FILE NO: 190616

Petitions and Communications received from May 13, 2019, through May 24, 2019, for reference by the President to Committee considering related matters, or to be ordered filed by the Clerk on June 4, 2019.

Personal information that is provided in communications to the Board of Supervisors is subject to disclosure under the California Public Records Act and the San Francisco Sunshine Ordinance. Personal information will not be redacted.

From the Office of the Mayor, pursuant to Administrative Code, Section 30.6, making the following appointment to the Workforce Investment San Francisco Board: Copy: Each Supervisor. (1)

Supervisor Shamann Walton - term ending January 31, 2021

From the Office of the Controller, submitting the 2019 San Francisco City Survey Report. Copy: Each Supervisor. (2)

From the Office of the Controller, pursuant to Charter, Section 3.105, submitting a memorandum on an adjustment to hotel tax exemption. Copy: Each Supervisor. (3)

From the Office of the Controller, submitting FY2018-2019 Nine-Month Budget Status Report. Copy: Each Supervisor. (4)

From the Office of the Controller, submitting the San Francisco Police Department Civilianization Progress and Options Report. Copy: Each Supervisor. (5)

From the Office of the Controller, submitting a Review of the Healthy Streets Operations Center: A case study on coordinating San Francisco's response to encampments and street behaviors. Copy: Each Supervisor. (6)

From the Office of the Controller, submitting the Staffing Analysis and Benchmarking for the Department of Homelessness and Supportive Housing Report. Copy: Each Supervisor. (7)

From the Office of the Controller, submitting a memorandum on City Services Auditor Summary of Implementation Status of Recommendations Followed up on in FY2018-2019, Quarter 3. Copy: Each Supervisor. (8)

From the Department of Human Resources, submitting their Summary of Results for April 18, 2019 Disaster Service Worker (DSW) Alert Test. Copy: Each Supervisor. (9)

From the Office of the Treasurer and Tax Collector, submitting their Municipal Bank Feasibility Task Force Report. Copy: Each Supervisor. (10)

From the Juvenile Probation Department, regarding the proposed Ordinance to close Juvenile Hall. File No. 190392. Copy: Each Supervisor. (11)

From the Juvenile Probation Commission, regarding the proposed Ordinance to close Juvenile Hall File No. 190392. Copy: Each Supervisor. (12)

From the San Francisco Board of Appeals, submitting a resolution regarding Notice to Tenants when ADUs are added to Residential Buildings. File No. 181156. Copy: Each Supervisor. (13)

From the Office of Contract Administration, submitting Changes to the Minimum Compensation Ordinance, effective July 1,2019. Copy: Each Supervisor. (14)

From Tom Doudiet, regarding the hearing on the Geary/Parker gas line explosion on February 6, 2019. File No. 190182. Copy: Each Supervisor. (15)

From the San Francisco Chamber of Commerce, regarding federal funding to replace the Aquatic Park Pier. File No. 190553. Copy: Each Supervisor. (16)

From Paul Brickmore, regarding the 400 Divisadero Street project. Copy: Each Supervisor. (17)

From concerned citizens, regarding proposed tax for ride share companies. 3 letters. Copy: Each Supervisor. (18)

From Adam Mayer, regarding the open air drug dealing in the Tenderloin, Mid-Market and South of Market. File No. 190178. Copy: Each Supervisor. (19)

From Glen Rogers, Parkmerced Action Coalition, regarding the appointment of Steve Heminger to the San Francisco Municipal Transportation Agency Board of Directors. Copy: Each Supervisor. (20)

From concerned citizens, regarding Senate Bill 1045 (Wiener/Stern), expanding housing conservatorships. 2 letters. Copy: Each Supervisor. (21)

From concerned citizens, regarding acquisition of surveillance technology. 2 letters. File No. 190110. Copy: Each Supervisor. (22)

From Matthew and Barbara Weinberg, regarding California State Senate Bill 50. File No. 190398. Copy: Each Supervisor. (23)

From Northern California Carpenters Regional Council, regarding 457-471 Minna Street Project, 833 Bryant Street Project, Central SoMa Plan and The Hub Plan Housing Sustainability District. Copy: Each Supervisor. (24)

From concerned citizens, regarding transit only lanes. 3 letters. Copy: Each Supervisor. (25)

From concerned citizens, regarding the proposed ordinance to close Juvenile Hall. 2 letters. File No. 190392. Copy: Each Supervisor. (26)

From concerned citizens, regarding rent relief in supportive housing. 3 letters. Copy: Each Supervisor. (27)

From concerned citizens, regarding Vision Zero and common-sense signage. 2 letters. Copy: Each Supervisor. (28)

From the Sunshine Ordinance Task Force, submitting referrals to the Board of Supervisors for File Nos. 17131 and 19013. Copy: Each Supervisor. (29)

From:	Somera, Alisa (BOS)
To:	BOS-Supervisors
Cc:	BOS-Legislative Aides; Calvillo, Angela (BOS); Mchugh, Eileen (BOS); Nevin, Peggy (BOS); Young, Victor (BOS); Karunaratne, Kanishka (MYR); GIVNER, JON (CAT); Kittler, Sophia (MYR)
Subject:	TIME SENSITIVE: Mayoral Appointment, WISF
Date:	Monday, May 13, 2019 2:46:36 PM
Attachments:	Workforce Investment San Francisco - 5.13.2019.pdf image001.png

Supervisors,

The Office of the Mayor submitted the attached complete appointment package, pursuant to Administrative Code, Section 30.6(a), for the Workforce Investment San Francisco (WISF) Board.

Please see the attached memo from the Clerk of the Board for more information and instructions.

Thank you,

Alisa Somera
Legislative Deputy Director
San Francisco Board of Supervisors
1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco, CA 94102
415.554.7711 direct | 415.554.5163 fax
alisa.somera@sfgov.org

Click **HERE** to complete a Board of Supervisors Customer Service Satisfaction form.

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BOARD of SUPERVISORS

City Hall
1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco 94102-4689
Tel. No. 554-5184
Fax No. 554-5163
TDD/TTY No. 554-5227

MEMORANDUM

Date: May 13, 2019

To: Members, Board of Supervisors

From: Angela Calvillo, Clerk of the Board

Subject: Appointment by the Mayor

On May 13, 2019, the Mayor submitted the following complete appointment package:

- **Supervisor Shamann Walton** - to the Workforce Investment San Francisco Board (WISF) - term ending January 31, 2021

Pursuant to Administrative Code, Section 30.6(a), this appointment is effective immediately unless rejected by the Board of Supervisors (Board) within 30 days after receipt of the appointment notice.

Administrative Code, Section 30.6(a), further specifies that the Mayor does not need to submit WISF nominees to the Board if the Mayor has appointed two members of the Board to the WISF. WISF currently has one member of the Board appointed (Supervisor Brown), and the appointment of Supervisor Walton satisfies the "two Board members" requirement of the Code authority.

If you are interested in requesting a hearing on this appointment, please notify me in writing by **5:00 p.m., Wednesday, May 22, 2019.**

(Attachments)

c: Alisa Somera - Legislative Deputy
Jon Givner - Deputy City Attorney
Kanishka Cheng, Mayor's Director of Appointments
Sophia Kittler - Mayor's Legislative Liaison

OFFICE OF THE MAYOR
SAN FRANCISCO

LONDON N. BREED
MAYOR

RECEIVED
BOARD OF SUPERVISORS
SAN FRANCISCO
2019 MAY 13 PM 1:08
BY

Notice of Appointment

May 1, 2019

Honorable Board of Supervisors:

Pursuant to section §30.6 of the Administrative code of the Charter of the City and County of San Francisco, I make the following appointment:

Supervisor Shamann Walton, to the Workforce Investment San Francisco Board to fill the remainder of the term ending January 31, 2021, formerly held by Supervisor Sandra Lee Fewer who resigned effective April 16, 2019.

Workforce Investment San Francisco plays an integral role in partnering with the Office of Economic and Workforce Development in overseeing and setting the direction for San Francisco's Workforce System. I am confident that Supervisor Walton will continue to serve our community well in this role.

Should you have any question about this appointment, please contact my Director of Appointments, Kanishka Cheng at 415.554.6696.

London Breed

London N. Breed
Mayor

1 DR. CARLTON B. GOODLETT PLACE, ROOM 200
SAN FRANCISCO, CALIFORNIA 94102-4681
TELEPHONE: (415) 554-6141

From: Reports, Controller (CON)
To: Reports, Controller (CON)
Subject: Issued: 2019 San Francisco City Survey Report and Website
Date: Monday, May 13, 2019 1:03:18 PM
Attachments: image014.png
image015.png

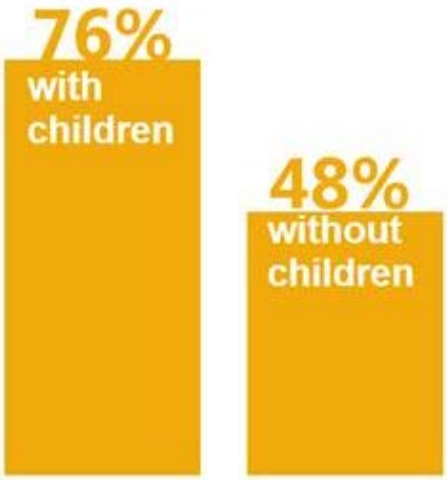
The Controller's Office is pleased to release the 2019 City Survey. The City Survey is a biennial citywide survey that measures San Francisco residents' opinions on the public services they experience every day – streets, parks, Muni, and libraries – and to ask about perceptions of quality of life on topics like public safety and homelessness. This survey is part of an ongoing effort to measure and improve the performance of local government in San Francisco.

Ratings for Libraries, Parks, and 311 increase, while those for Transportation and Infrastructure decrease.

	2019	2017	change
GOVERNMENT	B-	B-	--
LIBRARIES	A-	B+	↑
PARKS	B+	B	↑
SAFETY	B	B	--
TRANSPORTATION	C+	B-	↓
INFRASTRUCTURE	B-	B	↓
311 SERVICES	B+	B	↑

The Library receives the highest grade of any government service since the City Survey began in 1996. 93% of respondents rate it A or B.

Respondents with children were more likely to use libraries



Black/African American respondents rate City services lower on average than respondents of other races/ethnicities.

Homelessness remains the primary issue for respondents. 75% of respondents believe it has gotten worse in the past two years.

Please visit the City Survey website at sfgov.org/citysurvey to access more City Survey content including dashboards and a full dataset of survey responses. Additional dashboards on interesting topics will be released periodically. Findings and data from the recently published 2018 San Francisco Child and Family Survey are also available on the website.

To view the full report, please visit our website at:
http://openbook.sfgov.org/webreports/details3.aspx?id=2705
This is a send-only e-mail address.

For questions about the memorandum, please contact us at CitySurvey@sfgov.org

Follow us on Twitter @SFController

2019 San Francisco City Survey

A biennial survey of San Francisco residents

CITY PERFORMANCE

May 13, 2019

City & County of San Francisco
Office of the Controller
City Services Auditor

About City Performance

The City Services Auditor (CSA) was created in the Office of the Controller through an amendment to the San Francisco City Charter that was approved by voters in November 2003. Within CSA, City Performance ensures the City's financial integrity and promotes efficient, effective, and accountable government.

City Performance Goals:

- City departments make transparent, data-driven decisions in policy development and operational management.
- City departments align programming with resources for greater efficiency and impact.
- City departments have the tools they need to innovate, test, and learn.

City Performance Team (2019):
Peg Stevenson, *Director*
Emily Lisker, *Project Manager*
Wendy Lee, *Performance Analyst*
Jenessa Rozier, *Performance Analyst*
Glynis Startz, *Performance Analyst*

Corey, Canapary, & Galanis:
Jon Canapary, *CEO*
Carol Anne Carroll, *Research Director*
Steven Kral, *Chief Analyst*

For more information, please contact:

CitySurvey@sfgov.org

Or visit:

http://www.sfgov.org/citysurvey

http://www.sfcontroller.org

@sfcontroller

Executive Summary

Every two years, the City and County of San Francisco surveys its residents to objectively assess their use of and satisfaction with various city services. The 2019 City Survey is the 17th survey conducted.

Corey, Canapary, & Galanis administered the survey to a random sample of 2,218 San Francisco residents. This report, developed by the City Performance Unit of the Controller's Office, reviews the results and key findings of the research. Visit www.sfgov.org/citysurvey to access additional City Survey content including interactive graphs and the full data set of survey responses.

RATINGS

	2019	2017	change
GOVERNMENT	B-	B-	--
LIBRARIES	A-	B+	↑
PARKS	B+	B	↑
SAFETY	B	B	--
TRANSPORTATION	C+	B-	↓
INFRASTRUCTURE	B-	B	↓
311 SERVICES	B+	B	↑

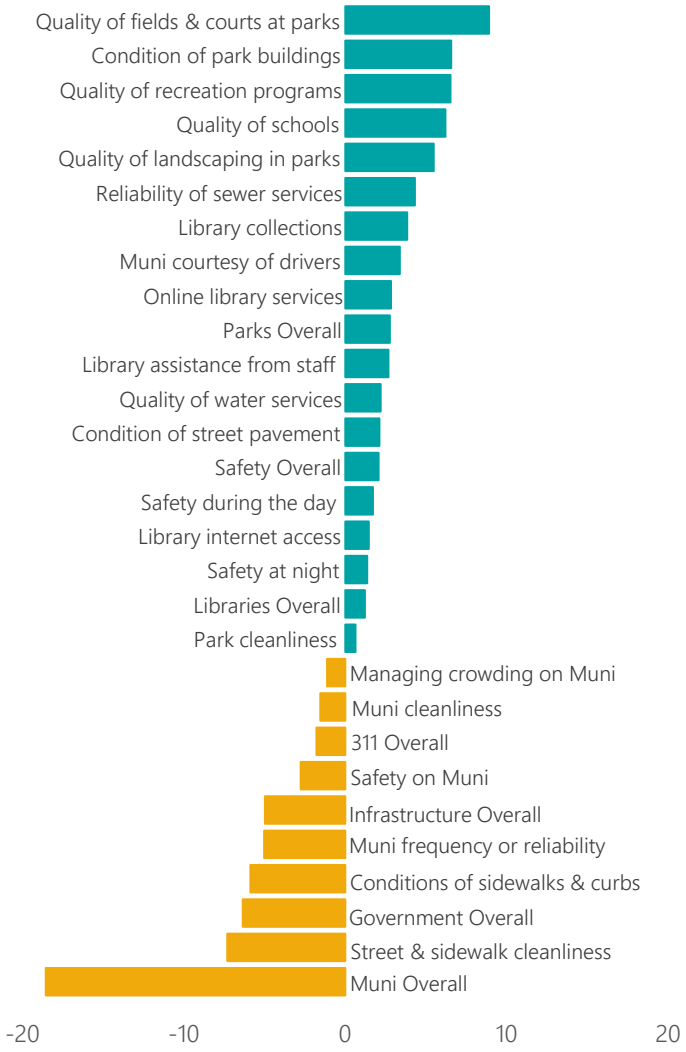
The grades for Libraries, Parks, and 311 Services each increased by half a grade from the previous survey in 2017 (e.g., from a "B" to a "B+"), while Transportation and Infrastructure each decreased by half a grade, and Government and Safety remained the same.

The library system continues to improve and earn the highest ratings among City services, receiving an "A-" from respondents with over 50% rating an "A". Muni continues to receive the lowest ratings in the 2019 survey, dropping from a "B-" to a "C+", with only 40% rating it an "A" or "B", and over 20% rating it a "D" or "F".

On average, City service ratings have changed very little since 2017

The percent of respondents rating individual service attributes an "A" or "B" changed by an average of only four percentage-points between 2017 and 2019. Over two-thirds of ratings changed by less than five percentage-points. The quality of fields and courts for the Parks system represents the largest improvement, increasing by nine percentage-points. The largest decrease was 19 percentage-points in the overall Muni rating.

A- Respondents rate the Library the highest grade of any government service since the City Survey began in 1996.



Percentage-point difference in ratings of "A" and "B" from 2017 to 2019

Some ratings existed only in 2017 (streetlights, cleanliness of branch libraries, and cleanliness of Main Library) while others existed only in 2019 (overall library cleanliness, and quality of library programming). These do not appear in the above graphic.

Park attributes have seen some of the largest increases from 2017, with four of the five largest improvements. All Library ratings increased, though there is significant variation in the extent of these changes, with collections and online services seeing the largest growth and internet access the smallest.

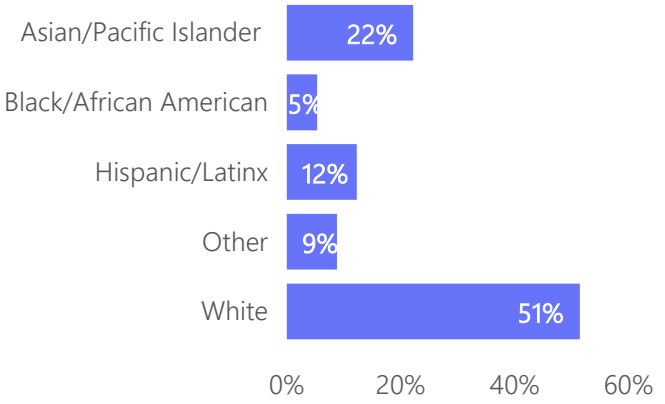
All safety attributes changed by just two percentage-points or less. This is expected as the overall Safety grade remains the same since 2017. Although the overall Government grade also remains the same it has seen a larger decrease in the percent of respondents rating it an "A" or "B" than most attributes.

The rating for 311 increased by a half-grade in 2019, even though the percent of respondents rating it an "A" or "B" actually decreased slightly between 2017 and 2019.

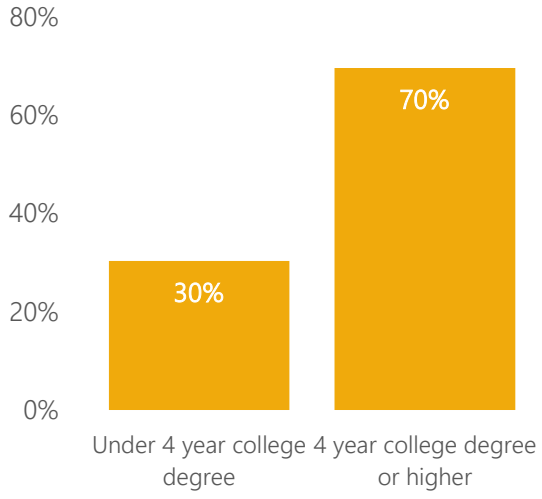
The overall Muni rating has seen the largest decrease and most individual Muni attributes have lower ratings. Though, many of those decreases were quite small. Infrastructure changes were split between utilities which have increased, and streets and sidewalks which have decreased.

Demographic characteristics of the survey population

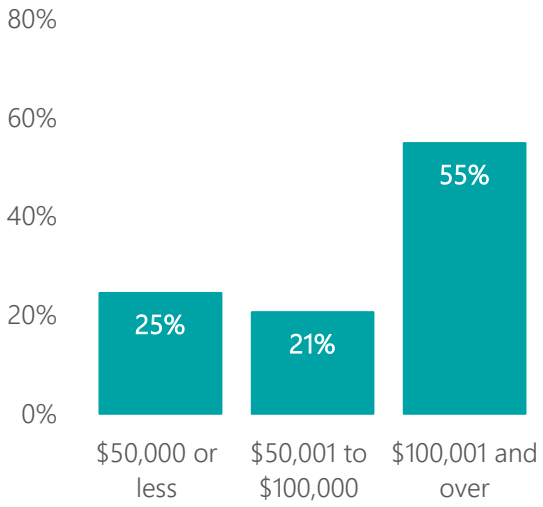
The City Survey is conducted using a random sample of San Francisco residents to be as representative as possible of the City as a whole. See Appendix A for more detail. This report aims to explore differences across race/ethnicity, gender, age, income, geography, and education levels, as well as the intersections of these characteristics. Twenty-eight percent of City Survey respondents report having a dependent under 18. The Child and Family Survey, found on the City Survey website, contains more in-depth information about families.



Percent of respondents by race/ethnicity



Percent of respondents by education



Percent of respondents by income

12% identify as LGBTQ+.

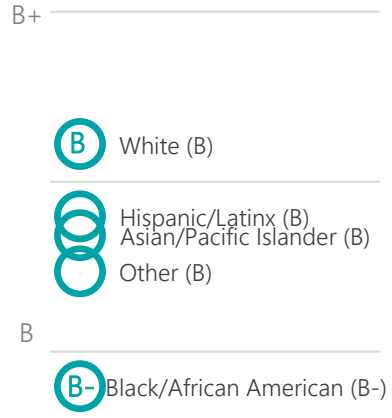
17% have lived in the City for under six years.

12% report a physical disability.

29% have lived in the City for over 30 years.

There are not major differences in ratings of government services between respondents who identify as LGBTQ+ and those who do not. Respondents who report a physical disability rate a number of government services lower, including Government overall, Infrastructure, and Safety. Respondents with a physical disability are also more likely to be low-income and over 55 years old than respondents who do not report one.

Key themes across the survey



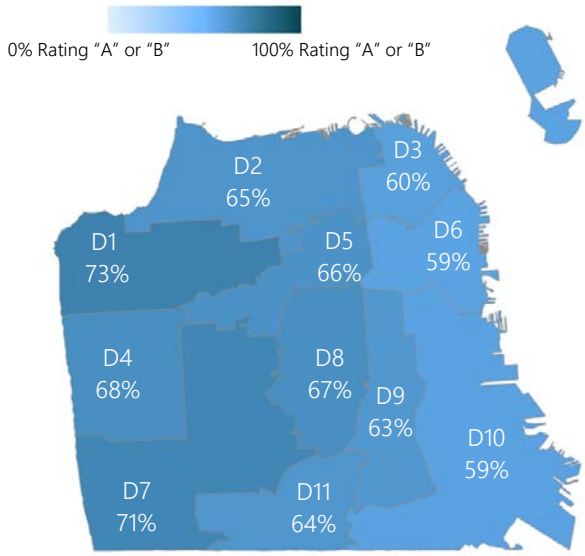
Average rating by race/ethnicity

Several trends in respondent ratings of government services stand out across the survey. Black/African American respondents on average rate government services lower than White respondents, and often lower than other racial/ethnic groups like Asian or Pacific Islander (API) and Hispanic/Latinx respondents. This trend is particularly clear in ratings for overall Government, Libraries, Parks, Transportation, and Infrastructure. The only service areas where Black/African American respondents are not among the racial/ethnic groups giving the lowest ratings are 311 and Safety.

Low-income respondents (defined as respondents making $50,000 or less per year) rate some services higher than middle- or high-income respondents ($50,001 to $100,000 and over $100,000 per year, respectively). This is true of overall Government, Transportation, and 311 (users of 311 only). Income differences are not apparent in Library or Infrastructure ratings. A digital divide is visible across income groups. Low-income respondents are less likely to have heard of 311 and less likely to have used online services at libraries. A similar pattern is visible for Hispanic/Latinx respondents in comparison to other racial/ethnic groups.

63% of low-income respondents have heard of 311 and 28% used online library services, compared to over 75% of middle- and high-income ones who heard of 311 and 40% who used online library services.

Older respondents and respondents who have lived in the City for longer often rate government services lower than younger respondents or those who have moved to San Francisco more recently. This is particularly true of overall Government, Infrastructure, and Parks. In some cases these trends change with other characteristics of those respondents, such as income.

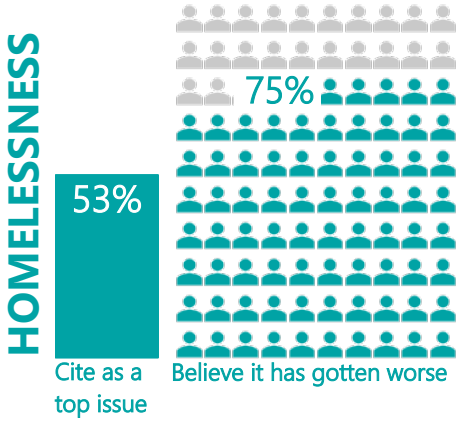


Average percent ratings of "A" or "B"

Respondents in the Southeast of the City continue to rate government services the lowest in general. There are no consistent geographic trends in changes to service ratings between 2017 and 2019. In some service areas the Southeast, District 10 (Bayview/Hunters Point) in particular, reports more positive movement than other areas of the City. These increases are most pronounced in the overall Park and Safety ratings.

Survey respondents were asked in 2017 and 2019 to name the most important issues facing the City. In 2019, respondents were also asked whether three frequently noted issues from 2017—homelessness, infrastructure, and public safety—had gotten better, worse, or stayed the same.

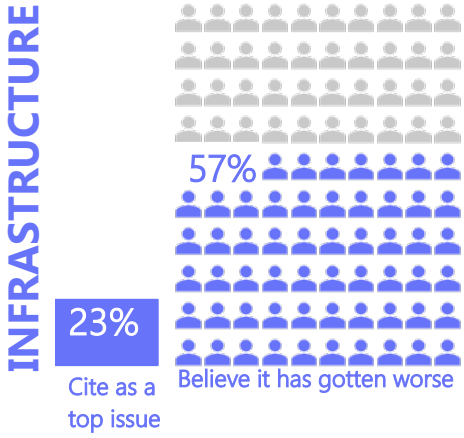
Homelessness remains the top issue among respondents, and three-quarters believe it has gotten worse



When asked what they believe the top issues facing San Francisco are, 53% of respondents cite homelessness. In addition, 27% mention housing and 16% cost of living or displacement.

Seventy-five percent of survey respondents say they believe homelessness has gotten worse in the past two years, while only 8% believe it has gotten better and 17% believe it has stayed the same.

A quarter of respondents cite infrastructure as a top issue and over half believe street cleanliness has declined



Twenty-three percent of respondents cite infrastructure as a top issue in the City. Nine percent specifically state that the City is too dirty or there is too much trash on the streets and sidewalks, while 7% reference bodily fluids on the sidewalks or in the streets.

Fifty-seven percent of survey respondents say they believe street cleanliness has gotten worse in the past two years. Eighteen percent believe it has gotten better and 25% believe it has stayed the same.

One-fifth of respondents cite law enforcement and safety as a top issue, while just under half believe public safety has gotten worse

Twenty-one percent of respondents cite safety and law enforcement in general as a top issue for the City. Of those, the most commonly mentioned issue was open drug dealing or use, with almost 10% of respondents mentioning it. In addition, 7% cite feeling unsafe or too much crime, while 6% cite petty crime such as bike theft or car break-ins, and feelings that the incidents were not adequately addressed by police.

Forty-five percent of respondents say public safety has gotten worse in the past two years, while 21% say it has gotten better and 34% believe it has stayed the same.

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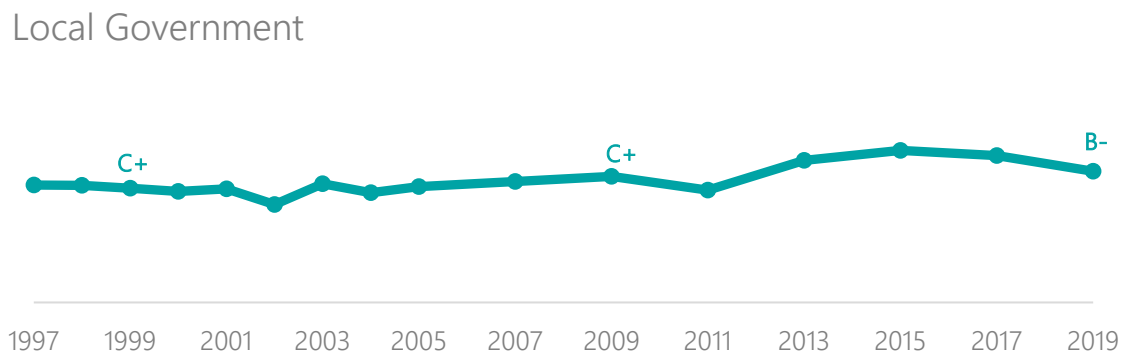
B- Government

The percent of respondents rating government A or B falls below 50% for the first time since 2011

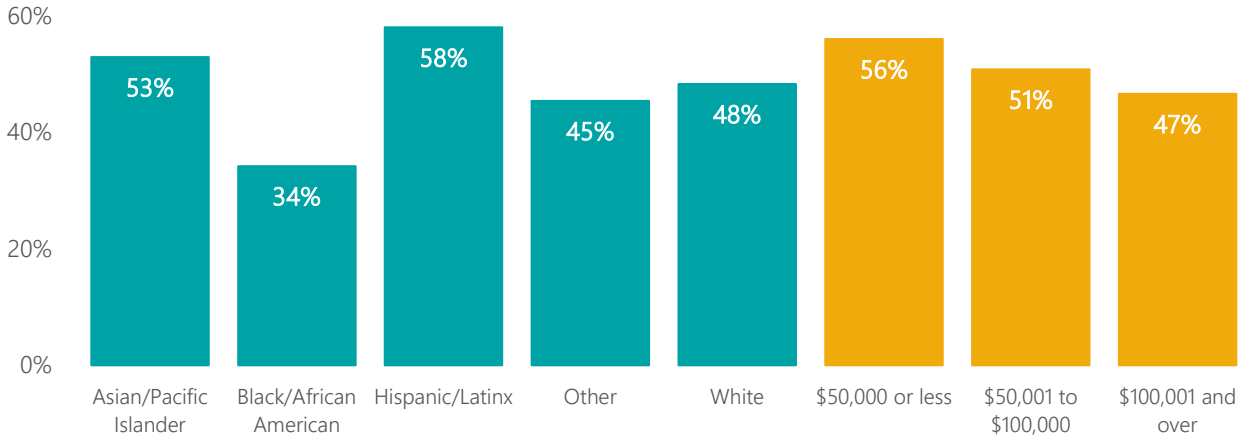


Respondent ratings of local government overall remain a "B-", the same grade since 2013, but have dropped within that grade. The percent of respondents rating government an "A" or "B" declined from a high of 57% in 2015 to 49% in 2019.

41% of respondents living in the City for longer than 20 years rate government an "A" or "B", over 10 percentage-points lower than other groups.

Black/African American respondents rate government the lowest, Hispanic/Latinx respondents rate it the highest

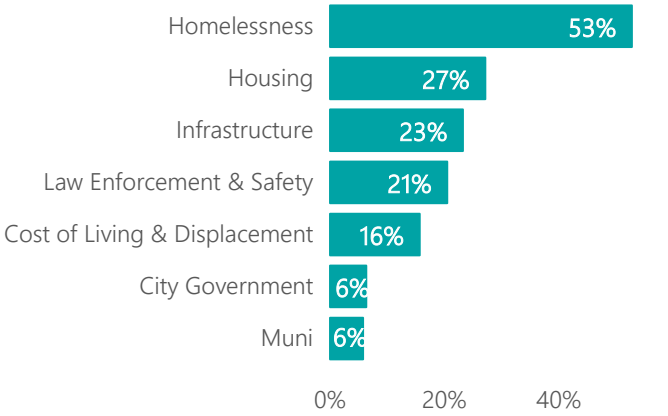
Thirty-four percent of Black/African American respondents rate local government an "A" or "B", compared to 58% of Hispanic/Latinx respondents. Low-income respondents rate government more positively than higher income ones.



Percent rating overall Government "A" or "B" by race/ethnicity and income

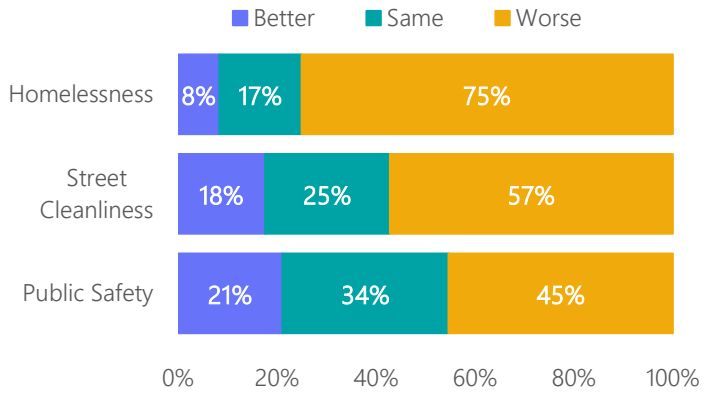
Homelessness and housing continue to be leading issues

Survey respondents were asked to name the most important issues facing the City. More than half of respondents cite homelessness as a top issue (53%), up from 33% of respondents in 2017. Housing remains the second most cited issue, with similar ratings across survey years (31% in 2017 and 27% in 2019). Other issues commonly reported by respondents include infrastructure and cleanliness, concerns about public safety, and cost of living and displacement.



Percent of respondents mentioning each top issue

Most respondents believe major issues from 2017 have gotten worse



Percent of respondents by response to key issues

In 2019, respondents were asked whether three frequently noted issues from 2017 had gotten better or worse. Only 8% of respondents believe homelessness has improved since 2017, while 75% believe it has gotten worse. Younger and lower income respondents are slightly less likely to say homelessness has gotten worse.

Black/African American respondents are more likely to say street cleanliness has gotten worse (70%) than respondents of other races/ethnicities (48% API, 52% Hispanic/Latinx, and 60% White). There are no clear patterns of responses across supervisorial districts. Low-income respondents are significantly less likely to say street cleanliness has gotten worse in the past two years than higher income ones.

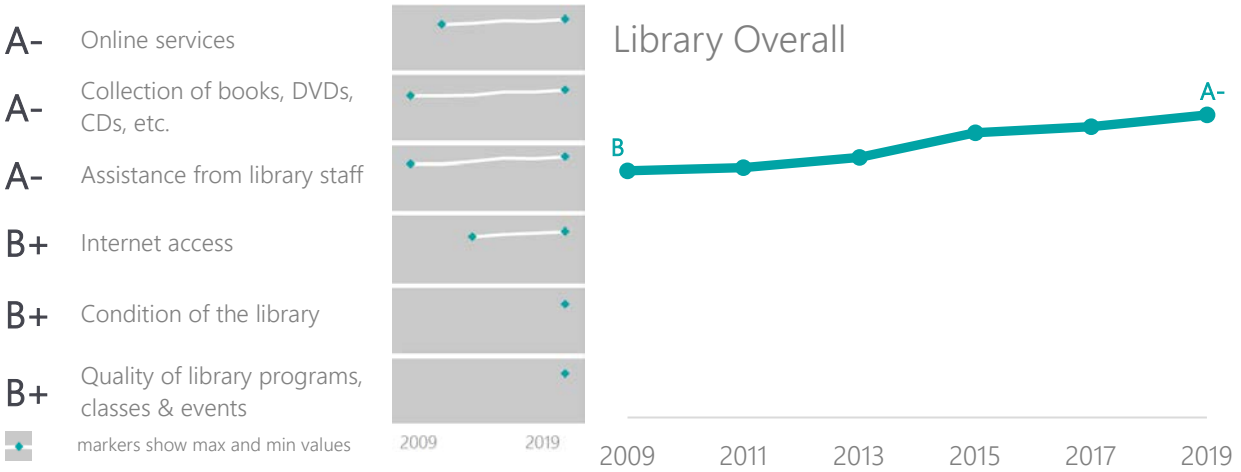
Thirty-two percent of low-income respondents say public safety has gotten better over the past two years compared to only 16% of high-income respondents. Hispanic/Latinx respondents are most likely to say public safety has improved, while White and API respondents are least likely to.

Long-term respondents report worsening conditions

Respondents living in San Francisco for longer are more likely to say that public safety, street cleanliness, and homelessness have gotten worse. In particular, those who have lived in the City more than five years are almost 15 percentage-points more likely to say homelessness has gotten worse than those who have lived in the City for five years or less. Similarly, respondents who have lived in the City for more than five years are 12 percentage-points more likely to say public safety and street cleanliness have gotten worse.

A- Libraries

Library ratings reach an all-time high, with the highest grade of any service since the first City Survey in 1996



Respondent ratings for the Library overall increase from a "B+" to an "A-", the highest of all survey years. All library attributes received the highest ratings in City Survey history. New questions about library programming and condition were added to the survey in 2019, with 89% and 84% of respondents rating an "A" or "B", respectively.

93% of respondents rate assistance from library staff an "A" or "B", the highest of the survey. The library received four of the top five highest ratings from the 2019 City Survey.

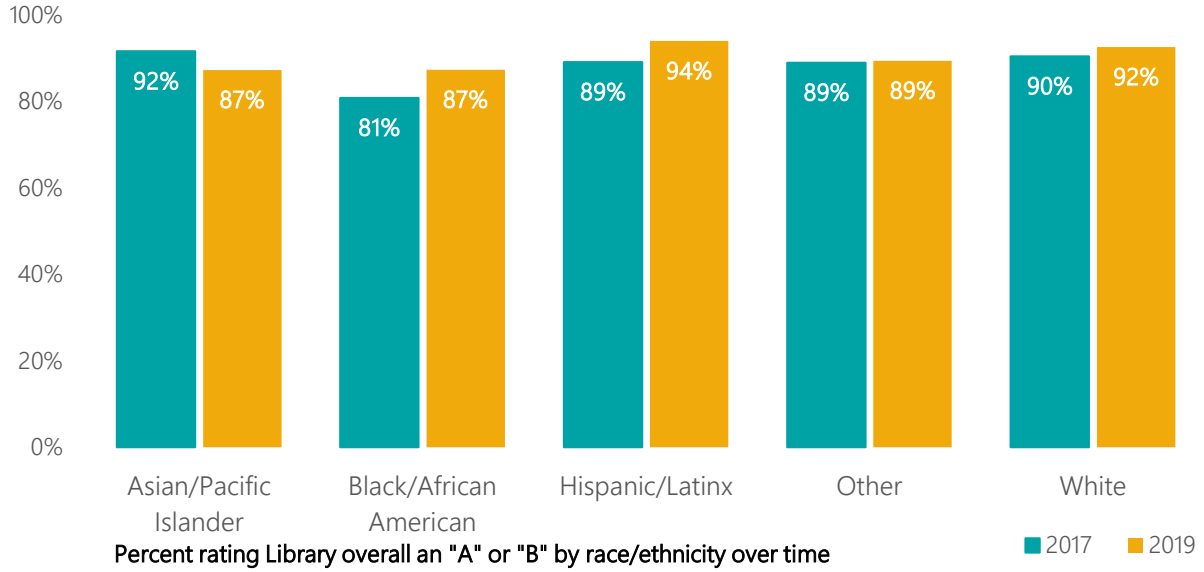
Respondents across income levels rate the library similarly, though use varies slightly

Approximately 90% of respondents rate the library an "A" or "B" across the income spectrum, but usage patterns differ. Low-income respondents are slightly more likely to be frequent users (one or more times a month) of any library service, and are more likely to have used the Main Library (located in District 6) in the past year. They are less likely, however, to have used online services than middle- or high-income respondents.

76% of respondents with children visited a branch library in the past year. Respondents with children are almost twice as likely to be frequent library users than those without.

Hispanic/Latinx and White respondents rate libraries higher than Black/African American and API respondents

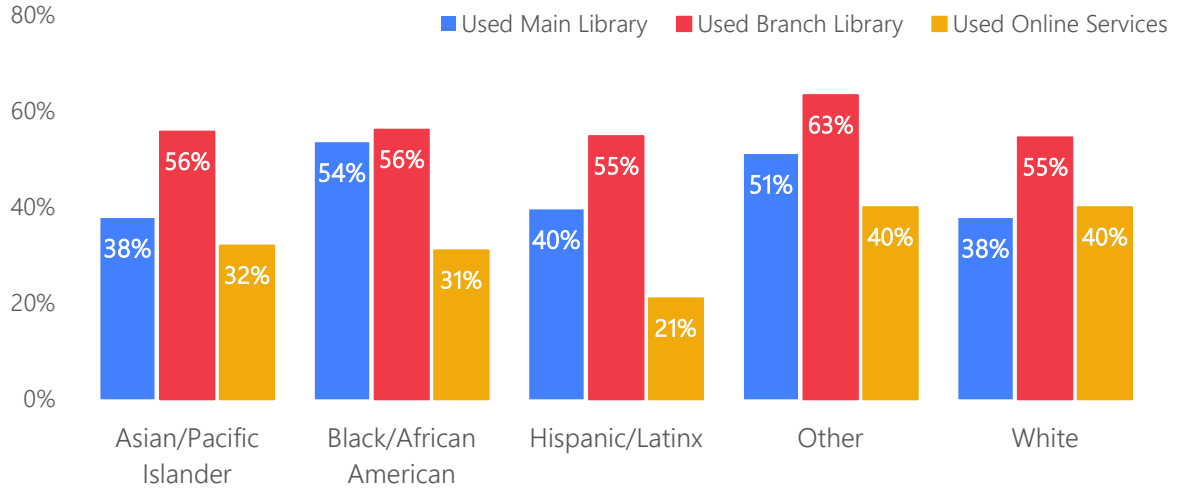
Hispanic/Latinx respondents give the Library overall the highest rating, with 94% rating an "A" or "B". Black/African American respondents rate the library the lowest, but saw the greatest increase between 2017 to 2019, going from 81% to 87% rating the Library overall an "A" or "B".



Percent rating Library overall an "A" or "B" by race/ethnicity over time

Main Library and online services usage vary by race/ethnicity

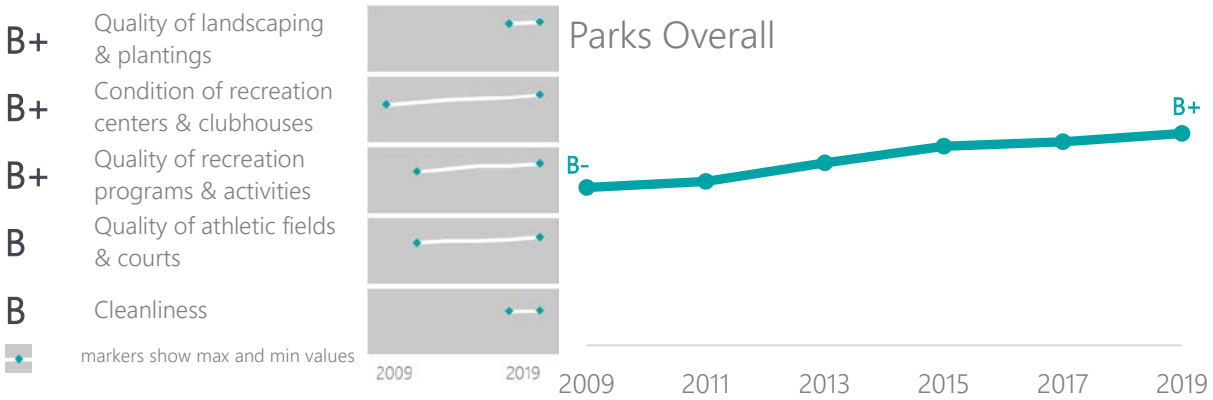
The likelihood of being a frequent library user (at least once a month) overall and of the branch libraries is about equal across race/ethnicity. Usage patterns differ across the Main Library and online services. Black/African American respondents are most likely to have used the Main Library in the past year (54%), while White respondents and those identifying as other race/ethnicity (includes those identifying as more than one race) are most likely to have used online services (40%). Hispanic/Latinx respondents are least likely to have used online services (21%).



Percent using library services in past year by race/ethnicity

B+ Parks

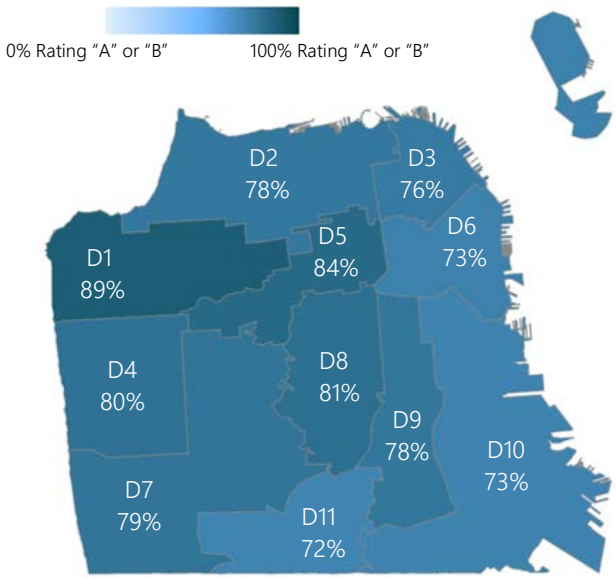
All park ratings climb steadily



The overall grade for City parks increased from a "B" in 2017 to a "B+" in 2019. Overall, respondents rating City parks an "A" or "B" keep ticking up, with 79% in 2019 compared to only 64% in 2011.

