Maintenance Costs of the Project

The long-term operating and maintenance costs from the proposed project are estimated at $375,000 annually for custodial staff, as well as escalator and maintenance expenses.

Debt Load Carried by the Airport

The Airport has an active Capital Finance Unit that manages its $4.5 billion debt portfolio. The total estimated project costs are $185,385,509, including construction and related costs of $171,685,509 and $13,700,000 in reserves and issuance costs. Debt service payments are estimated to be approximately $12,800,000 annually, and would total $384,000,000 over the 30-year term of the bonds, including $185,385,509 in principal and $198,614,491 in interest expenses.

The debt service payments of approximately $12,800,000 annually over 30 years would be passed through to the airlines doing business at the Airport, and would be paid through the Airport landing fees and the terminal rental rates that the airlines pay the Airport. The landing fees are covered under the terms of the 2011 Lease and Use Agreement between the Airport and the airlines. The Airport anticipates debt issuance requirements for the project would be spread out over the 2.5 year construction period, and as a result, it is likely that the full debt service amounts would not impact the Airport's budget until FY 2018-2019. Table 4 below illustrates the sources and uses of the debt load that will be attributed to this project.

Table 4: Sources and Uses of Bond Funds for Secure Connector and Office Block Project

Sources	
Principal	$185,700,000
Uses	
Project fund	$171,685,509
Debt service reserve fund	$12,778,875
Bond insurance	$0
Underwriter's discount	$882,075
Cost of issuance	$350,000
Contingency	$3,541
Total	$185,700,000

The Budget and Legislative Analyst's Office concludes that the Airport's Secure Connector and Office Block Project is fiscally feasible and responsible as defined under Chapter 29 of the City Administrative Code.

RECOMMENDATION

Approve the proposed resolution.

Item 7 **File 16-0886**	**Department:** Sheriff's Department (Sheriff)

EXECUTIVE SUMMARY

Legislative Objectives

- The proposed resolution would authorize the Sheriff's Department to enter into a contract with the California Department of Corrections and Rehabilitation (CDCR) through June 30, 2017 to contract for, accept, and expend up to $1,573,880 to house State inmates who are within 60 days or less of release from State prison in the Reentry Pod in San Francisco County Jail #2.

Key Points

- California's Public Safety Realignment Act of 2011 (Assembly Bills 109 and 117) authorized a board of supervisors to enter into a contract with CDCR to house inmates who are transferred to the county from state prison and are within 60 days or less of release for the purpose of reentry and community transition.
- On February 26, 2014 the Board of Supervisors approved a resolution authorizing the Sheriff's Department to enter into a three-year contract with CDCR in an amount not to exceed $4,195,576 to house eligible State inmates in the Reentry Pod (File No. 13-1229).
- CDCR has reimbursed the Sheriff's Department at a rate of $77 per inmate per day. During the three-year contract, the actual reimbursements received by the Sheriff's Department from CDCR totaled $48,048.
- The 2014 contract has expired and the Sheriff's Department and CDCR have proposed a new contract to house eligible state inmates in the Reentry Pod through June 30, 2017.

Fiscal Impact

- Under the terms of the contract, CDCR would reimburse the Sheriff's Department for daily bed space in the Reentry Pod at a rate of $77 per inmate per day. The maximum number of beds available for this program is 56, for a total contract maximum of $1,573,880 for one year.
- Based on a projected average daily population of one to two state inmates in the Reentry Pod and a contract term of nine months starting October 1, 2016, the Budget and Legislative Analyst estimates an actual reimbursement by CDCR to the Sheriff's Department of $26,276.

Recommendation

- Approve the proposed resolution.

MANDATE STATEMENT

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

BACKGROUND

In 2011 the Governor signed into law California Assembly Bill (AB) 117 as part of the Public Safety Realignment Act of 2011. AB 117 authorized a board of supervisors, upon agreement with the sheriff, to enter into a contract with the California Department of Corrections and Rehabilitation (CDCR) to house inmates who are transferred to the county from State prison and are within 60 days or less of release for the purpose of reentry and community transition. When housed in county facilities, inmates are under the legal custody and jurisdiction of local county facilities and not under the jurisdiction of the State.

On February 26, 2014 the Board of Supervisors approved a resolution authorizing the Sheriff's Department to enter into a two-year, four-month contract with CDCR from March 2014 through June 2016 in which CDCR reimburses the Sheriff's Department for housing inmates transferred from State prison to the County in an amount not to exceed $4,195,576. The inmates transferred from State prison to the County would be housed in the Reentry Pod in County Jail #2, adjacent to the Hall of Justice (File No. 13-1229). County Jail #2 is a "New Generation" direct supervision facility that uses pod architecture for inmate housing areas, and one pod was designated for the Reentry Pod.[1] Under the contract, the Sheriff's Department has housed eligible state inmates in the Reentry Pod, and CDCR has reimbursed the Sheriff's Department at a rate of $77 per inmate per day.

During the two-year, four-month contract, the actual reimbursements received by the Sheriff's Department from CDCR totaled $48,048. On average, the number of inmates who transferred from State prison to the Reentry Pod was less than one per day, which was well below the maximum daily bed capacity of 56. Table 1 below summarizes the actual reimbursements received by the Sheriff's Department for the duration of the contract.

Table 1: Actual CDCR Reimbursements to the Sheriff's Department

Contract Year	Per Diem Rate per Inmate	Total Days Reimbursed	Amount
FY 2013-14	$77	0	$0
FY 2014-15	$77	274	21,098
FY 2015-16	$77	350	26,950
Total reimbursements:			**$48,048**

Source: Sheriff's Department

[1] In a facility with pod architecture, a semi-circle of housing units surrounds a shared day area and a central deputy station.

The Reentry Pod is a voluntary program, and a large number of State inmates who are within 60 days or less of release elect to remain in State prison to complete their reentry and community transition programs.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would authorize the Sheriff's Department to enter into a new contract with the State for an amount not to exceed $1,573,880 to house State inmates in the City's Reentry Pod in County Jail #2. The term of the contract is from the date the Board of Supervisors approves the proposed resolution through June 30, 2017, or approximately 9 months.

Under the proposed contract, the San Francisco Sheriff's Department will provide for the care, confinement, and rehabilitative programming of State inmates in the Reentry Pod. These inmates are under the legal custody and jurisdiction of the Sheriff's Department. The contract gives the Sheriff's Department the authority to co-mingle State inmates with the Sheriff's general inmate population, and provides the State reasonable access to State inmates when necessary.

The proposed contract provisions are largely the same as the provisions of the previous contract with the State. Under the proposed contract, the County is responsible to provide:

1. Adequate medical, dental, and mental health care for State inmates housed in the Reentry Pod;
2. Transportation once a week of State inmates from San Quentin;
3. Programming and services to develop reentry plans for State inmates housed in the Reentry Pod, including education, pre-employment training, and cognitive behavioral therapy programs; and
4. Other provisions, including meals, clothing, telephone access, inmate property maintenance, court access, and religious programs, to State inmates housed in the Reentry Pod in the same manner as they are provided to other County inmates.

Prior to transfer, the Sheriff's Department may review all classification, medical, and disciplinary records of inmates to be housed in the Reentry Pod. If the Sheriff's Department determines that an individual inmate may require supervision or services that cannot be provided in the Reentry Pod, then the Sheriff's Department will notify CDCR within 15 days of receiving the eligibility review documents.

Under the previous contract with the State, the Sheriff's Department had the option to request a one-time increase in the daily reimbursement rate paid by the State during the term of the contract for the housing of State inmates. The proposed contract does not include this option.

FISCAL IMPACT

Under the proposed contract between the State and the Sheriff's Department, CDCR will reimburse the Sheriff's Department for the costs of housing up to 56 State inmates per day in the Reentry Pod at the existing rate of $77 per inmate per day, in an amount not to exceed $1,573,880 from the date of Board of Supervisors approval through June 30, 2017, a term of approximately nine months. This amount accounts for 56 inmates for the full 365-day year, but according to Mr. Henry Gong of the Sheriff's Department, CDCR will not transfer State inmates to San Francisco until the contract is fully executed and approved by the Board of Supervisors. Therefore, the not-to-exceed reimbursement amount for the nine-month period from approximately October 1, 2016 through June 30, 2017 is $1,117,176, as shown in Table 2 below.