Four of the five park attributes increased from 2017; only park cleanliness remains essentially unchanged. In 2011, the first year the City Survey asked about the quality of fields and courts and the quality of programming, 58% and 60% of respondents rated them an "A" or "B", respectively. In 2019, those ratings are up to 76% and 86%.

The Southeast continues to have the lowest parks ratings in the City



Percent rating Parks overall an "A" or "B"

The Eastern and Southern parts of the City, Districts 6 (SOMA/Treasure Island), 10 (Bayview/Hunters Point), and 11 (Excelsior/ Ocean View) have the lowest park ratings in the City, though District 10 has improved from 2017 (73% rating an "A" or "B" in 2019, up from 59% in 2017). It has seen large increases across every attribute, while District 11 has larger than average increases in ratings for the quality of landscaping and the quality of fields and courts but decreases in quality of programming and the condition of recreation center buildings. The northwest of the City generally has the highest park ratings in 2019, with at least 80% of respondents living in Districts 1 (Richmond), 4 (Sunset), 5 (Haight/Western Addition), and 8 (Castro/Noe Valley) giving parks an "A" or "B" rating.

Black/African American respondents rate parks the lowest

Sixty-five percent of Black/African American respondents rate parks an “A” or “B”, compared to 82% of White respondents, 80% of API respondents, and 74% of Hispanic/Latinx respondents. Black/African American and Hispanic/Latinx women rate parks much lower than women of other racial/ethnic groups and men of the same race/ethnicity.

	Asian/Pacific Islander	Black/African American	Hispanic/ Latinx	Other	White
Female	78%	55%	65%	71%	82%
Male	81%	74%	83%	76%	83%

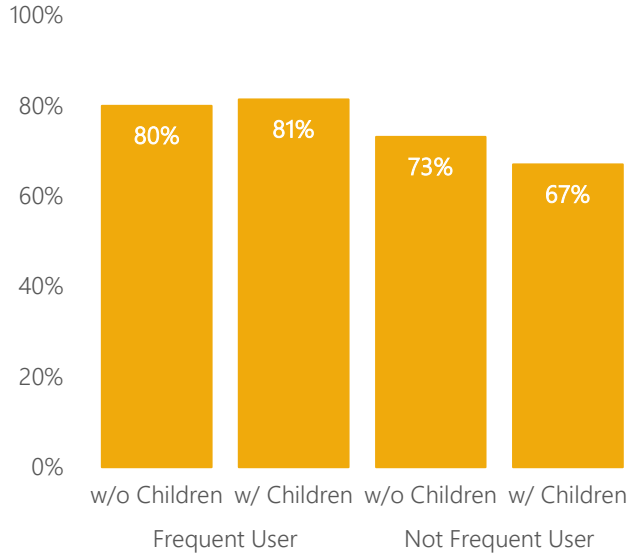
Percent rating Parks overall an "A" or "B" by race/ethnicity and gender

Frequent park users with children give parks the highest rating

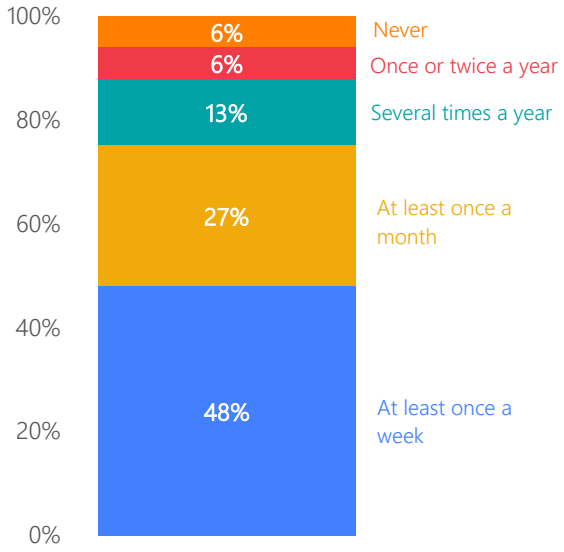
Respondents who report using parks at least once a month (frequent users) are more likely to rate parks an “A” or “B” (80%) than those who use the parks less often (72%). Frequent users with children rate parks marginally higher (81%) than those without (80%), but much higher than parents or guardians who are not frequent park users (67%).

Nearly half (48%) of respondents report using parks at least once a week, while just 6% do not report visiting one in the past year.

63%
of respondents with children report using a park at least once a week.



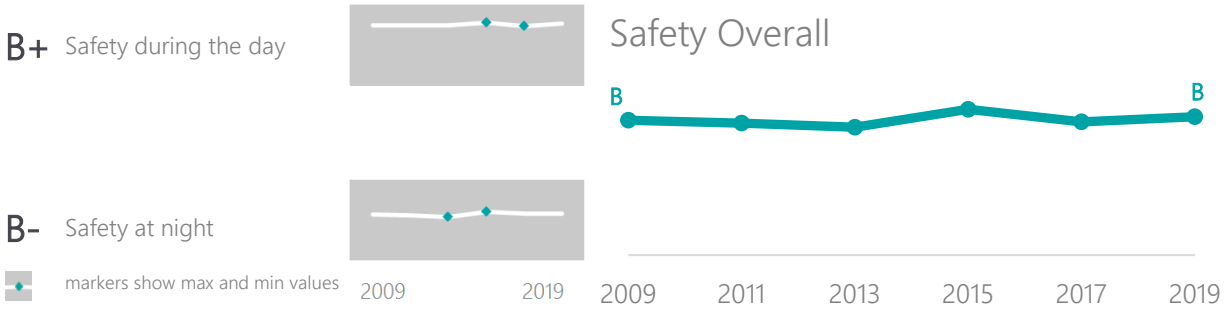
Percent rating Parks overall "A" or "B" by frequent use and children



Percent of respondents by frequency of park use

B Safety

Feelings of safety rise after a slight reduction in 2017



Most respondents (85%) report feeling safe or very safe walking alone in their neighborhood during the day, while just over half (53%) report feeling safe or very safe walking alone in their neighborhood at night. Both feelings of safety during the day and at night have improved after decreasing slightly in 2017, when the percentage of respondents who felt safe or very safe was 82% and 51%, respectively. These increases are not large enough to change letter grades.

Hispanic/Latinx women report the lowest ratings of safety

Gender continues to be a key factor in feelings of safety. Sixty-one percent of male respondents report feeling safe or very safe at night; only 44% of female respondents report the same. This trend holds across all racial/ethnic groups, except for feelings of safety during the day for those identifying as other race/ethnicity or White. Hispanic/Latinx women report the lowest ratings of safety during the day and at night, while White men report the highest ratings of safety compared to all other groups. White respondents have no gender differences in safety during the day, but similar gaps at night.

	Female	Male
Asian/Pacific Islander	73%	85%
Black/African American	79%	87%
Hispanic/ Latinx	72%	81%
Other	86%	80%
White	90%	90%

Percent feeling safe or very safe during the day

	Female	Male
Asian/Pacific Islander	37%	55%
Black/African American	47%	59%
Hispanic/ Latinx	34%	56%
Other	35%	60%
White	51%	66%

Percent feeling safe or very safe at night

Feelings of safety vary by both income and race/ethnicity

With the exception of Black/African American respondents, high-income respondents of most racial/ethnic groups report feeling safer during the night than lower income respondents. Black/African Americans rate feeling the least safe at night among middle-income respondents, but the safest of all races/ethnicities when looking at respondents making $50,000 or less per year.

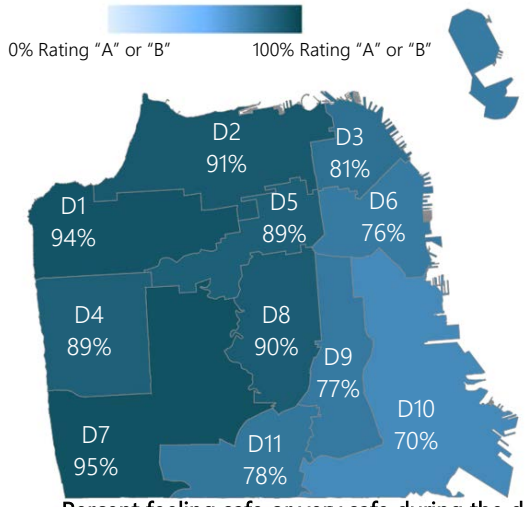
	Asian/Pacific Islander	Black/African American	Hispanic/ Latinx	Other	White
$50,000 or less	39%	61%	41%	45%	49%
$50,001 to $100,000	42%	39%	42%	45%	63%
$100,001 and over	54%	56%	47%	51%	59%

Percent feeling safe at night by race/ethnicity and income

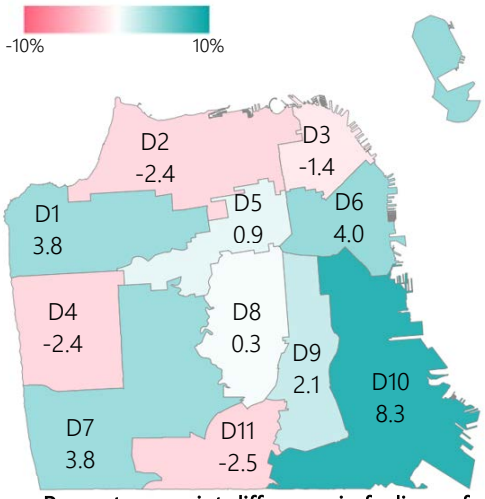
Respondents from District 10 are least likely to feel safe walking alone in their neighborhood during the day and at night

Feelings of safety during the day have increased across most districts since 2017. Respondents from District 7 (Twin Peaks/Lake Merced) are most likely to feel safe or very safe walking alone in their neighborhoods both during the day (95%) and at night (72%). While respondents from District 10 (Bayview/Hunters Point) have the lowest ratings of safety, the district has seen improvements since 2017, with 70% reporting feeling safe or very safe during the day, up from 62% in 2017.

When looking at feelings of safety at night, more than half of districts saw decreases in feelings of safety at night, with the largest decrease in District 4 (Sunset); 65% of District 4 respondents feel safe or very safe alone in their neighborhood at night, down from 79% in 2017.



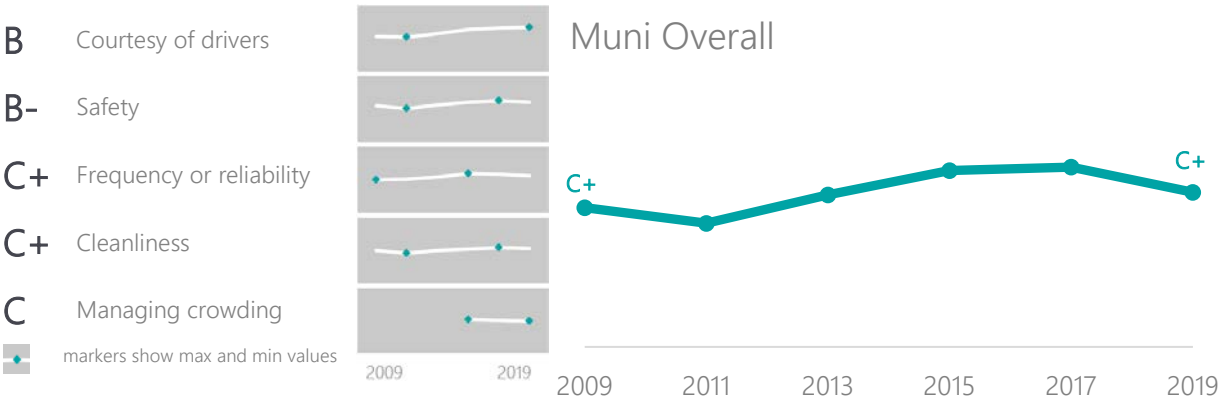
Percent feeling safe or very safe during the day



Percentage-point difference in feeling safe or very safe during the day from 2017 to 2019

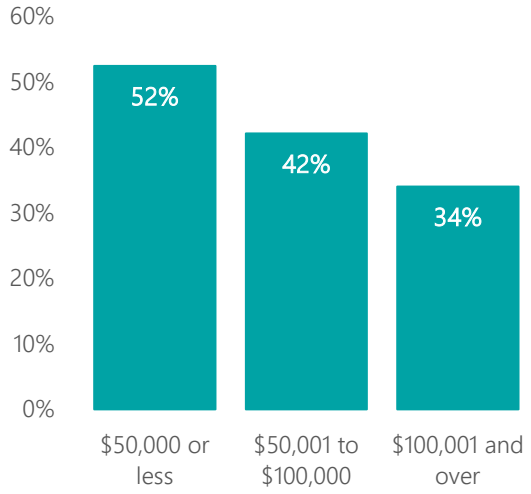
C+ Transportation

Muni ratings sink to 2013 levels from a B- to a C+



Forty-percent of respondents rate Muni an "A" or "B" in 2019, down from a high of 59% in 2017. Respondent ratings of the courtesy of drivers remains the highest rated of Muni attributes, and the only to increase from 2017. Of all ratings in the 2019 City Survey, Muni's ability to manage crowding receives the lowest rating, a C average, with only 33% rating it an "A" or "B".

Low-income and older respondents rate Muni the highest



Percent rating Muni overall an "A" or "B" by income

Low-income respondents rate Muni higher than middle- or high-income respondents. Fifty-two percent of low-income respondents give Muni an "A" or "B" rating in comparison to 34% of respondents making over $100,000 per year.

Respondents over 55 are also more likely to rate Muni an "A" or "B" than those in younger age groups, a trend which holds across income groups. There are several factors that could be causing this. Older respondents are more likely to be low-income, a group that rates Muni higher.

84%
of respondents reported using Muni in the past year.

Frequent public transit users are most likely to be low-income women

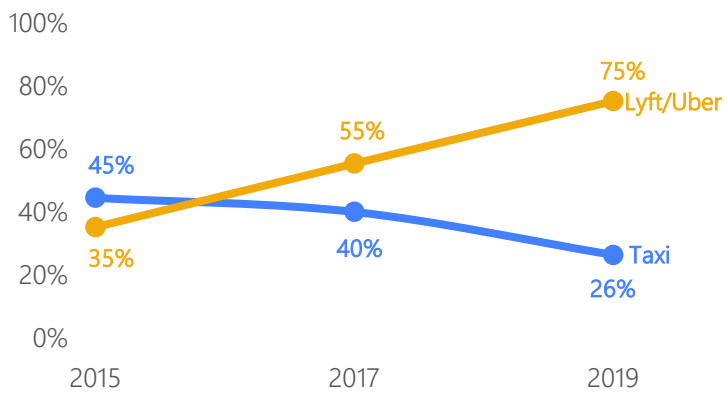
Fifty-eight percent of respondents report frequent use (at least once a week) of public transportation (includes Muni and BART). Those who use public transportation frequently varies by race/ethnicity and gender, with Hispanic/Latinx and API women respondents most likely to report using public transit (65% and 66%), while Black/African American men are least likely (42%). Frequent public transit use is fairly similar across income and gender groups, except for low-income women who are most likely to use Muni (68%).

13% of Black/African American and Hispanic/ Latinx women felt "Very Unsafe" on Muni compared to 3% of women of other races/ethnicities.

	Female	Male
$50,000 or less	68%	57%
$50,001 to $100,000	57%	56%
$100,001 and over	53%	57%

Percent frequent public transit users by income and gender

Use of Lyft and Uber continue to increase as Taxi use declines

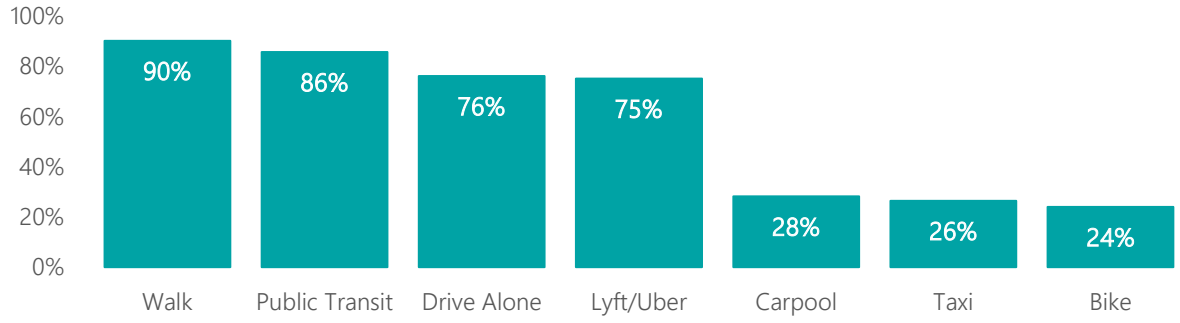


Percent of respondents using a taxi or rideshare in the past year

Since 2015, the percentage of respondents reporting use of a ridesharing company like Lyft or Uber in the past year rose from 35% to 75%. Conversely, taxi use dropped from 45% in 2015 to 26% in 2019. Only 12% of respondents under the age of 35 report using a taxi in the past 12 months, while 35% of respondents over 55 have. White respondents are the most likely to have used Lyft or Uber and to have used a taxi.

Walking and public transit are the most common transit methods

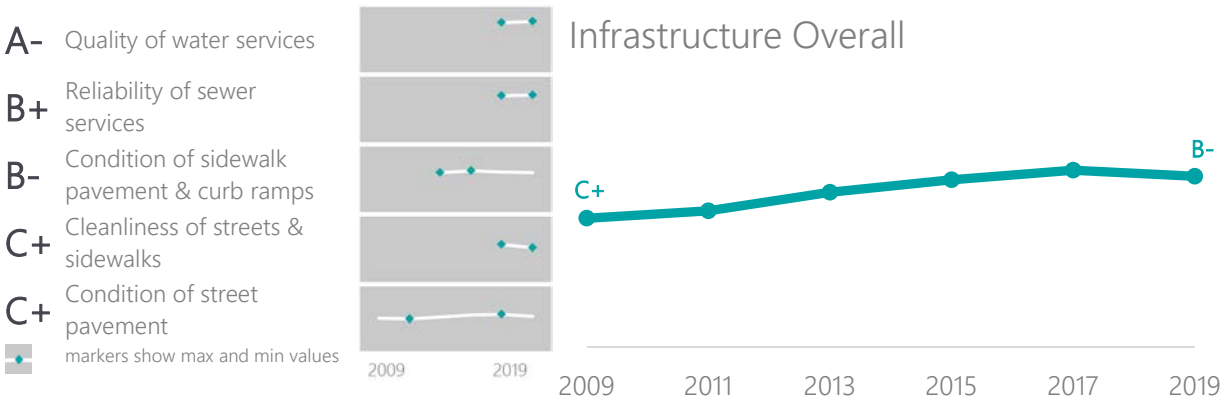
Seventy-five percent or more respondents report walking, using public transit, driving alone, or using a ridesharing company in the past year, while about a quarter of respondents report using other transit options.



Percent of respondents using each transit method in the past year

B- Infrastructure

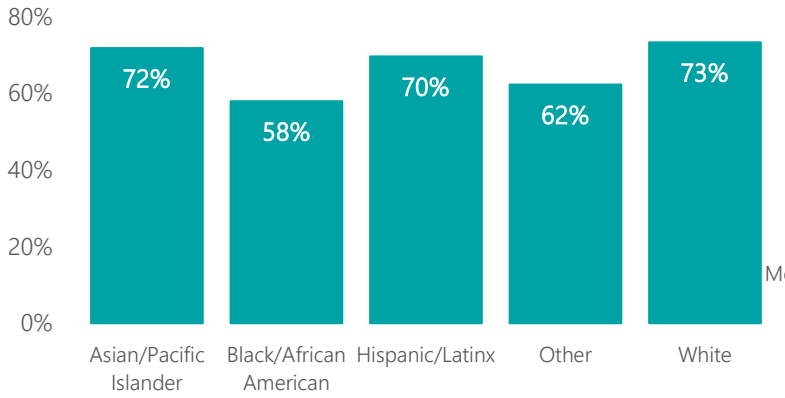
Street conditions and street and sidewalk cleanliness both drop from a B- to a C+



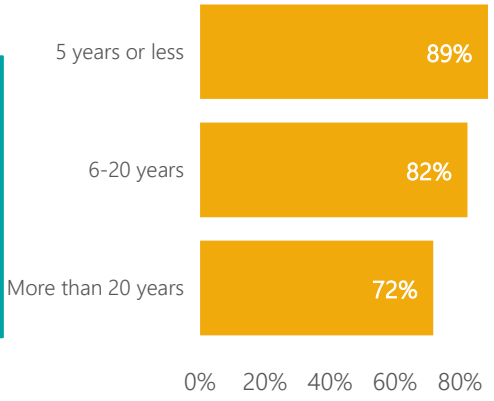
Ratings of overall Infrastructure decreased slightly from an overall rating of a "B" in 2017 to a "B-" in 2019. Quality of water services is the only infrastructure attribute with a letter grade improvement from a "B+" in 2017 to a "A-" in 2019. Across attributes, respondents rate the quality of water services the highest (87% rating an "A" or "B") and street and sidewalk cleanliness the lowest (45% rating an "A" or B").

Black/African American respondents and long-time San Franciscans are least satisfied with City infrastructure

Infrastructure ratings vary by race/ethnicity, with different groups rating each attribute the most favorably. Black/African American respondents are least likely to rate all measures of infrastructure an "A" or "B". The biggest gap in satisfaction based on length of time living in San Francisco is in ratings of reliability of sewer services: respondents who have lived in San Francisco for longer than 20 years are less likely to rate sewer services an "A" or "B" (72%) compared to those who have lived in San Francisco for five years or less (89%).



Percent rating Infrastructure overall an "A" or "B" by race/ethnicity



Percent rating Sewer Services an "A" or "B" by time living in San Francisco

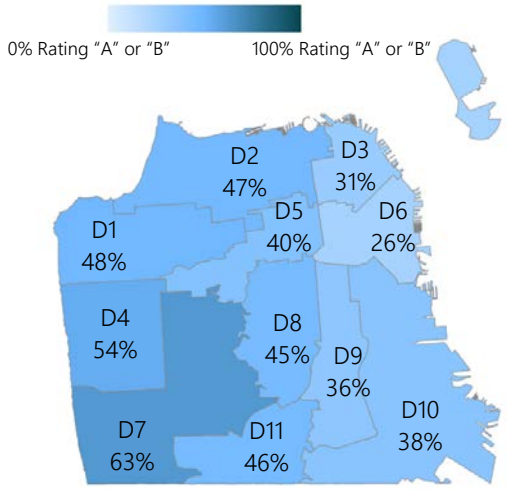
Respondents with lower incomes are more satisfied with street and sidewalk cleanliness but less satisfied with water and sewer services

Respondents with incomes of $100,000 or less per year are more likely to provide the highest ratings for cleanliness of neighborhood streets and sidewalks and condition of street pavement, than respondents with higher incomes. However, the opposite is true for ratings of quality of water services and reliability of sewer services.

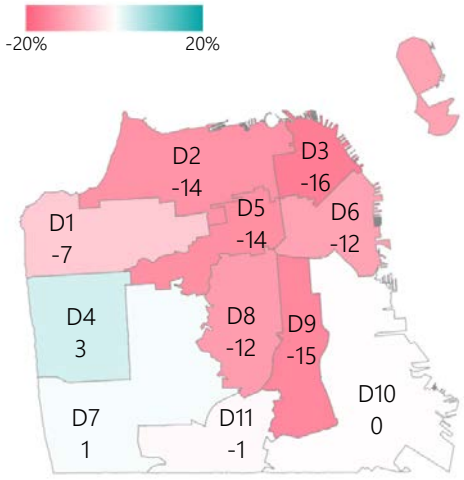
	Quality of water services	Reliability of sewer services	Condition of sidewalks & curbs	Condition of street pavement	Cleanliness of streets & sidewalks
$50,000 or less	81%	71%	58%	49%	49%
$50,001 to $100,000	84%	77%	59%	49%	47%
$100,001 and over	93%	85%	58%	41%	39%

Percent rating infrastructure attributes an "A" or "B" by income

Respondent ratings of cleanliness of neighborhood streets and sidewalks decline in most districts



Percent rating cleanliness an "A" or "B" in 2019

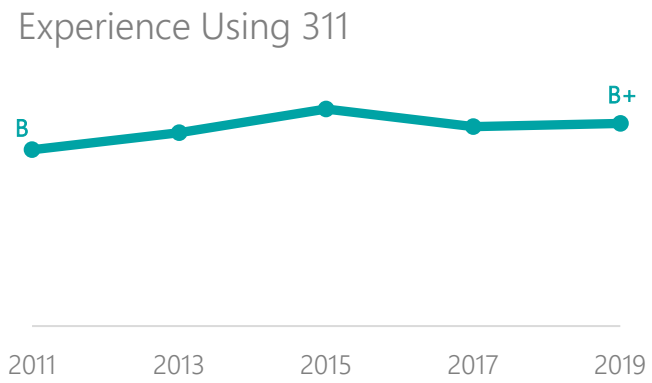


Percentage-point difference in cleanliness ratings from 2017 to 2019

Respondents living in District 7 (Twin Peaks/Lake Merced) are most likely to rate Infrastructure overall as an "A" or "B" (82%), compared to just 57% of District 10 (Bayview/Hunter's Point) respondents. Though, there is substantial variation in satisfaction across districts depending on the attribute. While District 3 (North Beach/Chinatown) has the highest percentage of respondents rating water service quality as an "A" or "B" (92%), the same respondents rate the sewer service reliability among the lowest (74%). Satisfaction with cleanliness of streets and sidewalks declined in nearly two-thirds of districts. District 3 and District 9 (Mission/Bernal Heights) had the largest reduction in respondents rating cleanliness of neighborhood streets and sidewalks an "A" or "B".

B+ 311 Services

Ratings of 311 experiences are almost identical to 2017 levels



Overall ratings of 311 experiences improved from a "B" in 2017 to a "B+" in 2019, with 74% of respondents who used 311 rating their experience an "A" or "B". Seventy-two percent of respondents report having heard of 311, the City's customer service phone number and website for information on City services. Among those who had heard of 311, about half used 311 services in the past year.

Respondents living in the City more than five years are most likely to have heard of 311

63%
of respondents making $50,000 or less per year have heard of 311, versus 76% of respondents with higher incomes.

	Asian/Pacific Islander	Black/African American	Hispanic/ Latinx	Other	White
5 years or fewer	47%	46%	35%	65%	63%
6-20 years	55%	83%	58%	74%	78%
More than 20 years	75%	87%	61%	85%	84%

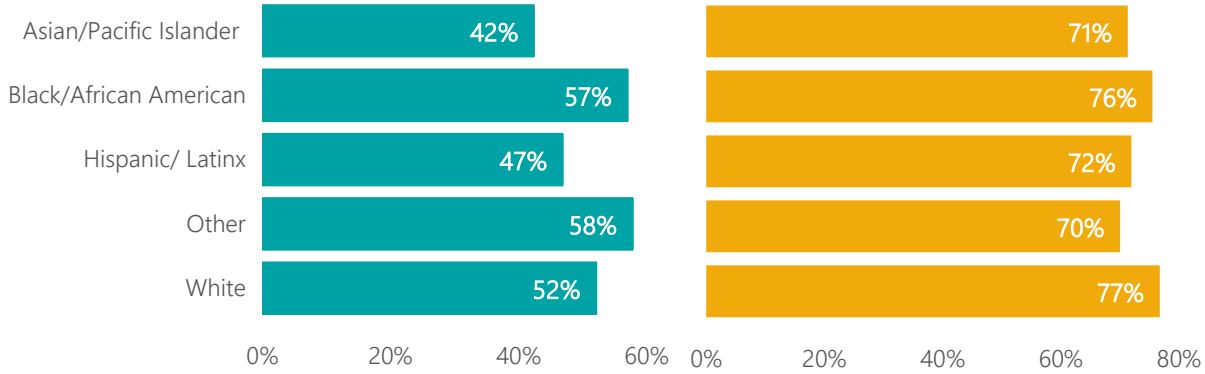
Percent heard of 311 by race/ethnicity and time in SF

Respondents who are longer-term residents are more likely to have heard of 311 than respondents who have been living in San Francisco for five years or less. Among respondents who have been living in San Francisco for more than five years, Black/African Americans are the most likely to have heard of 311 compared to other racial/ethnic groups. Respondents under 35 years of age are also the least likely age group to have heard of 311, with less than two-thirds having heard of it.

Respondents identifying as other race/ethnicity are most likely to use 311, but are least satisfied with 311 services

Among respondents who have heard of 311, those in the other race/ethnicity category (58%) or Black/African American (57%) are most likely to have used 311 in the past year. API respondents are least likely to have used 311 in the past year (42%), and one of the least likely racial/ethnic groups to rate their 311 experience an "A" or "B" (71%). Respondents who say they are considering leaving San Francisco within three years are marginally less likely to have used 311 in the past year, and

they rate their experiences using 311 an "A" or "B" noticeably lower (69%) than respondents who are less likely to leave San Francisco (77%).

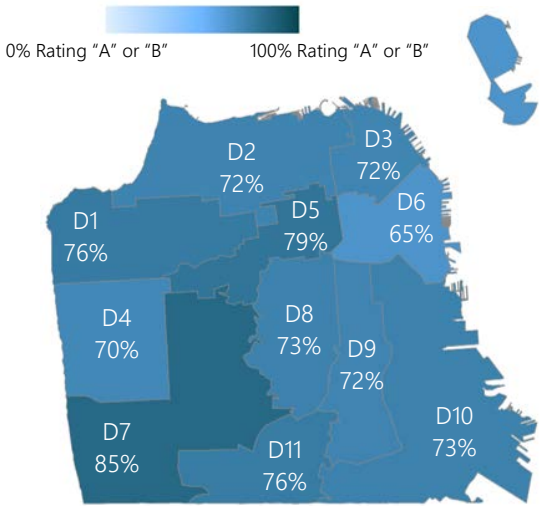


Percent of respondents using 311 in the past year by race/ethnicity

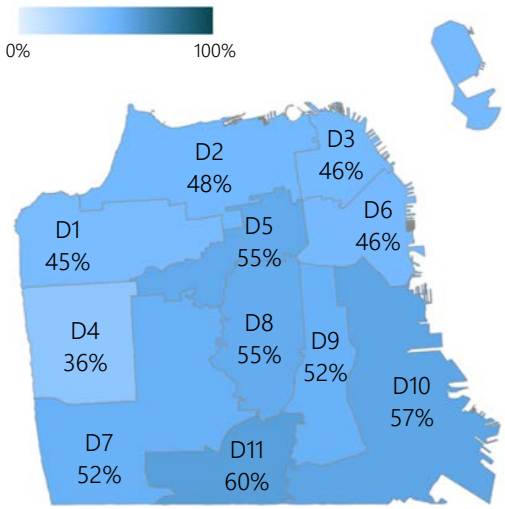
Percent rating 311 an "A" or "B" if used

Awareness, use, and ratings of 311 services varies widely by district

Respondents living in District 8 (Castro/Noe Valley) are most likely to have heard of 311 services (85%), whereas District 6 (SOMA/Treasure Island) respondents are least likely to have heard of 311 (65%). Among all respondents that are aware of the 311 phone number or website, those living in the Southern and Eastern parts of the City are most likely to have used 311 in the past year. Respondents living in District 7 (Twin Peaks/Lake Merced) report the most favorable experiences with 311, with 85% of respondents rating their experience using 311 an "A" or "B". In contrast, respondents from District 6 are least likely to rate their experiences using 311 an "A" or "B" (65%), even though they are least likely to have heard of 311. Compared to 2017, more than half of the supervisorial districts saw a drop in respondents rating their 311 experiences an "A" or "B", with District 9 (Mission/Bernal Heights) reporting the largest decrease (82% to 72%).



Percent rating 311 an "A" or "B"



Percent using 311 in the past year

Appendices

APPENDIX A: METHODOLOGY

From November 2018 through February 2019, Corey, Canapary & Galanis (CC&G) conducted the 16th City Survey, a citywide random sample survey of San Francisco residents that aims to assess use of and satisfaction with various City services.

CC&G completed surveys with 2,218 San Francisco residents. This sample size is associated with a margin of error of ±2.08 percent at a 95% confidence level. Respondents were contacted by phone and given the option to complete the survey by phone or online.[1] Surveys were offered in English, Cantonese, Mandarin, Spanish, and Tagalog.[2]

Some statistically significant changes in results may be due to a change in survey methodology. Before 2015, the City Survey was administered by mail, but has since been delivered by phone with an online option. This methodology change resulted in a more representative sample of San Francisco residents.

The 2019 City Survey findings summarize resident satisfaction with City services using a letter grade system. The grade associated with each City service in this report was developed by averaging responses to create a mean score using a five-point grading scale ("A+" equals five points and "F" equals one point). The table below details how these mean scores translate into the letter grades presented in the survey results.

Numeric to Letter Grades		
Letter Grade	Lower Mean	Upper Mean
A+	5.00	5.00
A	4.67	4.99
A-	4.33	4.66
B+	4.00	4.32
B+	3.67	3.99
B-	3.33	3.66
C+	3.00	3.32
C	2.67	2.99
C-	2.33	2.66
D+	2.00	2.32
D	1.67	1.99
D-	1.33	1.66
F	1.00	1.32

[1] Similar to the 2017 City Survey, a small number of respondents (eight) completed the survey online.
[2] The majority of respondents completed the survey in English, while 218 respondents chose to complete the survey in a language other than English.

How well do the respondents represent San Franciscans?

One of the key reasons for departing from previous City Survey methodologies in 2015 was to reach a broader cross-section of San Francisco residents. This was largely successful, and thus the weighting applied to the 2019 survey results is considerably less complex than in some previous City Survey studies.

As in previous City Surveys, weighting decisions are made based on how closely the results match the distribution of San Francisco residents overall. After comparing demographic results from the 2019 survey with the 2017 American Community Survey (ACS US Census), CC&G weighted the data on age and gender. The tables below show comparisons of the age and gender breakdowns between ACS US Census data, the unweighted 2019 City Survey data, and the weighted 2019 City Survey data. Weights are used only for reporting on the entire survey sample because the population distribution may not hold within each sub-group analyzed. For instance, it is unknown whether the age distribution of the entire population of San Francisco holds across all racial and ethnic groups.

City Survey vs US Census			
Age Group	US Census Data	Unweighted 2019 City Survey	Weighted 2019 City Survey
18-24	8.7%	4.1%	8.7%
25-34	26.6%	20.6%	26.6%
35-44	18.3%	23.2%	18.3%
45-54	15.6%	19.6%	15.5%
55-59	6.9%	7.2%	6.9%
60-64	6.8%	6.6%	6.8%
65+	17.2%	16.8%	17.2%
Gender			
Male	50.7%	54.2%	50.6%
Female	49.3%	45.5%	49.1%
Other	-	<1.0%	0.3%

Another demographic attribute that was considered for weighting, but not used, was race/ethnicity. ACS US Census collects race and ethnicity information separately, whereas City Survey collects race/ethnicity together as a single response. Consequently, applying ACS ethnicity weights were considered a less reliable source than the age and gender weights that were ultimately applied.

City Survey vs US Census Race/Ethnicity		
Race/Ethnicity	US Census Data	Unweighted 2019 City Survey
Asian/Pacific Islander	34.2%	22.2%
Black/African American	5.1%	5.3%
Hispanic/Latinx	15.3%	12.3%
Other	4.5%	8.8%
White	40.8%	51.4%

Interpreting the results: sample sizes

For reporting purposes, statistical methods are used to determine whether differences in opinion across groups observed in the sample represent real differences in opinion within the population of San Franciscans. When a statistically significant difference between groups is large enough, compared to the difference that sampling error alone might produce, then it is likely it represents a difference in the population of San Franciscans.

The table below shows typical sample sizes in the City Survey and their resulting margin of error. All margins of error are at the 95 percent confidence level.

Margin of Error by Sample Size

Sample Description and Size	Margin of Error
All respondents (2,218)	+/- 2.08 percent
Parents (617)	+/- 3.94 percent
Large sub-group (250)	+/- 6.20 percent
Medium sub-group (100)	+/- 9.80 percent
Small sub-group (50)	+/- 13.86 percent

For example, assume 60% of parents indicate that they have visited a park in San Francisco. If this survey was repeated multiple times it would be expected that 95% of the time between 56% and 64% of San Francisco parents would say that they visit a City park. The margin of error is larger for sub-groups of the total sample. Generally, using sub-groups with a sample size of 50 or more respondents is advisable for reporting purposes. The higher the sample size, the more confidence one can have in the percentage which is reported.

Telephone survey response rates

The 2019 City Survey was conducted by random telephone sample of San Francisco residents aged 18 years and older. This random sampling was primarily cell phone with some random digit dial (RDD) to account for those with voice-over-IP (VoIP) telephones and more traditional land line telephones.

CC&G contacted 42,252 random telephone numbers which were likely to be San Francisco residents. Of those numbers, 5,048 were disconnects (business numbers, fax numbers, etc.), 3,314 were respondents who were not eligible (e.g. under 18, do not live in San Francisco), 198 spoke a language other than English, Spanish, Cantonese, Mandarin, or Tagalog, and an additional 24,534 respondents were not reached after multiple attempts. Each number was contacted at least two to three times. CC&G conducted 2,218 completed interviews with the remaining 9,158 respondents, for a response rate of about 24%.

APPENDIX B: DATA RESOURCES

Additional Findings

Please visit https://sfgov.org/citysurvey to view more results from the 2019 City Survey.

Survey Questionnaire

Please visit https://sfgov.org/citysurvey/about-city-survey to download the 2019 City Survey questionnaire.

Full Data Set and Crosstabs

Please visit https://sfgov.org/citysurvey/about-city-survey to download the complete historical City Survey data from 1996 to 2019. A code book contains information on each of the variables included in the data set.

Crosstabs show survey responses broken down by supervisorial district and demographic characteristics for the 2019 City Survey.

From:	Reports, Controller (CON)
To:	Calvillo, Angela (BOS); Mchugh, Eileen (BOS); BOS-Legislative Aides; BOS-Supervisors; Elsbernd, Sean (MYR); Fay, Abigail (MYR); Kirkpatrick, Kelly (MYR); Valdez, Marie (MYR); Cretan, Jeff (MYR); Lynch, Andy (MYR); Karunaratne, Kanishka (MYR); Rose, Harvey (BUD); Campbell, Severin (BUD); Goncher, Dan (BUD); Rose, Harvey (BUD)
Subject:	Issued: Controller's Office Recommends Adjustment to Hotel Tax Exemption, May 2019
Date:	Friday, May 10, 2019 11:32:23 AM

This memo recommends increasing the hotel tax exemption rate from $40 a day and $100 per week, set in March 2015, to $52 a day and $130 per week, based on a review of recent economic and hotel industry trends.

To view the memo, please visit our Web site at:
http://openbook.sfgov.org/webreports/details3.aspx?id=2704

This is a send-only e-mail address.

For questions about the report, please contact Michelle Allersma at michelle.allersma@sfgov.org or 415-554-4792.

OFFICE OF THE CONTROLLER
CITY AND COUNTY OF SAN FRANCISCO

Ben Rosenfield
Controller

Todd Rydstrom
Deputy Controller

MEMORANDUM

TO: Honorable London Breed
Mayor, City and County of San Francisco

FROM: Ben Rosenfield, Controller's Office

DATE: May 10, 2019

SUBJECT: **Adjustment to Hotel Tax Exemption**

Summary

San Francisco Business and Tax Regulations Code, Article 7, Section 506 (c) currently offers an exemption of transient occupancy tax (or "hotel tax") where the rate is less than $40 a day or $100 per week. The Controller's Office must review the exemption amounts three to five years from the effective date of the last rate change and recommend adjustments if appropriate. Based on a review of recent economic and hotel industry trends, the Controller's Office recommends increasing the exemption rate from $40 a day and $100 per week, set in March 2015, to $52 a day and $130 per week.

Hotel Tax Exemption Adjustment

Section 506 (d) includes a number of factors that may be considered in reviewing the exemption level, including the cost of living and impact on the City's revenue. Since FY 2015-16, the first full year of the $40/day or $100/week exemption, hotels have taken total exemptions of $5.6 million to $8.4 million per fiscal year, forgoing hotel tax ranging from $0.8 million to $1.2 million. In FY 2017-18, the exemptions were taken by 21 hotels in San Francisco, with a total exemption of $5.6 million. This is a 33.0% decrease from the prior year, when $8.4 million were taken by 24 hotels.

	Exemptions Taken	Hotel Tax Forgone
FY 2014-15	$4,911,860	$687,660
FY 2015-16	$7,246,521	$1,014,513
FY 2016-17	$8,431,842	$1,180,458
FY 2017-18	$5,647,084	$790,592

The table below summarizes the changes in average daily rates (ADR) for hotels in Northern California with room rates less than $75 from 2014 to 2018 and the San Francisco-Oakland-San Jose Area CPI-U.

	Average Daily Rates (<$75)		CPI-U	
	$	Change from Prior Year	$	Change from Prior Year
2014	47.47	N/A	251.985	N/A
2015	57.41	20.9%	258.572	2.6%
2016	57.49	0.1%	266.344	3.0%
2017	59.67	3.8%	274.924	3.2%
2018	61.53	3.1%	285.550	3.9%
Cumulative Change (2014-2018)	14.06	29.6%	33.565	13.3%

ADR for hotel rooms less than $75 in Northern California increased 29.6% between 2014 and 2018, from $47.47 to $61.53. During the same period, Bay Area CPI-U grew by 13.3%, indicating that overall growth in budget room rates have outpaced local inflation. Based on ADR growth, the recommended level of exemption rate of $52/day and $130/week represent a 29.6% increase (rounded to the nearest dollar).

According to data provided by the San Francisco Youth Hostel Coalition, the three hostels represented by the Coalition experienced personnel cost increases ranging from 19% to 31% from 2014 to 2018. Online booking fees increased from 11% of booking revenue in 2014 to 15% in 2019, a 36% increase. Other costs such as utilities, advertising, taxes, and food have also created pressure to raise rates.

Based on ADR growth of 29.6% over the past five years, the Controller's Office recommends increasing the exemption rate to $52 a day and $130 per week.

From:	Reports, Controller (CON)
To:	Calvillo, Angela (BOS); Mchugh, Eileen (BOS); BOS-Supervisors; BOS-Legislative Aides; Elsbernd, Sean (MYR); Fay, Abigail (MYR); Bruss, Andrea (MYR); Power, Andres (MYR); Kirkpatrick, Kelly (MYR); Cretan, Jeff (MYR); Lynch, Andy (MYR); Karunaratne, Kanishka (MYR); alubos@sftc.org; pkilkenny@sftc.org; Campbell, Severin (BUD); Goncher, Dan (BUD); Rose, Harvey (BUD); Docs, SF (LIB); CON-EVERYONE; MYR-ALL Department Heads; CON-Finance Officers; gmetcalf@spur.org; thart@sfchambers.com; jballesteros@sanfrancisco.travel
Subject:	Issued: FY 2018-19 Nine-Month Report
Date:	Wednesday, May 15, 2019 2:01:08 PM

The Controller's Office provides periodic budget status updates to the City's policy makers as required under the Charter. This report provides expenditure and revenue information and projections as of March 31, 2019, incorporating more current information up to the date of publication as available.

We project a $55.2 million improvement in current year General Fund ending balance above our prior projections, which include appropriation of unbudgeted property tax revenue ("excess ERAF") adopted by the Board of Supervisors and the General Fund final ending available balance from FY 2017-18 as reported in the City's Comprehensive Annual Financial Report (CAFR). The improvement is driven largely by strength in revenue at the Department of Public Health (DPH) and expenditure savings at the Human Services Agency (HSA), partially offset by weakness in property tax revenue. The City is projected to reach its 10% target for economic stabilization reserves in the current fiscal year.

To view the full report, please visit our Web site at:

http://openbook.sfgov.org/webreports/details3.aspx?id=2710

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This is a send-only e-mail address.

FY 2018-19

Nine-Month Budget Status Report

The Controller's Office provides periodic budget status updates to the City's policy makers during each fiscal year, as directed by Charter Section 3.105. This report provides expenditure and revenue information and projections as of March 31, 2019, incorporating more current information up to the date of publication as available.

May 15, 2019

City & County Of San Francisco
Office of the Controller
Budget & Analysis Division

About the Budget & Analysis Division

The Budget and Analysis Division (BAD) manages the technical development of the City's annual budget, including forecasting tax revenues, costing and budgeting labor and benefit costs, and assisting the Mayor and Board of Supervisors with costing and budgeting of policy initiatives. The group manages the City's adherence to voter-approved spending requirements and financial policies and produces a variety of reports, including quarterly budget status updates and various fee-related reports. Additionally, the division manages property tax apportionment, rate setting, and reporting to the state, places special assessments on property tax bills, and processes the Assessor's changes to prior and current year property tax rolls.