Table 2: Maximum Reimbursements for Full and Partial Year

Contract Length	Per Diem Rate per Inmate	Maximum Daily Population	Total Days	Amount
Full year	$77	56	365	$1,573,880
Nine months	$77	56	273	$1,117,176

Source: Budget and Legislative Analyst calculations

Although the State will reimburse the County for 56 inmates per day, the Sheriff's Department estimates that the average number of inmates transferred from the State to the Reentry Pod will be one to two per day. Therefore, over the nine-month period from October 1, 2016 through June 30, 2017, estimated reimbursements by the State to the Sheriff's Department will be approximately $26,276.

According to Mr. Gong, the Reentry Pod in County Jail #2 is staffed to house 56 inmates without increasing Sheriff's Department staffing and programming costs. Therefore, the per diem rate of $77 charged by the Sheriff's Department to CDCR, which is unchanged from the existing per diem rate initially charged in 2013, is sufficient to cover the Sheriff's Department's costs for housing State inmates.[2] Remaining beds in the Reentry Pod not filled by State inmates will be filled by other County inmates.

RECOMMENDATION

Approve the proposed resolution.

[2] The Budget and Legislative Analyst calculates that the Sheriff's Department's average cost per inmate per day (not counting food and programming costs) in FY 2015-16 was $42.40, based on estimated operating costs of $19,655,922 and an average daily jail population of 1,270 (or 463,550 inmates over 365 days).

Item 8 File 16-0958	Department: District Attorney's Office (District Attorney)

EXECUTIVE SUMMARY

Legislative Objectives

The District Attorney's Office (DA's Office) is requesting the Budget and Finance Committee of the Board of Supervisors to release the $1,873,872 placed on Budget and Finance reserve in FY 2016-17 for the DA's new Independent Investigation Bureau.

Key Points

- The DA's Office proposes to staff a new Independent Investigation Bureau to conduct independent investigations of potential crimes committed by sworn personnel. The proposed new bureau would be broken down into two areas: 1) SFPD Officer-Involved Shootings/In-Custody Deaths and Police Misconduct; and 2) Conviction Review, with a total of 14 full-time equivalent (FTE) positions.
- The DA's Office currently has a backlog of 20 open SFPD officer-involved shooting and in-custody death cases. On average, it takes 445 days to close a case. To date, San Francisco has never prosecuted a police officer for an officer-involved shooting or in-custody death.
- Since 1997, there has been an average of six officer-involved shootings and two in-custody deaths each year.
- The DA's Office has identified 4,267 cases in need of review due to new Brady material.
- The DA's Office does not track how many hours of staff time it takes investigate or review a case, so it is unknown how much time it will take for proposed staff to close cases.

Fiscal Impact

- The requested release of $1,873,872 would be used for the salary and fringe benefits for 9.23 FTEs (14 positions) in the new bureau for the remainder of FY 2016-17.
- The Budget and Legislative Analyst recommends: (1) adding Attrition Savings and associated fringe benefits of $233,797 to account for an estimated one-month delay in hiring; and (2) reducing salaries by a 9 percent Step Adjustment, or $121,225, based on the Step Adjustments included in the DA's Office approved FY 2016-17 budget.

Recommendations

- Request the DA's Office to submit to the Budget and Finance Committee and to the Budget and Legislative Analyst during the FY 2017-18 budget review process:
    - Documentation on Independent Investigation Bureau staffing needs based on actual staff hours expended on case reviews and investigations, and
    - A long-term staffing plan for the Independent Investigation Bureau for addressing changes in caseload over time.
- Reduce the requested amount of $1,873,872 by $355,095 to $1,518,777. Continue to reserve $355,095 on Budget and Finance Committee reserve.
- Release of the Budget and Legislative Analyst recommended amount of $1,518,777 on reserve is a policy decision for the Board of Supervisors given that it is not known if the proposed staffing level of 14 positions is appropriate for the projected workload.

MANDATE STATEMENT

Administrative Code Section 3.3(e) provides for the committee of the Board of Supervisors having jurisdiction over the budget (Budget and Finance Committee) to place funds on reserve. These funds may be released by the Budget and Finance Committee.

BACKGROUND

Technical Adjustment for Independent Investigation Bureau

At the June 22, 2016 Budget and Finance Committee meeting, the Mayor's Acting Budget Director submitted a technical adjustment to the proposed FY 2016-18 budget, appropriating $1,873,872 in FY 2016-17 and $2,535,792 in FY 2017-18 to create the Independent Investigation Bureau in the District Attorney's Office (DA's Office). The proposed Independent Investigation Bureau would be a new unit in the DA's Office with 14 full-time equivalent (FTE) positions when fully staffed.