Budget & Analysis Team:
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http://www.sfcontroller.org

Executive Summary

- **We project a $55.2 million improvement in current year General Fund ending balance above our last projections.** The prior projections include those reported in the FY 2018-19 Six-Month Report (issued February 2019) and subsequent adjustments in March given the appropriation of unbudgeted property tax revenue ("excess ERAF") adopted by the Board of Supervisors and the General Fund final ending available balance from FY 2017-18, as reported in the City's Comprehensive Annual Financial Report (CAFR).

- **This current year ending balance improvement reduces the projected shortfall for the coming two years to $100.9 million.** The March 2019 Update to the Five Year Financial Plan projected shortfalls of $30.6 million in FY 2019-20 and an additional $125.5 million in FY 2020-21, for a cumulative total of $156.1 million. Application of the $55.2 million increase in projected current year ending balance in this report reduces the shortfall to $100.9 million.

- **The improvement is driven largely by strength in revenue at the Department of Public Health (DPH) and expenditure savings at the Human Services Agency (HSA), partially offset by weakness in property tax revenue.** Net patient revenue at DPH is projected to exceed budget given higher than anticipated Medi-Cal rates and 1115 Waiver program revenues. Declining caseloads, hiring delays and contract underspending are contributing to savings at HSA. Property tax revenues are below prior projections due to higher than anticipated refunds and lower revenues from supplemental assessments, which affect both underlying property tax as well as excess ERAF.

- **The City is projected to reach its 10% target for economic stabilization reserves in the current fiscal year.** City financial policies provide that when the combined value of the City Rainy Day Reserve and the Budget Stabilization Reserve reach 10% of General Fund revenues, amounts above this cap are deposited into a Budget Stabilization One-Time Reserve for nonrecurring expenses. Reserves are expected to meet but not exceed the 10% cap in the current year. Should revenues exceed this projection, 75% of those revenues would be deposited to this Budget Stabilization One-Time Reserve, given the City's adopted reserve policies.

- **The City is pursuing additional reimbursement for "excess ERAF" allocations associated with FY 2016-17 property tax allocations**. Final approval of these allocations, totaling $149.1 million, has not yet been received from the State, and these revenues are not included in our projections. Should approval occur, approximately $111.8 million would flow to required reserve accounts, $21.0 million to baselines, and $16.3 million would be available for any discretionary purpose.

Table 1. FY 2018-19 Projected General Fund Variances to Budget ($ Millions)

Note: Figures may not sum due to rounding

	6-Month Adjusted*	9-Month	Change
FY 2017-18 Ending Fund Balance	456.6	456.6	-
Appropriation in the FY 2018-19 Budget	(188.6)	(188.6)	-
A. FY 2018-19 Starting Fund Balance	268.0	268.0	-
Citywide Revenue Surplus	278.3	251.4	(27.0)
Baseline Contributions	(51.6)	(31.1)	20.5
Departmental Operations	36.2	107.0	70.7
B. Current Year Revenues and Expenditures	263.0	327.2	64.2
C. Withdrawals from / (Deposits) to Reserves	(47.6)	(56.7)	(9.0)
D. FY 2018-19 Projected Ending Balance	483.4	538.6	55.2

*In Table 1 above and throughout this report, Six-Month Adjusted figures include those contained in the FY 2018-19 Six-Month Report (issued February 15, 2019), unbudgeted property tax revenue ("excess ERAF") appropriated by the Board on March 7, 2019, other approved supplemental appropriations that increase budgeted revenue, and final FY 2017-18 ending available balances reported in the City's audited financial statements (CAFR, issued on March 25, 2019).

FY 2018-19 Nine-Month Budget Status Report

A. GENERAL FUND STARTING BALANCE

Total projected uses of fund balance at the time the FY 2018-19 and FY 2019-20 budget was adopted were $411.8 million, of which $188.6 million was appropriated in FY 2018-19 and $223.2 million was appropriated in FY 2019-20. General Fund available fund balance at the end of FY 2017-18 was $456.6 million, or $44.8 million more than appropriated and $24.8 million more than assumed in the March Update to the Five Year Financial Plan.

B. CURRENT YEAR REVENUES AND EXPENDITURES

Citywide Revenues

As shown in Table 2, citywide revenues have improved by $251.4 million from budget, due largely to FY 2017-18 year end base building strength in business and hotel taxes, interest income, and real property transfer tax revenue. This is a $27.0 million reduction from levels projected in early March after the adoption of an ordinance appropriating $414.7 million in excess ERAF property tax proceeds. The decline is largely due to lower current year property tax revenue from supplemental assessments and higher than expected refunds. Revenue variances are further described in Appendix 1.

Table 2. General Fund Citywide Revenues Variances to Budget ($ Millions)

		A	B		B - A
	Revised Budget	6-Month Adjusted	9-Month Projection	Variance vs Rev. Budget	Variance vs Prior Projection
Property Taxes	2,142.7	2,142.7	2,105.5	(37.2)	(37.2)
Business Taxes	879.4	1,003.3	1,003.3	123.9	-
Sales Tax - Local 1% and Public Safety	301.5	307.1	310.5	9.0	3.4
Hotel Room Tax	375.8	390.2	389.9	14.1	(0.3)
Utility User & Access Line Taxes	151.0	147.5	145.1	(5.9)	(2.4)
Parking Tax	85.5	85.5	83.2	(2.4)	(2.4)
Real Property Transfer Tax	228.0	329.4	338.7	110.7	9.3
Sugar Sweetened Beverage Tax	15.0	15.0	16.0	1.0	1.0
Interest Income	27.8	60.7	61.1	33.4	0.4
Public Safety Realignment	39.0	40.0	40.0	1.0	-
Motor Vehicle In-Lieu and All Other	-	1.5	2.3	2.3	0.8
Stadium Admissions Tax	1.2	1.2	1.2	-	-
Franchise Taxes	17.5	17.0	17.5	-	0.4
Airport Transfer-In	46.6	48.3	48.3	1.7	-
Total Citywide Revenues	4,311.0	4,589.3	4,562.4	251.4	(27.0)

Baseline Contributions

Table 3 shows projections for voter-mandated spending requirements are increased by a net $31.1 million compared to revised budget, which include excess ERAF proceeds appropriated by the Board of Supervisors. Slight declines in some baselines are projected due to weakness in in Aggregate Discretionary Revenue (ADR) described above. No increases to the Children's or Transitional-Aged Youth baseline are projected, as the adopted budget exceeds the required level currently projected.

Table 3. General Fund Baseline and In-Lieu Transfers ($ Millions)

	Original Budget	Revised Budget	9-Month Projection	Variance vs Revised Budget
Aggregate Discretionary Revenue	3,658.4	4,156.3	4,342.3	186.0
Additional Transfers Required				
MTA Baseline	336.3	374.4	399.2	24.7
MTA Population Change Baseline	50.9	50.9	47.0	(4.0)
80% Parking Tax In-Lieu Transfer to MTA	68.4	68.4	66.5	(1.9)
MTA Baseline Transfers	455.7	493.8	512.7	18.9
DPW Street Trees Maintenance Fund	19.7	21.8	22.4	0.5
Library Baseline (1)	83.6	93.1	96.2	3.1
Public Education Fund Baseline	5.3	5.9	6.3	0.4
Public Education Enrichment Fund	111.8	124.5	132.7	8.2
2/3 to Schools	74.6	83.1	88.5	5.4
1/3 to Preschool for All	37.3	41.5	44.2	2.8
Total Baseline Transfers	676.1	739.1	770.3	31.1
No Additional Transfers Required (2)				
Children's Baseline	187.0	220.2	209.7	-
Transitional-Aged Youth Services Baseline	28.1	28.1	25.2	-

(1) Assumes 50% of $6.1M additional requirement is returned to the General Fund at year end.

(2) No additional adjustment required because adopted budget exceeds projected required level.

Departmental Operations

The Controller's Office projects a net departmental operating surplus of $107.0 million summarized in Table 4 below and further detailed in Appendix 2.

Table 4. FY 2018-19 Departmental Operating Summary ($ millions)
Note: Figures may not sum due to rounding

	Revenue Surplus / (Shortfall)	Uses Savings / (Deficit)	Net Surplus / (Shortfall)
Public Health	66.7	6.0	72.7
Human Services	3.0	12.7	15.7
War Memorial	8.2	-	8.2
Homlessness & Supportive Housing	-	4.1	4.1
General Services Agency	(0.7)	2.5	1.8
Fire Department	0.9	-	0.9
Juvenile Probation	-	0.8	0.8
Ethics Commission	0.1	0.6	0.7
Health Service System	-	0.3	0.3
Other Departments	(12.9)	14.6	1.8
Total	65.3	41.6	107.0

Approved Supplemental Appropriations

To date no supplemental appropriation using the General Reserve have been approved. Any uses of the Reserve would require a like amount of deposits in the budget year.

On April 23, 2019, the Board of Supervisors approved a supplemental ordinance appropriating $0.4 million in Fire Department fee revenue for overtime and reappropriating $5.7 million in operating expenses in the PUC and Sheriff's Department for overtime, pursuant to Administrative Code Section 3.17.

A supplemental to provide short-term loans to federal government employees in the event of a shutdown appropriating $0.5 million of interest earnings above budget was approved on March 22, 2019. No expenses have been incurred to date.

On March 7, 2019 the Board of Supervisors approved legislation appropriating $220.5 million of excess Educational Revenue Augmentation Fund (ERAF) property tax revenue and $52.0 million of related Rainy Day One-Time Reserve funds for affordable housing small site, single residence occupancy hotel, and behavioral health acquisition and renovation, homelessness and behavioral health services, early care and SFUSD educator funding, for a utility distribution acquisition assessment, various mandatory baseline contributions, and to establish a Teacher and Early Care Educator Unappropriated Emergency Reserve. An additional $38.1 million of required baseline contributions to the MTA were appropriated for the purchase of light rail vehicles. These amounts are reflected in the revised budget columns in this report and discussed in further in the Appendices.

C. WITHDRAWALS FROM / DEPOSITS TO RESERVES

Total reserve deposits are projected to increase by $9.0 million compared to prior estimates. The supplemental appropriation of excess ERAF proceeds included reserve deposits of $156.0 million, as noted in the Revised Budget column of Table 5 below. Revenue projections excluding excess ERAF will result in additional deposits of $50.0 million to the Rainy-Day Reserves ($25.0 million to the City Economic Stabilization Reserve, $8.3 million to the School Economic Stabilization Reserve, and $16.6 million to the One-Time Reserve). A discussion of the status of reserves is included in Appendix 3.

Table 5. FY 2018-19 Reserve Deposits/Withdrawals ($ millions)
Note: Figures may not sum due to rounding

	Revised Budget	6-Month Adjusted	9-Month	Variance vs Rev. Budget	Variance vs Prior Projection
Rainy Day Economic Stabilization City Reserve	78.0	97.9	103.0	25.0	5.1
Rainy Day Economic Stabilization School Reserve	26.0	32.6	34.3	8.3	1.7
Rainy Day One-Time Reserve (1)	-	13.2	16.6	16.6	3.4
Budget Stabilization Reserve	-	(15.7)	-	-	15.7
Budget Stabilization Reserve - One Time Reserve	-	15.7	-	-	(15.7)
Budget Savings Incentive Fund	-	7.9	6.7	6.7	(1.2)
Teacher & Early Care Educator Emergency Reserve	52.0	52.0	52.0	-	-
Total Reserve Deposits	**156.0**	**203.6**	**212.7**	**56.7**	**9.0**

D. PROJECTED ENDING FUND BALANCE OF $538.6 MILLION

Based on the above assumptions and projections, this report anticipates an ending available General Fund balance for FY 2018-19 of $538.6 million, a $55.2 million improvement from the prior projection of $483.4 million.

OTHER FUNDS

Special revenue funds are used for departmental activities that have dedicated revenue sources or legislative requirements that mandate the use of segregated accounts outside the General Fund. Some of these special revenue funds receive General Fund baseline transfers and other subsidies.

Enterprise funds are used primarily for self-supporting agencies, including the Airport, Public Utilities Commission and the Port. The Municipal Transportation Agency receives a significant General Fund subsidy.

Projected General Fund Support requirements for these funds are included in the department budget projections in Appendix 2. Appendix 4 provides a table of selected special revenue and enterprise fund projections and a discussion of their operations.

PROJECTION UNCERTAINTY REMAINS

Projection uncertainties include:

- The potential for continued fluctuations in general tax revenues, particularly in business taxes, given incomplete information about 2018 tax filings available at this time, as well as fluctuations in excess ERAF revenue given updates on school funding entitlements that will be posted at the end of June.

- Volatility in revenue at the Department of Public Health, which is projected to be $66.7 million above budget, due primarily to larger than anticipated payments under the PRIME and Global Payment Programs in the Medi-Cal 1115 Waiver at Zuckerberg San Francisco General Hospital (ZSFG), higher than budgeted Medi-Cal per diem rates at Laguna Honda Hospital, and one-time prior year settlements in behavioral health, partially offset by a projected shortfall in Medi-Cal and Medicare capitation revenue in the General Fund.

- This report assumes PG&E, which filed for bankruptcy protection last month, will pay approximately $55 million in taxes and fees to the General Fund through year end, as well as $10 million to $15 million in monthly CleanPowerSF remittances billed on behalf of the PUC. Payments to date have been timely.

NINE-MONTH OVERTIME REPORT

Administrative Code Section 18.13-1 requires the Controller to submit overtime reports to the Board of Supervisors at the time of the Six-Month and Nine-Month Budget Status Reports, and annually. Appendix 5 presents actual overtime expenditures through the first nine months of the year. Administrative Code Section 3.17 requires select departments to request a supplemental appropriation to increase overtime budgets in annual operating funds. The Board has approved increases in overtime at the Public Utilities Commission, Sheriff's Department, and Fire Department.

APPENDICES

1. General Fund Revenues and Transfers In
2. General Fund Department Budget Projections
3. Status of Reserves
4. Other Funds Highlights
5. Overtime Report

Appendix 1. General Fund Revenues and Transfers In

As shown in Table A1-1, total General Fund sources are projected to be $261.3 million above revised budget, of which $251.4 million is due to improvements in citywide revenue as discussed in this Appendix 1 and the remainder is departmental revenue increases (net of interdepartmental recoveries) in state subventions offset by weakness in federal subventions, charges for services, and other revenues. Total departmental revenue increases of $65.3 million in Table A2-1 include revenue in the General Fund-supported hospital enterprises that are not included in Table A1-1 below.

Table A1-1: Detail of General Fund Revenue and Transfers In

GENERAL FUND ($ Millions)	FY 2017-18 Year End Actual	FY 2018-19 Original Budget	Revised Budget	6-Month Adjusted	9-Month Projection	Surplus/ Shortfall
PROPERTY TAXES	$ 1,661.0	$ 1,728.0	$ 2,142.7	$ 2,142.7	$ 2,105.5	$ (37.2)
BUSINESS TAXES	897.1	879.4	879.4	1,003.3	1,003.3	123.9
Business Registration Tax	43.3	46.8	46.8	45.9	45.9	(0.8)
Payroll Tax	442.2	254.4	254.4	174.4	174.4	(80.0)
Gross Receipts Tax	388.9	550.0	550.0	744.7	744.7	194.7
Admin Office Tax	22.6	28.2	28.2	38.2	38.2	10.0
Total Business Taxes	897.1	879.4	879.4	1003.3	1003.3	123.9
OTHER LOCAL TAXES						
Sales Tax	192.9	196.9	196.9	201.1	204.3	7.4
Hotel Room Tax	382.2	375.8	375.8	390.2	389.9	14.1
Utility Users Tax	94.5	99.1	99.1	96.4	97.6	(1.5)
Parking Tax	83.5	85.5	85.5	85.5	83.2	(2.4)
Real Property Transfer Tax	280.4	228.0	228.0	329.4	338.7	110.7
Sugar Sweetened Beverage Tax	7.9	15.0	15.0	15.0	16.0	1.0
Stadium Admission Tax	1.1	1.2	1.2	1.2	1.2	-
Access Line Tax	51.3	51.9	51.9	51.1	47.5	(4.4)
Cannabis Tax	0.0	0.0	0.0	1.5	1.5	1.5
Total Other Local Taxes	1,093.8	1,053.4	1,053.4	1,171.3	1,179.8	126.4
LICENSES, PERMITS & FRANCHISES						
Licenses & Permits	11.9	13.4	13.4	12.7	12.8	(0.6)
Franchise Tax	16.9	17.5	17.5	17.0	17.5	-
Total Licenses, Permits & Franchises	28.8	30.8	30.8	29.7	30.2	(0.6)
FINES, FORFEITURES & PENALTIES	8.2	3.1	3.1	3.8	4.0	0.9
INTEREST & INVESTMENT INCOME	50.4	27.3	27.8	60.7	61.1	33.4
RENTS & CONCESSIONS						
Garages - Rec/Park	7.8	8.9	8.9	8.9	8.9	(0.0)
Rents and Concessions - Rec/Park	5.9	5.3	5.3	5.3	5.2	(0.1)
Other Rents and Concessions	0.6	0.5	0.5	0.3	0.3	(0.2)
Total Rents and Concessions	14.4	14.8	14.8	14.6	14.5	(0.3)
INTERGOVERNMENTAL REVENUES						
Federal Government						
Social Service Subventions	232.8	265.8	279.5	249.5	272.4	(7.1)
Other Grants & Subventions	1.3	12.7	12.7	12.7	12.7	-
Total Federal Subventions	234.1	278.4	292.2	262.2	285.1	(7.1)
State Government						
Social Service Subventions	197.4	219.4	221.3	219.6	222.7	1.4
Health & Welfare Realignment - Sales Tax	156.0	168.0	168.0	160.4	174.2	6.3
Health & Welfare Realignment - VLF	41.9	41.1	41.1	44.9	44.9	3.8
Health & Welfare Realignment - CalWORKs MO	26.1	19.9	19.9	19.4	18.5	(1.4)
Health/Mental Health Subventions	140.8	153.1	185.3	153.5	192.2	6.9
Public Safety Sales Tax	104.8	104.7	104.7	106.1	106.2	1.5
Motor Vehicle In-Lieu	0.8	-	-	-	0.8	0.8
Public Safety Realignment (AB109)	37.4	39.0	39.0	40.0	40.0	1.0
Other Grants & Subventions	24.2	15.9	15.9	23.2	23.1	7.2
Total State Grants and Subventions	729.5	761.0	795.1	767.0	822.6	27.5
Other Regional Government						
Redevelopment Agency	3.1	12.2	12.2	12.2	11.9	(0.3)
CHARGES FOR SERVICES:						
General Government Service Charges	62.6	64.4	64.4	61.2	61.2	(3.2)
Public Safety Service Charges	43.0	43.6	44.0	43.6	45.4	1.4
Recreation Charges - Rec/Park	20.9	21.5	22.0	21.5	21.5	(0.5)
MediCal,MediCare & Health Service Charges	90.5	87.5	87.1	85.2	90.6	3.5
Other Service Charges	23.0	31.3	31.4	25.7	25.7	(5.7)
Total Charges for Services	240.0	248.4	248.9	237.2	244.4	(4.5)
RECOVERY OF GEN. GOV'T. COSTS	9.9	12.9	12.9	12.9	12.9	-
OTHER REVENUES	14.4	41.1	43.0	37.3	49.6	6.6
TOTAL REVENUES	4,984.5	5,090.9	5,556.3	5,755.0	5,824.9	268.6
TRANSFERS INTO GENERAL FUND:						
Airport	46.5	46.6	46.6	48.3	48.3	1.7
Other Transfers	185.0	124.1	133.0	124.1	124.1	(8.9)
Total Transfers-In	231.5	170.7	179.6	172.3	172.3	(7.2)
TOTAL GENERAL FUND RESOURCES	$ 5,216.0	$ 5,261.6	$ 5,735.9	$ 5,927.3	$ 5,997.2	$ 261.3

Property Tax

Property Tax revenue in the General Fund is projected to be $37.2 million (1.7%) below budget and $444.5 million (26.8%) over prior year actual revenues. Revenue from supplemental and escape assessments, which is realized when new construction and changes in ownership that occurred in prior periods is brought onto the rolls, is projected to be reduced by 50% from FY 2017-18, from $217 million to $109 million, as the Assessor continue to minimize the age of items in the enrollment queue. The lowered expectations reflects a slowing of activity which triggers supplemental assessments. These supplemental and escape revenues were a significant driver of revenue variances in FY 2015-16 through FY 2017-18.

The budget assumed secured roll corrections and cancellations, which represent reductions in assessed value as determined by the Assessment Appeals Board (AAB) and/or the Assessor and result in revenue refunds, would decline from FY 2017-18. Given year to date activity, current projections assume $11.0 million more than budget will be refunded from the General Fund, reducing revenue by a like amount.

The revised budget for property tax revenue includes $414.7 million in excess ERAF (Educational Revenue Augmentation Fund) proceeds appropriated by the Board of Supervisors in a supplemental on March 7, including $208.1 million for FY 2017-18 and $206.7 million for FY 2018-19. Given the most recent data available from state and local education entities, as well as current local property tax revenue projections, estimated revenue has been reduced by a total of $13.2 million, to $206.2 million for FY 2017-18 and to $195.3 million for FY 2018-19. The FY 2017-18 excess ERAF amount was reduced due to a change in funding amounts calculated by the California Department of Education and the California Community Colleges Chancellor's Office. In the current year, the decline in local property tax revenues will similarly reduce direct property tax revenues for SFUSD, the County Office of Education, and San Francisco Community College District, thereby increasing their draw from ERAF. That increased level of ERAF entitlement reduces the amount of excess ERAF available to the City. Excess ERAF revenue is the largest contributor to the increase in revenue over the prior year.

Property Tax Set Asides

Property tax set asides to special revenue funds are below budget by $1.1 million, as shown below, given the decline in projected revenue. Set aside amounts are not affected by excess ERAF because they are calculated as a percent of assessed valuation.

	Original Budget	6-Month Projection	9-Month Projection	Variance vs Budget	Variance vs Prior Projection
Children's Fund	101.7	101.8	101.2	(0.5)	(0.6)
Open Space Fund	63.6	63.6	63.3	(0.307)	(0.4)
Library Preservation Fund	63.6	63.6	63.3	(0.3)	(0.4)
Total	**228.8**	**229.0**	**227.7**	**(1.1)**	**(1.3)**

Business Tax

Business Tax revenues in the General Fund include business registration fees, payroll taxes, gross receipts taxes, and administrative office taxes. Business tax revenue is projected to be $123.9

million (14.1%) above budget and $106.2 million (11.8%) over prior year actual revenues. The projected growth is due to growth in wages and employment in San Francisco continued from last fiscal year. Preliminary FY 2017-18 data from the Bureau of Labor Statistics show 2.5% growth in employment and 10.7% wage growth over the previous fiscal year.

The City began phasing out its payroll tax in the second half of FY 2013-14 and phasing in a gross receipts tax. FY 2018-19 is the final year of tax rate adjustments and the FY 2018-19 rates will continue to future years. While overall payroll in San Francisco is expected to grow, payroll tax collections are expected to decline by 35.0% between FY 2017-18 and FY 2018-19 due to the lower tax rate. Gross receipts collections are expected to grow by 35.6% from prior year, due mainly to the increasing tax rates. Business registration and administrative office revenues are projected to grow by 6.0% and 5.6% over prior year, respectively.

Local Sales Tax

Local Sales Tax revenues are projected to be $7.4 million (3.8%) over budget and $11.3 million (5.9%) over FY 2017-18 receipts. The increases are mainly due to delayed payments related to implementation of new systems at the California Department of Tax and Fee Administration. The State was not able to process all sales tax remittances from paper filers and distribute the related revenue to local taxing entities in FY 2017-18, and is instead remitting them in FY 2018-19, causing a one-time increase in sales tax revenue in the current year.

In the fourth quarter of 2018, both the building and construction and business and industry sectors demonstrated higher growth than anticipated. Fuel and service stations also showed stronger growth given gasoline price increases. The projection does not take into consideration potential impacts from the June 2018 Supreme Court *Wayfair* ruling because of uncertainty about the scope and timing of regulatory changes the state may make in response.

Hotel Room Tax

General Fund Hotel Room Tax revenues are projected to be $14.1 million (3.7%) over budget and $7.7 million (2.0%) over prior year actual revenues. The increases are due to stronger than expected collections in the first half of the fiscal year, and revised expectations of Revenue per Available Room (RevPAR).

RevPAR, which is the combined effect of occupancy, average daily room rates, and room supply, experienced a monthly average increase of 5.1% between July 2018 and January 2019, the latest month of available data. Increases in monthly rates have been partially offset by declining occupancy. Projections assume continued growth in the second half of the fiscal year due to the full reopening of the Moscone Convention Center as well as modest growth in room supply.

In August 2018, the California Supreme Court delivered its final rulings regarding online travel companies' duty to remit hotel taxes on the difference between the wholesale and retail prices paid for hotel rooms. The Court ruled in favor of the online travel companies, and San Francisco refunded the disputed taxes plus interest in September 2018. Funds necessary to make the payments, which had been held in reserve given the legal risk, exceeded the amount refunded by $3.2 million, leading to a one-time increase in the current year.

Utility User Taxes

Utility User Tax revenues are projected to be $1.5 million (1.6%) below budget, and $3.1 million (3.3%) above prior year actuals. This projection reflects a shortfall in telephone user tax revenue, the continuation of a multi-year trend, partially offset by higher than expected collections of electric, gas and water users tax. These projections assume any delays in utility users tax remitted by PG&E due to ongoing bankruptcy proceedings will be reflected in the City's balance sheet at year end.

Parking Tax

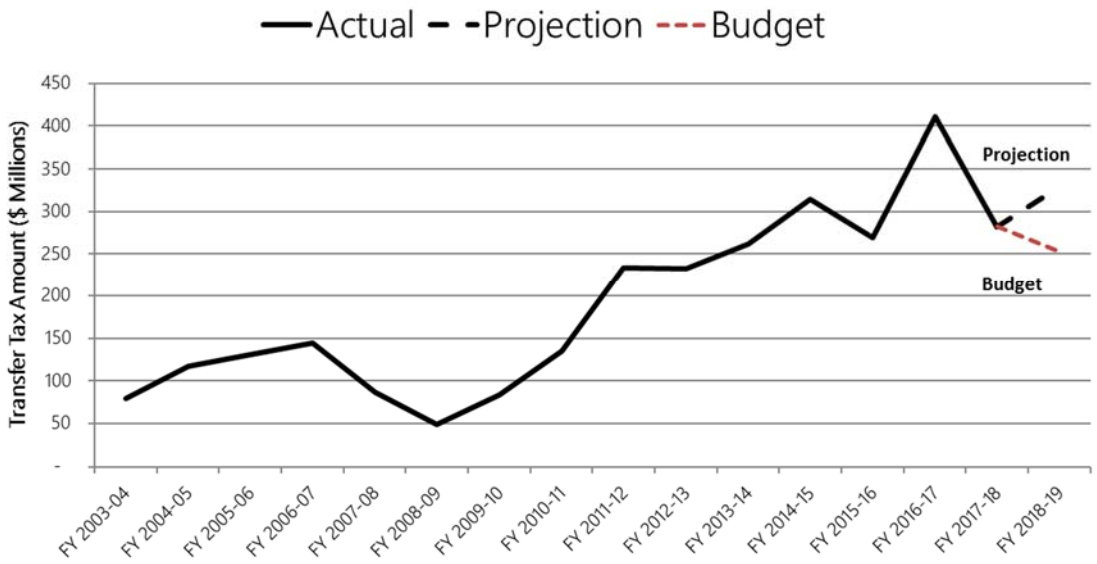
Parking revenues are projected to be $2.4 million (2.8%) below budget, and $0.3 million (0.4%) below prior year actuals. The downward revision is based on lower than expected collections in parking tax revenues in the first nine months of the fiscal year compared to prior year. Year over year declines in revenue since FY 2015-16 caused by increasing use of ride sharing services are expected to continue in the current year. Parking tax revenues are deposited into the General Fund, from which an amount equivalent to 80% is transferred to the MTA for public transit under Charter Section 16.1110.

Real Property Transfer Tax

Real Property Transfer Tax revenues are projected to be $110.7 million (48.5%) above budget and $58.3 million (20.8%) above prior year actual revenues. Transfer tax revenue is one of the General Fund's most volatile sources and is highly dependent on several factors, including interest rates, credit availability, foreign capital flows, and the attractiveness of San Francisco real estate compared to other investment options, all of which have been favorable for San Francisco commercial and residential real estate in the past seven years. In addition, voters approved Proposition W in November 2016, which increased the real property transfer tax rate on properties over $5.0 million. The highest tier now imposes a 3% tax on transactions valued at more than $25.0 million. While the number of transactions in this tax tier is small (0.5% of all FY 2017-18 transactions), the proportion of the total transfer tax revenue generated by this tier is large (47% in FY 2017-18). The progressive tax structure for this small number of high-value transactions is the primary reason for revenue volatility.

Demand from institutional investors and owner-users for San Francisco real estate across all property types (office, hotel, retail, and residential) is expected to be stronger in 2019 than 2018, resulting in the increase over FY 2017-18 actuals, though still below the FY 2016-17 peak of $410.6 million. The graph below shows the volatility of this revenue over the past 15 years. If year end revenues exceed current projections, 75% of the amount over current projections would be deposited into the Budget Stabilization Reserve.

Real Property Transfer Tax, FY 2003-04 through FY 2018-19 (Projected), $millions



Access Line Tax

Access Line Tax revenues are projected to be $4.4 million (8.4%) below budget and $3.8 million (7.3%) less than FY 2017-18 actual revenues. The decline from prior year is largely due to a one-time recognition of deferred revenue in FY 2017-18.

Interest & Investment

Interest and investment revenues are projected to be $33.9 million (124.1%) above budget in the General Fund and $10.7 (21.3%) million above prior year actual revenues. Projections reflect information about FY 2017-18 interest earnings that became available after the current year budget was prepared. A series of Federal Reserve interest rate increases during FY 2017-18 increased the earned income yield of the pool by 75% over FY 2016-17, from 0.93% to 1.63%. Increased cash balances in the pool due to overall revenue growth are expected to offset the approved use of $0.5 million in interest earnings to support loans to federal government employees affected by potential shutdowns, should they be requested. In March 2019, the Federal Reserve decided to leave interest rates unchanged, and foresees no more increases in 2019.

State and Federal Grants and Subventions

State and Federal Grants and Subventions are projected to be $20.4 million (1.9%) above budget and $114.1 million (14.9%) above prior year actual revenues. The projected increase from budget is due to a $10.1 million increase in 1991 Health and Welfare Realignment, a $7.2 million increase in other grants and subventions, a $6.9 million increase in State Health/Mental Health programs, and a $1.5 million increase in Public Safety Sales Tax, offset by a $5.8 million decrease in federal and state social service subventions.

Appendix 2. General Fund Department Projections

Table A2-1. General Fund Supported Operations ($ millions)

Note: Figures may not sum due to rounding

GENERAL FUND ($ MILLIONS)	Expenditures - Revised Budget	Expenditures -Projected Year End	Revenue Surplus/ (Deficit)	Expenditure Savings/ (Deficit)	Net Surplus/ (Deficit)	*Notes*
PUBLIC PROTECTION						
Adult Probation	40.6	40.4	-	0.2	0.2	*1*
Superior Court	31.6	31.3	-	0.3	0.3	*2*
District Attorney	57.3	57.1	-	0.2	0.2	*3*
Emergency Management	58.3	58.3	-	-	-	
Fire Department	379.4	379.4	0.9	-	0.9	*4*
Juvenile Probation	40.8	40.0	-	0.8	0.8	*5*
Public Defender	38.4	38.2	-	0.1	0.1	*6*
Police	561.5	561.5	-	-	-	
Sheriff	240.2	239.9	(0.3)	0.3	-	
Police Accountability	8.8	8.5	(0.1)	0.3	0.2	*7*
PUBLIC WORKS, TRANSPORTATION & COMMERCE						
Public Works	74.2	74.2	-	-	-	
Economic & Workforce Development	66.5	62.6	(3.9)	3.9	-	
Board of Appeals	1.1	1.0	-	-	-	
HUMAN WELFARE & NEIGHBORHOOD DEVELOPMENT						
Children, Youth and Their Families	35.5	35.5	-	-	-	
Human Services Agency	838.4	825.7	3.0	12.7	15.7	*8*
Human Rights Commission	5.7	5.7	-	-	-	
Homelessness and Supportive Housing	193.1	189.0	-	4.1	4.1	*9*
Status of Women	9.4	9.4	-	-	-	
COMMUNITY HEALTH						
Public Health	1,219.6	1,213.6	66.7	6.0	72.7	*10*
CULTURE & RECREATION						
Asian Art Museum	11.7	11.7	-	0.1	0.1	*11*
Arts Commission	7.5	7.5	-	-	-	
Fine Arts Museum	16.9	16.9	-	-	-	
Law Library	2.2	2.0	-	0.2	0.2	*12*
Recreation and Park Department	101.2	100.8	(0.4)	0.4	-	
Academy of Sciences	6.5	6.5	-	-	-	
War Memorial	9.3	9.3	8.2	-	8.2	*13*
GENERAL ADMINISTRATION & FINANCE						
City Administrator	111.3	108.9	(0.7)	2.5	1.8	*14*
Assessor/Recorder	28.5	27.9	(0.6)	0.6	-	
Board of Supervisors	15.7	15.5	(0.1)	0.3	0.2	*15*
City Attorney	83.9	83.9	-	-	-	
Controller	86.2	86.2	-	-	-	
City Planning	50.2	47.3	(3.0)	3.0	-	
Civil Service Commission	1.3	1.3	-	-	-	
Ethics Commission	4.5	4.0	0.1	0.6	0.7	*16*
Human Resources	28.2	24.2	(4.0)	4.0	0.0	
Health Service System	12.0	11.7	-	0.3	0.3	*17*
Mayor	70.7	70.7	-	-	-	
Elections	19.5	19.5	-	-	-	
Technology	4.4	3.9	(0.5)	0.5	-	
Treasurer/Tax Collector	36.0	36.0	-	-	-	*18*
Retirement System	4.1	4.1	-	-	-	
GENERAL CITY RESPONSIBILITY	191.5	191.3	-	0.2	0.2	*19*
TOTAL GENERAL FUND	4,803.7	4,762.1	65.3	41.6	107.0	

NOTES TO GENERAL FUND DEPARMENT BUDGET PROJECTIONS

The following notes explain projected variances for select departments' revenues and expenditures compared to the revised budget.

1. Adult Probation

The Adult Probation Department projects to end the fiscal year with a $0.2 million net surplus due to salary and fringe benefit savings from staff vacancies and extended leaves.

2. Superior Court

The Superior Court projects ending the year with a $0.3 million net surplus due to a slight decrease of the number of cases in the indigent defense program.

3. District Attorney

The District Attorney projects to end the fiscal year with a $0.2 million net surplus due to unexpended reserved budget for investigation of officer involved shootings.

4. Fire Department

The Fire Department projects to end the fiscal year with a net surplus of $0.9 million mainly due to a $1.1 million surplus revenue from fire plan checking and inspection fees, slightly offset by $0.2 million in reduced rental concession revenue. The Board approved a supplemental appropriation of $0.4 million in Fire Service Fees for overtime expenses.

5. Juvenile Probation

The Juvenile Probation Department projects to end the fiscal year with a net surplus of $0.8 million mainly due to savings in salary and fringe benefits and services provided by other City departments.

6. Public Defender

The Public Defender's Office projects to end the fiscal year with a net surplus of $0.1 million due to savings in fringe benefits.

7. Department of Police Accountability

The Department of Police Accountability projects to end the fiscal year with a $0.2 million net surplus, primarily due to staff vacancies.

8. Human Services Agency

The Human Services Agency projects to end the fiscal year with a $15.7 million surplus, due to a $3.0 million revenue surplus and $12.7 million of projected expenditure savings. The surplus includes $7.0 million of underspending in the Title IV-E Waiver project that is required to be reinvested in the same project in the following years.

In aid and assistance programs, the department projects a net $5.3 million deficit, comprised of $6.9 million expenditure savings and a $12.2 million revenue deficit. The revenue shortfall is primarily due to a $5.9 million increase in the non-claimable costs in the In-Home Supportive Services Program (IHSS) and a $4.1 million revenue decline due to caseload decreases. This is offset by expenditure savings mainly due to the corresponding caseload decreases.

For the department's operations and administration, a net $20.9 million surplus is projected, comprised of $5.8 million in expenditure savings and a $15.2 million revenue surplus. The expenditure savings are due to hiring delays and contract underspending. The revenue surplus is primarily due to an unanticipated $16.0 million increase in 1991 realignment allocation since the Six-Month projection.

Table A2.2. Human Services Agency ($ Millions)

Program	Revenue Surplus / (Deficit)	Expenditure Surplus / (Deficit)	Net Surplus / (Deficit)
Aid & Assistance	**(12.2)**	**6.9**	**(5.3)**
Operations & Administration	**15.2**	**5.8**	**20.9**
Child Welfare	(1.0)	(4.1)	(5.1)
Aging & Adult Services	1.0	1.1	2.1
CalWORKs	(1.8)	3.0	1.2
Food Stamps	0.6	(2.5)	(1.9)
MediCal	(0.9)	3.2	2.3
All Other Programs	17.2	4.9	22.2
Total	**3.0**	**12.7**	**15.7**

9. Homelessness and Supportive Housing

The Department of Homelessness and Supportive Housing projects to the end the fiscal year with a net operating surplus of $4.1 million mainly due to $1.0 million of savings from staff vacancies and $3.1 million in savings from contractual services.

10. Public Health

The Department of Public Health projects to end the fiscal year with a net operating surplus of $72.7 million. Revenues are projected to be $66.7 million above budget and expenditures are projected to be $6.0 million below budget.

Table A2.3. Department of Public Health by Fund ($ Millions)

Fund	Sources Surplus/ (Shortfall)	Uses Savings/ (Deficit)	Net Surplus/ (Shortfall)
Public Health General Fund	$ 12.0	$ 13.2	$ 25.2
Laguna Honda Hospital	$ 13.8	$ (2.8)	$ 11.0
Zuckerberg San Francisco General Hospital	$ 40.8	$ (4.4)	$ 36.4
	$ 66.7	**$ 6.0**	**$ 72.7**

Public Health General Fund

Department of Public Health General Fund programs, including Primary Care, Behavioral Health, Jail Health, Home Health, SF Health Network, Public Health Division, and Central Administration, have a projected combined surplus of $25.2 million. A revenue surplus of $12.0 million is projected, which includes significant revenue increases of $5.5 million additional one-time prior year settlements in behavioral health, $3.7 million higher than expected 2011 Realignment funds, and $4.3 million more than budgeted Short Doyle Medi-Cal revenue. These increases are partially offset by a shortfall of $2.5 million in lower than budgeted Primary Care capitation revenue due to declining Medi-Cal Managed Care enrollment. The Department projects expenditure savings of $9.3 million in salaries and benefits driven by surpluses in the Behavioral Health, Health Network Services, Population Health, and Administration Divisions, as well as $5.9 million of savings in contract underspending. The Behavioral Health division projects contract savings of $2.0 million, which will be partially offset by $4.0 million projected expenditure overages in services of other departments.

Laguna Honda Hospital

The Department projects a $11.0 million net surplus at Laguna Honda Hospital. Revenue is projected to be $13.8 million above budget due to higher than expected Medi-Cal per diem rate reimbursements. Expenditures are projected to be above budget by $2.0 million in salary and fringe benefit costs, due to higher than budgeted backfill costs for employee leave and vacant positions.

Zuckerberg San Francisco General Hospital

The Department projects a $36.4 million surplus at Zuckerberg San Francisco General Hospital (ZSFG). Revenues are projected to be $40.8 million above budget. Significant variances include a $37.3 million surplus in net patient revenues resulting from a higher-than-budgeted patient census, a $41.5 million surplus in payments under the PRIME and Global Payment Programs in the Medi-Cal 1115 Waiver, a $5.2 million surplus in 340b pharmacy revenue, and a $3.5 million surplus in 1991 Realignment. Revenue surpluses are partially offset by a $42.2 million shortfall in intergovernmental transfer payments required to draw down supplemental federal funding and a $4.8 million in decreased capitation fees due to declining enrollment in Medi-Cal Managed Care. Expenditures are projected to be over budget by $4.4 million. Salaries are projected to exceed budget by $6.8 million due to a higher-than-budgeted patient census. The department projects fringe benefit savings of $2.0 million as census-driven staffing increases have been met partially using overtime and per diem staffing. ZFGH projects a $3.6 million deficit in services of other departments and a $4.0 million surplus in materials and supplies.

11. Asian Art Museum

The Asian Art Museum projects to end the fiscal year with a net surplus of $0.1 million due to savings on work orders with other City departments.

12. Law Library

The Law Library projects to end the fiscal year with $0.2 million in savings due to salary and benefits savings from staff vacancies.

13. War Memorial

The War Memorial projects $8.2 million in unbudgeted revenue from the sale of transferable development rights, which is deposited into the General Fund and offsets debt service expenses.

14. City Administrator

The City Administrator projects to end the year with a net $1.8 million surplus. The Department projects a revenue shortfall of $0.7 million primarily due to $1.1 million in recovery shortfalls from the Airport to the Office of Contract Administration, and $0.5 million less than budgeted revenues in the Office of Cannabis, offset by $0.9 million in increased revenues from settlements in the Office of Labor Standards Enforcement. Expenditure savings of $2.5 million are comprised of $1.2 million in salary and fringe benefits savings and $1.3 million in closeouts of prior year expenditure authority.

15. Board of Supervisors

The Board of Supervisors projects a $0.2 million net surplus at the end of the fiscal year. The Department projects $0.3 million of expenditure savings, mainly due to salary and fringe benefit savings, slightly offset by $0.1 million in an assessment appeals fee shortfall.

16. Ethics Commission

The Ethics Commission projects expenditure savings of $0.7 million net surplus, primarily due to $0.6 million salaries and fringe benefits savings from vacant positions, and a $0.1 million increase in registration fees.

17. Health Service System

The Health Service System projects a $0.3 million surplus at the end of the fiscal year due to salary and fringe benefit savings.

18. Treasurer/Tax Collector

The Treasurer/Tax Collector projects to end the fiscal year on budget. Personnel services savings of $0.9 million and non-personnel services savings of $0.9 million, for a total of $1.8 million, will be applied to the property tax system replacement project as detailed in Section 26.1 of the Administrative Provisions of the Annual Appropriation Ordinance.

19. General City Responsibility

General City Responsibility contains funds that are allocated for use across various City departments. The department is projected to have a net surplus of $0.2 million, due to estimated retiree health subsidy savings. After costs absorbed in department budgets, balances of $20.4 million for Minimum Wage increases and $7.5 million for Community Based Organizations' cost of living adjustments are assumed to be spent in the current year and the upcoming budget year.

Appendix 3. Reserve Status

Various code and Charter provisions govern the establishment and use of reserves. Reserve uses, deposits, and projected year-end balances are displayed in Table A3.1 and discussed in detail below. Table A3.1 also includes deposits and withdrawals included in the approved FY 2019-20 budget.

Table A3.1 Reserve Balances ($ Millions)

	FY 2018-19				FY 2019-20			
	Starting Balance	Projected Deposits - 9-Month Update	Projected Withdrawals	Projected Ending Balance	Budgeted Deposits	Budgeted Withdrawals	Projected Ending Balance	*Notes*
General Reserve	$ 128.3	$ -	$ -	128.3	$ 14.2	$ -	$ 142.5	*1*
Budget Savings Incentive Fund	73.6	6.7	-	80.3	-	-	80.3	*2*
Recreation & Parks Savings Incentive Reserve	1.7	-	-	1.7	-	(1.0)	0.7	*3*
Rainy Day Economic Stabilization City Reserve	89.3	103.0	-	192.3	-	-	192.3	*4*
Rainy Day Economic Stabilization School Reserve	47.9	34.3	-	82.2	-	-	82.2	*4*
Rainy Day One-Time Reserve (1)	54.7	68.6	(52.0)	71.3	-	-	71.3	*5*
Budget Stabilization Reserve	370.0		-	370.0	-	-	370.0	*6*
Budget Stabilization Reserve - One Time Reserve	-	-	-	-	-	-	-	*6*
Contingency Reserve - State and Federal	40.0	-	-	40.0	-	-	40.0	*7*
Contingency Reserve - Labor Cost Contingency Reserve	70.0	-	-	70.0	-	(70.0)	-	*8*
Contingency Reserve - Affordable Care Act	50.0	-	-	50.0	-	-	50.0	*9*
Public Health Revenue Management Reserve	136.8	-	(55.9)	80.9	-	-	80.9	*10*
Teacher & Early Care Educator Emergency Reserve	-	52.0	-	52.0	-	-	52.0	*11*
Salary and Benefits Reserve	48.7	-	(48.7)	-	15.0	(15.0)	-	*12*
Total	**1,111.0**	**264.7**	**(156.6)**	**1,219.1**	**29.2**	**(86.0)**	**1,162.3**	
Economic reserves				562.3				
Economic reserves as a % of General Fund revenues				10.0%				

1. General Reserve

No uses of the General Reserve have been proposed year to date, resulting in a projected ending General Reserve balance of $128.3 million, which will be carried forward to FY 2019-20. The approved budget includes a $14.2 million deposit to the reserve in FY 2019-20. Any proposed uses of the reserve during the current year will increase the required FY 2019-20 deposit by a like amount.

Pursuant to a financial policy approved by the Board of Supervisors in 2011 and codified in Administrative Code Section 10.60(b), year-end balances in the General Reserve are carried forward into subsequent years and thereby reduce the amount of future appropriations required to support reserve requirements established by the policy. For FY 2018-19 and FY 2019-20, the policy requires the General Reserve to be no less than and 2.5% and 2.75% of budgeted regular General Fund revenues, respectively.

2. Budget Savings Incentive Fund

The Citywide Budget Savings Incentive Fund (authorized by Administrative Code Section 10.20) receives 25% of year-end departmental expenditure savings to be available for one-time expenditures, unless the Controller determines that the City's financial condition cannot support deposits into the fund. The FY 2017-18 ending balance was $73.6 million. A projected deposit of $6.7 million in the current year would result in a projected year-end balance of $80.3 million.

3. Recreation and Parks Savings Incentive Reserve

Through FY 2016-17, this reserve, established by Charter Section 16.107(c), was funded by the retention of net year-end revenue and expenditure savings at the Recreation and Parks Department. Due to modifications approved by voters in June 2016 (Proposition B), beginning in FY 2016-17, 100% of net revenue surpluses are deposited to the Recreation and Parks Savings Incentive Reserve and 25% of net expenditure savings are deposited to the citywide Budget Savings Incentive Fund. No deposits are projected in the current year. The approved FY 2019-20 budget includes a $1.0 million use of reserve.

4. Rainy Day Economic Stabilization City Reserve

Charter Section 9.113.5 establishes a Rainy Day Economic Stabilization Reserve funded by 50% of excess of revenue growth in good years, which can be used to support the City General Fund and San Francisco Unified School District (SFUSD) operating budgets in years when revenues decline. Charter Section 9.113.5 was amended in November 2014 with the passage of Proposition C, which replaced the Rainy Day Economic Stabilization Reserve with two separate reserves—the School Reserve and the City Reserve. Of the excess revenue growth formerly deposited to the Rainy Day Economic Stabilization Reserve, 75% will be deposited to the City Reserve and 25% to the School Reserve.

At the time the excess ERAF supplemental was approved by the Board of Supervisors in early March, the total projected deposit to the City Reserve was $97.9 million, comprised of $78.0 million from the receipt of $414.7 million in excess ERAF revenue in the current year and $19.9 million from all other General Fund revenue growth. The current projected deposit of $103.0 million will result in a projected year end balance of $192.3 million.

At the time the excess ERAF supplemental was approved by the Board of Supervisors in early March, the total projected deposit to the School Reserve was $32.6 million, comprised of $26.0 million from the receipt of $414.7 million in excess ERAF revenue in the current year and $6.6 million from all other General Fund revenue growth. The current projected deposit of $34.3 million will result in a projected year end balance of $82.2 million.

5. Rainy Day One-Time Reserve

Charter Section 9.113.5 establishes a Rainy Day One-Time Reserve funded by 25% of excess revenue growth, which can be used for one-time expenses. This Reserve began the year with $54.7 million. In addition to a $52.0 million deposit projected due to the receipt of $414.7 million in excess ERAF revenue in the current year, revenue growth at the 6-Month was projected to result in a deposit of $13.2 million, for a total deposit of $65.2 million. The ordinance appropriating excess ERAF revenue included the use of $52.0 million of the Rainy Day One-Time Reserve to establish a new Teacher and Early Care Educator Unappropriated Emergency Reserve. Given this expenditure and the current projected deposit of $68.6 million, the projected ending balance in the reserve is $71.3 million.

6. Budget Stabilization Reserve

Established in 2010 by Administrative Code Section 10.60(c), the Budget Stabilization reserve augments the Rainy Day Economic Stabilization Reserve. The Budget Stabilization Reserve is funded by the deposit each year of 75% of real property transfer taxes above the prior five-year average (adjusted for policy changes) and ending unassigned fund balance above that appropriated as a source in the subsequent year's budget. The FY 2017-18 ending balance of the Reserve was $370.0 million. The Charter provides that when the combined value of the City Rainy Day Reserve and the Budget Stabilization Reserve reach 10% of General Fund revenues, amounts above this cap are deposited into a Budget Stabilization One-Time Reserve for nonrecurring expenses. Deposits projected in this report will result in the City exactly reaching its target, thus no deposits to the Budget Stabilization One-Time Reserve are required.

7. State and Federal Revenue Risk Contingency Reserve

The FY 2018-19 and FY 2019-20 budget assigned $40.0 million in unappropriated fund balance to a contingency reserve for managing state and federal revenue uncertainty in the budget. There are no projected withdrawals in the current fiscal year.

8. Labor Cost Contingency Reserve

The FY 2018-19 and FY 2019-20 budget assigned $70.0 million in unappropriated fund balance to a contingency reserve for managing costs related to wage and salary provisions negotiated in the City's labor contracts in FY 2019-20, and to manage volatility in the employee health and pension costs. Shortfalls projected in the December 2018 Five Year Financial Plan assume the entire reserve is spent as one time fund balance.

9. Affordable Care Act Contingency Reserve

The FY 2017-18 and FY 2018-19 budget assigned $50.0 million in unappropriated fund balance to a budget contingency reserve for Zuckerberg San Francisco General Hospital for managing cost and revenue uncertainty related to federal and state changes to the administration and funding

of the Affordable care act during the term of the budget. There are no projected withdrawals in the current fiscal year.

10. Public Health Revenue Management Reserve

Section 12.6 of the administrative provisions of the Annual Appropriation Ordinance authorizes the Controller to defer surplus transfer payments, indigent health revenues, and Realignment funding to offset future reductions or audit adjustments associated with the Affordable Care Act and funding allocations for indigent health services. The budgeted repayment of $55.9 million of disallowed SB1128 reimbursements from prior years was made in March 2019, resulting in a projected ending balance of $80.9 million.

11. Teacher & Early Care Educator Unappropriated Emergency Reserve

This reserve was established in Section 4 of ordinance 33-19 to sustain wages for early care educators and SFUSD teachers and staff in Fiscal Year 2020-2021 if other City revenues or SFUSD resources are not sufficient. The ordinance allocated $52.0 million to this reserve. Any remaining balance as of June 30, 2021 will be transferred to a reserve for one-time expenditures, or at such time that the Board of Supervisors determines, by ordinance, that this Reserve is no longer required to meet these needs given other funds appropriated in the City and/or School District's Fiscal Year 2019-2020 and/or 2020-2021 budgets.

Funds appropriated from this reserve are considered General Fund advances from the June 2018 School District Parcel Tax and Commercial Rent Tax for Childcare and Early Education Ordinances, which are currently being challenged as unauthorized taxes. These advances will be repaid when the legal challenge to these measures is resolved and funds become available.

12. Salary and Benefits Reserve

Administrative Provision Section 10.4 of the Annual Appropriation Ordinance (AAO) authorizes the Controller to transfer funds from the Salary and Benefits Reserve, or any legally available funds, to adjust appropriations for employee salaries and related benefits for collective bargaining agreements adopted by the Board of Supervisors. The reserve had a starting balance of $48.7 million ($23.9 million carried forward from FY 2017-18 and $24.8 million appropriated in the FY 2018-19 budget). The Controller's Office has transferred $3.6 million to departments and anticipates transferring an additional $32.1 million by year-end, as detailed in Table A3-2. The approved FY 2018-19 budget assumes $11.3 million use of reserve to pay for regularly scheduled staffing in 24/7 operations for two additional weekend days in the fiscal year. This will leave $13.0 million, which will reduce the required deposit in FY 2019-20 to cover the costs of labor agreements that will come to the Board for approval in early June.

Table A3-2. Salary and Benefits Reserve ($ Millions)

Sources	
Adopted AAO Salary and Benefits Reserve	24.8
Carryforward balance from FY 17-18	23.9
Total Sources	**48.7**
Uses	
Transfers to Departments	
SEIU settlements	0.2
Police Department - recruitment	0.3
Visual Display Terminal Insurance (Q1, Q2, Q3)	0.1
Fair Labor Standards Act one-time payments	2.5
L39, L261, UAPD Development Funds	0.5
Total Transfer to Departments	**3.6**
Anticipated Allocations	
Public Safety, including premium, wellness, one-time	11.3
Two additional days of 24/7 operations & other expenses	11.0
Citywide premium, retirement, severance and other payouts	4.1
Fair Labor Standards Act one-time payments	3.8
Various training, tuition, other reimbursements	1.9
Visual Display Terminal Insurance (Q4)	0.0
Total Anticipated Uses	**32.1**
Available for eligible expenses	**13.0**
Net Surplus / (Shortfall)	**-**

Appendix 4. Other Funds Highlights

Table A4-1. Other Fund Highlights, $ Millions

	Prior Year		FY 2018-19					FY 2019-20	
	FY 2017-18 Year End Fund Balance	Fund Balance Used in FY 2018-19 Budget	Beginning Fund Balance	Revenue Surplus/ (Deficit)	Expenditures Savings/ (Deficit)	Net Operating Surplus/ (Deficit)	Estimated Ending Fund Balance	Fund Balance Used in FY 2019-20 Budget	*Notes*
SELECT SPECIAL REVENUE AND INTERNAL SERVICES FUNDS									
Building Inspection Operating Fund	$ 17.6	$ 6.0	**$ 11.7**	$ 3.8	$ 3.7	$ 7.5	**$ 19.1**	$ 6.5	*1*
Children's Fund	(1.7)	8.6	**(10.3)**	2.3	14.7	17.0	**6.8**	2.7	*2*
Public Education Special Fund	1.2	-	**1.2**	5.8	-	5.8	**7.0**	-	*3*
Convention Facilities Fund	14.6	3.6	**11.1**	-	7.1	7.1	**18.2**	1.5	*4*
Golf Fund	4.3	0.3	**4.0**	-	-	-	**4.0**	-	*5*
Library Preservation Fund	36.7	11.9	**24.8**	2.8	2.2	5.0	**29.8**	-	*6*
Local Courthouse Construction Fund	0.8	-	**0.8**	-	-	-	**0.8**	-	*7*
Open Space Fund	26.9	12.2	**14.7**	(0.3)	-	(0.3)	**14.4**	1.2	*8*
Telecomm. & Information Systems Fund	3.0	3.0	**0.0**	(5.7)	7.7	2.0	**2.0**	1.8	*9*
General Services Agency-Central Shops Fund	(0.1)	0.0	**(0.1)**	-	0.7	0.7	**0.6**	-	*10*
Arts Commission Street Artist Fund	(0.1)	-	**(0.1)**	-	0.1	0.1	**0.0**	-	*11*
War Memorial Fund	2.8	0.6	**2.2**	-	-	-	**2.2**	0.6	*12*
Gas Tax Fund	4.8	0.8	**4.0**	(5.6)	5.6	-	**4.0**	0.6	*13*
Neighborhood Beautification Fund	0.6	-	**0.6**	-	-	-	**0.6**	-	*14*
Election Campaign Fund [1]	-	6.1	**6.1**	-	(1.2)	(1.2)	**4.9**	-	*15*
Culture and Recreation Hotel Tax Fund	-	-	**-**	-	1.7	1.7	**1.7**	-	*16*
Street Tree Maintenance Fund	(0.1)	-	**(0.1)**	0.5	-	0.5	**0.4**	-	*17*
SELECT ENTERPRISE FUNDS									
Airport Operating Funds	$ 207.6	42.4	**165.2**	11.7	15.2	26.8	**192.0**	88.1	*17*
MTA Operating Funds	244.5	33.2	**211.3**	12.6	1.0	13.7	**224.9**	38.0	*18*
Port Operating Funds	53.0	25.9	**27.1**	0.6	4.0	4.6	**31.7**	10.6	*19*
PUC Hetch Hetchy Operating Funds	44.8	14.1	**30.7**	(12.5)	-	(12.5)	**18.2**	4.9	*20*
PUC Wastewater Operating Funds	208.1	6.0	**202.1**	(3.7)	4.5	0.8	**202.9**	-	*21*
PUC Water Operating Funds	236.9	4.3	**232.6**	(10.0)	3.0	(7.0)	**225.6**	11.1	*22*
PUC Clean Power Funds	4.0	-	**4.0**	22.1	2.5	24.6	**28.6**	-	*23*

(1) Expenditure deficit = uses

SELECT SPECIAL REVENUE & INTERNAL SERVICES FUNDS

1. Building Inspection Fund

The Department projects a net increase of $7.5 million in fund balance, comprised of both surplus revenues and expenditure savings, resulting in a $19.1 million operating balance at year end, of which $6.5 million was previously appropriated in the FY 2019-20 budget. A $3.8 million revenue surplus is projected due to increases in electrical, plumbing, and pre-application fees. Revenues

remain strong but are slowing from prior year. Expenditures are projected to be $3.7 million under budget due to savings in salary and fringe benefits, non-personnel services and city grant program. In addition, the estimated balances of the department's contingency and other post-employment benefit reserves are currently $41.0 million and $26.25 million, respectively.

2. Children's Fund

The Children's Fund began the year with a negative balance of $10.3 million due to a delay in posting $14.3 million in FY 2017-18 year-end adjustments, which will be made before the current year close. A net surplus of $2.7 million is primarily due to the increase in General Fund aggregate discretionary revenue (ADR), resulting in a projected ending balance of $6.8 million, of which $2.7 million was previously appropriated in the FY 2019-20 budget.

3. Children's Fund – Public Education Special Fund

Revenues are expected to be $5.8 million above revised budget, reflecting growth in General Fund Aggregate Discretionary Revenue (ADR), which increases the General Fund transfer to this fund, resulting in a projected ending balance of $7.0 million.

4. Convention Facilities Fund

Operating savings of $1.4 million as well as debt service savings of $5.7 million are projected in the current year, resulting in an operating surplus of $7.1 million and projected ending balance of $18.2 million.

5. Golf Fund

The Recreation and Parks Department projects both revenues and expenses to be on budget, resulting in no change to the $4.0 million balance of the fund.

6. Library Preservation Fund

The Library Preservation Fund began the fiscal year with $36.7 million in available fund balance. The Department projects a net revenue surplus of $5.9 million resulting from property tax allocations and increased baseline revenues, half of which will be returned to the General Fund at year end, for a net surplus of $2.8 million. The Department projects expenditure savings of $2.2 million, due to savings in materials and supplies and services needed from other departments. The net operating surplus is projected to be $5.0 million and a year-end projected fund balance of $29.8 million.

7. Local Courthouse Construction Fund

Revenues and expenditures are expected to be on budget in the Local Courthouse Construction Fund, resulting in no change to the $0.8 million prior year ending balance.

8. Open Space Fund

The Open Space Fund began the fiscal year with $14.7 million in available fund balance. A shortfall in property tax allocations of $0.3 million will result in an ending balance of $14.4 million, of which $1.2 million was previously appropriated in the FY 2019-20 budget.

9. Telecommunications & Information Services Fund

The Telecommunication & Information Services Fund projects to end the fiscal year with a net operating surplus of $2.0 million. A revenue deficit of $5.7 million driven by shortfalls in work order recoveries and rents, concessions, and fines is offset by $7.7 million of expenditure surplus mainly due to savings in project carryforward budget, non-personnel services, materials and supplies, equipment, and informational technology (IT) projects such as City Cloud Enhancement and Cybersecurity, resulting in a projected ending balance of $2.0 million, of which $1.8 million was previously appropriated to support the FY 2019-20 budget.

10. Central Shops Fund

A net operating surplus of $0.7 million in the Central Shops Fund will result in a projected ending balance of $0.6 million.

11. Arts Commission Street Artist Fund

The Street Artist Program Fund is projected to have $0.1 million expenditure savings due to open positions, offsetting a starting shortfall of the same amount.

12. War Memorial Fund

The fund began the year with $2.2 million in available balance. The Department projects revenues and expenditures to be on budget, resulting in no change to the ending balance, of which $0.6 million was previously appropriated in the FY 2019-20 budget.

13. Gas Tax Fund

The gas tax funds began the year with $4.0 million in available balance. A revenue shortfall of $5.6 million will be offset by expenditure savings in capital outlay. The previously approved FY 2019-20 budget appropriated $0.6 million of this balance.

14. Neighborhood Beautification Fund

There are no projected changes to the $0.6 million starting balance of the Neighborhood Beautification Fund, which houses the Community Challenge Grant program.

15. Election Campaign Fund

The Election Campaign Fund began the fiscal year with a $6.1 million balance. Election financing expenditures of $1.2 million were made for the November 2018 Board of Supervisors and Mayoral races. There are no scheduled elections for the remainder of the fiscal year and the year-end fund balance is projected to be $4.9 million.

16. Culture and Recreation Hotel Tax Fund

The Culture and Recreation Hotel Tax Fund was established after the passage of Prop E in November 2018, which dedicated a portion of hotel taxes to arts and cultural programs The measure went into effect on January 1, 2019. The Arts Commission projects expenditure savings of $1.7 million during this initial period of implementation, resulting in a projected ending balance of $1.7 million. As specified in the ordinance, any unspent balance shall be carried forward as funding provided for a specific purpose and remain in the Fund. Effective FY 2019-20, hotel tax revenue allocations will be adjusted by the percentage increase or decrease in hotel tax collected

versus the prior fiscal year; provided, however, that such percentage increase or decrease shall not exceed 10%.

SELECT ENTERPRISE FUNDS

17. Airport Operating Fund

The Airport began the fiscal year with $207.6 million in available fund balance. The department projects a revenue surplus of $11.7 million and expenditure savings of $15.2 million, for a net operating surplus of $26.8 million.

The revenue surplus is due to a $12.0 million increase in groundside trip fee revenues from Transportation Network Companies and duty free revenues under the new DFS Group lease, a $5 million increase in common use gate rentals and aircraft parking demand, offset by a decrease of $6 million in landing fee revenues. The projected $15.2 million expenditure savings is largely due to savings of $9.5 million in salaries and fringes from higher than anticipated position vacancies, $4.4 million in services needed from other departments due to delays and lower than expected invoices, $1.9 million in non-personnel services, and $1.2 million in materials and supplies. A fund balance of $192.0 million is projected at year end, of which $88.1 million was previously appropriated in the FY 2019-20 budget.

18. Municipal Transportation Agency (MTA) Operating Funds

MTA began the fiscal year with $211.3 million in available balance net of the $33.2 million appropriated to support the FY 2018-19 budget. MTA projects a net revenue surplus of $12.6 million primarily due to a $24.6 million increase in General Fund baseline transfers, partially offset by a projected revenue shortfall of $12.0 million, including a $1.9 million shortfall in parking tax, $4.2 million in transit fares, and $9.5 million in parking meter collections and traffic fines. The Agency projects expenditure savings of $1.0 million mostly from personnel costs, resulting in a net projected operating surplus of $13.7 million, resulting in a projected ending balance of $224.9 million, of which $38.0 million was previously appropriated to support the FY 2019-20 budget.

19. Port Operating Funds

The Port projects a current year net operating surplus of $4.6 million, comprised of a revenue surplus of $0.6 million and net expenditure savings of $4.0 million. Of the projecting ending balance of $31.7 million, $10.6 was previously appropriated to support the FY 2019-20 budget.

The $0.6 million revenue surplus is due to an increase of $1.8 million in maritime revenue from increased auto volume and storage revenue at Pier 80 ($1.1 million), higher than anticipated rent revenue ($0.5 million), unanticipated ship repair revenue at Pier 70 ($0.1 million), and higher-than-budgeted rent and wharfage revenue for cruise and fishing ($0.1 million); a $0.8 million surplus from increased permitting activity on the waterfront; a shortfall of $2.0 million in real estate revenues due to lower than budgeted parking revenue ($2.3 million), and revenue from the one-time sale of the Ferry Building lower than budgeted ($4.6 million) offset by higher than anticipated commercial, industrial, and percentage rent performance ($4.9 million). The $4.0 million expenditure savings is due to $1.1 million savings in salaries and fringe benefits from currently vacant positions, $1.1 million in non-personnel services from savings on professional services and

contingency judgments, $0.7 million in workorder savings primarily due to lower utility costs, and $1.1 million in annual projects due to the preservation of funds for contingency purposes such as oil spills and hazardous material clean up.

Public Utilities Commission

Public Utilities Commission projects net operating surpluses for the Wastewater Operations Fund and the Clean Power Fund and net operating deficits for the Hetch Hetchy Operating and Water Operating Funds. The Public Utilities Commission received a supplemental appropriation to re-appropriate savings to cover over-expenditures in overtime per San Francisco Administrative Code Section 3.17.

20. Public Utilities Commission – Hetch Hetchy Operating Fund

The Hetch Hetchy Fund is projected to end the year with a net operating deficit of $12.5 million, due to electricity, water, gas, and steam revenue lower than budgeted by $13.6 million offset by miscellaneous income from Transbay Cable revenue and Rim Fire insurance payments higher than budgeted by $1.1 million. Of the projected ending balance of $18.2 million, $4.9 million was previously appropriated to support the FY 2019-20 budget.

21. Public Utilities Commission – Wastewater Operations Fund

The Wastewater Operations Fund is projected to end the year with a net operating surplus of $0.8 million. Wastewater's net operating surplus is due to $4.1 million in expenditure savings in salaries and fringe benefits due to position vacancies, and $0.4 million in light, heat, and power expenditure savings due to lower than anticipated usage offset by a revenue deficit of $3.7 million. The revenue deficit is driven by a deficit of $4.6 million from sewer service charges offset by $0.9 million in unbudgeted biofuel revenue, and results in a projected ending balance of $202.9 million.

22. Public Utilities Commission – Water Operating Fund

The Water Operating Fund is projected to end the year with a net operating deficit of $7.0 million, primarily due to $10.0 million in total revenue deficits, comprised of $5.7 million in reduced retail water sales and $8.8 million less in wholesale water sales, offset by $4.3 million of revenue from $3.9 million additional water service installation and water service overhead installation, and $0.8 million in additional revenue from property sales. Total expenditure savings of $3.0 million are projected, primarily in salary and fringe benefits savings, due to vacant positions, and $1.0 million in nonpersonnel services savings based on projected rebate program participation. The projected ending balance is $225.6 million, of which $11.1 was previously appropriated in the FY 2019-20 budget.

23. Public Utilities Commission – Clean Power Fund

CleanPowerSF is projected to end the year with a net operating surplus of $24.6 million due to salary and fringe savings of $2.5 million from position and savings of $22.1 million in unspent use of reserves, resulting in an ending balance of $28.6 million.

Appendix 5. Overtime Report

Department	FY 2017-18 Actual	FY 2018-19 Revised Budget	July though March 2019	% of Budget through March 31
Municipal Transit Agency - Total	**73.5**	**32.1**	**59.5**	**185%**
Police*				
General Fund (Excl. Work Orders)	19.2	19.2	14.9	78%
Airport	2.3	2.4	1.3	56%
General Fund Work Orders	4.0	5.2	3.1	60%
Total Annual Operating Funds	**25.6**	**26.8**	**19.3**	**72%**
Special Revenue (10B)	*15.1*		*13.6*	
Total	*40.6*		*32.9*	
Public Health*				
ZSF General	10.5	11.0	8.5	77%
Laguna Honda	7.8	8.5	6.9	81%
Other Annual Funds	1.9	1.6	1.9	123%
Total Annual Operating Funds	**20.1**	**21.2**	**17.4**	**82%**
Fire*				
General Fund	30.7	34.0	25.6	75%
Airport	5.0	5.0	3.2	64%
Total Annual Operating Funds	**35.8**	**39.0**	**28.8**	**74%**
Sheriff*				
General Fund (Excl. Work Orders)	23.0	21.6	15.9	74%
General Fund Work Orders	5.3	3.6	5.1	143%
Total Annual Operating Funds	**28.4**	**25.2**	**21.0**	**84%**
Airport*				
Annual Operating Funds	2.3	2.5	2.1	82%
Emergency Management*				
Annual Operating Funds	4.7	4.6	3.1	67%
General Fund Work Orders	1.4	1.7	0.0	0%
Public Works*				
Annual Operating Funds	1.4	1.7	1.5	88%
Public Utilities*				
Annual Operating Funds	4.8	10.7	4.4	41%
Recreation and Park*				
Annual Operating Funds	1.3	1.7	1.5	86%
Fine Arts Museum	0.7	1.1	0.7	68%
Juvenile Probation	1.8	0.7	1.0	148%
Admin Services	2.7	0.6	2.3	363%
Technology	1.1	0.6	0.7	115%
Human Services	2.6	0.5	1.9	368%
Total Overtime**	208.2	170.7	165.3	97%

* Administrative Code Section 3.17 requires these departments to receive appropriation authority from the Board of Supervisors to increase the authorized budget for overtime in annual operating funds.

** Total overtime excludes special revenue (10B), non-annual operating funds in departments listed in Administrative Code 3.17, and expenditures from departments with less than $500,000 in budgeted overtime.

This report reflects supplemental appropriation ordinance #190309, increasing overtime budget for the Fire Department, Sheriff's Department, and Public Utilities Commission.

From:	Reports, Controller (CON)
To:	Calvillo, Angela (BOS); Mchugh, Eileen (BOS); BOS-Legislative Aides; BOS-Supervisors; Elsbernd, Sean (MYR); Fay, Abigail (MYR); Bruss, Andrea (MYR); Philhour, Marjan (MYR); Power, Andres (MYR); Kirkpatrick, Kelly (MYR); Valdez, Marie (MYR); Cretan, Jeff (MYR); Lynch, Andy (MYR); Karunaratne, Kanishka (MYR); alubos@sftc.org; pkilkenny@sftc.org; Rose, Harvey (BUD); Campbell, Severin (BUD); Docs, SF (LIB); CON-EVERYONE; MYR-ALL Department Heads; CON-Finance Officers
Subject:	Issued: SFPD Civilianization – Progress and Options
Date:	Friday, May 17, 2019 10:35:03 AM

Over the last seven years the SFPD has made significant progress in returning more sworn personnel to the field by civilianizing jobs in Administration, Investigations, Public Affairs and other functions. However, there are still many roles where civilianization is possible and would benefit the City and the Department.

To view the full memorandum, please visit our website at:
http://openbook.sfgov.org/webreports/details3.aspx?id=2711

This is a send-only email address.

For questions about the memorandum, please contact Peg.Stevenson@sfgov.org

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OFFICE OF THE CONTROLLER
CITY AND COUNTY OF SAN FRANCISCO

Ben Rosenfield
Controller

Todd Rydstrom
Deputy Controller

MEMORANDUM

TO: Supervisor Norman Yee

FROM: Ben Rosenfield, Controller
Peg Stevenson, City Performance Director
Michael Perlstein, Performance Analyst

DATE: May 13, 2019

SUBJECT: **San Francisco Police Department Civilianization Progress and Options**

Summary and Recommendations

Utilizing civilian staff to perform non-law enforcement duties within police departments, known as civilianization, is a widely recognized best practice in public safety organizations to both increase the number of officers available for law enforcement and to increase efficiencies.

In the last ten years civilianization reviews of the San Francisco Police Department (SFPD) have been done by the Police Executive Research Forum (PERF) in 2008,[1] the Controller's Office in 2010[2] and 2012[3] and the Board of Supervisors Budget and Legislative Analyst (BLA) in 2018.[4]

At the Board of Supervisors' and Department's request, City Performance evaluated the SPFD's current status and options for future civilianization. Our findings and recommendations are:

- In the FY18-19 budget, the SFPD received 25 new positions for civilianization. Nineteen positions were budgeted for January 1 and six positions were budgeted for April 1. Progress has been made in filling these, but 12 positions are still awaiting exams or specifications and required assistance from the Department of Human Resources such that recruitments have not begun. These must be prioritized. See Table 2 for the list and Appendix A for details of this progress.

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[1] https://sanfranciscopolice.org/sites/default/files/FileCenter/Documents/14694-San_Francisco_Organizational_Review_Final_Report.pdf
[2] http://openbook.sfgov.org/webreports/details3.aspx?id=1144
[3] The San Francisco Charter Section 16.123 directs the Controller and Chief of Police to identify positions in the San Francisco Police Department (SFPD) that could be filled appropriately by civilian personnel.
[4] https://sfbos.org/sites/default/files/BA_Report_PA_of_San_Francisco_Police_Department_061218.pdf

- An additional 50 positions, if budgeted and authorized, will permit civilianization of jobs in Records Management, Media Relations, Police Commission, Legal, Professional Standards, Community Engagement and other units. The SFPD specified these positions for civilianization through a command staff review process. We have reviewed their work and concur with the identification of these 50 positions. These positions should be strongly considered for inclusion in the FY19-20 budget and future fiscal years in conjunction with a multi-year hiring and staffing plan. See Table 3 for the list and Appendix B for details.

- Additional study will likely yield more opportunities for civilianization of key functions. Clear opportunities exist in two Bureaus – Administration and Investigation (see Appendix E for details of these Bureaus) and in specific units such as the Operations Center and the Homeland Security Unit. These areas have been identified by prior Controller's reviews, the BLA review, and the PERF review as having many roles which can be entirely civilian. The next analytical process should review SFPD's overall progress in civilianizing these types of functions. The SFPD has engaged a consultant to conduct a complete department-wide staffing analysis, which will enable greater specificity in civilianization reviews and proposals for the FY20-21 budget.

- We also note that strong progress has been made in civilianization over the past seven years. Since FY12-13, the SFPD has successfully civilianized 60 positions recommended in a variety of prior reports by the Controller's Office, BLA and others (See Appendix C for details).

Table 1 below summarizes the SFPD's progress in filling positions recommended by past civilianization reports. We also recommend the 50 positions newly identified by the Department for consideration in the upcoming budget, accompanied by a realistic staffing plan.

Table 1: Summary of Progress and Options with Position Counts

FY18-19 Approved & Budgeted	Budgeted	Filled or in Final Backgrounds	Exam in Progress	Remaining
	25	11	2	12
Prior Controller Review - Budgeted	Filled	Addressed in FY18 Budget		
	46	2		
Prior Controller Review – Not Budgeted	Requested Not Budgeted	Addressed in New List	Not Addressed	No longer relevant
	8	2	4	5
New Proposed - Not Budgeted	Recommended (Multi-Year)			
	50			

Actions in the FY18-19 Fiscal Year

For FY18-19, SFPD was allocated budget and position authority to civilianize 25 positions (see Table 2 for positions by Bureau and Appendix B for the full list), with varying start dates anticipated through to the end of the fiscal year. As of May 1, 2019, the hiring status of those positions is as follows:

- Six filled
- Five candidates in background check
- Two exams being administered
- Six exam materials still in development
- Six recruitment not begun

SFPD notes that two of the positions included in this list (1823 Sr. Administrative Analysts within the Strategic Management Bureau) will be hired in lieu of assigning additional sworn officers to that Unit however SFPD does not plan to reduce the number of sworn officers in that Unit.

Table 2
Count of FY18-19 Budgeted Civilian Positions by Bureau

Bureau	Count of Positions
Administration Bureau	15
Investigations Bureau	6
Strategic Management Bureau	2
Chief of Staff	2
Total	**25**

Options for the FY19-20 Fiscal Year

In the winter of FY18-19 SFPD asked all Command Staff to conduct a review of their personnel and identify positions currently held by sworn staff that could be civilianized. The resulting list of 50 positions (see Table 3 below for positions by Bureau and Appendix B for the full list) are those which SFPD feels could likely be transitioned in full to civilian staff. We have reviewed this work, compared it to past analyses and recommend that these positions be considered for inclusion in the FY19-20 and subsequent budgets. This would be done in conjunction with a hiring plan that is realistic about the effort to recruit these jobs.

In developing the list of 50 positions, the SFPD has retained uniformed supervision in some units that are otherwise entirely civilian. For example, if all positions in the FY18-19 budget and the new proposed lists were filled, four sworn officers would remain in the Strategic Management Bureau: one captain, one

sergeant, and two officers within Staff Inspections, each of whom would be paired with a civilian counterpart. SFPD should examine this approach and specifically justify where they propose to retain sworn supervision of a function that is otherwise completely staffed by civilians.

The SFPD's process of identifying the 50 positions also did not touch on light duty and disability assignments. In the past, some responsibilities which might have been civilianized have been reserved for sworn staff that need a place to work while assigned to a light duty or are permanently accommodated in their positions as determined by Americans with Disabilities Act determinations. However, SFPD is phasing out long-term disability staffing, and as officers currently in those roles retire, those positions will be gradually transitioned to civilian staff. Similarly, SFPD now uses short-term, light duty assignments to fill ad-hoc staffing shortages as requested by various Units, rather than to continuously staff positions which do not require law enforcement capabilities. An exception to this protocol is the Department Operations Center, which is staffed by rotating light duty assignments.

Table 3
Count of Identified Civilian Positions by Bureau

Bureau	Count of Positions
Chief of Staff	13
Administration	11
Field Operations	11
Strategic Management	10
Special Operations	4
Investigations	1
Total	**50**

Options from Prior Studies

The 2012 Controller's Office report suggested 67 specific positions for civilianization. As noted above, of these, 46 have been successfully filled with civilian hires. Of the 21 that remain unfilled two recommended job classes are unavailable to the SFPD, and three positions are no longer relevant due to consolidation of a function. Of the remaining 16 positions:

- Four are in SFPD's current civilianization plans—two are included in the FY18-19 budgeted list and two are in the newly identified list
- Eight were requested in past budget years but were not funded – these functions, including the Operations Center and Homeland Security Unit may still be candidates for civilianization
- Four remain unaddressed.

See Table 4 for a summary of Controller's recommendations by Unit, and Appendix D for details of which recommendations have been fully or partially completed.

Table 4
CON Recommended Positions for Civilianization

Unit	Count of Positions Recommended	Count of Unfilled Recommendations[5]
Compstat	14	3
Facilities	11	0
Operations Center and Homeland Security Unit	10	8
Academy	4	2
Police Law Enforcement Services	3	3
Technology	3	0
Alcohol Liaison Unit	2	1
Crime Scene Investigation	2	2
Fleet and Tactical	2	0
Permits	2	0
Property	2	0
Records Management - Contracts	2	0
Records Management - Legal	2	0
Behavioral Science	1	0
Crime Lab Director	1	0
Mounted Unit	1	0
Permits/Property	1	1
Records Management - Professional Standards	1	0
Special Operations	1	1
Total	**67**	**21**

[5] Some of the unfilled recommendations have been addressed in other ways. Please see Appendix D for details.

The 2018 BLA report did not identify specific positions or functions for civilianization. However, it included suggestions of Units with work that could be done by a properly trained civilian and proposed that up to 34 positions in five Units might be civilianized. Because the BLA report did not identify specific positions, we cannot accurately assess the degree to which the recommendations are met by the FY18-19 budgeted positions and the newly identified proposal. However, these two lists of positions generally address the units specified in the BLA report, as shown in Table 5.[6]

Table 5
2018 BLA Suggested Civilianization by Unit

Division/ Unit	# Recommended for Civilianization	# Addressed in FY19 Budget	# Addressed in New FY20 List
Staff Services	11	6	3
Property	10	8	
Crime Scene Investigations	6	6	
Professional Standards	5	2	8
Administration	2	1	
Total	**34**	**23**	**11**

The 2008 PERF report recommended many specific positions throughout the Department for civilianization. While the status of many recommendations cannot be evaluated due to organizational changes over time, two significant findings can be compared to current civilianization efforts.

SFPD has made significant progress on civilianizing its Administration Bureau and has additional efforts underway, however it has not achieved near complete civilianization of the Bureau as recommended by PERF. The PERF report states that "[o]ther than in the Training Division, almost all positions in the [Administration] Bureau should be civilianized in order to best provide the professional services required through skilled workers and achieve a stability of institutional knowledge while offering fiscal benefits to the department."[7]

Eleven out of the 50 positions proposed for civilianization in the newly identified list and 15 of the 25 in the FY18-19 budgeted list are within the Administration Bureau. As of April 2019, there are 90 sworn staff

[6] The BLA report makes clear that the recommended count of positions within each Unit is a broad suggestion, and that they lacked information for position-specific analysis. Thus, the SFPD addressed the positions they found most likely civilianizable within those Units via the FY18-19 budgeted and new identified lists, even though the number identified within each Unit across the two lists does not match the report's recommendations.
[7] PERF Report page 147. https://sanfranciscopolice.org/sites/default/files/FileCenter/Documents/14694-San_Francisco_Organizational_Review_Final_Report.pdf

in the Administration Bureau, 41 of which are within the Academy (i.e. the "Training Division" mentioned by the PERF report). The remaining 49 sworn staff consist of 44 sworn positions of rank Lieutenant or below, three Captains, one Commander, and the Deputy Chief. Filling all positions in the FY18-19 budgeted and newly identified lists would reduce the 90 sworn staff to 64. See Appendix E for a complete Administration staffing breakdown.

The PERF report also suggested increasing the number of civilian staff in the Investigations Bureau by more than 250%, from 62 to 166.5 FTEs. As of April 2019, there are 96 civilians in the bureau (see Appendix E for an Investigations staffing breakdown). Filling all positions in the FY18-19 budgeted group and newly identified list would increase the civilian count to 103.

The PERF report also recommended complete or near-complete civilianization of Units such as Forensic Services, Operations Center, Facilities, Support Services, Permits, Airport Administrative, and Public Affairs. Though some positions in these Units have been civilianized in past years (see Appendix C for an accounting of all civilianized positions since FY12-13) or are included in the SFPD's FY18-19 budgeted and new identified lists, a comprehensive staffing analysis is required to identify what portion of responsibilities in these groups which might be civilianized remains sworn.

Conclusion

In summary, strong progress has been made by the SFPD to move uniformed personnel back out onto the street and into jobs requiring law enforcement expertise and training, and in turn use civilian personnel for jobs where other skills are required. This progress has clearly benefited the SFPD in administration, public affairs, information technology and other areas. Nonetheless, there are areas where more of this changeover can take place now.

No further analysis is needed to move forward with completing the hires already identified for FY18-19 and proceeding with the 50 newly identified positions as discussed above. The expert consultant's staffing review that is currently planned need not delay any of these actions. The SFPD needs a realistic and well supported staffing plan to recruit and hire these positions. The Controller's Office will continue to work with the Department in FY19-20 and monitor progress in this important effort.

APPENDIX A: FY2018-19 BUDGET ACTIONS

Positions Approved in the FY2018-19 Budget

	Classification	Unit	Hiring Status as of April 30	Notes
1	7120 Blds & Grnds Maint. Superintendent	Facilities Manager	Filled with Acting Employee Pending next Citywide Exam	
2	1823 Senior Admin Analyst	Principled Policing/Professional Standards	Exam Being Administered	Since the budget was approved, this position is no longer intended for civilianization; it will fill a new investigative role originally intended for a sworn officer.
3	1823 Senior Admin Analyst	Principled Policing/Professional Standards	Exam Being Administered	Since budget approved, this position no longer intended for civilianization. Will fill new investigative role originally intended for a sworn officer.
4	1934 Storekeeper	Property / Evidence	Filled	
5	1934 Storekeeper	Property / Evidence	Filled	
6	1934 Storekeeper	Property / Evidence	Filled	
7	1934 Storekeeper	Property / Evidence	Filled	
8	1934 Storekeeper	Property / Evidence	Candidate in backgrounds	
9	1934 Storekeeper	Property / Evidence	Candidate in backgrounds	
10	1934 Storekeeper	Property / Evidence	Candidate in backgrounds	
11	1934 Storekeeper	Property / Evidence	Candidate in backgrounds	
12	1310 Public Relations Assistant	Website / Communications in Media Unit	Candidate in backgrounds	
13	8173 Legal Assistant	PRA -Media Requests in Media Unit	Filled	
14	8253 Forensic Latent Examiner	Crime Scene Investigations	Exam Materials in development	Will be hired as Temp. Exempt to expedite hiring while job classification is edited by DHR
15	8253 Forensic Latent Examiner	Crime Scene Investigations	Exam Materials in development	Will be hired as Temp. Exempt to expedite hiring while job classification is edited by DHR

	Classification	Unit	Hiring Status as of April 30	Notes
16	8253 Forensic Latent Examiner	Crime Scene Investigations	Exam Materials in development	Will be hired as Temp. Exempt to expedite hiring while job classification is edited by DHR
17	8253 Forensic Latent Examiner	Crime Scene Investigations	Exam Materials in development	Will be hired as Temp. Exempt to expedite hiring while job classification is edited by DHR
18	8253 Forensic Latent Examiner	Crime Scene Investigations	Exam Materials in development	Will be hired as Temp. Exempt to expedite hiring while job classification is edited by DHR
19	8253 Forensic Latent Examiner	Crime Scene Investigations	Exam Materials in development	Will be hired as Temp. Exempt to expedite hiring while job classification is edited by DHR
20	TBD - 1244 Placeholder Job Class	Backgrounds Investigations	Recruitment Not Begun	DHR finalizing proposed 1251 Background Investigator classification.
21	TBD - 1244 Placeholder Job Class	Backgrounds Investigations	Recruitment Not Begun	DHR finalizing proposed 1251 Background Investigator classification.
22	TBD - 1244 Placeholder Job Class	Backgrounds Investigations	Recruitment Not Begun	DHR finalizing proposed 1251 Background Investigator classification.
23	TBD - 1244 Placeholder Job Class	Backgrounds Investigations	Recruitment Not Begun	DHR finalizing proposed 1251 Background Investigator classification.
24	TBD - 1244 Placeholder Job Class	Backgrounds Investigations	Recruitment Not Begun	DHR finalizing proposed 1251 Background Investigator classification.
25	TBD - 1244 Placeholder Job Class	Backgrounds Investigations	Recruitment Not Begun	DHR finalizing proposed 1251 Background Investigator classification.

APPENDIX B: CURRENT CIVILIANIZATION OPTIONS

This is a list of 50 positions identified by SFPD Command Staff as potential candidates for civilianization as of February 2019.