The Board of Supervisors placed $1,873,872 for FY 2016-17 and $2,535,792 for FY 2017-18 in Independent Investigation Bureau appropriations on Budget and Finance Committee Reserve, pending submission to the Budget and Finance Committee of justification and budget details of the use of these funds.

Justification for Independent Investigation Bureau

The San Francisco Police Department (SFPD) is currently the lead investigator on officer-involved shooting cases involving their own employees and the DA's Office assists in the investigation. The President's Task Force on 21st Century Policing[1] recommends that law enforcement agencies should have policies that mandate external and independent criminal investigations in cases of officer-involved shootings or in-custody deaths.

The DA's Office proposes to staff a new Independent Investigation Bureau to conduct independent investigations of all potential crimes committed by sworn personnel in the SFPD. DA Bureau staff would operate independently from the rest of the DA's Office where investigators and attorneys routinely work alongside police officers. Currently, the DA's Office places investigators and attorneys on standby for one-week periods on a rotating basis. If an SFPD officer-involved shooting occurs, the two DA investigators and one attorney on duty that week are called to the scene. The new investigation procedures for the DA's Office with respect to the SFPD are still being determined as part of a Memorandum of Understanding that is currently under negotiation.

The DA's Office is currently working through a backlog of 20 open SFPD officer-involved shooting and in-custody death cases, with the oldest case dating to September 2014. On average, it takes 445 days to close a case. To date, San Francisco has never prosecuted a police officer for an officer-involved shooting or in-custody death.

[1] President's Task Force on 21st Century Policing. 2015. Final Report of the President's Task Force on 21st Century Policing. Washington, DC: Office of Community Oriented Policing Services.

The proposed new DA Independent Investigation Bureau would be broken down into two areas: 1) SFPD Officer-Involved Shootings/In-Custody Deaths and Police Misconduct; and 2) Conviction Review, with a total of 14 full-time equivalent (FTE) positions, as shown in Table 1 below.

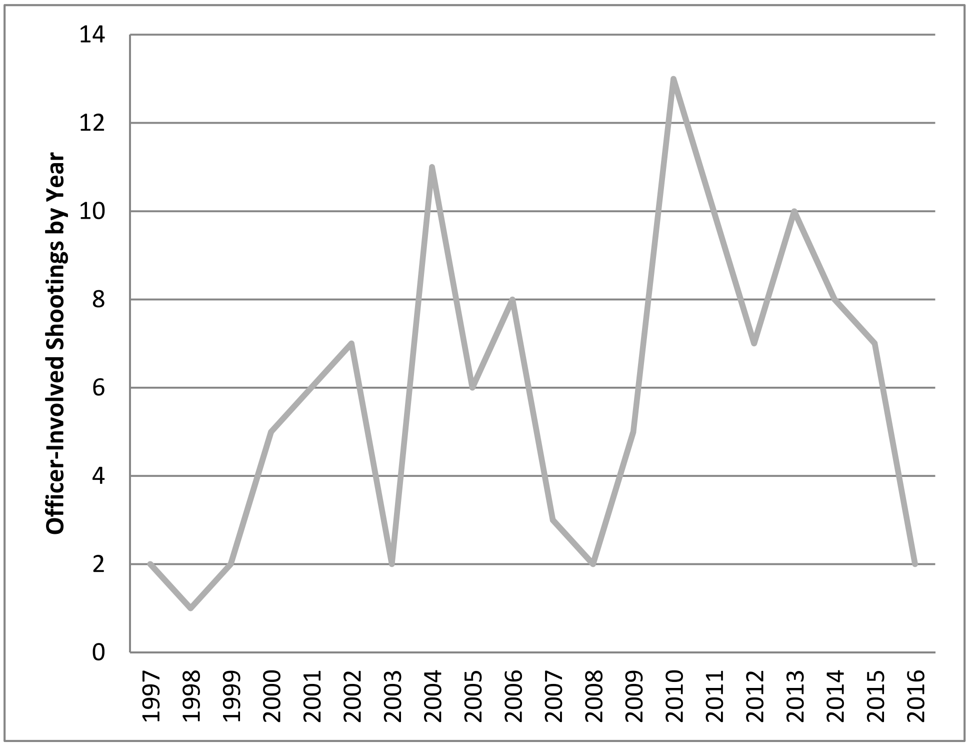
Table 1: DA Independent Investigation Bureau Staffing