	Bureau	Unit	General Duties	Civilian Job Class Proposed	Civilian Cost	Uniform Position	Uniform Cost	Civilianization Savings
1	Administration	Staff Services	Medical Liaison for On the Job Injuries	5177 Safety Officer	$ 198,491	Q052 (Sergeant III)	$211,193	$12,702
2	Administration	Staff Services	Recruitment	1250 Recruiter	$ 167,695	Q004 (Police Officer III)	$181,854	$14,160
3	Administration	Staff Services	Recruitment	1250 Recruiter	$ 167,695	Q004 (Police Officer III)	$181,854	$14,160
4	Administration	Crime Information Services	Records	941 Manager VI	$ 248,700	Q082 (Captain III)	$304,741	$56,040
5	Administration	Crime Information Services	Records	923 Manager II	$ 192,734	Q062 (Lieutenant III)	$241,150	$48,416
6	Administration	Crime Information Services	Records	1827 Administrative Services Manager	$ 162,089	Q052 (Sergeant III)	$211,193	$49,104
7	Administration	Crime Information Services	Records	1827 Administrative Services Manager	$ 162,089	Q052 (Sergeant III)	$211,193	$49,104
8	Administration	Crime Information Services	Records	1827 Administrative Services Manager	$ 162,089	Q052 (Sergeant III)	$211,193	$49,104
9	Administration	Academy	Defensive Tactics - Fitness Coordinator	1844 Senior Management Assistant	$ 145,200	Q004 (Police Officer III)	$181,854	$36,655

	Bureau	Unit	General Duties	Civilian Job Class Proposed	Civilian Cost	Uniform Position	Uniform Cost	Civilianization Savings
10	Administration	Academy	Professional Development- A/O, etc.	1842 Management Assistant	$ 126,708	Q004 (Police Officer III)	$181,854	$55,146
11	Administration	Facilities - DeHaro	Building Maintenance and Supplies Support for SOB DeHaro Facility	1942 - Assistant Material Coordinator	$ 156,629	Q004 (Police Officer III)	$181,854	$25,225
12	Chief of Staff	Media Relations	PIO & support duties	1842 Management Assistant	$ 126,708	Q004 (Police Officer III)	$181,854	$55,146
13	Chief of Staff	Media Relations	PIO & support duties	1842 Management Assistant	$ 126,708	Q004 (Police Officer III)	$181,854	$55,146
14	Chief of Staff	Media Relations	PIO & support duties	1842 Management Assistant	$ 126,708	Q004 (Police Officer III)	$181,854	$55,146
15	Chief of Staff	Media Relations	PIO & support duties	1842 Management Assistant	$ 126,708	Q004 (Police Officer III)	$181,854	$55,146
16	Chief of Staff	Media Relations	PIO & support duties	1842 Management Assistant	$ 126,708	Q004 (Police Officer III)	$181,854	$55,146
17	Chief of Staff	Police Commission	Police Commission Secretary	923 Manager II	$ 192,734	Q052 (Sergeant III)	$211,193	$18,459
18	Chief of Staff	Police Commission	Police Commission support	1823 Senior Administrative Analyst	$ 160,451	Q004 (Police Officer III)	$181,854	$21,403
19	Chief of Staff	Legal	Body Camera Unit - Audit Role	1823 Senior Administrative Analyst	$ 160,451	Q004 (Police Officer III)	$181,854	$21,403

	Bureau	Unit	General Duties	Civilian Job Class Proposed	Civilian Cost	Uniform Position	Uniform Cost	Civilianization Savings
20	Chief of Staff	Legal	Body Camera Unit - Audit Role	1823 Senior Administrative Analyst	$ 160,451	Q004 (Police Officer III)	$181,854	$21,403
21	Chief of Staff	Legal	Court Liaison Sergeant	1827 Administrative Services Manager	$ 162,089	Q052 (Sergeant III)	$211,193	$49,104
22	Chief of Staff	Legal	Legal Sergeant	8177 Attorney	$ 269,251	Q052 (Sergeant III)	$211,193	($58,058)
23	Chief of Staff	Legal	Legal support	8177 Attorney	$ 269,251	Q004 (Police Officer III)	$181,854	($87,396)
24	Chief of Staff	Legal	Legal support	8177 Attorney	$ 269,251	Q004 (Police Officer III)	$181,854	($87,396)
25	Strategic Management	Professional Standards	Professional Standards	932 Manager IV	$ 215,184	Q062 (Lieutenant III)	$241,150	$25,966
26	Strategic Management	Professional Standards	Written Directives	1844 Senior Management Assistant	$ 145,200	Q052 (Sergeant III)	$211,193	$65,993
27	Strategic Management	Professional Standards	Written Directives	1842 Management Assistant	$ 126,708	Q004 (Police Officer III)	$181,854	$55,146
28	Strategic Management	Professional Standards	Professional Standards / DOJ Reforms	1823 Senior Administrative Analyst	$ 160,451	Q004 (Police Officer III)	$181,854	$55,146
29	Strategic Management	Professional Standards	Professional Standards / DOJ Reforms	1823 Senior Administrative Analyst	$ 160,451	Q004 (Police Officer III)	$181,854	$21,403

	Bureau	Unit	General Duties	Civilian Job Class Proposed	Civilian Cost	Uniform Position	Uniform Cost	Civilianization Savings
30	Strategic Management	Professional Standards	Professional Standards / DOJ Reforms	1823 Senior Administrative Analyst	$ 160,451	Q004 (Police Officer III)	$181,854	$21,403
31	Strategic Management	Professional Standards	Professional Standards / DOJ Reforms	1823 Senior Administrative Analyst	$ 160,451	Q004 (Police Officer III)	$181,854	$21,403
32	Strategic Management	Professional Standards	Professional Standards / DOJ Reforms	1823 Senior Administrative Analyst	$ 160,451	Q004 (Police Officer III)	$181,854	$21,403
33	Strategic Management	Technology	Telecomm Lead w. Vendors & DT	1094 IT Ops Support Administrator IV	$ 171,007	Q004 (Police Officer III)	$181,854	$10,847
34	Strategic Management	Technology	Smart Phone and Wireless Support	1094 IT Ops Support Administrator IV	$ 171,007	Q004 (Police Officer III)	$181,854	$10,847
35	Special Operations	Traffic	Front Desk STOP / Tow Desk (Public Counter)	9209 Community Police Services Aide	$ 106,725	Q004 (Police Officer III)	$181,854	$75,130
36	Special Operations	Traffic	Front Desk General Questions & Police Reports	9209 Community Police Services Aide	$ 106,725	Q004 (Police Officer III)	$181,854	$75,130
37	Special Operations	Traffic	Subpoena Processing & Admin Work	1842 Management Assistant	$ 126,708	Q052 (Sergeant III)	$211,193	$84,484
38	Special Operations	Traffic	Co. K Motorcycle Fleet Management - Must have M1 License	7313 Automotive Machinist	$ 130,385	Q004 (Police Officer III)	$181,854	$51,470
39	Field Operations	PLES - 10B Services	Scheduling PLES Assignments	1842 Management Assistant	$ 126,708	Q004 (Police Officer III)	$181,854	$55,146

	Bureau	Unit	General Duties	Civilian Job Class Proposed	Civilian Cost	Uniform Position	Uniform Cost	Civilianization Savings
40	Field Operations	PLES - 10B Services	Scheduling PLES Assignments	1842 Management Assistant	$ 126,708	Q004 (Police Officer III)	$181,854	$55,146
41	Field Operations	Patrol Specials	Patrol Specials Officers	1842 Management Assistant	$ 126,708	Q004 (Police Officer III)	$181,854	$55,146
42	Field Operations	Permits	One of the two Permit Officers	1842 Management Assistant	$ 126,708	Q004 (Police Officer III)	$181,854	$55,146
43	Field Operations	Community Engagement Div.	Limited Proficiency Officer	1844 Senior Management Assistant	$ 145,200	Q004 (Police Officer III)	$181,854	$36,655
44	Field Operations	Community Engagement Div.	Safe Place Program Coordinator	1844 Senior Management Assistant	$ 145,200	Q004 (Police Officer III)	$181,854	$36,655
45	Field Operations	Community Engagement Div.	SF Police Foundation Coordination	1844 Senior Management Assistant	$ 145,200	Q004 (Police Officer III)	$181,854	$36,655
46	Field Operations	Community Engagement Div.	Command Post at Healthy Streets Ops Center	1827 Administrative Services Manager	$ 162,089	Q052 (Sergeant III)	$211,193	$49,104
47	Field Operations	Community Engagement Div.	Command Post at Healthy Streets Ops Center	1844 Senior Management Assistant	$ 145,200	Q004 (Police Officer III)	$181,854	$36,655
48	Field Operations	Community Engagement Div.	Command Post at Healthy Streets Ops Center	1844 Senior Management Assistant	$ 145,200	Q004 (Police Officer III)	$181,854	$36,655

	Bureau	Unit	General Duties	Civilian Job Class Proposed	Civilian Cost	Uniform Position	Uniform Cost	Civilianization Savings
49	Field Operations	Community Engagement Div.	Command Post at Healthy Streets Ops Center	1844 Senior Management Assistant	$ 145,200	Q004 (Police Officer III)	$181,854	$36,655
50	Investigations	Crime Lab	Crime Lab Technical Support	2416 Laboratory Technician II	$ 103,995	0382 (Inspector III)	$211,193	$107,198
					$ 7,879,868		$9,656,920	$1,777,052

APPENDIX C: FY12-13 THRU FY16-17 CIVILIANIZATION

This is a list of 54 positions which have been civilianized between FY12-13 and FY16-17.

	Classification	Unit	Filled?
FY12/13			
1	1842 Management Assistant	Academy/POST Compliance Position	**Yes**
2	1766 Media Production Technician	Academy/ Tech Video	**Yes**
3	1822 Admin Analyst	Admin Compstat	**Yes**
4	1822 Admin Analyst	Operations Compstat	**Yes**
5	1822 Admin Analyst	Operations Compstat	**Yes**
6	1822 Admin Analyst	Operations Compstat	**Yes**
7	1822 Admin Analyst	Operations Compstat	**Yes**
8	1408 Principal Clerk	Community Engagement	**Yes**
9	1822 Admin Analyst	Traffic - Traffic Stats / Vision Zero	**Yes**
10	1942 Assist Mat. Coord.	Crime Lab Facility	**Yes**
11	1023 IS Administrator III	Technology	**Yes**
12	1023 IS Administrator III	Technology	**Yes**
13	1023 IS Administrator III	Technology	**Yes**
14	8173 Legal Assistant	Legal / Chief of Staff	**Yes**
15	8173 Legal Assistant	Legal / Chief of Staff	**Yes**
16	8259 Criminalist	CSI	Repurposed in FY17-18 for Technology/Police Reforms
17	8259 Criminalist	CSI	Repurposed in FY17-18 for Technology/Police Reforms
18	5322 Graphic Artist	CSI - Artist	**Yes**
19	1770 Photographer	CSI Photo Lab	**Yes**
20	1842 Management Assistant	Administration Bureau	**Yes**
21	0933 Manager V	Crime Lab Director	**Yes**
FY13-14			
22	7410 Vehicle Maintenance Operator	Fleet	**Yes**
23	1842 Management Assistant	Academy	**Yes**
24	1823 Senior Admin Analyst	Administration Compstat	**Yes**
25	1822 Admin Analyst	Administration Compstat	**Yes**
26	1408 Principal Clerk	Permits	**Yes**
27	1244 - Sr. Personnel Analyst	Permits	**Yes**
28	1934 Storekeeper	Property	**Yes**
29	1934 Storekeeper	Property	**Yes**

	Classification	Unit	Filled?
30	8108 Sr. Legal Process Clerk	Legal / Contracts	**Yes**
31	1842 Management Assistant	Alcoholic Liaison Unit	**Yes**
32	1842 Management Assistant	Professional Standards/Chief of Staff	**Yes**
33	1822 Admin Analyst	Operations Compstat	**Yes**
34	1822 Admin Analyst	Operations Compstat	**Yes**
35	1822 Admin Analyst	Operations Compstat	**Yes**
36	1822 Admin Analyst	Operations Compstat	**Yes**
37	1942 Assistant Materials Coordinator	Facilities -District Station	**Yes**
38	1942 Assistant Materials Coordinator	Facilities -District Station	**Yes**
39	1942 Assistant Materials Coordinator	Facilities -District Station	**Yes**
40	1942 Assistant Materials Coordinator	Facilities -District Station	**Yes**
41	1942 Assistant Materials Coordinator	Facilities -District Station	**Yes**
42	1942 Assistant Materials Coordinator	Facilities -District Station	**Yes**
43	1942 Assistant Materials Coordinator	Facilities -District Station	**Yes**
44	1942 Assistant Materials Coordinator	Facilities -District Station	**Yes**
45	1942 Assistant Materials Coordinator	Facilities -District Station	**Yes**
46	1942 Assistant Materials Coordinator	Facilities -District Station	**Yes**
47	1408 Principal Clerk	Staff Services	**Yes**
48	9209 Comm. Police Service Aide	Homeland Security Unit	**Yes**
49	9209 Comm. Police Service Aide	Homeland Security Unit	**Yes**
50	3310 Stable Attendant	Mounted Unit	**Yes**
51	3310 Stable Attendant	Mounted Unit	**Yes**
52	7410 Vehicle Maintenance Operator	Special Operations	**Yes**
53	1823 Senior Admin Analyst	Department Contracts Administrator	**Yes**
FY16-17			
54	0922 Manager I	Fleet Manager	**Yes**

APPENDIX D: DETAIL OF 2012 CONTROLLER'S REPORT RECOMMENDATIONS

This table provides a civilianization status on 67 positions recommended for civilianization per the Controller's Office 2012 report.

Unit	Proposed Job Class	Title	# Positions	# Recommended positions unfilled	Status	Notes
Academy	1766	Media Production Technician	1		Complete	
Academy	1842	Management Assistant	1		Complete	
Academy	8259	Fire Arm Specialist	1	1	N/A	Per Peace Officers Standards and Training (P.O.S.T) - Firearm Specialist must be sworn, so this couldn't happen. Repurposed to 1942 Facilities Coordinator
Academy	9772	Community Development Specialist	1	1	N/A	9772 job class is specific to MYR, could not be used
Alcohol Liaison Unit	1842	Management Assistant	2	**1**	Partially Complete	**Could still be civilianized**
Behavioral Science	1406	Senior Clerk	1		Complete	
Compstat	1822	Administrative Analyst	13	3	Complete	Compstat is now centralized, three positions no longer needed
Compstat	1823	Senior Administrative Analyst	1		Complete	
Crime Lab Director	0933	Manager V	1		Complete	
Crime Scene Investigation	1770	Photographer	1		Complete	
Crime Scene Investigation	5322	Graphic Artist	1		Complete	

Unit	Proposed Job Class	Title	# Positions	# Recommended positions unfilled	Status	Notes
Crime Scene Investigation	8259	Criminalist	1	1	Addressed but incomplete	Identified in FY18-19 Budgeted List
Crime Scene Investigation	8260	Criminalist II	1	1	Addressed but incomplete	Addressed in FY18-19 Budgeted List
Facilities	1942	Assistant Materials Coordinator	11		Complete	One of these was Firearm Specialist recommendation
Fleet and Tactical	7410	Automotive Services Worker	2		Complete	
Mounted Unit	3310	Stable Attendant	1		Complete	
Operations Center and Homeland Security Unit	9209	Community Police Service Aides	10	**8**	Partially Complete	Per BLA 2018 analysis: six requested positions denied in FY13-14 budget, two denied in FY16-17. **Potentially could still be civilianized.**
Permits	0922	Manager I	1		Complete	Repurposed to 1244 and assigned to Staff Services
Permits	1408	Principal Clerk	1		Complete	
Permits/Property	1944	Materials Coordinator	1	1	Addressed but incomplete	Addressed in 2019 Identified List
Police Law Enforcement Services	1408	Principal Clerk	2	**2**	Unfilled	**Could still be civilianized**
Police Law Enforcement Services	1823	Senior Administrative Analyst	1	1	Addressed but incomplete	Addressed in 2019 Identified List
Property	1934	Storekeeper	2		Complete	

Unit	Proposed Job Class	Title	# Positions	# Recommended positions unfilled	Status	Notes
Records Management - Contracts	1844	Senior Management Assistant	1		Complete	Moved from Legal to Fiscal
Records Management - Contracts	8108	Senior Process Clerk	1		Complete	
Records Management - Legal	8173	Legal Assistant	2		Complete	
Records Management - Professional Standards	1842	Management Assistant	1		Complete	
Special Operations	1844	Senior Management Assistant	1	**1**	Unfilled	**Could still be civilianized**
Technology	1023	Information Services Admin.	3		Complete	Job class changed to 1093
			67	**21**		

APPENDIX E: CIVILIANIZATION IN TWO BUREAUS

Of the SFPD's six Bureaus (Administration, Strategic Management, Field Operations, Investigations, Special Operations, and Airport) past reports have identified two which contain the most opportunity for civilianization: Administration and Investigations. The tables below provide a breakdown of staffing within these two Bureaus by Unit and position type. Civilian job types are shaded yellow, and Academy Units are shaded blue. Civilianizable positions included in the FY18-19 budgeted and the newly identified lists are shown on the right.

Sufficiently detailed organization charts for the remaining Bureaus and the Strategic Communications, Chief of Staff, and Policy & Public Affairs Divisions were not provided.

Administration Bureau Staffing

Unit	Deputy Chief	Cmdr./ Director	Capt.	Lt.	Sgt.- Inspector	Ofc.	Light Duty	Prop F (960)[8]	Civilian	Total	FY18-19 Budgeted	Newly Identified
General	1	1	1		1				8	**12**	1	1
Academy - General			1						1	**2**		
Professional Development Unit				1	2	2			5	**10**		1
Basic Recruit Course				1	4	23		5	1	**34**		1
Field Training Office				1	1	2			1	**5**		
Field Tactics Unit				1	1	1		1		**4**		
Property			1	1	2	7	1	12	7	**31**	8	
Records				1	2		8		29	**40**		5
Staff Services - General			1	1	1			2	1	**6**		
Personnel									13	**13**		
Equal Employment Opportunity Programs									1	**1**		
Physician Specialist									1	**1**		
Payroll									9	**9**		
Background Investigations						6		21	3	**30**	6	
Behavioral Science					2	1			1	**4**		
Medical Liaison					1	1			2	**4**		1
Recruitment Unit					1	4			2	**7**		2
Staffing and Deployment				1	1	1			1	**4**		
Total	**1**	**1**	**4**	**8**	**19**	**48**	**9**	**41**	**86**	**217**	**15**	**11**

[8] 960 staff are retired SFPD members who are hired back on a part-time basis under Prop. F. They may perform specialized duties but do not respond to calls for service.

Investigations Bureau Staffing

This table provides a breakdown of staffing within the Investigations Bureau by Unit and position type. Civilian job types are shaded. Civilianizable positions included in the FY18-19 budgeted and new identified Lists are shown on the right.

	Deputy Chief	Cmdr./ Director	Capt.	Lt.	Sgt.- Inspector	Ofc.	Prop F (960)	Community Policing Service Aide (9209)	Civilian	Cadet	Total	FY18-19 Budgeted	Newly Identified
Main Office	1	1			1			1	2		**6**		
Gun Crimes Invest. Ctr.				1	2	2	3		vacant (clerk)		**8**		
Special Invest.				1	16	13	1		1		**32**		
Crime Analysis		1							10		**11**		
Crime Lab		1			1			3	29		**34**		1
CSI				1	6	14			4		**25**	6	
ID ABIS						1			27		**28**		
GTF			1	1	15	1			1	1	**20**		
Homicide				1	15		3		1		**20**		
Robbery				1	10				vacant (clerk)		**11**		
Night Invest.					9				1		**10**		
Burglary			1	1	14			1	vacant (clerk)		**17**		
Narcotics				1	4	12	1		1		**19**		
TCIU				1	5				vacant (clerk)		**6**		
SVU			1	3	52	1	1	1	4	2	**65**		
Total	**1**	**3**	**3**	**12**	**150**	**44**	**9**	**6**	**81**	**3**	**312**	**6**	**1**

From:	Hickey, Jacqueline (BOS)
To:	BOS-Supervisors
Subject:	FW: Issued: Review of the Healthy Streets Operations Center: A case study on coordinating San Francisco's response to encampments and street behaviors
Date:	Monday, May 20, 2019 9:01:00 AM

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Sent: Thursday, March 21, 2019 10:00 AM
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Subject: Issued: Review of the Healthy Streets Operations Center: A case study on coordinating San

Francisco's response to encampments and street behaviors

The City and County of San Francisco (City) launched the Healthy Streets Operation Center (HSOC) on January 16, 2018 to coordinate the City's response both to homeless encampments and to behaviors that impact quality of life, such as public drug use and sales. HSOC co-locates City departments to deliver a coordinated response to both encampments and unhealthy street conditions in real-time.

The case study describes several key ways the creation of HSOC changed the City's response, including:

- How service requests from members of the public enter and are routed through various intake channels
- How departments dispatch staff to respond to service requests
- The collaborative planning efforts of departments around encampment response
- Use of data to make deployment and resource decisions
- Enhanced strategies for connecting individuals to supportive services, including substance use treatment

In its first year of operation, HSOC achieved the following results:

- Reduced the number of tents or improvised structures by 40%
- Reduced the number of locations with five or more tents or improvised structures by 70%
- Linked 365 individuals with shelter or a Navigation Center through encampment resolution activities
- Reduced homeless-related service requests to SF311 and 911 emergency and non-emergency lines by 33%
- Reduced average response time to homeless-related SF311 service requests by 27%

To view the full report, please visit our website at:
http://openbook.sfgov.org/webreports/details3.aspx?id=2684

This is a send-only email address.

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Review of the Healthy Streets Operations Center

A case study on coordinating San Francisco's response to encampments and street behaviors

CITY PERFORMANCE

March 20, 2019

City & County Of San Francisco
Office of the Controller
City Performance

About City Performance

The City Services Auditor (CSA) was created in the Office of the Controller through an amendment to the San Francisco City Charter that was approved by voters in November 2003. Within CSA, City Performance ensures the City's financial integrity and promotes efficient, effective, and accountable government.

City Performance Goals:

- City departments make transparent, data-driven decisions in policy development and operational management.
- City departments align programming with resources for greater efficiency and impact.
- City departments have the tools they need to innovate, test, and learn.

City Performance Team (2018):
Peg Stevenson, *Director*
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Executive Summary

WHAT IS HSOC?

The City and County of San Francisco (City) launched the Healthy Streets Operations Center (HSOC) on January 16, 2018 to coordinate the City's response both to homeless encampments and to behaviors that impact quality of life, such as public drug use and sales. As public concern about these issues increased, by January 2018, the City grappled with responding to over 2,500 calls per week related to both encampments and unsafe street behaviors and conditions through various reporting mechanisms, including SF311 and the City's emergency (911) and non-emergency[1] phone numbers.

Given the complexity of these issues, many City departments play a role in a comprehensive response. HSOC co-locates the following City departments in the City's Emergency Operations Center at the Department of Emergency Management. On a daily basis, they deliver a coordinated response to both encampments and unhealthy street conditions in real-time, with twelve more departments providing additional support to HSOC and its operations.[2]

- San Francisco Police Department (SFPD)
- San Francisco Public Works
- Department of Homelessness and Supportive Housing (HSH)
- Department of Emergency Management (DEM)
- Department of Public Health (DPH)

Departments engaged in HSOC established a charter and strategic framework to clarify roles and document the vision, mission, values, and goals of the initiative. Departments may revisit and revise the strategic framework in the coming year as they consider the scope and purpose of HSOC and craft measurable objectives to show its impact.

As written, the strategic framework illustrates the dual focus of HSOC: developing a

Vision
San Francisco's streets will be healthy for everyone and those living on the streets will have convenient access to available City services.

Mission
Provide a coordinated City response to unsheltered persons experiencing homelessness, individuals struggling with behavioral health issues, street cleanliness, and related public safety issues to ensure San Francisco's streets are healthy for everyone.

Values
Lead with compassion and respect, empathize with the whole community, and believe that everyone can change and that safe and clean streets can be maintained.

Goals

- Ensure San Francisco's streets are safe and clean.
- Meet the housing, shelter, and service referral needs of individuals on the street.
- Improve the medical and behavioral health of individuals on the street.
- Deliver coordinated City services to effectively address encampments.

[1] The non-emergency phone number is (415) 554-0123, but is referred to simply as "non-emergency" in this report.
[2] Additional departments include SF311, Controller's Office, Recreation and Parks Department, and more.

collaborative response to encampments, and also responding to street conditions that are often unrelated to homelessness, such as public drug use, drug sales and individuals with behavioral health issues.

The charter also explains HSOC's use of the Incident Command System (ICS) to organize its work. ICS provides a foundation for planning activities, communication and governance, though full adoption is still in progress as departments adapt to the structure.

Each week, operational supervisors meet to consider policies and major activities, while operational leads develop action plans and coordinate department efforts. Daily, the operational leads convene in the morning and again in the afternoon to share specific information about that day's deployment activity. HSOC also serves as a venue for other coordinating activity, such as Encampment Working Group planning meetings and training for HSOC-assigned police officers.

HOW HAS HSOC CHANGED THE CITY'S RESPONSE?

Over the last year, the operational teams at HSOC have tested many new ideas and strategies. This process of experimentation has shaped the current state of HSOC today and provides insights into how the City can continue developing this model of collaborative response. The following table summarizes several key areas where HSOC has changed the City's response.

Prior to HSOC – January 2018	Current State – January 2019
Call Intake	
Prior to HSOC, the City had multiple acceptable channels for reporting encampments and other issues callers experience on the street. The SF311 "homeless concerns" category included encampments, "well-being checks," needles, feces and other environmental health issues. DEM also received encampment and well-being check requests. Routing was inconsistent and the response could depend on how the request was received.	Using a phased approach, HSOC ultimately achieved one primary path for receiving, triaging, and coordinating dispatch for encampment-related service requests, and re-routed issues not specific to encampments to more appropriate channels (i.e., 911 for individuals in distress, Public Works for street cleaning).
Dispatch to Encampment Calls	
Prior to HSOC, the City's response to encampment-related service requests was dictated by the intake source. Public Works responded to SF311 requests while the SFPD responded to 911 and non-emergency requests. While each department could call upon the other for support, this generally resulted in long wait times in the field.	As HSOC revised the intake process to create a more consistent pathway for encampment calls, departments also clarified deployment. DEM and Public Works both have dispatchers on site at HSOC and they use site conditions to determine whether a paired response may be necessary. For most calls, SFPD officers have been designated as initial responders and they call HSOC to request support from other departments or to make referrals to HSH or DPH.

Prior to HSOC – January 2018	Current State – January 2019
Daily Planning and Response	
HSH developed the Encampment Response Team (ERT) to lead planning for large encampments (6+ tents, on site for a month or more). HSH established the Encampment Working Group to partner with SFPD, Public Works and other departments to plan "resolutions," which generally took a month to conduct.	▪ Over the course of 2018, the ERT and partners resolved nearly all of the city's largest encampments and began focusing on "inhabited vehicle encampments" in the latter part of the year. ▪ Additionally, HSOC began using the results of a new, quarterly tent count to identify encampments and develop resolution plans collaboratively among HSOC partners.
Use of Shared Data	
Prior to HSOC, most departments tracked data on their own operations. As an early model for collaborative data tracking (i.e., tracking data toward a goal each department has a role in achieving), departments first began collecting tent information as part of a 2017 initiative in the Mission District aimed at reducing the number of encampments in that neighborhood. This served as a model for HSOC's quarterly tent counts.	▪ SF311 provides mapping tools and reports of encampment service requests, and teams have begun using the SF311 application in the field to guide their response. ▪ HSH leverages the tent and vehicle counts to prioritize activities and planned encampment response efforts. ▪ DPH and HSH collaborate on a "High Priority List" using insights from field staff, SFPD officers, and Public Works crews to develop individualized interventions for clients who intersect with City services the most. ▪ The Controller's Office provides HSOC with dashboards to help Policy and Operations groups to reflect on progress toward goals.
Response to Street Behaviors	
In 2017, the City launched several initiatives to focus on quality of life issues such as public drug use and sales, loitering, and syringe disposal in the Tenderloin, Civic Center, and South of Market neighborhoods. These initiatives served as early testing ground for a collaborative, multi-departmental response to such issues.	SFPD, DPH and the Adult Probation Department conduct daily interventions in target areas, providing outreach, referral, connection to services, or a criminal justice response if necessary. This consistent, proactive and compassionate approach to addressing street behaviors is still being developed but has already connected individuals with substance use disorder to needed treatment.

WHAT ARE THE RESULTS IN HSOC'S FIRST YEAR?

Both the citywide number of homelessness-related service requests and the average response time to requests has trended down overall since HSOC's launch. The number of all homelessness-related service requests combines SF311, 911 and non-emergency service requests and calls, using

key words and police codes to distinguish those calls that relate to homeless individuals or encampments. While there is less available data for trend information on other elements of HSOC's operations, 2018 information can provide an initial baseline for encampment resolution and service linkage activities of HSOC. For example, collaborative teams resolved 25 large encampments in 2018, linking approximately 365 individuals to shelter as part of the resolution. The table below highlights some other key results for HSOC in its first year of operation.

Service Requests	January 2018	December 2018	% Change
Homeless-related requests for service[3]	12,223 requests	8,243 requests	-33%
Average call response time[4]	123 hours	90 hours	-27%

Citywide Tent Counts	July 2018[5]	January 2019	% Change
Tents/structures	568 tents/structures	341 tents/structures	-40%
Sites with 5+ tents/structures	17 sites	5 sites	-70%

[3] Requests for service is a combination of SF311 requests and Police emergency and non-emergency requests. Further methodology for this measure is detailed in footnote 21 of the full report.
[4] Response time is based only on SF311 calls, as Police emergency and non-emergency calls have different priority levels and response objectives.
[5] The first citywide tent count was performed on July 2, 2018 and has been performed quarterly since.

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1. Framing the Issue

As of January 2017, there were an estimated 7,500 people homeless in San Francisco on any given night, and 58% of these people were unsheltered.[6] These unsheltered people experiencing homelessness include those sleeping and living in vehicles as well as outdoors in tents or improvised structures on the street, in parks, or on other public and private property. In 2016 and 2017, San Francisco experienced an increase in large-scale encampments, which led to the creation of the Encampment Resolution Team (ERT) in August 2016. While the City does not have a formal count of all encampments at that time, there are anecdotal accounts of as many as 1,000 tents on the streets. The ERT engaged with and resolved 23 encampments of six or more tents or improvised structures between August 2016 and December 2017. These large encampments had an average of 43 individuals living in them, with some as large as 70. Encampments can pose significant public health risks and safety concerns, including the spread of disease through unsanitary conditions, high incidence of fires, and, at times, illegal activity.

San Francisco also faces other public health issues on its streets. Approximately 22,500 people inject drugs in San Francisco, and the Department of Public Health reports there are over 100 injection drug overdose deaths each year.[7] While these persons who inject drugs may be housed or homeless, many lack a safe environment to inject drugs and resort to doing so in public, and discarded needles pose a significant public health hazard.

At the same time, residents, businesses, and visitors have grown increasingly concerned about encampments, individuals on the street with mental health issues, people injecting drugs in public, syringes discarded on the streets, and the unhealthy and unsafe quality of life conditions these factors create, particularly in certain areas of San Francisco. As of January 2018, the City grappled with responding to over 2,500 calls per week related to both encampments and unsafe street behaviors and conditions from various reporting mechanisms, including SF311, the City's emergency (911) and non-emergency (0123) phone numbers, as well as emails and phone calls to individual City staff.

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[6] San Francisco Department of Homelessness and Supportive Housing (HSH). 2017 San Francisco Point-In-Time Count Report http://hsh.sfgov.org/wp-content/uploads/2017/06/2017-SF-Point-in-Time-Count-General-FINAL-6.21.17.pdf

[7] San Francisco Department of Public Health (DPH). 2017 San Francisco Safe Injection Services Task Force Final Report. https://www.sfdph.org/dph/files/SIStaskforce/SIS-Task-Force-Final-Report-2017.pdf

Figure 1.
Coordination initiatives before HSOC varied in mission, geography, and participation, but paved the way for a larger coordination effort.

	Mission District Homeless Outreach Project	Encampment Working Group	Twice Weekly Encampment Coordination Calls	Civic Center Working Group	Hot Spot Crews
Mission	Ensure **no tents** within the geographic boundaries of the Mission District	Address **encampments of 6 or more** tents or improvised structures, coordinated by HSH's Encampment Resolution Team (ERT)	Coordinate broader **encampment response** activity (including smaller encampments)	Address **quality of life issues**, including public drug use, criminal activity, loitering, and street cleanliness	Focus **cleaning of encampments** in known "hot spot" areas
Geography	Mission District	Citywide (except Mission)	Citywide (except Mission)	Civic Center	Citywide
# of primary depts. involved	5	11	5	7	3
Format	Monday through Friday in-person meetings	Bi-weekly in-person meetings	Twice weekly phone calls	Monday through Friday in-person meetings	Daily in-person joint operational response
Major accomplishments as of January 2018	• Addressed approximately 90% of encampments (56% reduction of tents in five months) • Over 250 people engaged with the majority accepting services and placement at 1515 South Van Ness Navigation Center	• Resolved 23 encampments since summer 2016, with two-thirds of these areas remaining free of encampments[8] • 66% of people in the resolved encampments accepted offers of shelter or navigation center placements[3]	• Improved coordination of areas requiring "unplanned" encampment response for urgent, criminal and public safety concerns	• Implemented environmental design changes • Piloted joint foot patrols of DPH Crisis Intervention Team and the SFPD to better engage individuals with behavioral health issues	• Targeted cleaning near and around large encampments and other areas with high volumes of environmental concerns (such as feces, syringes, waste, etc.) using a joint response between Public Works, SFPD, and (as available) HSH

[8] HSH. January 2018 Monthly Report to the Local Homeless Coordinating Board. http://hsh.sfgov.org/wp-content/uploads/2017/04/LHCB-January2018.jk-3-2.pdf

THE CITY'S CHALLENGE

Given the complexity of these issues and the impact they have on individuals living in encampments, those with behavioral health issues, as well as the broader community, many City departments, other public agencies, nonprofit organizations, residents, and businesses play a role in a comprehensive response. By 2017, San Francisco had established multiple initiatives to coordinate the City's response to these various issues. Each initiative had a distinct purpose based on a geographic area or issue type (see Figure 1).

The City experimented with these initiatives in a few key ways that helped pave the way for the launch of the Healthy Streets Operations Center (HSOC).

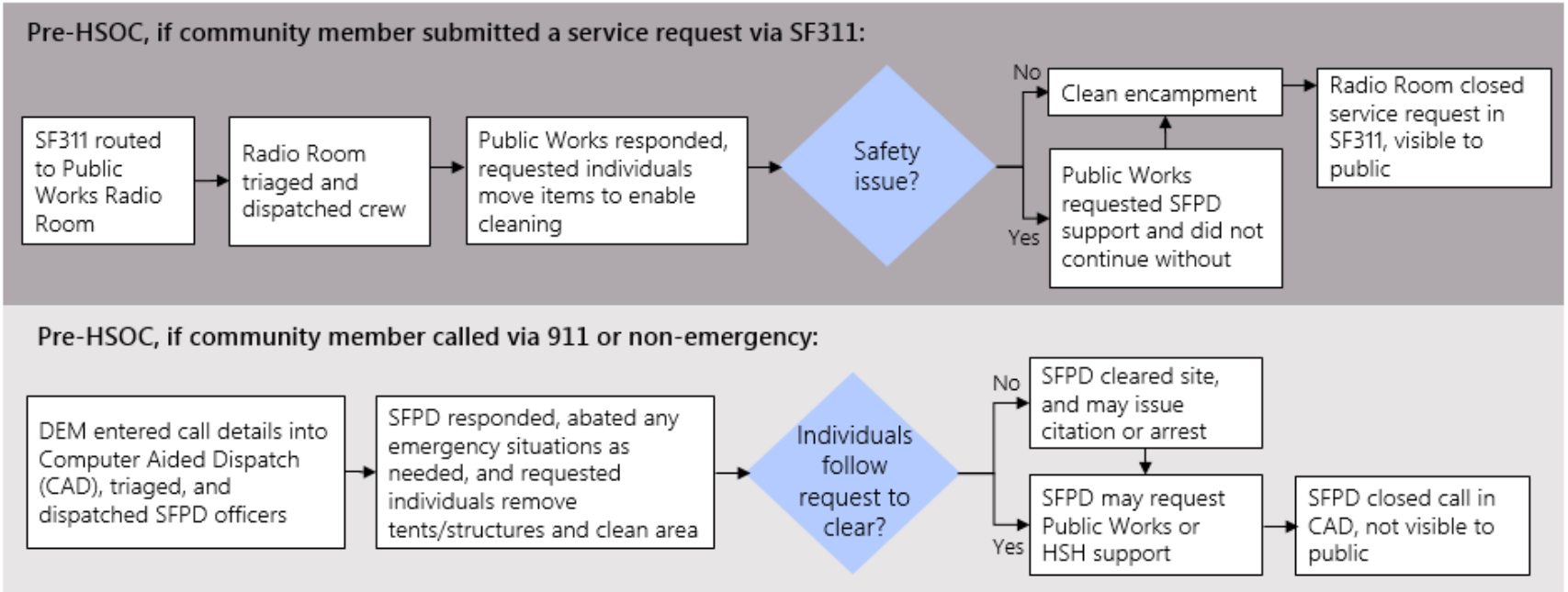
For example, the Mission District Homeless Outreach Project (MDHOP) resolved approximately 90% of encampments in the Mission district through daily coordination between key departments including the San Francisco Department of Homelessness and Supportive Housing (HSH), San Francisco Police Department (SFPD), and San Francisco Department of Public Works (Public Works).

Yet, the City still faced responding to over 300 calls for service related to encampments and homeless individuals via the primary channels of 911, non-emergency, and SF311 in the Mission in January 2018, underscoring the need for improved communication and transparency with the public regarding the City's response. In addition, through more frequent communication and collaboration, departments learned how inconsistent processes impact the City's ability to fully resolve encampments and other community concerns.

For instance, encampment-related calls to SF311 were sent directly to Public Works for cleaning around and removal of encampments, while encampment-related calls to 911 and the non-emergency line were handled by SFPD for a public safety response (see Figure 2 below). The average times for responding to calls varied widely between SFPD and Public Works (see Section 3), and in many cases, neither department was fully able to resolve the encampment on their own. Additionally, this process reflected the City's response to calls and service requests to encampments, but differed from the City's planned response to encampments, namely the process employed by HSH's Encampment Resolution Team as described in Figure 1.

Through these initial collaboration mechanisms, San Francisco discovered the need for a more unified response, linking all departments with a role in the response under one roof.

Figure 2.
Prior to establishing HSOC, different intake channels influenced how the City responded to encampment-related service requests from the public.[9]



[9] Additional notification channels included notification by the public via direct calls or emails to departments, notification by field personnel, notification by elected officials, and/or notification by other departments. Any of these may prompt responses that go down the paths of Figure 2 or other routes.

2. Establishing HSOC to Respond to the Crisis

Building on the success of the Mission District Homeless Outreach Project (which had daily in-person meetings to focus collaboration in the Mission district) and the proven Incident Command System approach for organizing around major incidents, Mayor Edwin Lee initiated plans to activate the City's Emergency Operations Center (EOC) beginning January 16, 2018 to improve the coordinated response to encampments as well as street conditions impacted by behavioral health issues (mental health and substance use) among individuals on the street. This activation was eventually named the Healthy Streets Operations Center, or HSOC, reflecting the interdepartmental initiative's vision described below.

DEVELOPING PARTNERSHIPS

HSOC co-locates the following five City departments on a daily basis to deliver a coordinated response to both encampments and unhealthy street conditions in real-time, leveraging the EOC's established unified structure that brings essential partners in the same room to align efforts and ensure efficient operations.

- SFPD
- Public Works
- HSH
- Department of Emergency Management (DEM)
- Department of Public Health (DPH)

HSOC also coordinates the work of other vital supporting agencies[10] and departments, listed below. This structure enables planning, information-sharing, and resource management across the City departments and agencies that play crucial roles in addressing both encampments and unhealthy behaviors of individuals on the street.

- SF311
- Adult Probation Department (APD)
- City Attorney's Office (CAT)
- Controller's Office (CON)
- Fire Department (SFFD)
- General Services Agency (GSA)
- Municipal Transportation Authority (MTA)
- Port of San Francisco (Port)
- Public Utilities Commission (PUC)
- Recreation and Parks Department (RPD)
- Sheriff's Department (Sheriff)

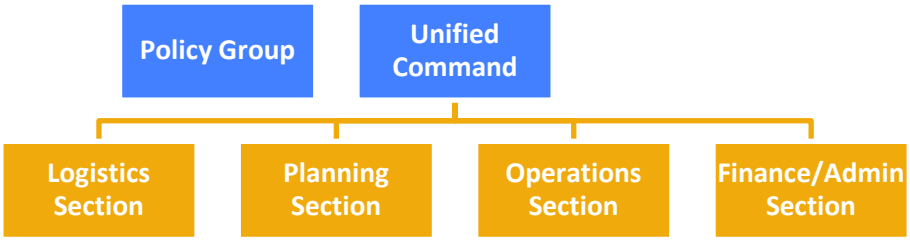
HSOC formed a charter to establish an agreed-upon governance structure, operational roles and responsibilities, and a strategic framework, described in further detail below.

[10] Includes the California Department of Transportation, Caltrain, California Highway Patrol, San Mateo County Sheriff, United States Park Police, etc.

USE OF THE INCIDENT COMMAND SYSTEM

The City formed HSOC with the Incident Command System (ICS) as its foundation. At its core, ICS provides guidance on how to design effective incident management by integrating facilities, equipment, personnel, procedures, and communications within a common organizational structure. ICS facilitates activities within and across five main functional areas: command, operations, planning, logistics, and finance and administration. In this case, the "incident" that HSOC was designed to manage is broad and complex – homeless encampments, individuals struggling with behavioral health issues on the streets, street cleanliness, and related public safety issues.

Figure 3.
HSOC uses ICS to coordinate efforts among departments. The Policy Group provides strategic direction and Unified Command oversees operational activities.



Planning

Using ICS, HSOC established a weekly operational period. Each week, operational supervisors meet to consider policies and major activities, while operational leads develop action plans and coordinate department efforts. Daily, the operational leads convene in the morning and again in the afternoon to share specific information about that day's deployment activity. HSOC also serves as a venue for other coordinating activity, such as Encampment Working Group planning meetings and training for HSOC-assigned police officers.

Governance

Representatives from the Mayor's Office as well as department heads from the primary and supporting City departments comprise a policy group, which convenes bi-weekly to receive operational updates, monitor progress, approval final plans, and provide major policy direction.

Challenges with ICS

The City adopted an ICS structure because several of the collaborating departments are already trained in this response protocol and consistently use it to good effect during emergencies (e.g., SFPD, DEM, etc.). However, HSOC also includes departments that do not typically engage in ICS

responses, and are not fully conversant in ICS terminology, structure, and planning and deployment mechanisms.

Additionally, unlike traditional EOC activations which typically organize resources around a defined scene like a natural disaster or a large festival, HSOC involves the reactive response to calls for service across multiple incident scenes and types across the city (i.e., encampments, public drug use, etc.) as well as the proactive, planned response to these concerns. In addition, the timeline for the types of incident scenes that HSOC coordinates is often open-ended.

Departments have expressed commitment to the ICS model, but have had to adapt it to the special needs and issues of HSOC, and full adoption continues to be a work in progress. HSOC may more appropriately use the "Unified Command" model, given the multi-departmental structure. See Appendix A for further information about how HSOC is applying the core concepts of ICS and related challenges with the model.

STRATEGIC FRAMEWORK

The vision, mission, values, and four overarching goals and associated objectives as outlined in HSOC's charter are summarized in Figure 4 below. The goals described below reflect the priorities of City leadership in January 2018, as confirmed through the adoption of the charter in August 2018.

Over the course of 2018, departments continued to refine the scope and purpose of HSOC, as well as the role HSOC plays in supporting departments to achieve their internal mission and vision. For example, HSH has an internal strategic plan aimed at addressing homelessness, and uses HSOC as just one component of that plan, namely to support collaborative encampment response.

The HSOC strategic framework illustrates the dual focus of HSOC: developing a collaborative response to encampments, and also responding to street conditions that are often unrelated to homelessness, such as public drug use, drug sales and individuals with behavioral health issues. As discussed in Section 3, this dual focus led to several new initiatives in HSOC's first year.

The policy group may revisit and revise the strategic framework in the coming year. It should be considered a "living document" as HSOC continues to evolve, and particularly as departments begin to craft more measurable objectives with targets to define success.

Figure 4.
HSOC's strategic framework defines four broad goals for a coordinated response.

Vision: San Francisco's streets will be healthy for everyone and those living on the streets will have convenient access to available City services.

Mission: Provide a coordinated city response to unsheltered persons experiencing homelessness, individuals struggling with behavioral health issues, street cleanliness, and related public safety issues to ensure San Francisco's streets are healthy for everyone.

Values: Lead with compassion and respect, empathize with the whole community, and believe that everyone can change and that safe and clean streets can be maintained.

Goals:	**Objectives:**
❶ Ensure San Francisco's streets are safe and clean.	Reduce drug-related and criminal activity in areas prioritized by HSOC.
	Reduce environmental hazards in areas prioritized by HSOC (syringes, filth, fires).
	Reduce incidents leading to service requests in areas prioritized by HSOC.
❷ Meet the housing, shelter, and service referral needs of individuals on the street.	Increase placements of homeless individuals in areas prioritized by HSOC into housing, shelter, and residential treatment programs.
❸ Improve the medical and behavioral health of individuals on the street.	Reduce the number of deaths related to homelessness.
	Increase connections between homeless individuals and individuals on the street in areas prioritized by HSOC with support services, including medical and behavioral health services.
	Increase outreach efforts to "priority individuals" with high needs and/or frequent law enforcement contact.
❹ Deliver coordinated City services to effectively address encampments.	Reduce tents, improvised structures, and encampments.
	Improve response time to encampment-related calls for service.
	Reduce re-encampment in areas prioritized by HSOC.

3. The Evolution of HSOC Operations

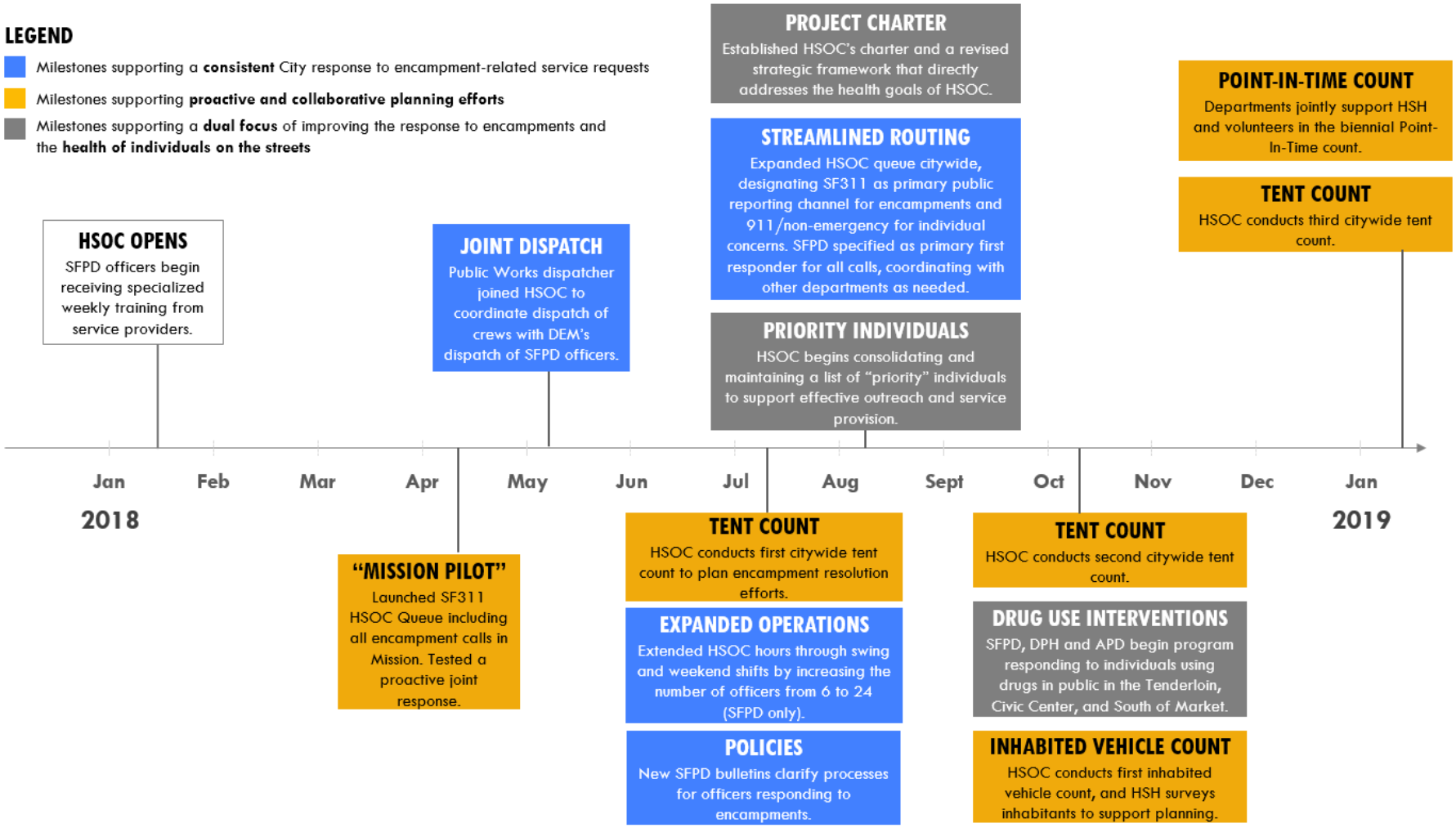
As the City developed HSOC over the last year, the operational teams have tested many new ideas and strategies. This process of experimentation has shaped the current state of HSOC today and provides insights into how the City wants to continue developing this model of collaborative response. Figure 5 identifies many critical milestones HSOC accomplished since opening on January 16, 2018. Appendix B provides additional detail about the timeline and activities.

As seen in the timeline, the evolution of HSOC has included three key issue areas:

- Creating a consistent City response to service requests from the public regarding encampments.
- Testing more collaborative and proactive efforts, rather than a purely reactive approach to addressing calls and encampments.
- Grappling with the challenge of a dual focus: encampment response and creating a collaborative approach to addressing the complex needs of individuals.

The sections below describe these three areas in more detail, followed by a high-level discussion of additional areas where HSOC has explored and developed a model of collaborative response.

Figure 5.
HSOC accomplished several milestones in its first year.



CREATING A CONSISTENT CITY RESPONSE

Prior to HSOC, the City had multiple acceptable channels for the public to use to report encampments. In its first year, HSOC prioritized streamlining how the City receives and deploys to calls for service. This involved disentangling a variety of issues and multiple pathways of reporting. Namely, SF311 had previously used a "homeless concerns" category within its public application that included encampments as one sub-category; as well as "well-being checks" on individuals in distress; and needles, feces and other environmental health issues. Using a phased approach, HSOC ultimately achieved one primary path for receiving, triaging, and coordinating dispatch for encampment-related service requests, and re-routed issues not specific to encampments to more appropriate channels (i.e., 911 for individuals in distress, Public Works for street cleaning). Key steps to this phased approach are summarized in Figure 6 below.

As noted in Figure 6, SF311 made several modifications to the public reporting process via the SF311 application in July and August 2018. These modifications narrowed the scope of concerns that could be reported via the application. Rather than the broad option of "homeless concerns" (which had included issues not specific to homelessness), the updated version of the application targets encampments, reminding individuals to call 911 or the non-emergency line for emergencies, individuals concerns, and criminal activity (see Figure 7). In addition, the request form now asks specific questions about the site. These questions help responding departments to make efficient and effective deployment decisions.

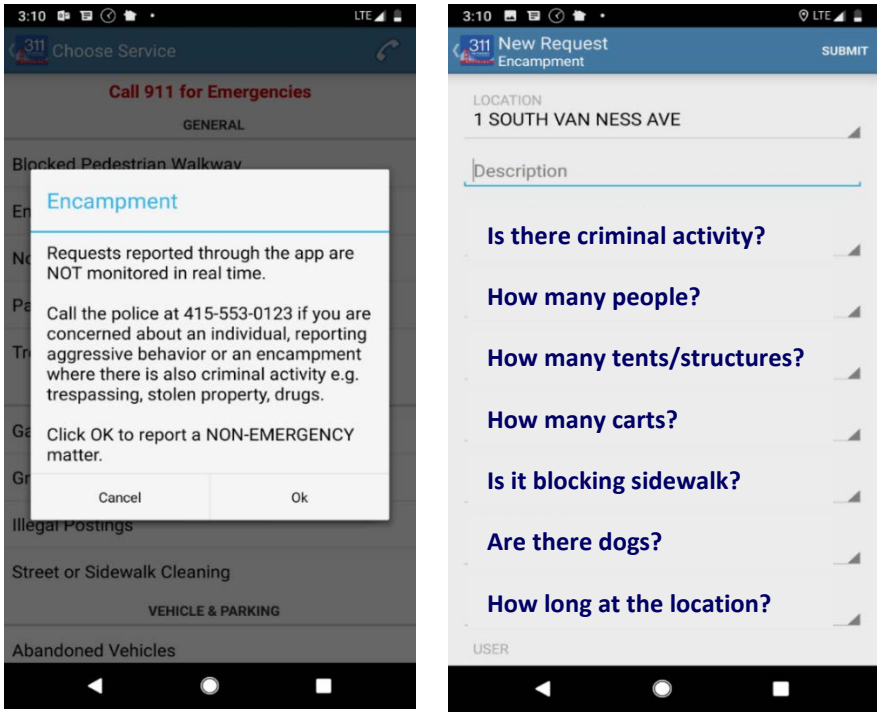
Figure 6.

The City phased in changes to streamline how HSOC receives and deploys to calls for service regarding encampments.

By January 2019, these various changes and unequal resource availability across departments have resulted in an SFPD-focused initial response to service requests from the public, with support from Public Works. Officers and crews may call into HSOC to make referrals for support services to DPH or HSH. However, neither HSH nor DPH have resources to deploy outreach workers to every service request. It is important to note that the majority of SF311 service requests related to encampments do not result in a shelter or housing placement for the individuals involved. Instead, HSH conducts regular outreach to homeless individuals via teams deployed geographically and uses the planned encampment resolution process described in the next section to engage with and offer services to homeless individuals living in encampments.[11]

Figure 7.

Narrowing the scope of SF311 and modifying the request form to ask key questions was necessary to improve consistency and efficiency of response.



[11] The City has made significant new investments in shelter beds and housing in recent years. HSH uses the "coordinated entry" model, a national best practice, to prioritize housing placements for those individuals assessed as highest need. Some shelter and Navigation Center beds are designated for these prioritized individuals as they prepare for placement into housing. HSH has assessed more than 4,000 individuals for coordinated entry to date, though not all of the individuals in encampments that SFPD and Public Works respond to can be prioritized for housing.

A GROWING EMPHASIS ON COLLABORATIVE AND PROACTIVE EFFORTS

At its inception, HSOC prioritized response to calls for service via 911, the non-emergency line, SF311, and other channels to address the community's mounting concerns around encampments as well as street safety and cleanliness issues. However, HSOC representatives acknowledged the need to add greater emphasis on proactive, planned and collaborative efforts to address encampments, resolve sites, and connect individuals with the homeless response system. As noted in Figure 1, the City had a model for planned, collaborative response to large encampments using the Encampment Working Group and ERT which had already been effective in addressing 23 large encampments prior to HSOC's launch. HSOC now needed to test how to leverage its new partnerships to expand and enhance planned efforts.

Joint Response to Service Requests

As one initiative, HSOC began testing proactive efforts in April 2018 in response to growing numbers of encampments and calls for service in the Mission district. HSOC deployed a team of Public Works staff and SFPD officers using a geographic approach to addressing known locations of encampments, closing other service requests in that vicinity at the same time. While it led to a backlog and spike in calls and tents, this was largely due to under-resourcing of the pilot (i.e., each site took more time than planned to resolve, and the two teams had difficulty making progress on their task list). Departments are continuing to test this model in new settings as resources are added.

Subsequently, and following ten months of HSH outreach efforts and building on this collaborative approach, SFPD officers and Public Works crews conducted multiple large-scale operations in the Mission. These teams jointly deployed and resolved encampments in a targeted area in collaboration with HSH outreach team members stationed at a nearby location for engagement and referrals. In one-such planned engagement, the number of tents in the Mission had spiked to 108 (on April 24, 2018). The operation brought the count of tents in that neighborhood down to 25 (on April 27, 2018).

What is Encampment Resolution?

HSH leads with services: Outreach workers visit the site for one or more days in advance of the day chosen for resolution. HSH requests support from DPH and other departments if needed. Individuals receive referrals to shelter, Navigation Centers, and other services and are informed that the encampment will be removed on a specific date.

Public Works cleans the area: Crews collect belongings for storage or transportation to Navigation Centers, clean the area and remove debris left after individuals depart.

SFPD maintains safety: Officers ensure individuals safely leave the area on the day of the resolution, and enforce the law if there is criminal activity, such as violence.

Tent Counts Inform a Planned Response

Though HSOC eventually designated SF311 as the primary tool for public reporting of encampments, HSOC developed a more proactive mechanism to plan outreach, engagement, and

resolution of the largest encampments. In July 2018, HSOC conducted the first citywide tent count, using the model developed during the 2017 MDHOP initiative (see Figure 1). With location as the primary identifier, the tent count resulted in a total number of tents and improvised structures citywide, as well as a count of tents by location. The count provides more reliable information about the size and location of encampments throughout the city than subjective and often incomplete detail provided through calls to SF311 (see Figure 15 in the next section for a comparison of call volume with the most recent tent count results).

The first tent count identified 19 locations with five or more tents. Of these, just two had more than ten tents in a defined area. The tent count showed that the work of the ERT and Encampment Working Group over the prior two years had nearly eliminated the largest encampments.[12] The tent count also created a roadmap for HSOC, with the teams targeting those areas with six or more tents or structures for planned resolution.

Planned resolutions provide a window for HSH to conduct outreach, offer services, and inform individuals within an encampment that the encampment will be removed within a designated time period. Planned resolutions (unlike unplanned responses as a result of service requests) generally result in up to two-thirds of the individuals in that encampment accepting a seven-day shelter bed or a Navigation Center bed, according to HSH. While placement in shelter or a Navigation Center does not guarantee linkage to housing, this time indoors can help connect these individuals with the HSH's broader homeless response system, including assessment and prioritization for housing.

After the first tent count, HSOC created a process to replicate the count quarterly, and in November, HSOC also conducted an "inhabited vehicle" count. These counts have become critical planning tools for HSOC's collaborative response to encampments.

Challenges with Collaboration

Planning collaborative operations at HSOC has not been easy. Historic siloes between departments, distinct missions, and an imbalance in HSOC-dedicated resources across departments all contribute to the challenge.[13] DEM and the Controller's Office have taken on convening roles to support the facilitation of the operational and policy groups and to help address these challenges. With a particular focus on operational improvements, the Controller's Office facilitated numerous sessions with the operational leads to help departments come to agreement on key decisions, ensure unique perspectives are shared, and create consistent and sustainable practices. Key examples of the collaborative efforts that DEM and the Controller's Office helped to facilitate include:

- Creating a strategic and performance measurement framework, outlining HSOC's overarching goals, objectives, and strategies (see Strategic Framework above).

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[12] In addition to the initial resolution, SFPD, Public Works and HSH conduct "re-encampment prevention" efforts by regularly visiting a recently cleared area to ensure it stays clear through cleaning, outreach and enforcement if needed.
[13] SFPD added dedicated officers to HSOC more quickly and a higher volume than other departments, limiting the extent of joint departmental responses.

- Developing zone plans that identify key issues, strategies, and performance measures associated with activities in each zone (see Appendix C for more detail).
- Supporting the creation of a shared tool for planning proactive, collaborative work and prioritizing resources for sites with tents, structures, inhabited vehicles, and previously resolved sites.
- Growing the agencies that play an operational and/or policy role at HSOC to include partners such as RPD, EMS-6[14], SFMTA, ADP, and Sheriff, among others.

Departments continue to need a coordinating entity to help troubleshoot process issues, such as aligning departmental protocols. Beginning in 2019, DEM has increased its own support of the operations of HSOC by deploying staff to support further adoption of the Unified Command structure for cross-departmental collaboration.

THE CHALLENGE OF A DUAL FOCUS

The 2017 Civic Center Working Group (see Figure 1) used a collaborative, multi-departmental response to address drug use and sales, loitering, discarded syringes, and related quality of life issues in the Civic Center, Tenderloin and South of Market neighborhoods. From its launch in January 2018, departmental and Mayoral leadership expressed an interest in HSOC incorporating the work of this group into standing operations, and this is reflected in the goals of the HSOC Strategic Framework (see Figure 4).

Additionally, while early emphasis at HSOC was placed on homeless encampments and response to calls about these encampments, as that work gained traction, HSOC expanded its focus to directly address the more complex needs of individuals, including both homeless individuals and those who are housed but displaying unhealthy behaviors on the City's streets.

The following sections summarize two strategies HSOC has developed over its first year to better address the needs of housed and unhoused individuals with complex health, behavioral and service needs.

Care Coordination at HSOC

In August 2018, HSOC, and more specifically DPH and HSH, began consolidating information about priority individuals in need of care. DPH and HSH have a Memorandum of Understanding to allow them to collaborate on the care of individuals, and these departments can receive information from other sources, such as police officers and Public Works crews who regularly engage with people on the streets. DPH and HSH use this consolidated information to guide plans for outreach, engagement, and response. Priority individuals may be high utilizers of multiple systems (such as 911 and emergency medical services); housed, sheltered or unsheltered; unresponsive to service

[14] EMS-6 is an SFFD program in partnership with HSH, which responds to medical needs of a targeted list of homeless individuals who are historically high users of multiple systems. With HSH support, EMS-6 facilitates connections to healthcare services, available emergency shelters, Navigation Centers, and other placement options.

offerings; and/or have medical issues, behavioral health issues, and/or a history of problematic behaviors. The DPH representative at HSOC combines this information from two primary sources:

- Various lists of priority individuals or "top users" from key departments.
- Weekly meetings with SFPD officers and twice weekly case conferences, which offer field staff from SFPD, Public Works, and other operational agencies a platform to share information about individuals they've regularly encountered and/or have concerns about on the street with service providers from DPH and HSH.

DPH developed the HSOC Interdepartmental High Priority Intake Form for both service providers and SFPD to help streamline referrals, service coordination, and service provision for individuals experiencing multiple and complex health and psychiatric issues. As individuals are added to the list, DPH and HSH consult internally and externally to identify the best approach to serve and provide care for each individual, and uses case conferences to coordinate among partners and find a path toward stabilizing an individual and decreasing unhealthy street behaviors. If an individual on the list is homeless, HSH may also engage that person in its assessment process to determine if s/he should be prioritized for housing placement. This person-centered approach can be particularly meaningful when an individual has been unresponsive to previous service offerings, and it is made more effective through input from all the collaborating departments.

As of January 2019, there are 33 individuals on the HSOC High Priority List. It is now the work of HSOC teams to link these individuals with wraparound services such as case management, housing advocacy and stabilization, behavioral health treatment, medical or psychiatric stabilization, family work, jail health services, benefits advocacy, conservatorship, etc.

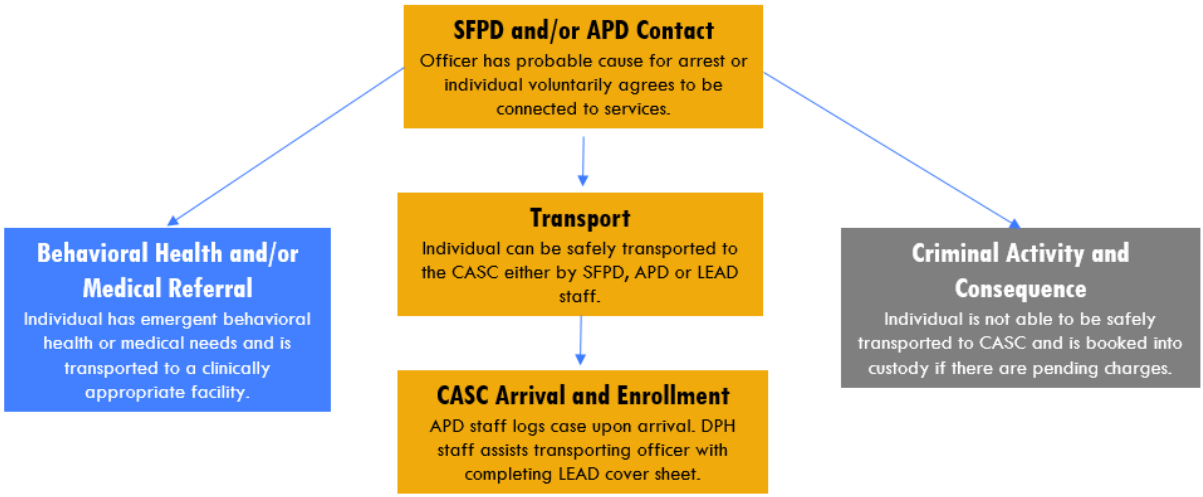
Addressing Street-Based Substance Use

During the spring of 2018, the operational leads at HSOC began planning strategies to address the issues prevalent in "Zone 2," comprising the Civic Center, Tenderloin and parts of South of Market neighborhoods (zones discussed in more detail below). The primary issues in Zone 2 related to public use of drugs, drug sales, and loitering associated with both of those activities. Partnering departments had seen success in collaborating around encampment resolutions, but these issues in Zone 2 required a different response, one led by SFPD, DPH and the Adult Probation Department (APD).

Throughout the spring and summer of 2018, SFPD took the lead in testing a variety of other interventions in Zone 2, including convening community meetings to work with neighborhood partners to address their concerns. By October 2018, the SFPD formally launched the Healthy Streets Intervention Program (HSIP) as a key Zone 2 strategy. HSIP represents a collaborative, services-first strategy designed to intervene and disrupt open air drug use and the quality of life issues associated with it in hot-spot areas.

Through HSIP, SFPD officers approach individuals on the street and offer to connect the individuals to services, with most service linkage coordinated through APD's Community Assessment Service Center (CASC). Figure 8 describes the intervention pathways during HSIP operations.

Figure 8.
Through HSIP operations, SFPD and APD officers connect individuals engaging in illegal behaviors with treatment at the CASC or DPH facilities whenever possible and use enforcement action as required.



SFPD officers from district stations, in partnership with HSOC-assigned officers, lead two-hour daily HSIP operations in key areas, as well as large-scale operations weekly. Individuals may be immediately transported to services, including the CASC or medical facilities. Homeless individuals may be transported directly to a shelter by SFPD. Between December 2018 and January 2019, HSOC conducted 18 HSIP operations (some for two hours and others for a full day), leading to 147 referrals to services including CASC, shelter, or medical facilities.[15]

HSIP builds upon the LEAD program (Law Enforcement Assisted Diversion) first launched in October 2017 in San Francisco. Specifically, LEAD is a pre-booking diversion program that refers individuals at high risk of arrest for drug-related offenses, at the earliest contact with law enforcement, to community-based health and social services as an alternative to jail and prosecution. During HSIP operations, DPH clinicians placed at the CASC assess and engage clients referred by SFPD and APD. While not all individuals referred to the CASC through HSIP operations enroll in LEAD, the program engaged 225 individuals in 2018, an average of 25 per month.

ADDITIONAL AREAS OF OPERATIONAL CHANGE

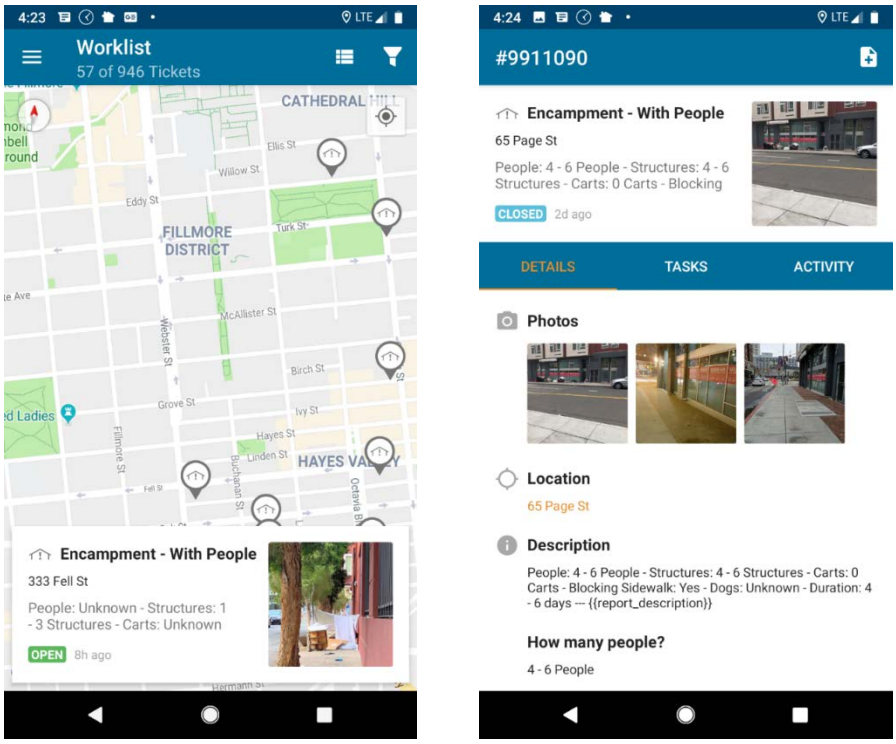
HSOC has changed its operations in several additional ways since activating in January 2018, including changes to its prioritization framework, organizational structure, and transparency with the public, as summarized below.

[15] Referral numbers are based on SFPD tracking, which may differ slightly from DPH tracking of HSIP events.

- **Shifting from Zone-Based Strategies to Citywide Efforts.** HSOC started by focusing on zones, and created zone plans and geographic boundaries meant to guide response and deployment activities (see Appendix C for more detail). The Controller's Office facilitated meeting to develop zone plans. The plans lay out issues within each zone, but few of the strategies in the plans are specific to that zone. For example, the way departments remove tents and maintain a cleared area remain consistent regardless of whether the area is in a zone or not. Currently, most deployment out of HSOC is conducted at a citywide level. Zone 2 covering the Civic Center and parts of the Tenderloin continues to have a behavioral focus, and Zone 3 encompassing the Mission continues to have a focus on encampment response. Despite the shift, there may be interest among some departments to revert to a zone-based approach, as this can help with resource allocation and prioritization.
- **Modifying the ICS Structure to Meet HSOC's Needs.** HSOC continues to adjust the basic ICS structure to address operational challenges, such as adding higher level management to daily operations who have ability to make operational decisions for their departments, including two SFPD captains, a commander with direct report to the SFPD chief, as well as deputy director from HSH and senior level management from DPH. In addition, HSOC is working to include additional operational partners, such as the San Francisco Municipal Transportation Authority (SFMTA), ADP, and the Sheriff, who were not included in the initial core group of responding agencies. Such changes may continue while HSOC continues to expand its focus.
- **Improving Transparency with the Community.** HSOC initially relied on dispatchers at 911 and the Public Works' radio room to close calls. During the second quarter of 2018, HSOC started testing a system for field staff (e.g., police officers) to view and resolve calls in the field, including adding "before and after" photos of the scene to document the City's actions (see Figure 9). As of January 2019, SFPD, Public Works, HSH and 311 closed over 8,000 requests using 311's Connected Worker App. Additional ways HSOC has worked to more clearly explain the City's response include:
    - Moving towards more standard SF311 case closure reasons rather than inconsistent free-text not always describing the City's actions.
    - Developing standard public messaging FAQ's explaining HSOC's work.
    - Dedicating a Public Information Officer to HSOC to share details and data about the City's work both internally and with external stakeholders.

Figure 9.

The system for field staff to view and resolve calls improves transparency with the community.



3. Using Data to Show Results

The Controller's Office supported HSOC in the development, collection, and presentation of metrics that measure progress towards HSOC's stated goals. Measures include high-level citywide indicators, such as service request call volume, as well as operational performance measures describing the activities of HSOC and responding departments. These measures are regularly presented to HSOC stakeholders via online dashboards, and the Controller's Office remains invested in improving data collection, tracking, and performance monitoring.

Figure 10.
High-level citywide indicators show improving conditions during 2018.

	January 2018	December 2018	% Change
Homeless-related requests for service[16]	12,223 requests	8,243 requests	-33%
Average call response time[17]	123 hours	90 hours	-27%
	July 2018[18]	January 2019	% Change
Tents/improvised structures	568 tents/structures	341 tents/structures	-40%
Sites 5+ tents/improvised structures	17 sites	5 sites	-70%

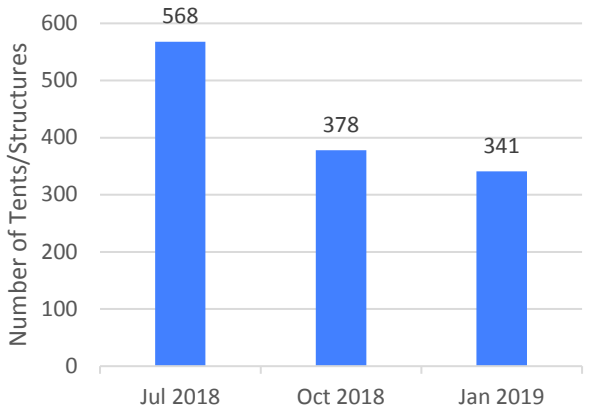
CITYWIDE INDICATORS

Count of Tents and Improvised Structures

The number of tents and improvised structures on San Francisco's streets and sidewalks is an essential high-level indicator of the impact of encampment resolution efforts made by HSOC over the last year. As noted in prior sections, HSOC began a quarterly count of tents in July 2018, and now uses the count as a tool for planning joint operations to resolve larger sites. The results of the quarterly tent count over time reflect some of HSOC's progress to address its goals, as seen in Figure 11.

[16] Requests for service is a combination of SF311 requests and Police emergency and non-emergency requests. Further methodology for this measure is detailed in footnote 21.
[17] Response time is based only on SF311 calls, as Police emergency and non-emergency calls have different priority levels and response protocols.
[18] The first citywide tent count was performed on July 2, 2018 and has been performed quarterly since.

Figure 11.
The total number of tents and structures fell by 40% over three quarterly counts in 2018 and 2019.



The January 2019 tent count demonstrated a reduction of over 220 tents in the six-month period, but further, it showed that the ERT and encampment resolution processes reduced the number of large encampments, sites with five or more tents or structures, by 70%.[19] The July 2018 count included 17 sites of this size, while the January 2019 count included just five.[20]

Service Request Call Volume

Since the launch of HSOC in January 2018, operational departments have aimed to address homelessness-related service requests efficiently. This should lead to an overall reduction in the number of requests due to fewer repeated requests for the same issue. A coordinated response should also result in faster call resolution time, as the necessary responders will be dispatched to the scene together.

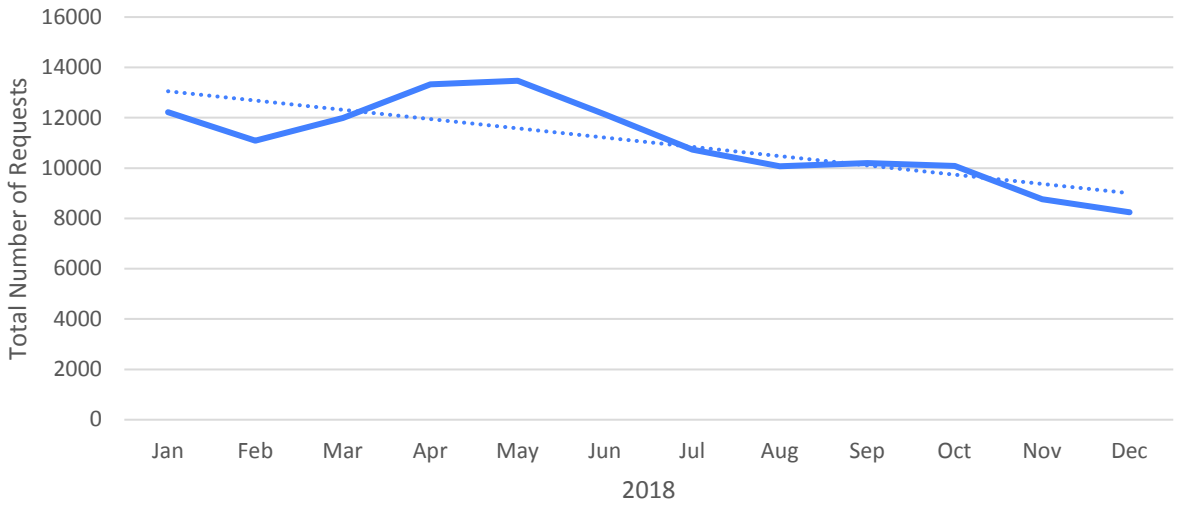
It is important to note that HSOC is not the only entity impacting these high-level indicators: City departments and nonprofits have been working to address homelessness issues in a variety of ways independent of HSOC, and even changes in the public's attitude towards homelessness and related issues can increase or decrease calls for service. However, if these indicators trend in the wrong direction, it would be an important warning sign for HSOC's stakeholders.

Encouragingly, both the citywide number of homelessness-related service requests and the average response time to requests has trended down overall since HSOC's launch. The number of all homelessness-related service requests combines SF311, 911 and non-emergency service requests and calls, using key words and police codes to distinguish those calls that relate to homeless

[19] The Controller's Office and HSOC departments validated the results of the October 2018 and January 2019 tent counts, but could not validate the July 2018 data. July results should be considered an estimate.
[20] As noted in prior sections, HSOC began conducting counts of inhabited vehicles in November 2018. These counts have not been fully validated at the time of this report, and will not be explicitly reported here. Some preliminary results are visualized in Figure 15.

individuals or encampments. Figure 12 shows the total number homelessness-related service requests each week since HSOC's launch.

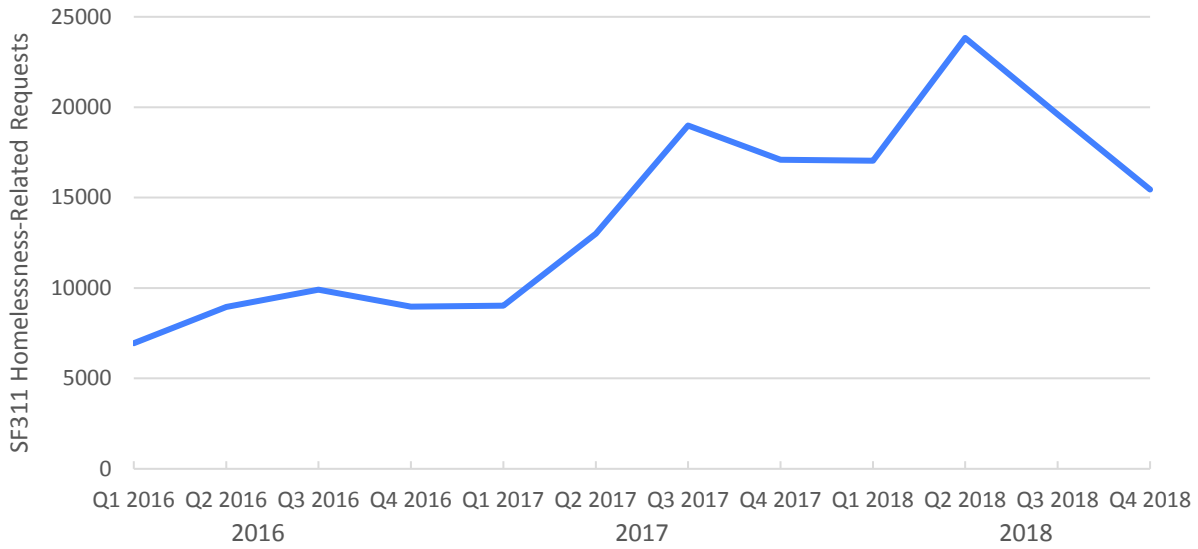
Figure 12.
Number of homelessness-related service requests are down since HSOC's launch.[21]



As shown in Figure 12, the total number of service requests to the City has been trending down since the launch of HSOC in January 2018. In January, City agencies received approximately 12,223 homelessness-related calls for service. In December, the City received approximately 8,243—a reduction of almost 4,000 calls monthly, or 33%. Due to seasonal variations, month-to-month comparisons should be made with caution; however, as shown by the dotted blue trend line above, calls generally decreased throughout 2018.

[21] Requests to SF311 that have the words "homeless" or "encampment" are used to estimate the total number of SF311 service requests, excluding calls in the "Medical Waste" and "Human Waste" subcategories. Call volume can be considered an estimate, as some calls to SF311 may relate to homelessness but not be explicitly identified as such. Calls to 911 or 0123 with call code types indicating a homeless-related request and encampment (915 call code), sit/lie violation (919), or aggressive solicitor (920) are used to estimate the number of Police calls. As with SF311, there may be other calls associated with a homeless individual that are not captured via these codes.

Figure 13.
Homelessness-related SF311 service requests have increased year over year since 2016, but trend down over the last two quarters of 2018.



A multi-year trend using the same keyword parameters shows that homelessness-related SF311 service requests increased sharply since 2016. These calls increased by 63% between 2016 and 2017 and increased by 32% between 2017 and 2018. Though there were more calls in 2018 than in 2017, Figure 13 shows a promising decline in calls over the final two quarters of 2018. To place this figure in more context, all SF311 call volume has increased in the last three years, though at a more consistent rate of 15-16% per year.

Impact of Routing Changes

As noted in Section 2, the City made numerous changes to call routing over the course of 2018 which make understanding the call volume more complex. In July 2018, SF311 updated its processes to no longer accept service requests related to individual concerns, such as aggressive behavior or wellbeing checks. Until that point, there had been approximately 1,288 SF311 requests per month coded in this way. [22] Requesters were instructed to call 911 or the non-emergency line with these types of concerns, as SF311 requests cannot be monitored in real time. Subsequent to the process change, SF311 call volume decreased, while 911 and non-emergency call volume ticked up slightly in the following months. While this change may impact the analysis on a month-to-month basis, it does not account for the overall decreasing trend in call volume. For example, there were 3,887 fewer calls in December 2018 compared to June 2018 (just prior to the routing change). Further, the

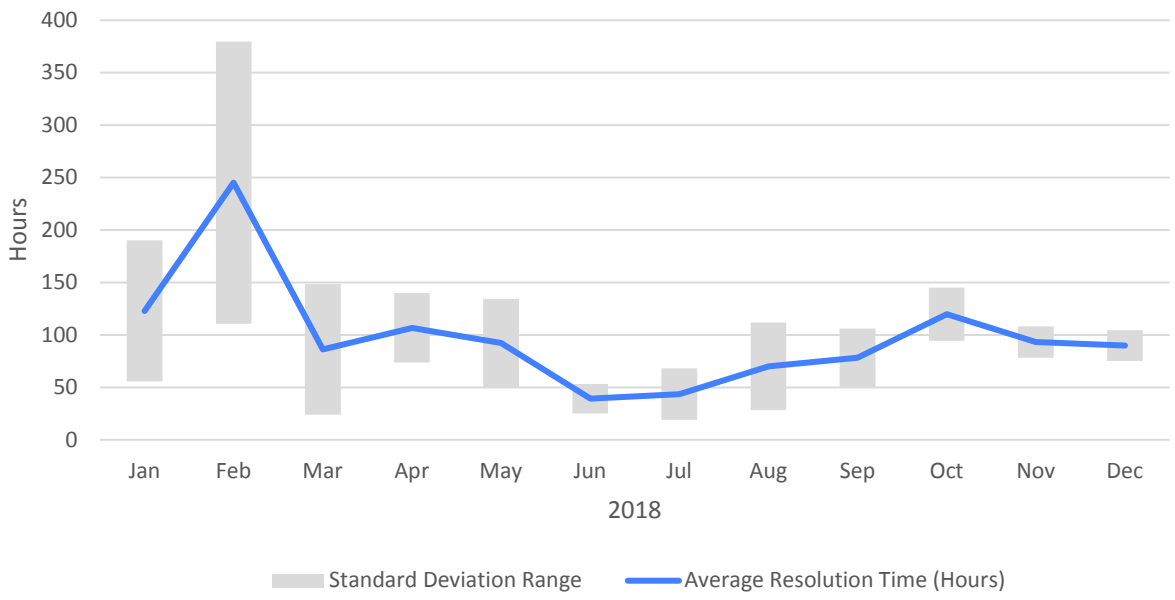
[22] From January 2018 to June 2018, there was a monthly average of 1,288 calls in the "Individual Concerns" category. This comprised a monthly average of 590 aggressive behaviors requests, 427 wellbeing check requests, and 272 homeless (other) requests.

downward trend continues from July through December—averaging a 5% decrease each month—rather than a static, one-time change that would be expected solely from re-routing calls.

Resolution Time

The average time that it takes to respond to and close a homelessness-related request has also trended down over this period.[23] For purposes of analysis, service requests to SF311 must be separated from 911 and non-emergency requests for service due to the different priority assigned to these requests. Figure 14 presents the average resolution time for homelessness-related SF311 requests each week since HSOC's launch, using the same keyword parameters as Figure 12.

Figure 14.
Average call resolution time for homelessness-related requests is down since HSOC began operations.



Similar to total call volume, Figure 14 shows a declining trend in average resolution time to SF311 homelessness-related service requests. However, resolution time is significantly more variable throughout the year than call volume. Some variability in resolution time may relate to HSOC testing a variety of response options, such as focusing on proactive strategies instead of solely reacting to calls. During January 2018, the average resolution time of SF311 homelessness-related

[23] Resolution time is calculated as the time from when a service request is opened (either via the SF311 application or by a call-taker) to when the call is closed in the system. There may be a variety of closure reasons, including Public Works cleaning around an encampment without removing it, SFPD moving individuals to another location, teams formally resolving the encampment, no encampment being found upon arrival at the scene, or a variety of other activities. This report uses "resolution" even if the encampment is not formally "resolved" because the SFPD has a specific definition of "response time" related to when an officer arrives at a scene.

requests was 123 hours (5 days and 3 hours). In December 2018, the average time was 90 hours (3 days and 18 hours)—a reduction of 33 hours or 27%.

In addition, call resolution time became more consistent over this time period, potentially revealing better coordination of calls that require a multi-departmental response. The shaded vertical bars represent the average resolution time each month plus or minus one standard deviation.[24] In January 2018, the standard deviation of resolution time was 67.3 hours, meaning that while the average was 123 hours, some calls may have had a 190-hour resolution time, while others may have had a 65-hour resolution time. This high level of variability may be a marker of inconsistent and changing response protocols. By December 2018, the standard deviation of resolution time fell to 14.7 hours, meaning that homelessness-related calls were resolved much more consistently around the 90-hour average.

Comparing Tent Counts and Call Volume

Tent counts and call volume serve as citywide indicators of the impact of HSOC's efforts in different ways. Call volume is generally more indicative of public perception of the issues, while the tent count provides objective details about areas of concern throughout the city. Figure 15 describes the variation between these indicators.

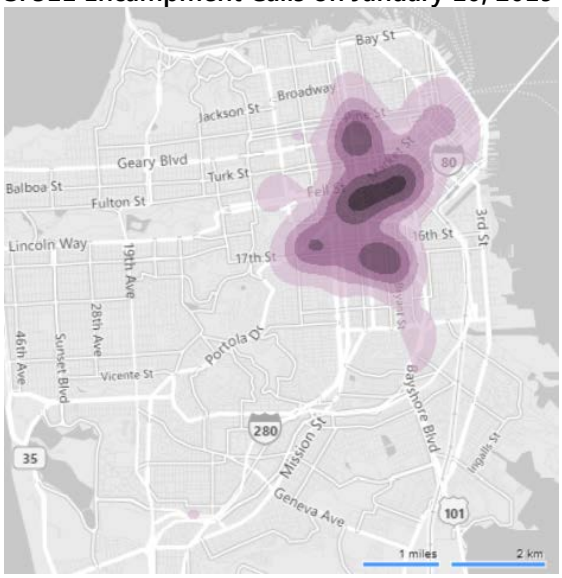
HSOC must be responsive to public concerns (as indicated through call volume) and must also plan comprehensive activities to address and fully resolve encampments (as indicated by the tent count). Thus, both indicators can help assess the impact of HSOC's efforts.

[24] The upper boundary of the shaded bars in the graph represents the average plus one standard deviation, while the lower boundary represents the average minus one standard deviation.

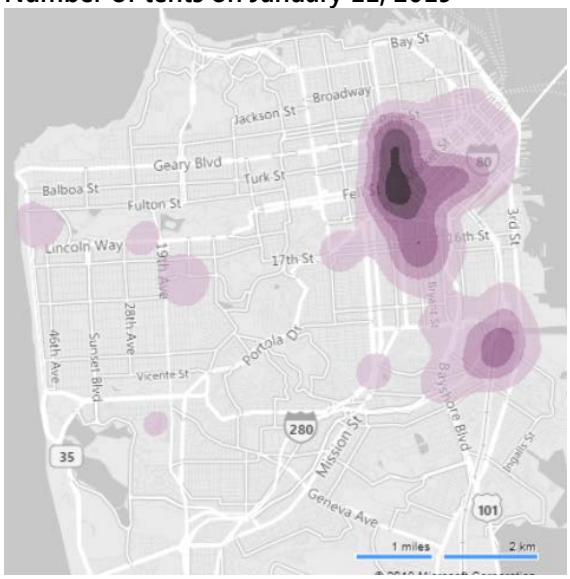
Figure 15.

SF311 encampment-related requests on the day prior to the January 2019 tent count generally reflect where major encampments exist, but miss several key locations (such as large encampments in the Bayview), and over-emphasize some areas with fewer tents (such as the Embarcadero).