Function	**Staffing for DA's Office**
SFPD Officer-Involved Shootings/In-Custody Deaths Police Misconduct	1 Managing Attorney 3 Assistant District Attorneys 1 Assistant Chief DA Investigator 4 DA Investigators 1 DA Investigative Assistant
Conviction Review	2 Assistant District Attorneys 1 DA Investigator 1 DA Investigative Assistant
Total	**14 FTEs**

Officer-Involved Shootings/In-Custody Deaths and Police Misconduct

Since 1997, the number of SFPD officer-involved shootings in San Francisco has ranged from one to 13 per year, with an average and median of about six shootings per year, as shown in Table 2 below. The DA's Office has based Independent Investigation Bureau staffing on the historic average workload of six SFPD officer-involved shooting cases per year and two in-custody death cases per year. The DA's Office does not track how many hours of staff time it takes to close an officer-involved shooting or in-custody death case, so the time that it will take for proposed staff to close cases has not been estimated.

Table 2: Officer-Involved Shootings by Year



Year	OIS
1997	2
1998	1
1999	2
2000	5
2001	6
2002	7
2003	2
2004	11
2005	6
2006	8
2007	3
2008	2
2009	5
2010	13
2011	10
2012	7
2013	10
2014	8
2015	7
2016	2
Total	**117**
Mean	**5.85**
Median	**6**

Source: District Attorney's Office

Conviction Review

The DA's Conviction Review team would be charged with reviewing previously closed cases where new Brady material[2] is discovered. Based on recent challenges to cases, the DA's Office has identified 4,267 cases in need of review. As mentioned above, the DA's Office does not collect data on how much time staff spend on cases; therefore, the Budget and Legislative Analyst's Office has not been able to estimate how many hours each case takes to review and how long it would take to work through the backlog. It is also unknown at which rate additional cases with Brady material will be added to the backlog.

DETAILS OF PROPOSED LEGISLATION

The DA's Office is requesting the Budget and Finance Committee of the Board of Supervisors to release the $1,873,872 placed on Budget and Finance Committee reserve in FY 2016-17 for the DA's Independent Investigation Bureau.

FISCAL IMPACT

The requested release of $1,873,872 of Budget and Finance Committee reserve would be used for the salary and fringe benefits for 9.23 FTEs (14 positions) in the new DA Independent Investigation Bureau for the remainder of FY 2016-17. The 9.23 FTEs assumes that two

[2] Brady material consists of information and evidence favorable to a defendant in a criminal trial that could affect the guilt, innocence, or punishment of the defendant.

positions would start on September 26, 2016, seven positions would start on October 24, 2016, and five positions would start on December 5, 2016. The requested cost of $1,873,799[3] for the salary and fringe benefits in FY 2016-17 for the new DA Independent Investigation Bureau are shown in Table 3 below.

Table 3: Cost of Salary and Fringe Benefits – FY 2016-17

Job Class	Proposed Salary Step	Number of Positions	Annual Salary at Proposed Step	Proposed Hire Date	Proposed FTE in FY 2016-17	Proposed Salary in FY 2016-17	Fringe Benefits	Proposed Salary and Fringe Benefits
Conviction Review								
8177 Attorney	16	2	$195,234	Oct 24	1.38	$269,288	$96,648	$365,936
8132 DA Investigative Asst	4	1	74,022	Oct 24	0.69	51,050	22,584	73,634
8550 DA Investigator	6	1	115,908	Dec 5	0.57	66,614	30,556	97,170
Officer Involved Shooting Prosecution								
8149 Asst Chief DA Investigator	6	1	$134,186	Sep 26	0.77	$102,825	$47,166	$149,990
8177 Attorney	14	1	177,112	Oct 24	0.69	122,146	43,838	165,984
8550 DA Investigator	6	2	115,908	Dec 5	1.15	133,228	61,111	194,339
8182 Head Attorney	16	1	209,742	Sep 26	0.77	160,722	50,242	210,963
Police Misconduct								
8177 Attorney	14	1	$177,112	Oct 24	0.69	$122,146	$43,838	$165,984
8177 Attorney	16	1	195,234	Oct 24	0.69	134,644	48,324	182,968
8132 DA Investigative Asst	4	1	74,022	Oct 24	0.69	51,050	21,441	72,491
8550 DA Investigator	6	2	115,908	Dec 5	1.15	133,228	61,111	194,339
TOTAL		**14**	**$1,584,388**		**9.23**	**$1,346,940**	**$526,859**	**$1,873,799**