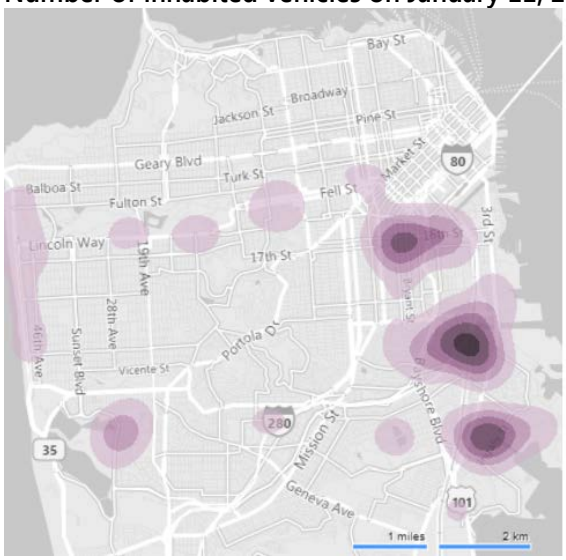
SF311 Encampment Calls on January 10, 2019



Number of tents on January 11, 2019



Number of inhabited vehicles on January 11, 2019[25]



[25] The vehicle count has not been fully validated and densities represented in the figure should be considered preliminary.

HSOC OPERATIONS AND SERVICES

Responding to encampments and other street issues requires engaging with individuals and finding appropriate options, whether it's shelter, treatment or another response. Each operational department within HSOC has a role in establishing a compassionate, equitable, and service-oriented response to individuals they encounter through HSOC operations.

Encampment Resolutions and Outcomes

HSH's Encampment Resolution Team (ERT) works to systematically address tent encampments across the city by connecting individuals in encampments to a safe place where they can begin their individual journeys out of homelessness. The ERT uses Navigation Centers as a resource when working to address large and medium-sized encampments throughout the city.

According to HSH, the ERT (with support from most HSOC departments) resolved 25 encampments in 2018. Building on the successful tent encampment resolution process, HSH and partners also began conducting vehicle encampment resolutions during the fall of 2018. ERT resolved three vehicle encampments during that time.

The largest encampment resolved had an initial estimate of 62 people in it when the resolution effort began. On average, the encampments resolved by HSH and partners had approximately 25 individuals living in them. Altogether, HSH reports that its teams engaged 580 homeless individuals through encampment resolutions in 2018. Of these, 63% (approximately 365) accepted offers of safe placements like Emergency Shelter and Navigation Centers.

Shelter and Navigation Placements

HSH provides Emergency Shelter and Navigation Center placements as an essential component to the City's response to homelessness. While some placements are coordinated with HSOC and ERT, the majority of placements reported in Figure 16 are part of HSH's standard service model (referrals as a result of HSOC operations cannot be tracked with existing data).

Figure 16.
HSH placed approximately 7,600 individuals in shelter and navigation centers in 2018.

	Monthly Average	Total (2018)
Individuals Utilizing Emergency Shelter	491	5,887
Individuals Utilizing Navigation Center	143	1,711
Total	281	7,598

Navigation Centers are residential facilities designed to meet people where they are and provide a safe alternative to life on the streets. In addition to a warm bed and meals, Navigation Centers also support individuals to connect to housing, social services, and public benefits. Guests receive temporary shelter while staff provides intensive case management, access to health care and public benefits, and resources for job training and housing.

More traditional Emergency Shelters are also a valuable resource. Depending on the shelter, individuals can stay for seven days up to 120 days, and while some Emergency Shelters are limited to evening hours only, others offer resource centers and ability to stay during the daytime as well.

Health-Focused Engagement and Referrals

DPH provides medical and behavioral health services to individuals on the street through a variety of programs, and in coordination with other participating departments and nonprofit service providers. The data reported below includes engagements and referrals provided by DPH teams and DPH-funded organizations, including the Crisis Response team, the Felton Engagement Specialist Team, LEAD outreach workers, the Community Health Response Team, the Sobering Center, and the Street Medicine team. As with the placements reported above, while some of these services are coordinated with HSOC, the majority are part of DPH's standard service model (engagements and referrals cannot be specifically linked to HSOC operations).

Figure 17.

DPH referred 1,500 individuals to one or more services in 2018[26] and conducted 11 health fairs to directly provide health services to homeless clients.

All DPH Outreach	Monthly Average	Total (2018)
Individuals Engaged via DPH Outreach	659	7,904
Individuals Referred to Service	125	1,499
Health Fairs – 11 in 2018		**Total (2018)**
Medical Engagements		281
Individuals newly connected to health system		64
HIV tests conducted		353
Individuals testing positive and connected to treatment		10
Hepatitis C tests conducted		359
Individuals testing positive and connected to treatment		67
Buprenorphine starts (opiate addition treatment)		47
Shelter and Navigation Center placements via health fairs		29

Another intervention that helps improve health outcomes and connect individuals to care are health fairs. The Encampment Health Collaborative is an initiative of DPH, HSH, and community-based organizations with a goal of providing on-the-spot access to health care for people living in encampments in San Francisco. DPH began coordinating these health fairs in November 2016, and collaborated with ERT and HSOC to resolve the largest long-term encampments. Subsequently, DPH continued to hold monthly health fairs in various areas of the city. Health fairs provide low-barrier access to health services for homeless individuals, including:

- Vaccinations for Hepatitis A, Hepatitis B, and/or flu
- Family planning

[26] The totals and averages in this table are estimates. Some of these measures were not reported for the entire year, though the work was occurring. These measures are annualized to provide an estimated average and total for 2018.

- Addiction treatment (e.g., Buprenorphine for opiate addiction)
- Testing for HIV, Hepatitis C and sexually transmitted diseases; PrEP/PEP for HIV prevention
- Wound care

Additionally, staff at health fairs offer harm reduction services, including Narcan trainings, education about and supplies for safe syringe disposal, and resources and referrals.

Police Referrals to Service

As Police are often the first responders to a request for service, SFPD has trained its homeless outreach officers to equip them with the skills to refer individuals to other City services, using citations and arrest only when criminal activity warrants it. The SFPD plays in important role in ensuring that HSOC's response to requests for service follow HSOC's stated values of leading "with compassion and respect."

Between April and November 2018, DPH provided 20 trainings and presentations to SFPD officers assigned to HSOC to enhance their engagement skills and increase their awareness about available services. Additional training on relevant topics has been delivered by other partners, including HSH. An objective of the trainings is to help strengthen the rapport that HSOC-assigned officers can develop with individuals experiencing homelessness, and thus increase the likelihood of those individuals to engage with the City's supportive services.

SFPD's HSOC officers began standardized tracking of their engagements in July 2018. The data in Figure 18 summarizes referrals made by HSOC officers during the time when data is available (though referrals to service were provided on an ad-hoc basis before then). It includes referrals to the HSH Homeless Outreach Team, to seven-day Navigation Center Beds, and to DPH for health service engagement.[27]

Figure 18.
SFPD homeless outreach officers provided over 350 referrals to City services since August 2018.

	Monthly Average	Total (Aug - Dec 2018)
SFPD Referrals to Homeless Outreach Team	56	286
SFPD Referrals to 7-Day Navigation Beds	10	50
SFPD Referrals to DPH Services	7	34
Total	**72**	**370**

[27] "Referrals" are distinct from "linkage." Referrals indicate that officers provided DPH or HSH information about a potential client. DPH and HSH may triage that referral and determine the appropriate and available response, e.g., sending an outreach worker to the scene, or adding the individual to the "priority list." At present, there is no means to track how many HSOC referrals result in linkage to care.

4. Looking Ahead

Establishing HSOC has been an ambitious undertaking by the City, creating large-scale changes to how the City responds to the complex issues of street homelessness, behavioral health, and street safety and cleanliness. As HSOC enters its second year, the cross-departmental initiative continues to plan improvements, test new strategies and tactics, learn from these tests of change, and refine its approach. The Policy Group and HSOC operational teams are discussing many of the following areas to further solidify the initiative and improve the City's response.

Increasing the Use of Data

Departments are interested in expanding the use of data at the operational level to drive tactical planning and at the Policy Group level to guide decision-making. For example, the operational teams continue to explore how to use the information from quarterly tent counts to guide collaborative response efforts.

Additionally, SFPD's officers assigned to HSOC document their activities, and this field-level information can provide important insights into gaps in the City's response, such as availability of resources for homeless individuals the officers encounter. Further tracking and analysis of this data can help the Policy Group make informed resource decisions.

Beginning in 2019, HSOC has launched a "data working group" to coordinate across departments on tent count methodology, data tracking and analytical needs moving forward.

Increasing Consistency

Departments are interested in building more consistency in the operational response processes, which is currently impacted by varying hours of operation between different resources. HSOC began as a daytime-only response, which created a backlog when issues arose overnight or on weekends. HSOC has extended some staff into swing and weekend shifts, but not all departments have resources to accommodate that expansion. The Policy Group is engaging in discussions about what resources are needed to ensure a consistent, collaborative response to the individuals encountered on the streets, both day and night. While HSOC has established certain strategies to build consistency in the short-term, broader system changes (and requisite resource allocations) may be necessary to create a truly consistent response to encampments and street behaviors, e.g., increasing homeless outreach services such that all encamped individuals receive outreach and are linked with services.

Goals and Objectives of HSOC

Several departments have expressed an interest in revising the strategic framework, particularly in relation to the "dual focus" of both encampment-related issues and behavioral health issues. As the framework changes, so to must the performance measures tied to HSOC's objectives.

Further, the charter and strategic framework contain broad objectives for the initiative; many are not fully measurable and the Policy Group has not yet established targets. Creating a performance management structure could help keep both Policy Group and operations staff focused on achieving well-defined results.

Refining the strategic framework could be an important area of work as HSOC matures, and a critical tool for establishing priorities and maintaining a focused approach to a complex set of issues.

Structure and Systems

Departments continue to need a coordinating entity to help ensure that HSOC's overarching goals and objectives are addressed and to resolve ongoing communication and coordination challenges. Beginning in 2019, DEM has assigned staff to support HSOC to more fully ingrain the ICS framework, including clarifying roles of staff assigned to HSOC. As deployment processes have changed and as new departmental partners are incorporated into HSOC operations, HSOC is now discussing documentation of "standard operating procedures" to support both field and dispatch staff to better understand their roles in the various activities HSOC engages in.

Additionally, SF311 has supported SFPD and Public Works to more fully adopt the SF311 "Connected Worker" application, which allows individuals in the field to review service requests, see images and post "after" photos, write notes about the response, and close or transfer the request. Not all departments have, use or are trained on the application, and so full adoption has been slow and sporadic. As HSOC explores new ways to use this and other technology to enhance its work, it must ensure staff understand the utility of such systems and buy in to the process changes they create.

Increasing Transparency

HSOC has carried out numerous joint operations to address public concerns and connect encamped individuals with services over the last year, yet has not always had the bandwidth to share this information with the public. Recently, HSOC developed a workgroup of Public Information Officers from stakeholder departments working with the Mayor's Office to ensure better information sharing regarding HSOC's actions and accomplishments. Moving forward, the Mayor's Fix-It Team has joined HSOC, which can help improve communication with the community about actions taken in specific neighborhoods. The SF311 application can provide users with information about what occurred in response to their service requests, such as photos of the completed response and other information entered by workers in the field using the Connected Worker application. Enhancing public information will be critical for increasing transparency and helping HSOC to focus on its top priorities, an important area of work for HSOC moving into its second year.

Appendix A. Use of ICS Concepts within HSOC

HSOC has applied many of the core ICS concepts to organize resources and establish protocols. Examples of how the concepts are applied, along with their challenges, are summarized in Figure A-1 below.

Figure A-1.
HSOC applies core ICS concepts to a long-term, multi-faceted incident, which can pose challenges.

ICS core concepts	ICS concept application at HSOC
Common terminology – use of similar terms and definitions for resource descriptions, organizational functions, and incident facilities across disciplines.	HSOC uses similar terms and definitions for encampments, defined as one or more tent or improvised structure.
Integrated communications – ability to send and receive information within an organization, as well as externally to other disciplines.	While HSOC has made major improvements in integrating how calls for service are received, how staff are deployed, and how calls are closed, communications are not truly integrated. For example, calls for service continue to be received across three main channels: emergency (911), non-emergency (0123), and SF311. In addition, not all field staff have access to and/or are fully trained on closing calls in the field via the Connected Worker application. This work is ongoing.
Modular organization – response resources are organized according to their responsibilities. Assets within each functional unit may be expanded or contracted based on the requirements of the event.	HSOC currently organizes resources according to their responsibilities, and has expanded resources to better match the need, where possible. HSOC may need to continue to assess how its response resources are organized as new agencies are added to the operational group.
Unified command structure – multiple disciplines work through their designated managers to establish common objectives and strategies to prevent conflict or duplication of effort.	HSOC has established a basic command structure and has worked to agree upon objectives and strategies via the charter. HSOC is working to further institutionalize these objectives and strategies, as well as address gaps in coordination and communication internally and with external partners.
Manageable span of control – response organization is structured so that each supervisory level oversees an appropriate number of assets (varies based on size and	Departments have organized their internal functions to create a manageable span of control for representatives placed at HSOC. For example, DPH has numerous functional areas, each with its own management structure (e.g., Street Medicine, LEAD, etc.). DPH has established an

complexity of the event) so it can maintain effective supervision.	internal unified command structure, and places a single representative at HSOC to liaise between HSOC needs and DPH services.
Consolidated action plans – a single, formal documentation of incident goals, objectives, and strategies defined by unified incident command.	Through HSOC's Event Action Plan (EAP), the incident goals, objectives, and strategies for the upcoming operational period are documented. However, the EAP is not the single source of plans. HSOC also has a charter, and documents other activities via progress reports. HSOC is currently working to streamline planning documentation and processes.
Comprehensive resource management – systems are in place to describe, maintain, identify, request, and track resources.	HSOC has existing systems for describing current resources, though, a comprehensive resource management system does not yet exist. Departments manage their own resources through internal processes.

Appendix B. Timeline of HSOC Operations and Milestones

Date	Milestone
January 2018	HSOC opened (January 16, 2018).
	SF311 developed enhancements to reporting, including: ▪ Creating a web-based map of encampments reported via SF311 for view in HSOC for general awareness ▪ Developing a weekly summary report providing metrics related to case types, closure status, and geographic information including HSOC specific zones ▪ Automatically deduplicating cases reported as encampments.
	DPH and HSH started delivering weekly specialized training on service provision for SFPD officers.
February 2018	SF311 added a "with or without people" option to the encampment field within the application to assist HSOC in understanding which departments should be included in a coordinated response (e.g., with people includes SFPD, while encampments without people could be a "cleaning only" response by Public Works).
April 2018	SF311 created the "HSOC Queue" and started routing all homeless and encampment-related calls in the Mission district to it for HSOC triage rather than directly to Public Works and other agencies.
	HSOC conducted two "Mission Pilots" which tested proactive, collaborative major cleanup in a targeted area within the district, and a reactive, collaborative response process to calls within the district.
	SFPD's HSOC Officers began using the Connected Worker application. Connected Worker allows staff to receive requests in the field on their handheld device and close the requests with photos, allowing the public to see the before and after photos in the request.
	SFPD cadets conducted call-backs to all non-emergency calls that included phone numbers to inquire about the issue and provide response information
May 2018	Public Works assigned a dispatcher to HSOC to coordinate dispatch of Public Works and SFPD resources.
	Public Works Hot Spot Crew began using Connected Worker to resolve requests, though adoption and use of the application to close cases was sporadic.
July 2018	HSOC conducted the first citywide tent count, a collaborative effort of SFPD, HSH and Public Works, as well as the Recreation and Parks Department and the National Parks Service.

	SFPD updated policies[28] to clarify processes for officers responding to encampments.
	HSOC extended operational hours through swing and weekend shift by increasing the number of officers from 6 to 24 (SFPD only).
	SF311 updated menus on the public application to better align with HSOC operations. SF311 removed the "encampment" option from the Street Cleaning and Blocked Sidewalk menu (which is automatically routed to the Public Works radio room for deployment). Instead, SF311 added Encampment as a new menu item that routed directly to the HSOC Queue for coordinated deployment based on the conditions at the site. As part of this change, SF311 made contact information required for encampment service requests so that HSOC staff could follow up with the caller to get more information about the issues in order to make good deployment decisions. SF311 also removed the Homeless Concerns option from the main menu, as it included emergent issues like aggressive behavior and wellness checks, which are more properly routed through 911 or the non-emergency line. The SF311 application and call takers began informing users attempting to submit concerns about individuals that these types of service requests are not monitored in real time and they should direct their service request to 911 or the non-emergency line.
August 2018	HSOC designated SF311 as the primary reporting mechanism for encampment-related calls and 911 or the non-emergency line for emergencies, individual concerns, and criminal activity via SF311 application changes, routing all SF311 calls citywide via the "HSOC queue" to create single dispatch out of HSOC.
	SF311 removed the distinction of encampments with people vs. without people, as this information did not prove accurate for deployment. Instead, SF311 updated the public application to include a new e-form for the Encampment option. The form asks a variety of questions about the site to help HSOC representatives to make good deployment decisions. SF311 removed its internal triage process related to encampment service requests. Instead, SF311 immediately sent all encampment-related issues to the HSOC Queue for triage by the team HSOC. SF311 worked with DEM to develop consistent messaging between SF311 and 911/non-emergency on who to call for what types of issues, and began sending other service types referencing homelessness or encampments to HSOC for dispatch.
	HSOC designated SFPD as primary responder for all encampment-related service requests. The DEM dispatcher and Public Works dispatcher collaborate to deploy HSOC officers first and identify when a Public Works crew may be needed. This created a single response process for all encampment calls.

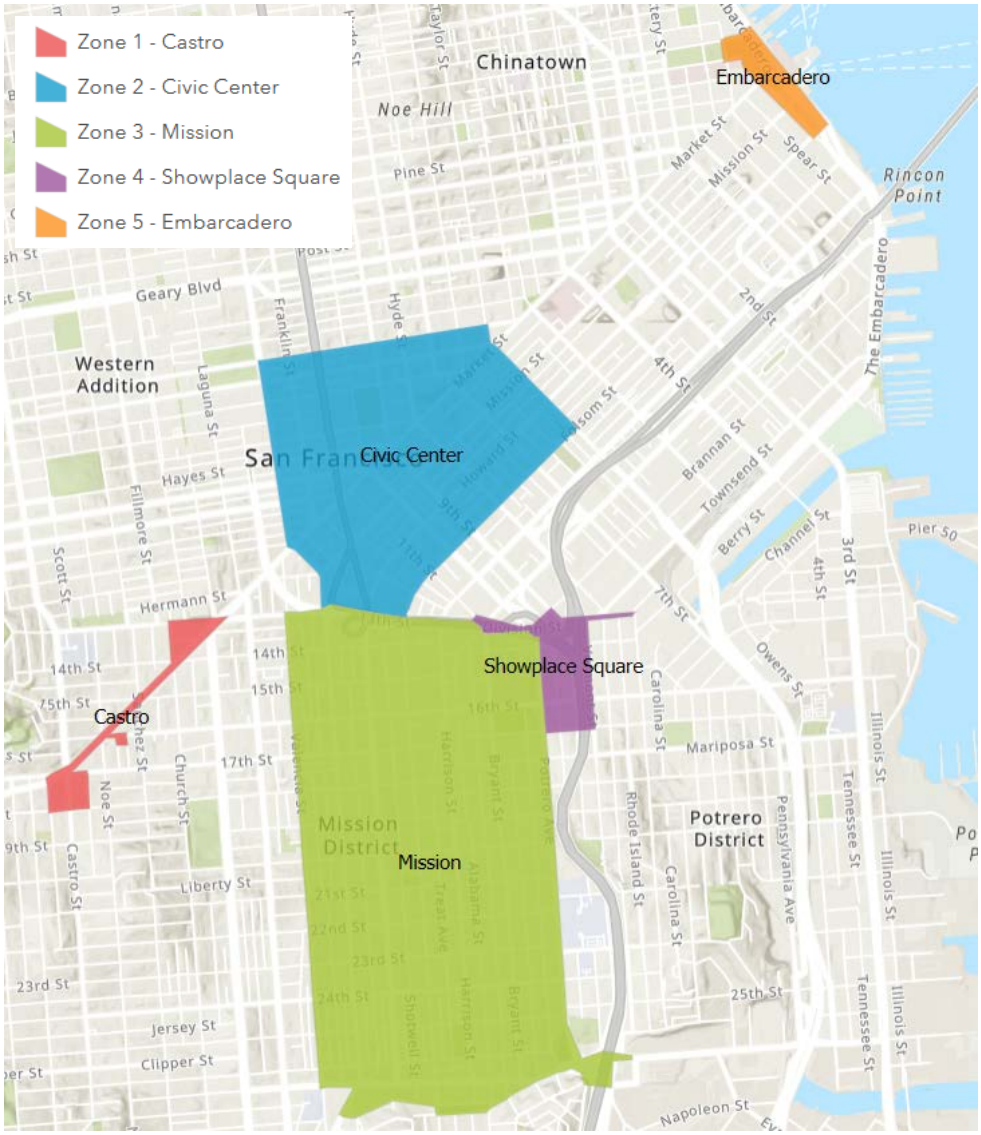
[28] The SFPD revised two policies: "Legal Options for Addressing Illegal Encampments" and "Protocol for Processing Homeless Property consistent with DPW's bag and tag policy."

	DPH began maintaining the "High Priority List," consolidating information from a variety of departments and field staff and working with HSH and others through case conferences to create service plans for prioritized individuals.
	DPH designated its Sobering Center as the primary drop-off location for triaging homeless individuals not requiring emergency services after-hours.
	The Policy Group established HSOC's charter and refined the strategic framework to include a new goal and strategies that directly address the health aspects of HSOC's work.
October 2018	HSOC conducted the second citywide tent count.
	HSH's Homeless Outreach Team began training to use the Connected Worker app, though availability of mobile devices was initially limited.
	SF311 added the ability for public users of the application to close or cancel their requests, e.g., if the encampment is no longer present. SF311 also created new email notifications for the application.
	SFPD and DPH began the "Healthy Street Intervention Program" (HSIP) to respond to individuals using drugs on the street in the Tenderloin.
November 2018	HSH conducted the first inhabited vehicle count and administered a survey to better understand the population sleeping in vehicles.
January 2019	HSOC conducted the third citywide tent count; separately, HSH administered the biennial Point in Time (PIT) count.
	Over 8,000 HSOC requests have been closed using SF311's Connected Worker application by users from SFPD, Public Works, HSH, and SF311.

Appendix C. HSOC's "Zones"

At its inception, HSOC established five geographic zones[29] for targeted response (see Figure C-1). The zones were originally intended to help prioritize deployment and focus attention on particular areas of concern.

Figure C-1.
HSOC established five geographic zones as one of the initial mechanisms to prioritize efforts.



Note: Zone 6 – Encampment Resolution are not shown; the locations are citywide.

[29] A sixth "zone" for encampment response and re-encampment prevention was used to highlight and manage areas addressed via the Encampment Working Group process.

As operations commenced, the distinctions between zones became clear, as did the need to better understand the issues and related strategies being delivered within each zone. The Controller's Office facilitated operational zone planning meetings to identify key issues, strategies, and performance measures associated with activities in each zone (see Figure C-2).

Figure C-2.

The five geographic zones have distinct areas of concern, each requiring specific operational responses.

Zone	Primary Issues for HSOC Response
Zone 1: Castro	• Individuals sleeping in doorways
Zone 2: Civic Center	• Public drug use, drug sales, and other criminal activity • Individuals with behavioral health issues (including serious mental illness) • Litter and cleanliness of streets and sidewalks • Loitering • Feelings of safety for visitors and residents
Zone 3: Mission	Encampments (tents or improvised structures)
Zone 4: Showplace Square	Encampments (tents or improvised structures)
Zone 5: Embarcadero	• Individuals with behavioral health issues (including serious mental illness) • Feelings of safety for visitors and residents • Individuals who are homeless or marginally housed • Litter and cleanliness of streets and sidewalks • Overnight loitering

Over time, expectations for HSOC expanded beyond simply responding to smaller geographic areas. Additionally, most departments have consistent response protocols regardless of zone and did not have sufficient resources to prioritize these activities within the zones while also continuing normal citywide operations. While the zones and their operational plans continue to provide a mechanism to focus attention on key issues, these zone plans do not necessarily inform deployment decisions, and HSOC does not prioritize the zones over response efforts needed citywide.

From: Hickey, Jacqueline (BOS)
To: BOS-Supervisors
Subject: FW: Issued: Staffing Analysis and Benchmarking for Homelessness and Supportive Housing (HSH)
Date: Monday, May 20, 2019 8:17:00 AM

From: Reports, Controller (CON)
Sent: Friday, May 17, 2019 10:56 AM
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Subject: Issued: Staffing Analysis and Benchmarking for Homelessness and Supportive Housing (HSH)

The Department of Homelessness and Supportive Housing, formed in 2016, faces growing demand for service delivery and for responsiveness to the public and leadership. Comparing key functions including external affairs, data & performance and contracting shows that demand has outpaced the current staffing.

To view the full memorandum, please visit our website at:
http://openbook.sfgov.org/webreports/details3.aspx?id=2712

This is a send-only email address.

For questions about the memorandum, please contact Glynis Startz (Glynis.L.Startz@sfgov.org)

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OFFICE OF THE CONTROLLER
CITY AND COUNTY OF SAN FRANCISCO

Ben Rosenfield
Controller

Todd Rydstrom
Deputy Controller

MEMORANDUM

TO: Jeff Kositsky, Department of Homelessness and Supportive Housing

CC: Mayor's Budget Office

FROM: Peg Stevenson, Office of the Controller
Emily Lisker, Office of the Controller
Kyra Sikora, Office of the Controller
Glynis Startz, Office of the Controller

DATE: May 17, 2019

SUBJECT: **Staffing Analysis and Benchmarking for the Department of Homelessness and Supportive Housing**

EXECUTIVE SUMMARY

The Department of Homelessness and Supportive Housing (HSH) was formed in 2016, bringing together services and functions which had been provided in Public Health, Human Services, and other City agencies. Given the critical urgency of homelessness in San Francisco, the Department faces a high level of public pressure to stabilize and expand services quickly. As a new Department, HSH faces the challenges of developing infrastructure, policies and procedures, and a stable workforce. In addition, as new initiatives are added, such as opening new shelter beds, the City needs to consider the impact on staffing needs at all levels. In anticipation of the FY19-20 planning and budget process, City Performance conducted data analysis and interviews to evaluate whether several key departmental functions are staffed and structured appropriately so that HSH can achieve its mandates.

We compared HSH to other City functions and have determined that HSH lacks sufficient staffing in key areas. Our conclusions include:

- HSH's current external and public affairs staffing is insufficient given the level of engagement that is required with leadership, the community, and stakeholders. Homelessness service questions, response to public complaints, and shelter siting are just three examples of issues that require high levels of analysis, discussion, and attention from HSH management and subject matter experts. The department needs more staff who can perform these functions.

- Similarly, the data & performance team at HSH must respond to high levels of internal and external data requests, carry out strategic and performance planning, and work with the department's new data system to provide reports and analytical insights. Increased data and performance staffing would have a positive impact on the efficiency and effectiveness of the department and help HSH with responding to stakeholders and the public.

- City departments typically struggle with rightsizing their contracting functions and staffing as the amount and variety of funding flowing through them increases. The contracts that HSH took over from other City agencies, and new procurements, range in size, type, and complexity. Moving beyond the basic management functions of contract set-up, payment of invoices, and ensuring compliance would likely require additional resources.

- Human Resources staff in HSH have been challenged by vacancies and a high rate of turnover in the department. There is a high number of unique classifications in HSH's workforce that require separate and specialized hiring processes. The Human Resources unit would benefit from additional staffing to manage and improve the department's hiring and retention. The vacancy rate in HSH affects its ability to deliver services across the department.

- Program support analysts in HSH (Class 2917), who manage the contracted programs and services and serve as the public-facing owner, have been overburdened as the department's set of contracts has increased. They manage more contracts than the comparable positions that existed in HSA before the creation of the department. While responsible for fewer contracts, they oversee larger program budgets than their counterparts at DCYF. Depending on the main driver of work for this position, this may indicate a need for additional resources.

- In budget and finance HSH is within the normal range of staffing that is indicated by our high-level benchmarking to other departments. More detailed study of budget, finance, accounting and related functions would allow for better comparison in these areas. The department has recently made new hires in information technology classifications that will bring it nearer to the normal range in basic infrastructure (email, network support), while gaps remain in appropriate staffing of the Online Navigation and Entry (ONE) system and information security and privacy.

BACKGROUND

Since August 2016 when the City and County of San Francisco (CCSF or the City) first launched the Department of Homelessness and Supportive Housing (HSH), the department has made significant efforts to unify staff, programs, and resources from multiple agencies; develop a new strategy for addressing homelessness; improve the organizational structure; and build a new data system for all homeless clients and services. The department's high-level goals include creating a coordinated homelessness response system, implementing performance accountability, reducing chronic and youth homelessness, ending family homelessness, and improving the City's response to street homelessness.

The work required to establish a new department is significant, especially for one facing the social emergency and logistical challenge that is homelessness. HSH leadership is concerned that the department's core administrative functions and program management may not have appropriate staffing to conduct the work efficiently and effectively. As examples, HSH has struggled to execute its contracts in a timely manner and has experienced a high turnover rate of staff in many functional areas– these problems can be attributed in part to organizational issues and gaps in HSH's structure. The Department just recently added facilities and IT functions, and has yet to move into their own offices.

HSH asked the Controller's Office to conduct a staffing analysis to assess whether the following departmental functions are staffed and structured to meet the department's needs and strategic goals:

- Contracting,
- Information Technology (IT),
- Human Resources (HR),
- Budget and finance,
- External affairs and public reporting,
- Program support analyst, and
- Data and performance.

METHODOLOGY

City Performance compared the size, structure, and workload of each of these functions to relevant benchmarks within CCSF. For each area, City Performance used existing data sources where possible, such as departmental administrative data, data from the Citywide Nonprofit Monitoring and Capacity Building Program, citywide hiring data from the People and Pay System, and prior benchmarking and review of HSH's organizational structure. City Performance interviewed a total of 25 staff from HSH and from the nine departments listed below during March and April 2019. See Appendix A for a list of staff interviewed by department and functional area.

- Department of Aging and Adult Services (DAAS)
- Department of Children, Youth and their Families (DCYF)
- Department of Public Health (DPH)
- Department of Public Works (DPW)
- Human Services Agency (HSA)
- Mayor's Office of Housing and Community Development (MOHCD)
- Municipal Transportation Agency (MTA)
- Port of San Francisco (PRT)
- San Francisco Police Department (SFPD)

See Appendix B for a more detailed list of data sources and Appendix C for departmental staffing and budgets.

FUNCTIONAL AREA BENCHMARKING

1. Contracting

HSH provided more than $165 million in contracts to 48 nonprofit organizations in fiscal year 2017-2018 (FY18).[1] As in other CCSF social service departments, nonprofit organizations deliver a range of programs and services covering housing, shelter, health, workforce, and other social services. HSH's contracting unit is involved in all phases of contract development through execution, monitoring, and engaging closely with the program support analysts (described in more detail below). HSH was created with contracting staff from multiple departments and is still working to develop the infrastructure, policies, and procedures needed to operate effectively. The unit faces challenges with timely execution of contracts and invoice approval, exacerbated by a rapid growth in funding. In addition, contracts staff grapple with managing frequent budget negotiations with nonprofit providers and managing a significant number of funding sources with varying reporting requirements. Vacancies and turnover within the unit have affected its ability to manage its workload overall.

A comparison of staffing and workload across departments is confounded by variation in contract and grant complexity and by differences in contract term length and renewal timeframes. Our analysis looked at rough measures of contract management to gauge level of effort, workload, and complexity.

Using these benchmarks, we found HSH is near the middle in terms of value paid to nonprofit vendors in FY18, but on the low end of the number of contracts and vendors managed per staff analyst. In FY18, HSH had 12 contracts valued at over $10 million, on par with DPH and HSA, but considerably higher than DCYF. HSH also had a higher number of nonprofit contracts valued over $1 million than HSA, but comparable to that of DCYF.[2]

[1] Information provided by HSH. Payment amounts include $125 million in General Fund money and over $40 million in federal grant pass-throughs. In FY18, HSH also had agreements with eight organizations that were not nonprofits. HSH currently has agreements with 59 organizations, including 51 nonprofits.

[2] "Citywide Nonprofit Monitoring and Capacity Building Program, FY17-18 data."

Figure 1.
Contracting Measures of Staffing and Workload FY18.

Measure	HSH	DCYF	DPH[3]	HSA
Value paid to nonprofit vendors ($M)[4]	$127.2	$63.1	$331.6	$211.6
Contracts over $10M[5]	12[6]	2	13	11
Contracts over $1M	147	151	Not available	96
Contract analysts[7]	7	3	14	11
Nonprofit contracts[8] per analyst	23.6	122.7[9]	28.4	27.4
Nonprofit vendors[10] per analyst	6.9	45.0	7.0	10.3
Value paid to nonprofit vendors per analyst ($M)[11]	$18.2	$21.0	$23.7	$19.2

Division of labor in contracting is fairly consistent across departments.

- There is general consistency among the benchmark departments about the role of contract analysts. They work in all aspects of the function—contract development, negotiation, approval, and management processes.
- All departments follow a roughly similar breakdown of expertise. Each department has a contract unit and a program unit. In most cases, the program units have responsibility for scope development and for monitoring service levels and service quality, while contracts staff are the "guardians of the procurement process" and conduct fiscal and compliance monitoring.
- Some contract units may be more involved in scope development (such as the Community Programs contracting unit within DPH), but that is generally due not to organizational design, but to individual experience and tradition.

[3] The DPH comparison is restricted to Behavioral Health Services and Community Programs, excluding the unit that provides support to hospitals and for major IT contracts. This is likely to provide a cleaner comparison. In addition, DPH has two units (CDTA and BOCC) which perform some functions other departments perform within their Contract units.
[4] Supplier Payment Report FY18, downloaded from SFOpenBook. This may not include federal pass-through funding.
[5] Interviews and department contracting spreadsheets.
[6] HSH has an additional contract over $10M that is held by DPH.
[7] As of March 2019, departmental organizational charts and interviews. This count excludes the top manager from each department but includes any unit level managers.
[8] "Citywide Nonprofit Monitoring and Capacity Building Program, FY17-18 data", organizational charts, and interviews.
[9] The bulk of DCYF's contracting work is on a five-year cycle and most grants are created with a five-year term. In off years the department estimated approximately 120 grant processing activities (new grants, add-backs, continuations and one-off grants, and amendments). In four of five years, the ratio of grants to analysts is similar to comparison departments.
[10] Number of vendors is from "Citywide Nonprofit Monitoring and Capacity Building Program, FY17-18 data" and department-provided information. The number of contract analysts comes from organizational charts and interviews.
[11] Supplier Payment Report FY18, downloaded from SFOpenBook.

HSH staff may take on more responsibility for contractors' invoices and program review.

- Departments divide responsibility for invoice review and analysis primarily among contract analysts, program analysts, and budget and finance units. There are two main tasks—the review of invoices as they are submitted by vendors, and longer-term fiscal and compliance monitoring.
- HSH's contract analysts are responsible for individual invoice review for every vendor and contract. In addition, they perform overarching fiscal analysis, and tasks such as making monthly projections for contractors based on submitted invoices.
- In contrast to HSH, the Human Services Agency's (HSA) contracting unit does not have primary responsibility for reviewing every invoice. To align with best practices, the department recently reassigned that work to program analysts. Program analysts ensure billed services conform to the scope of work that they developed. The contract unit, and in some cases the finance office, continues to do review of invoices for compliance or fiscal purposes.
- Like HSA, DCYF similarly places standard review of invoices on program specialists while contract analysts perform annual fiscal monitoring and verification of invoices for services over the year.
- DPH reported that their accounting unit is responsible for review and payment of invoices rather than their contracting units.[12] A separate unit, the Business Office of Contract Compliance (BOCC), uses the fiscal monitoring process to review invoice documentation for the contractors that are in a citywide joint monitoring pool.

2. Information Technology

When HSH was created, many of its information technology systems were brought over from the Human Services Agency. HSH is now in the process of separating its systems from those of HSA and aims to complete this changeover by June of 2019. The department is also in the middle of implementing a new major system—the Online Navigation and Entry (ONE) System, which will provide assessments, case management, shelter bed reservation, and housing inventory management. The ONE System is designed to become a single, easy to use, system of record for all clients and families.[13]

The department believes the budgeted staffing of six FTE in their IT unit is insufficient given their projected system growth and reporting demands. HSH requires everyday support of a small department's needs for hardware, software, email, network access, and other functionality. This is combined with the implementation, training, and maintenance of a new large system that has multiple users, complex design elements, and high requirements for privacy and access control. As a human services agency working with protected and sensitive personal information, HSH is also cognizant of the

[12] DPH recently reported that contract analysts may increase their role in invoice review (e.g., to help identify and resolve payment issues) via more frequent and regular engagement with the department's accounting unit.
[13] For more detailed information on the future functionality of the ONE System, see the COIT Budget & Performance Subcommittee Regular Meeting Documentation. March 15, 2019.

need for proactive data privacy and security policies and procedures. HSH is taking on increasingly complex care coordination activities that require collaboration and data sharing across departments and may not have adequate staffing to assume these responsibilities.

Our analysis looked at the total number of staff in the 1000 series information technology classifications in certain benchmark departments (see Appendix D). We also looked at how a couple of systems that have comparable design elements and uses to ONE are staffed. Overall, HSH falls near the bottom of total budgeted departmental staff per budgeted IT staff to support their departmental functions. For the ONE System, the department has significantly lower budgeted levels of staffing with just one dedicated FTE compared to systems such as Coordinated Case Management (CCMS) at DPH and the housing portal at MOHCD known as DAHLIA.

Figure 2.
IT Measures of Staffing and Workload FY18.

Measure	HSH[14]	DCYF	DPH	DPW	HSA	MOHCD[15]
IT staff in the 1000 series classifications (actual)[16]	0.9[17]	2	222.1	34.1	62.4	6
IT staff in the 1000 series classifications (budgeted)	3.6	2	259	48.8	74	5
Department FTE per IT staff (1000 series) (actual)	111.6	24.1	30.6	39.8	37.8	14.9
Department FTE per IT staff (1000 series) (budgeted)	34.6	29.6	29.7	34.5	31.6	19.3
IT system comparison	ONE	not available	CCMS	CMMS	not available	DAHLIA
Staff for selected system[18]	1	not available	5	7	not available	4
Cases in system	50,000[19]	not available	460,000 [20]	not applicable	not available	41,270[21]
FY19 budget allocations: IT infrastructure ($1000s)[22]	$217	$99	$12,902	$3,998	$3,927	not available
Departmental FTE (budgeted)	124.6	59.2	7,691.8	1,685.3	2,339.8	not available
IT infrastructure per FTE (budgeted)	$1,745	$1,674	$1,677	$2,372	$1,679	not available

[14] As of FY20, HSH anticipates five budgeted positions in the 1000s classifications in addition to an IT manager, all but one of which is expected to be staffed.
[15] MOHCD has four FTE staff from DT funded by MOHCD who work on the DAHLIA system included in this table.
[16] Budget and Actuals Report, People and Pay System, FY18. Also used for budgeted IT staff, actual FTE per IT staff, and budgeted FTE per IT staff.
[17] HSH staffing is now higher than this as the open positions from FY18 have been filled.
[18] Current staffing as reported through interviews or validated organizational charts.
[19] As of March 15, 2019 COIT Budget & Performance Subcommittee Regular Meeting Documentation.
[20] Includes "Bio-psycho-social integrated histories from 15 databases" CCMS Whole Person Care User Guide. https://sf-wpc-ccms.gitbook.io/ccms-user-guide.
[21] In FY18, 41,270 households applied for MOHCD-sponsored rental housing through DAHLIA. MOHCD projects 600,000 online applications between FY17 and FY20. Mayor's Office of Housing & Community Development. 2016-2020 Strategic Plan. https://sfmohcd.org/sites/default/files/Documents/MOHCD%20Strategic%20Plan%202016-2020.pdf.
[22] "Appendix C – FY 2018-19 Annual Budget Allocations by Department." Service Level Agreement FY 18-19. San Francisco Department of Technology. See Appendix B of the SLA for more detail on service categories. https://sfgov1.sharepoint.com/sites/TIS/Collaborations/ServiceCatalog/Shared%20Documents/DT_SLA_FY_18-19_ver_7-27-2018%20FINAL.pdf.

Smaller departments rely heavily on DT for standard IT functions, but departments all use centralized resources such as Microsoft 365 applications or email.

- Most departments rely on DT for some central functions including Microsoft licensing and applications, email, and network support.
- Larger departments like DPH, HSA, and DPW provide their own system support and have a level of core staffing for standard desktop functions. Smaller departments use DT for these support functions.
- DT sets budget allocations for IT infrastructure support using the department's size and other metrics (such as the service or database complexity, actual data usage, etc.) Comparing DT's FY19 allocations, HSH is near the middle among agency benchmarks. Their budget for IT infrastructure per FTE is less than that of DPW but very close to that of other human and social service agencies.

High levels of sensitive data require significantly more resources for IT privacy and security.

- In our interviews benchmark departments that deal with significant amounts of protected health information (PHI), i.e., HSH, HSA, MOHCD, and DPH, all shared similar concerns on workload related to data privacy and security. Data privacy and security is an area of risk for HSH given their collection and usage of protected and sensitive personal information.
- The larger benchmark departments such as HSA and DPH have full-time positions responsible for dealing with data privacy, and they plan to grow these functions to keep up with the rising demand for improved governance, policy, and compliance.
- Proactively addressing data privacy and security is a concern across the City. A current analysis by City Performance outlines the need for a Chief Privacy Officer for the entire city, partly to satisfy regulatory requirements under the Health Insurance Portability and Accountability Act (HIPAA), and to oversee and coordinate the efforts of the privacy specialists in each department. HSH believes that the number of internal staff and contracted providers working with PHI and level of risk necessitates a department-specific role.

Departments standing up or supporting new IT systems all felt they had insufficient staffing.

- Departments that are building or augmenting new core technology typically rely on outside IT consultants to construct and stand up the systems, and on an as-needed basis to provide updates and technical support. Both DPW and MOHCD used outside vendors to stand up their core IT systems. Once the systems were functional, they kept those resources on retainer for modifications, updates, and highly technical maintenance tasks.
- Since 2009, DPW has paid consultants approximately $4.4 million for software and $2.2 million for support of its Computerized Maintenance Management System (CMMS).
- MOHCD paid approximately $250,000 annually for a Salesforce subscription and associated technology tools for DAHLIA, San Francisco's housing portal for residents to find City-

sponsored affordable housing.[23] MOHCD also funds four positions in the Digital Services group with the General Services Agency who do full-time work on DAHLIA.

- DPH supports its CCMS entirely internally in large part because of its age and design, which make it difficult to find external support. The original costs for the system were $60,000 per year for Oracle licenses and the costs of staff time, which were significant—thousands of hours over time to build the system and integrate datasets. Similar to HSH's ONE System, CCMS merges information from multiple other data sources to provide a comprehensive assessment on individuals' medical, psychological, and social welfare, enabling DPH staff and nonprofit providers to view comprehensive client records in real time as well as aggregate data to better understand the client population needs and outcomes.
- Except for DPH, whose CCMS has been in maintenance mode for many years, no department feels adequately staffed for the core systems we reviewed. This is an area of risk for HSH as it builds out the ONE System and puts it into use for its staff, contractors, and performance reporting.

3. Human Resources

HSH provides human resources and payroll support to its 125 budgeted FTEs with a team of four employees, three analysts, and a payroll clerk. The department reported that the number of needed hiring processes, high turnover, and the high proportion of direct service staff—outreach, housing program, and case management staff—in the department has put a strain on the workload of that unit.

Figure 3.
Human Resources Measures of Staffing and Workload FY18.

Measure	HSH	DCYF	DPH	DPW	HSA	MOHCD	PRT	SFPD
HR staff[24]	4	--	115	16[25]	58	--	--	79
Actual departmental FTEs[26]	100.4	48.2	6,793.6	1,357.6	2,359	85.6	240.8	2,906.6
Budgeted departmental FTEs	124.6	59.2	7,691.8	1,685.3	2,399.8	92.4	314.1	3,136.9
Vacancy rate	19%	19%	12%	19%	2%	7%	23%	7%

[23] MOHCD reported that Salesforce is $200,000 annually while other technology tools cost $45,000-$50,000 per year.
[24] As of March 2019, departmental organizational charts and interviews.
[25] Includes staff in hiring, payroll and appointment processing, and exams. Excludes labor relations as this unit also handles relations for other departments.
[26] Budget and Actuals Report, People and Pay System, FY18. Also used for budgeted FTEs, vacancy rate, unique classifications, and unique classifications per budgeted FTE.