Given that the release of reserves cannot be approved until September 28, 2016 at the earliest, it is not possible for the DA's Office to hire any positions in September. Also, according to Mr. Eugene Clendinen, DA's Office Chief Administrative and Financial Officer, there is no official status/progress in hiring the requested positions until the Budget and Finance Committee releases the reserved funds and the Department can officially process and post the positions. Therefore, the Budget and Legislative Analyst recommends adding Attrition Savings and associated fringe benefits of $233,797 to account for an estimated one-month delay in hiring each of the new positions.

The salary and fringe benefits in the DA's Office proposal shown above in Table 3 also reflect hiring the new positions at or near the highest possible step for the job class, including for the deep 16-step 8177 Attorney job class. It is unlikely that every new hire would be placed in the highest salary step where there is no room for advancement, so the Budget and Legislative Analyst recommends reducing salaries of $1,346,940 by a 9 percent Step Adjustment, or $121,225, based on the Step Adjustments included in the DA's Office approved FY 2016-17 budget.

[3] The estimated cost of salary and fringe benefits in FY 2016-17 is $73 less than $1,873,872 on reserve for FY 2016-17.

These recommendations of the Budget and Legislative Analyst would result in salary and fringe benefit costs in FY 2016-17 of $1,518,777 as shown in Table 4 below, or $355,095 less than the requested amount of $1,873,872.

Table 4: Budget and Legislative Analyst Recommendation for Salary and Fringe Benefits – FY 2016-17

Total Salaries	$1,346,940
Total Fringe Benefits	526,859
Salaries and Fringe Benefits	$1,873,799
Step Adjustment (9 percent of salaries)	(121,225)
Attrition Savings and Associated Fringe Benefits (1 month per position)	(233,797)
Recommended Reduction	($355,022)
TOTAL	**$1,518,777**

POLICY CONSIDERATION

Future Caseload Uncertain

As the number of officer-involved shootings varies year to year, the associated caseload for investigative teams at the DA's Office could fluctuate significantly. The City is also seeking to reduce or eliminate the incidence of SFPD officer-involved shootings through SFPD reforms and the need for investigators could be diminished over time, assuming SFPD reforms prove effective. Since the Independent Investigation Bureau would operate independently from the rest of the DA's Office, staff of the new Bureau would not be able to assist with other investigations during times with low caseload.

The DA's Office does not Collect Data on Staff Time Spent on Cases

As discussed above, the DA's Office is not able to provide estimates of how many hours it takes to investigate SFPD officer-involved shootings or in-custody deaths, or to review a case with newly provided Brady material because the DA's Office does not track time spent on specific cases. Since information on the number of hours to investigate and process a case is not available, it is not known if the proposed staffing level of 14 positions is appropriate for the projected workload.

The DA's Office should: (1) track staff time spent on individual cases to determine case staffing needs, and (2) develop a long-term plan to account for changes in work load dues to variations in the number of officer-involved shootings and success of SFPD reforms. The staffing needs and long-term staffing plan should be provided to the Budget and Legislative Analyst's Office as part of the FY 2017-18 budget review process.

RECOMMENDATIONS

1. Request the DA's Office to submit to the Budget and Finance Committee and to the Budget and Legislative Analyst during the FY 2017-18 budget review process:
    a. Documentation on Independent Investigation Bureau staffing needs based on actual staff hours expended on case reviews and investigations, and
    b. A long-term staffing plan for the Independent Investigation Bureau for addressing changes in caseload over time.
2. Reduce the requested amount of $1,873,872 by $355,095 to $1,518,777. Continue to reserve $355,095 on Budget and Finance Committee reserve.
3. Release of the Budget and Legislative Analyst recommended amount of $1,518,777 on reserve is a policy decision for the Board of Supervisors given that it is not known if the proposed staffing level of 14 positions is appropriate for the projected workload.