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Controller

Todd Rydstrom
Deputy Controller

Measure (continued)	HSH	DCYF	DPH	DPW	HSA	MOHCD	PRT	SFPD
Unique classifications (budgeted)	43	25	256	165	125	19	112	82
Unique classifications per budgeted FTE	35%	42%	3%	10%	5%	21%	36%	3%
% of positions posted in FY18 currently filled[27]	25.5%	--	41.4%	59.6%	49.7%	--	--	57.3%
Median time to hire PCS (days)[28]	155	--	180	160	122	--	--	40
Median time to hire exempt and provisional appointments (days)[29]	89	--	119	48	57	--	--	10
Average turnover[30]	20.1%	--	10.1%	13.6%	23.3%	--	--	6.5%

HSH has an elevated hiring workload and high vacancy rate.

- Like other small to medium-sized benchmark departments (i.e., DCYF and Port), HSH hires a larger proportion of unique classifications than comparison departments. This increases the average workload for filling an open position.
- HSH has a median hire time of 155 days for permanent civil service (PCS) and 89 days for exempt/provisional appointments.[31] The PCS appointment hire time falls near the middle of comparison departments, while the exempt/provisional appointment hire time is near the top, after DPH.
- HSH has a higher vacancy rate than most of the comparison departments which increases the workload and strains on existing staff. The vacancy rate has continued to grow—currently about one-third of positions are open, up from 19% in FY18.
- Finally, HSH's turnover rate is the second highest among the comparisons, but still below that of HSA.

[27] Time to Hire Report, People and Pay System, FY18. Also used for both median time to hire calculations.
[28] Calculated for all job postings approved during FY18.
[29] Calculated for all job postings approved during FY18.
[30] Staff by Pay Period End, People and Pay System, FY18.
[31] In this memo, time to hire is defined as the period of time beginning when a department formally initiates the hiring process by submitting a Request to Fill form and ending when the employee starts work in their new position.

4. Budget and Finance

HSH's seven budget and finance staff manage the department's $245 million budget which includes General Fund sources (78%) as well as federal and state grants. The department reported a higher workload than anticipated because of the increased reporting requirements due to a larger amount of special funding received. In addition, with just one budget analyst and one grants analyst, HSH's Budget and Finance manager and Deputy Director take on all budget responsibilities. A more in-depth review is needed to determine exactly how staffing levels of budget analysts alone compare to benchmark departments.

As a rough measure of workload, we note that HSH has a slightly higher ratio of funding to budget and finance staff than DCYF, a similarly sized department.[32] We did not separate the administrative tasks, such as payroll and accounting, from the workload of analysts in budget and finance. Relative staffing for these roles may vary across department size. When comparing to HSA, which receives a similar proportion of funding from the General Fund, HSH has a significantly higher ratio of funding to budget and finance staff than HSA.

Figure 4.
Budget and Finance Measures of Staffing and Workload FY18.

Measure	HSH	DCYF	DPH[33]	HSA
Budget and finance staff[34]	7	7	83	84
Departmental budget[35]	$245M	$210M	$1,001M[36]	$860M
% of budget from the General Fund	78%	19%[37]	88%	88%
Departmental budget per budget and finance staff[38]	$35M	$30M	$12M	$10M

[32] While HSH and DCYF have similar budgets and staffing, their budget and finance functions may represent different workloads due to varying complexity and needs. Further analysis is needed to quantify the actual staffing needs.
[33] We restricted this to the budget and finance functions of DPH for Behavioral Health Services, Population Heath, and Administration, excluding the separate units covering the two hospitals. We believe this is a more suitable comparison.
[34] As of March 2019, departmental organizational charts and interviews. This measure includes staff across budget and finance roles, such as budget and fiscal analysts, payroll clerks, and accountants.
[35] Budget. San Francisco Controller's Office. Downloaded from DataSF.
[36] DPH's budget was restricted to 1G, 2S, 3C, and 4D funds and excluded 5H and 5L (General Hospital and Laguna Honda) funds to match the budget as closely as possible to the relevant budget and finance units.
[37] The majority of DCYF's budget is funded through the Children's Fund.
[38] This does not reflect the actual amount each analyst is responsible for; we use it to standardize across departments.

Departments agreed that different funding sources require uneven levels of work.

- Departments reported that funding sources have different reporting requirements and complexity, which impact workload. For instance, DPH mentioned the distinction between the General Fund sources compared to operating revenues such as insurance payments and service fees, while HSA and HSH noted the complexity of managing federal and state grants in comparison to block funding.
- There was no clear agreement among departments on the effect of the number of different categories of funding and whether that is associated with workload. HSH hypothesized that a high number of different funding sources increased their workload. DCYF's experience is that different funding sources has less of an impact on workload than the sheer number of contractors and grantees.

Larger departments split budget and finance into different workgroups, smaller departments consolidate.

- Budget and finance units handle various types of responsibilities, such as budget analysis and fiscal projections. While these types of responsibilities are not clearly defined across departments to enable straightforward comparisons, it appears important for the overall efficiency with which a department uses and measures their spending.
- There is a clear distinction between larger departments (i.e., HSA and DPH) and smaller ones (i.e., DCYF and HSH). Larger ones not only separate budgeting and finance into their own teams, but also have units specific to programs like Medi-Cal and CalFresh that have specific requirements, such as for state cost reporting and cost allocation.

5. External Affairs and Public Reporting

In its first two years of ramping up as a stand-alone City department, HSH has faced a high level of demand from leadership, stakeholders, and the public for data, information, and in-person consultation. Public hearings and meetings, new program proposals, and a steady stream of new proposed shelter and housing sites, layered onto the day-to-day demand of providing housing services, case management, outreach, and other core services have caused significant organizational strains. HSH struggles with the high volume of community and information requests and the high frequency of executive and program coordination meetings within the City. The department feels it is critical to create a proactive communications plan in addition to remaining responsive to the community but has felt unable to do so with the current level of staffing. The department has three FTE external affairs positions budgeted, but turnover has meant it often functions with one to two staff.

The workload for external affairs is difficult to measure—all City departments rely on many people who work in roles outside of communications or media. Information requests and community or leadership consultative needs are not tracked in a comprehensive way.

Figure 5.
External Affairs Measures of Staffing and Workload FY18.

Measure	HSH	DPW	PRT	SFPD
External affairs staff	2.5[39]	16[40]	4[41]	28[42]
Requests for community events	35[43]	25-33[44]	not available	not available
Annual Sunshine Ordinance requests	260-520[45]	833[46]	90[47]	184[48]
Monthly Board of Supervisor Hearings	2-4[49]	5-10[50]	2-3[51]	3-4[52]

HSH may have a high proportion of community requests and meetings given the department size.

- HSH has lower external and public affairs staffing levels than benchmark departments but a high volume of Sunshine Ordinance requests and requests to participate in Board of Supervisors hearings. Where there is a quantitative measure available—requests to attend community events—it appears that HSH has an approximately comparable workload to that of DPW but just one-sixth of the staffing.
- HSH estimated ten daily meetings and communications between department executives and City leadership, such as from the Mayor's Office or the Board of Supervisors.

[39] HSH reports two dedicated full-time staff, an administrative assistant at approximately 0.5 FTE., There is a limited term senior manager without ongoing funding. It is not included in the 2.5 FTE.
[40] DPW reports four Community Programs staff; five media, design, and event planning staff; six public affairs positions in construction outreach; and a partial FTE each responsible for Sunshine Requests and as Liaison to the BOS.
[41] Current estimate of full-time staff from Port external affairs. Excludes other staff who also spent time on external work.
[42] This number includes the staff of the Media Relations Unit and the Community Engagement Division, excluding HSOC Command Center and Street Operations.
[43] This is an estimated monthly minimum.
[44] This is based on an estimated 300-400 annual requests across the entire department (including HR recruiting events in the community, construction outreach, neighborhood meetings, tabling at Sunday Streets, etc.)
[45] This is an approximation based on information provided by HSH that estimated 5-10 requests per week.
[46] For calendar year 2018, as reported by DPW. It was a 10% increase over 2017.
[47] This is an approximation based on the Port's estimate of 5-10 Sunshine Ordinance requests per month.
[48] This is the number of Public Records Act (PRA) requests handled by the Media Relations Unit in 2017.
[49] This is an approximation based on information provided by HSH in April 2019. This does not include meetings or calls with the Board of Supervisors.
[50] This is an estimated monthly average of the number of times DPW testifies at BOS hearings, as provided by the department. An original estimate of 10-20 was based on a high volume period in Q3FY19 and included multiple permit modification hearings—a type of work that is unlikely to occur in other benchmarking departments. A further conversation with the department suggests that 5-10 may be a more accurate and comparable long-run estimate.
[51] Does not include Port Commission meetings which may replace some BOS meetings for other departments.
[52] According to SFPD, this does not include various data requests from the Board of Supervisors nor meetings with the Board and the Chief, Command Staff, Captains, or Chief Staff.

- SFPD reported between eight and 12 standard monthly meetings between the Chief of Police and the Mayor's Office, as well as occasional meetings for unanticipated incidents. SFPD noted that District Station Captains spend significant time on communications.
- DPW reported that department executives spend a significant portion of their time meeting with other department executives, the Mayor's Office, or executive staff. The DPW Director meets regularly with other department heads and the Mayor, convenes weekly meetings with an internal executive team, and has weekly one-on-one meetings with deputy directors.
- Multiple departments reported involvement in community relations and meetings from dedicated staff and from other programmatic or line staff. The Port also noted that other staff not specifically assigned to external affairs spend approximately 25-35% of their time on outreach.
- To support HSH's strategic goals, external affairs staff spend significant time engaging with philanthropists and outside partners. Benchmark departments did not think of this function as a measurable part of their external affairs work.

6. Program Support Analyst - Classification 2917

HSH relies heavily on the 2917 Program Support Analyst classification to manage the programs and services contracted out to community nonprofits. Each analyst both serves as a programmatic expert in their area and is responsible for vendor management and support. HSH has focused on recruiting experts for the role but has found it is consistently overloaded as the portfolio of the entire department has increased over the past few years. Ten analysts are currently managing a total portfolio of $992 million dollars, averaging 22 contracts each. We interviewed department managers on their usage of the classification and observations in this area, but further analysis is needed to better assess the appropriate workload and duties for this role. Program support analysts at HSH are currently handling several more contracts than their counterparts did at HSA before the department was created. They are still responsible for fewer contracts than analysts at either DAAS or DCYF but handle a higher value per analyst. HSH notes that during this ramp up period analysts have been repeatedly asked to add new scope to contracts, requiring modification of budgets and terms. Information about the exact value of contracts per analyst may not be directly comparable as multiyear agreements can skew the amount reported.

Figure 6.
Program Support Analyst Measures of Staffing and Workload FY18.

Measure/Department	HSH	DAAS	DCYF[53]	HSA[54]
Actual FTEs[55]	10.2	8.9	15	8
Budgeted FTEs[56]	10	11	not available	10
Approximate # of contracts per analyst[57]	22	25-30	28	18
Approximate value of contracts per analyst	$99.2M[58]	not available[59]	$28.6M[60]	$9.7M[61]

Benchmark departments reported varying responsibilities for the 2917 position and equivalents.

- The 2917 position and its equivalents generally serve as the programmatic contract or grant owners, the program expert, and the public-facing owner of a program or set of programs. In addition to this position, there is a contract analyst (typically within the 1800 series) for handling the fiscal issues and terms and conditions.
- Multiple 2917 analysts in HSH are managers while at DAAS two 2917s manage a small number of positions.
- DPW has six budgeted 2917 positions within their operations division, and several are responsible for the management of department programs. These analysts have similar subject matter and programmatic expertise to their counterparts in other departments. However, their work primarily focuses on managing internal operations.
- DPW also has two budgeted 2917 positions who function mainly as managers for six Public Information Officers (PIOs). These positions are responsible for community outreach and response across the city.
- DCYF does not use the 2917 classification. The equivalent position in DCYF is the 9772 and 9774 classifications. DCYF expressed some interest in transitioning the 9772 and 9774 roles to the 1800 series.

[53] The number of analysts is based on the identified equivalent positions within DCYF (9772 and 9774) using the department's current organizational chart. It does not include a number of 9772 and 9774 positions which perform different duties.
[54] FY17 Homelessness Analysts. These are the 2917 positions that were transferred to HSH upon its creation.
[55] Budget and Actuals Report, People and Pay System, FY18.
[56] Budget and Actuals Report, People and Pay System, FY18.
[57] This number comes either from an estimation by the relevant department, or by calculation based on available departmental contracting spreadsheets. The same is true of the value of contracts per analyst.
[58] This includes multi-year contracted amounts.
[59] DAAS does not assign dollar amounts by analyst.
[60] This includes multi-year contracted amounts.
[61] This is an annual contracted amount.

- HSH believes the work conducted by the current 2917 position may be better served by the creation of a new classification to differentiate it during the application process and attract more applicants with the desired skillset. At a minimum, HSH would like an intermediate step between the 2917 position and 0923 manager. HSH management reports that staff in both positions are often required to manage too many staff, and that the differential numbers of reports for 2917s can lead to very different workloads.

7. Data and Performance

HSH's Data and Performance unit of four staff aims to use data and best practices research to support the creation and ongoing implementation of high quality, responsive, and coordinated homeless services. The unit has focused on building performance accountability across the homelessness response system. The department is in the process of implementing several key performance accountability projects, including developing system-wide and program specific performance outcome measures and developing standard cost metrics for shelter beds. However, HSH's staff and analytical capacity have limited what HSH has been able to accomplish in two years.[62]

HSH faces significant challenges in monitoring performance due to lack of historic data, inadequate data collection methods, and a lack of technology to better gather, track, and analyze data. It is working to improve consistency and rethink reporting tools but is limited by the necessity of complying with everyday information and analysis requests.[63] In addition, the unit struggles with basic performance measurement challenges (such as the manual, time-intensive, and error-prone process to clean and consolidate data from nonprofit providers), limiting the team's ability to tackle their larger strategic priorities.

Figure 7.
Data and Performance Measures of Staffing from Recent Organizational Charts.

Measure	HSH	DCYF	DPW	MTA
Data and performance staff[64]	3	7	7	15[65]
Actual FTE (FY18)[66]	100.4	48.2	1,357.6	5,414.9
Department FTE per data staff (actuals)	33.5	6.9	193.9	361.0

[62] Department of Homelessness and Supportive Housing. Whitley, Gigi. Memo to: Jeff Kositsky dated November 15, 2018. HSH's Performance Accountability Initiatives.
[63] Department of Homelessness and Supportive Housing. Locher, Sarah. Memo to: Jeff Kositsky dated August 30, 2018. Refining Reporting Measures in the RFP Process.
[64] As of March 2019, departmental organizational charts and interviews.
[65] This includes staff of three separate performance teams: Project Controls (capital projects) has five analysts and a manager, Strategic Planning and Initiatives has an analyst and a manager, and Performance and Business Support has five analysts and a manager. A Chief Performance Officer sits above those three teams.
[66] Budget and Actuals Report, People and Pay System, FY18.

Departments identified the same general streams of work for their data and performance teams.

- Benchmark comparisons are difficult to make in this function. There is a clear divide between the large departments and smaller ones but demand for data and performance work is not expected to track to department size.
- There is general agreement on and similarity of the data and performance teams' roles—they are responsible for developing and maintaining performance measures, both overall and for specific programs or contracts, across departments.
- All departments' performance units do data reporting both internally and externally, e.g., for contracts, the public, interdepartmental requests, and oversight bodies.
- DPW, MTA, and HSH performance teams additionally support strategic planning, performance management, and process improvement within their Data and Performance groups.
- The MTA has a third section of their performance team working specifically on capital projects.
- DCYF highlighted program evaluation, research, and policy analysis as major workstreams for their performance group.

APPENDICES

Appendix A. Department Benchmarking Interviews

	Contact Name	Position	Functional Areas Covered
HSH	Gigi Whitley	Deputy Director, Administration & Finance	Contracting, IT, HR, Budget and Finance, Data and Performance
	Abigail Stewart-Kahn	Director, Strategic Initiatives	External Affairs and Public Reporting
	Kerry Abbott	Deputy Director, Programs	2917 Program Analyst
	Gilda Kemper[67]	Contracts Manager	2917 Program Analyst, Contracting
DAAS	Cindy Kauffman	Deputy Director of Community Services	2917 Program Analyst
DCYF	Laura Moyé	Deputy Director	Contracting, Budget and Finance, 2017 Program Analyst, Data and Performance
	Brett Conner	Grants Manager	Contracting
	Brandon Shou	Finance Manager	Budget and Finance
DPH	Mario Moreno	Director, Office of Contract Management & Compliance	Contracting
	Rupal Mehta	Whole Person Care Platform Supervisor	IT
	Jenny Louie	Budget Director	Budget and Finance, HR
DPW	Christine Nath	Project Manager, IT	IT
	Julia Dawson	Deputy Director, Financial Management and Administration	HR
	Tammy Wong	Senior Human Resources Manager	HR
	Rachel Gordon	Director of Policy and Communications	External Affairs and Public Reporting
	Alexandra Bidot	Performance Management Manager	Data and Performance
	Anne Jenkins	Principal Administrative Analyst	Data and Performance
	Donna D'Cruz	Assistant Manager – Central Operations	2917 Program Analyst
	Jeremy Spitz	Special Assistant for Government and Legislative Affairs	
HSA	Dan Kaplan	Deputy Director, Finance & Administration	Contracting, IT, HR, Budget and Finance, 2917 Program Analyst

[67] Provided requested metrics and qualitative insights electronically.

	Noelle Simmons[68]	Deputy Director, Economic Support and Self-Sufficiency	2917 Program Analyst
	Emily Gibbs[69]	Budget Manager	2917 Program Analyst
MOHCD	Brian Cheu	Director of Community Development	IT
MTA	Travis Fox	Chief Performance Officer	Data and Performance
PRT	Randy Quezada	Communications Director	External Affairs and Public Reporting
SFPD	Robert O'Sullivan	Commander, Administration Bureau	HR
	Deirdre Hussey	Director Policy and Public Affairs	External Affairs and Public Reporting
	David Stevenson	Director Strategic Communications	External Affairs and Public Reporting

Appendix B. Data Sources

Source	Functional Areas
Budget. San Francisco Controller's Office. From DataSF	Budget & Finance
Budget and Actuals Report, People and Pay System, FY18.	IT; HR; Program Support Analyst; Data & Performance
CCMS Whole Person Care User Guide.	IT
Citywide Nonprofit Monitoring and Capacity Building Program, FY18 data	Contracting
COIT Budget & Performance Subcommittee Regular Meeting Documentation. March 15, 2019.	IT
Department of Homelessness and Supportive Housing. Whitley, Gigi. Memo to: Jeff Kositsky. HSH's Performance Accountability Initiatives.	Data & Performance
Department of Homelessness and Supportive Housing. Locher, Sarah. Memo to: Jeff Kositsky. Refining Reporting Measures in the RFP Process.	Data & Performance
Department of Technology. Service Level Agreement FY 18-19.	IT
Mayor's Office of Housing & Community Development. 2016-2020 Strategic Plan.	IT
Staff by Pay Period End, People and Pay System, FY18.	HR
Supplier Payment Report FY18, downloaded from SFOpenBook	Contracting
Time to Hire Report, People and Pay System, FY18.	HR

[68] Provided qualitative insights electronically.
[69] Provided requested metrics and qualitative insights electronically.

Appendix C. Departmental Size Comparisons

Measure	HSH	DAAS	DCYF	DPH	DPW	HSA	MOHCD	MTA	PRT	SFPD	SHF
Actual FTE	100.4	325.8	48.2	6793.6	1357.6	2359	85.6	5414.9	240.8	2906.6	1014.9
Budgeted FTE	124.6	369.6	59.2	7691.8	1685.3	2339.8	92.4	6223.8	314.1	3136.9	1160
Total Budget ($M)	245	n/a	210	2153	268	860	n/a	1181	128	580	209

Appendix D. IT Staffing, 1000 Series Job Classifications

Class	HSH		DCYF		DPH		DPW		HSA		MOHCD	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
1003												
1010					20	6.9						
1031									1	1		
1032									1	1		
1041					6	5.8				.4		
1042					9	11.7	3	3.7	3	3		
1043	1	0			18	14.8			5	4.5		
1044					15	14.8	3	3	3	2.9		
1051					4	4.4	2	1.3	2	1		
1052			1	1	20	18.9	2	1.1	5	2.1		
1053	.8	.9			31	26.3	10	5.5	16	11.9	1	2.4
1054			1	1	44	38.5	10.8	5.8	5	5		
1062									1	1.6		
1063					6	4.1	1	3	4	3.1		
1064					4	3.3			4	2		
1070	1	0			16	15.1	6	3	2	2		
1091					4	7.8	1	1.3	3	1.4		
1092	.8				20	17.7	2	1.4	9	11.3		
1093	1	0			30	25.9	4	3.2	6	3.4		
1094					7	5.1	3	.8	3	3.8		
1095					5	1	1	1	1	1		
Total	4	1	2	2	259	222	49	34	74	62	1	2

From:	Reports, Controller (CON)
To:	Calvillo, Angela (BOS); BOS-Legislative Aides; BOS-Supervisors; Elsbernd, Sean (MYR); Sun, Selina (MYR); Bruss, Andrea (MYR); Kirkpatrick, Kelly (MYR); Cretan, Jeff (MYR); Quetone, Tal (ADM); alubos@sftc.org; pkilkenny@sftc.org; Campbell, Severin (BUD); Newman, Debra (BUD); Rose, Harvey (BUD); Docs, SF (LIB); CON-EVERYONE; MYR-ALL Department Heads; CON-Finance Officers
Subject:	Issued: City Services Auditor Summary of Implementation Status of Recommendations Followed up on in the Third Quarter of Fiscal Year 2018-19
Date:	Wednesday, May 15, 2019 9:09:03 AM

The Office of the Controller's City Services Auditor (CSA) today issued a memorandum on the follow-up of its recommendations conducted in the third quarter of fiscal year 2018-19. As reported in the memorandum, of the 80 recommendations followed up on, 38 (48 percent) are now closed.

To view the full memorandum, please visit our website at:
http://openbook.sfgov.org/webreports/details3.aspx?id=2709

This is a send-only e-mail address. For questions about the memorandum, please contact Chief Audit Executive Tonia Lediju at tonia.lediju@sfgov.org or 415-554-5393 or the CSA Audits Division at 415-554-7469.

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OFFICE OF THE CONTROLLER
CITY AND COUNTY OF SAN FRANCISCO

Ben Rosenfield
Controller

Todd Rydstrom
Deputy Controller

MEMORANDUM

TO: Government Audit and Oversight Committee, Board of Supervisors

FROM: Tonia Lediju, PhD, Chief Audit Executive, Audits Division, City Services Auditor

DATE: May 15, 2019

SUBJECT: **City Services Auditor Summary of Implementation Status of Recommendations Followed up on in Fiscal Year 2018-19, Quarter 3**

The City Services Auditor (CSA) of the Office of the Controller (Controller) follows up on all recommendations it issues to departments of the City and County of San Francisco (City) every six months after original issuance. CSA reports on the results of its follow-up activity to the Board of Supervisors' Government Audit and Oversight Committee. This process fulfills the requirement of the San Francisco Charter, Section F1.105, for auditees to report on their efforts to address the Controller's findings and, if relevant, report the basis for deciding not to implement a recommendation.

The regular follow-up begins when CSA sends a questionnaire to the responsible department requesting an update on the implementation status of each recommendation. CSA assigns a summary status to the report or memorandum for each responsible department according to the status of each recommendation. The statuses are described in the table below.

Summary of Follow-Up Statuses

Summary Status	Status of Recommendations	Further Regular Follow-Up?
Closed	All closed	No
Open	At least one open, including any one that the department contests	Yes

Based on its review of the department's response, CSA assigns a status to each recommendation. A status of:

- **Open** indicates that the recommendation has not yet been fully implemented.
- **Contested** indicates that the department has chosen not to implement the recommendation.
- **Closed** indicates that the response described sufficient action to fully implement the recommendation or an acceptable alternative or a change occurred to make the recommendation no longer applicable or feasible.

Also, CSA periodically selects reports or memorandums for a more in-depth, field follow-up assessment, in which CSA tests to verify the implementation status of the recommendations.

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DEPARTMENT ABBREVIATIONS

Abbreviated Name	Full Name
City Administrator (CAO)	Office of the City Administrator (part of the General Services Agency)
Controller (CON)	Office of the Controller
CSA	City Services Auditor (part of the Office of the Controller)
Homelessness (HOM)	Department of Homelessness and Supportive Housing
Human Services (HSA)	Human Services Agency
Port (PRT)	Port Commission (Port of San Francisco)
Public Library (LIB)	Library Commission (San Francisco Public Library)
Public Works (DPW)	San Francisco Public Works or Department of Public Works
SFMTA (MTA)	San Francisco Municipal Transportation Agency
SFPUC (PUC)	San Francisco Public Utilities Commission
Sheriff (SHF)	Sheriff's Department

REGULAR FOLLOW-UP ACTIVITY - THIRD QUARTER

Summary

During the third quarter of fiscal year 2018-19, CSA followed up on 80 open recommendations from 14 reports or memorandums. Of the 80 open recommendations, departments reported implementing 38 (48 percent). Consequently, CSA closed 4 of the 14 reports or memorandums.

The following table shows the number of recommendations CSA followed up on and their resulting status during the quarter and summarizes the status of reports for each department.

Summary of Recommendation and Report Statuses

Department	Recommendations		Reports
	Followed Up On	Closed as of 3/31/19	Open
City Administrator (CAO)	13	11	1
Controller (CON)	1	-	1
Homelessness (HOM)	5	5	-
Human Services (HSA)	1	-	1
Port (PRT)	3	1	1
Public Library (LIB)	16	6	2
Public Works (DPW)	11	1	1
SFMTA (MTA)	5	5	-
SFPUC (PUC)	13	7	2
Sheriff (SHF)	12	2	1
Total	80	38	10

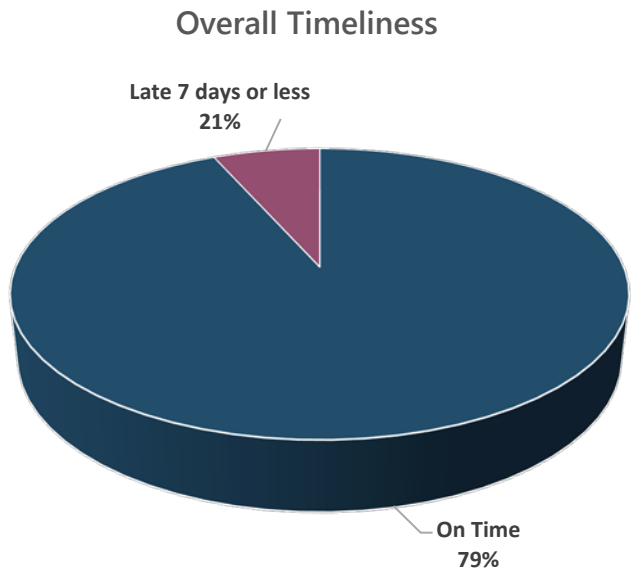
Summary of Follow-ups Closed in the Third Quarter of Fiscal Year 2018-19

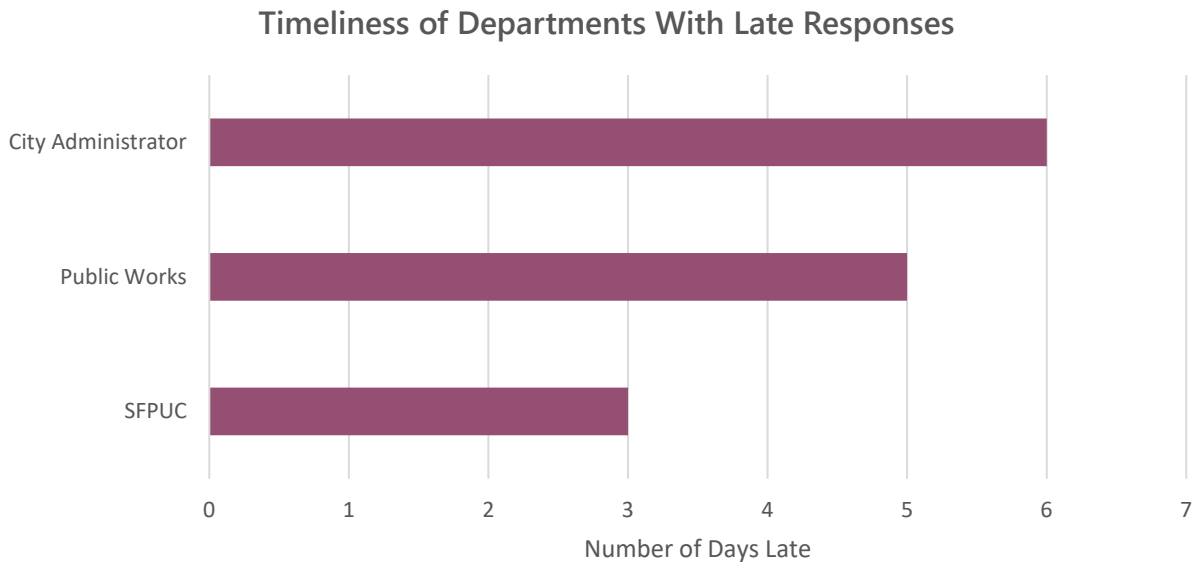
Dept.	Issue Date	Document Title
CAO	7/25/18	GSA – Fleet Management/Central Shops: Fleet Management Must Be Repositioned in the Vehicle Procurement Process to Right-Size the City's Fleet and Maximize the Benefits of the Zero Emission Vehicle Ordinance
HOM	8/28/17	Department of Homelessness and Supportive Housing: Increased Oversight, Fiscal Sponsorship Controls, and Accountability Are Needed to Improve United Council of Human Services' Operations
MTA	7/31/17	Cash Fare Collection Procedures and Controls on SFMTA Cable Cars Are Inadequate, Creating Opportunity for Fraud and Theft
MTA	7/9/18	San Francisco Municipal Transportation Agency: The Department Needs to Update Its Vendor-Managed Inventory Contract to Account for Its New Incentive Fee Payment Structure

Response Timeliness

Most department responses were received on time. CSA gives departments two weeks to respond to its follow-up requests and grants extensions upon request. If an extension is granted, timeliness is calculated based on the extended deadline. The chart below shows departments' responsiveness to CSA's follow-up requests.

Timeliness of Departments' Responses to Follow-up Requests in the Third Quarter of Fiscal Year 2018-19





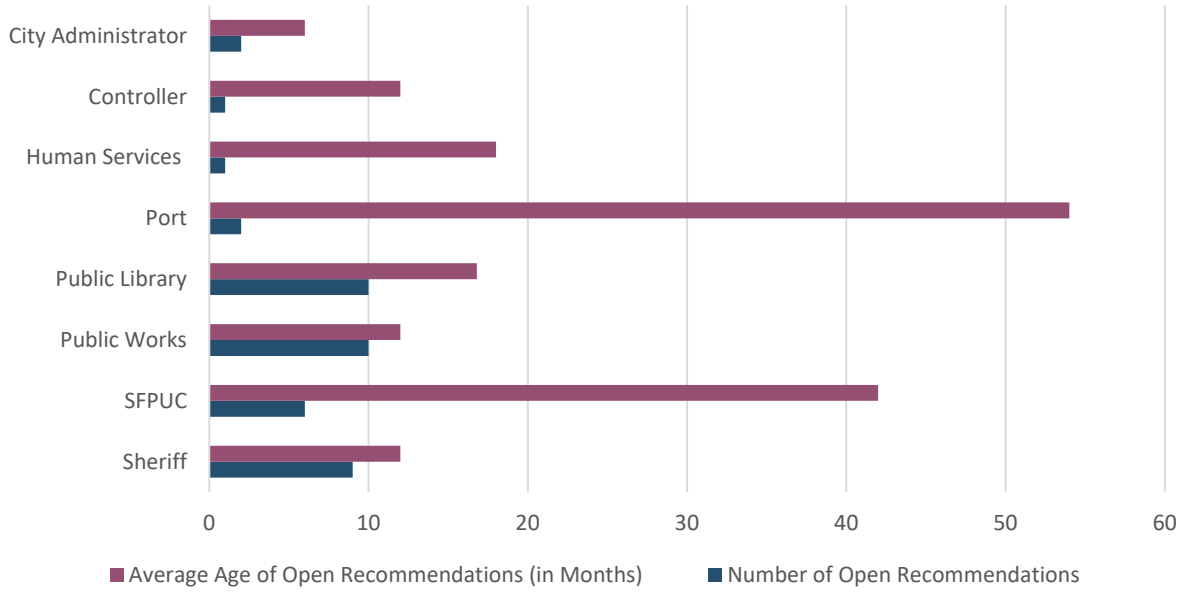
Open Recommendations

Although most of CSA's recommendations are implemented within two years of their issuance, some remain outstanding for longer. The average age of the open recommendations is 19 months, and ages range from 6 to 54 months. Ten open recommendations are older than 24 months:

- Three recommendations directed to the Public Library are 42 months old.
- Five recommendations directed to the Public Utilities Commission are 48 months old.
- Two recommendations directed to the Port are 54 months old.

The chart below shows the number of open recommendations, by department, and their average age.

Number and Average Age of Open Recommendations Followed up on, by Department



In some cases, a department has implemented few or none of CSA's recommendations. This does not necessarily indicate that the department is not trying to resolve the underlying issues. In some instances, the department has not yet had the opportunity because the recommendations relate to events that happen only periodically, such as labor agreement negotiations, or because the recommendations were issued too recently for the department to have achieved full implementation.

The following table summarizes the reasons departments reported for not fully implementing the open recommendations addressed to them.

Summary of Open Reports for the Third Quarter of Fiscal Year 2018-19

Dept.	Issue Date	Report Title	Open Recs.	Reason Reported for Not Yet Implementing Open Recommendations
CAO	8/9/18	San Francisco 311: New Technology, Stronger Departmental Partnerships, and Robust Internal Controls Will Improve Customer Service	2	The department needs to create a systematic and comprehensive process to track service request closures and call durations in the phone system.
CON	2/1/18	Citywide Employee Separations: Combined Report of Two Audits	1	The department is working with other city departments to review and finalize policies to guide departments and agencies in conducting employee separations.
DPW	3/1/18	San Francisco Public Works: Additional Steps Should Be Taken to Improve Pre-Construction Activities for the 2014 Earthquake Safety and Emergency Response Bond	10	The department is working with client departments to adjust its approach for the Earthquake Safety and Emergency Response 2020 bond program.
HOM/ HSA	8/28/17	Department of Homelessness and Supportive Housing: Increased Oversight, Fiscal Sponsorship Controls, and Accountability Are Needed to Improve United Council of Human Services' Operations	1	The Human Services Agency is working with the nonprofit organization to review payroll records outside the audit period to identify potential overcharges and expects to resolve any issues by April 2019.[1]
LIB	9/16/15	Public Library: The Custodial Services Unit Needs to Better Manage Materials and Supplies	3	The department is implementing an inventory tracking tool called eMaint, which it expects will be fully operational before July 2019. The department is also considering adopting the PeopleSoft inventory module.
LIB	7/11/18	San Francisco Public Library: The Information Technology Division Must Adopt a Governance Framework to Improve Accountability and Mature Beyond Reactive Operations	7	The department is maturing its information technology strategic plan through new management tools, the development of information technology performance measures, and improving its service level agreements to align with best practices.
PRT	9/17/14	Port Commission: Castagnola's Restaurant Had Inadequate Internal Controls Over the Reporting of Gross Receipts to the Port for 2010 Through 2012	2	The department needs to collect additional rent and revised monthly reports.
PUC	2/17/15	San Francisco Public Utilities Commission: Audit of Department Class One Power Sales to Modesto and Turlock Irrigation Districts in California	5	The department is renegotiating the long-term energy sales agreements with both districts and expects the negotiations to continue through December 2019. The new agreements will address the outstanding recommendations.

Summary of Open Reports for the Third Quarter of Fiscal Year 2018-19

Dept.	Issue Date	Report Title	Open Recs.	Reason Reported for Not Yet Implementing Open Recommendations
PUC	3/8/18	San Francisco Public Utilities Commission: Procedures Should Be Refined and Documentation Improved to Strengthen Preconstruction Practices for the Sewer System Improvement Program	1	The department has developed and updated its infrastructure procedures, and all updates are under internal review.
SHF	2/15/18	Sheriff's Department: The Department Can Better Address Critical Information Technology Needs With Improved Staffing, Organization, and Governance	10	The department is creating an infrastructure to support its Information Technology Support and Services unit, including requesting a position for a chief information officer.

*This report has 30 recommendations. The Department of Homelessness and Supportive Housing has closed all 28 recommendations and the Human Services Agency has 1 open recommendation remaining.

FIELD FOLLOW-UP ACTIVITY - THIRD QUARTER

Any audit report or memorandum may be selected for a more in-depth field follow-up regardless of summary status. Field follow-ups result in memorandums that are also subject to CSA's regular follow-ups.

Field Follow-up in Progress on March 31, 2019

Audit or Assessment	Original Issue Date	Recommendations	Follow-up Issuance Date
Public Health's Employee Separation Process Needs Improvement to Minimize the Risk of Unauthorized Access to Buildings, Property, and Data*	10/12/16	13	4/15/19

*A full description of this memorandum will be included in the fourth quarter.

From:	Hickey, Jacqueline (BOS)
To:	BOS-Supervisors
Subject:	FW: Summary of Results for April 18, 2019 Disaster Service Worker (DSW) Alert Test
Date:	Monday, May 20, 2019 8:19:00 AM
Attachments:	image001.png Summary of Results for April 18, 2019 Disaster Service Worker (DSW) Alert Test.pdf

---

From: Callahan, Micki (HRD)
Sent: Thursday, May 16, 2019 8:48 AM
To: Callahan, Micki (HRD) <micki.callahan@sfgov.org>
Cc: Callahan, Micki (HRD) <micki.callahan@sfgov.org>
Subject: Summary of Results for April 18, 2019 Disaster Service Worker (DSW) Alert Test

Please see attached.

Regards,

Connecting People with Purpose

Micki Callahan
Human Resources Director
Department of Human Resources
One South Van Ness Ave., 4th Floor
San Francisco, CA 94103
Phone: (415) 557-4845
Website: www.sfdhr.org

City and County of San Francisco
Micki Callahan
Human Resources Director

Department of Human Resources
Connecting People with Purpose
www.sfdhr.org

MEMORANDUM

DATE: May 14, 2019

TO: Department Heads
Department Personnel Officers
Disaster Preparedness Coordinators

FROM: Micki Callahan
Human Resources Director

SUBJECT: Summary of Results for April 18, 2019 Disaster Service Worker (DSW) Alert Test

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As you know, all City and County employees are designated by both State and City law as Disaster Service Workers (DSWs). When the Mayor declares a citywide emergency, all City and County employees serve as DSWs. DHR manages an emergency notification system used to contact City employees in the event of an emergency, known as DSW Alert. This memo summarizes the results of the DSW Alert test conducted on April 18, 2019.

Overall, response rates to the April 2019 test message increased by three percentage points versus the April 2018 DSW Alert test. Our test message reached more employees in 2019 because the percentage of unreachable employees decreased by seven percentage points. The improvement is attributed to DHR, Department Personnel Officers, and Disaster Preparedness Coordinators encouraging employees to update their personal contact information prior to the drill. A summary of response rates is included in the attached chart. Your department will receive a detailed, department-specific response list separately.

What is a DSW Alert?

In the event of a disaster, the Department of Emergency Management will activate its Emergency Operations Center (EOC), a multi-agency hub designed to manage emergencies. As part of the EOC, DHR will contact employees through its emergency notification system to advise them of whether and when to report to DSW duty. The emergency notification is referenced as a "DSW Alert."

What were the results of the April DSW Alert?

On April 18, 2019, DHR sent a DSW Alert via text message to phone numbers identified as a cell phone to City employees. Citywide, there was a 32% confirmation response rate. The response rates by department are shown in the table below:

April 2019 DSW Alert Test Summary

Dept	Confirmed	Confirmed Percent of Total	Not Delivered	Sent, EE Did Not Confirm	Total Count of Employees
AAM	10	13%	46	21	77
ADM	360	36%	395	253	1,008
ADP	58	37%	40	60	158
AIR	726	42%	338	668	1,732
ART	31	51%	18	12	61
ASR	103	57%	36	43	182
BOA	4	40%	5	1	10
BOS	36	29%	47	40	123
CAT	121	40%	68	112	301
CFC	4	31%	6	3	13
CHF	26	46%	19	11	56
CON	263	86%	5	39	307
CPC	127	54%	39	69	235
CSC	7	58%	4	1	12
CSS	42	58%	12	19	73
DAT	108	35%	98	100	306
DBI	115	37%	111	82	308
DEM	110	38%	96	84	290
DPA	18	40%	16	11	45
DPH	2,077	27%	3,740	1,882	7,699
DPW	425	27%	689	446	1,560
ECN	40	29%	60	37	137
ENV	48	49%	33	16	97
ETH	6	23%	9	11	26
FAM	35	19%	94	56	185
FIR	1,018	55%	386	463	1,867
HOM	53	47%	24	35	112
HRC	11	35%	14	6	31
HRD	123	57%	42	49	214
HSA	856	32%	1,088	736	2,680
HSS	29	46%	11	23	63

Dept	Confirmed	Confirmed Percent of Total	Not Delivered	Sent, EE Did Not Confirm	Total Count of Employees
JUV	63	24%	130	65	258
LIB	424	45%	259	265	948
MTA	1,235	21%	2,836	1,856	5,927
MYR	46	33%	52	42	140
PDR	64	33%	41	91	196
POL	957	32%	1,147	913	3,017
PRT	113	40%	46	122	281
PUC	764	33%	942	583	2,289
REC	343	19%	807	702	1,852
REG	40	35%	38	37	115
RET	55	50%	28	27	110
RNT	11	26%	26	5	42
SCI	4	33%	5	3	12
SHF	442	41%	331	298	1,071
TIS	125	47%	84	57	266
TTX	109	55%	29	60	198
WAR	27	23%	63	25	115
WOM	7	58%	3	2	12
Total	**11,819**	**32%**	**14,456**	**10,542**	**36,817**

2018 Results Versus 2019 Results

Date	Method	Total Confirmed	Percent Confirmed	Total Sent (Not Confirmed)	Sent Percentage	Not Delivered	Not Delivered Percentage	Total Employees
April 2018	SMS only	10,563	29%	9,476	25%	16,827	46%	36,866
April 2019	SMS only	11,819	32%	10,542	29%	14,456	39%	36,817

How can we increase the DSW Alert response rate?

DHR encourages all employees to visit the Employee Gateway (located at https://sfgov.org/sfc/employee-gateway) to update their contact information in the SF Employee Portal. Employees should enter a personal cell phone number in the "Cell Phone" field and a landline in the "Home" phone field. In addition, employees should update their personal email address in the "Home" email address field. Having the correct contact information in the system is the only way the City can use the system to make sure employees

are safe, and instruct them to report to work or stay away. DHR will send an excel spreadsheet to Departmental Personnel Officers and Disaster Preparedness Coordinators, so department staff can filter the data by status (such as unreachable) and follow up with those individuals.

Thank you for your support for this important program.

From:	Hickey, Jacqueline (BOS)
To:	BOS-Supervisors
Cc:	Somera, Alisa (BOS); Wong, Linda (BOS)
Subject:	FW: Municipal Bank Feasibility Task Force Report
Date:	Monday, May 20, 2019 10:17:00 AM
Attachments:	TTX Municipal Bank Report_FINAL.pdf

From: Calvillo, Angela (BOS) <angela.calvillo@sfgov.org>
Sent: Friday, May 17, 2019 7:00 PM
To: Hickey, Jacqueline (BOS) <jacqueline.hickey@sfgov.org>
Subject: FW: Municipal Bank Feasibility Task Force Report

From: Fried, Amanda (TTX) **On Behalf Of** Cisneros, Jose (TTX)
Sent: Friday, March 22, 2019 9:32 AM
To: Shah, Tajel <tajel.shah@sfgov.org>; Sesay, Nadia (CII) <nadia.sesay@sfgov.org>; Cohen, Molly (TTX) <molly.cohen@sfgov.org>; Fried, Amanda (TTX) <amanda.fried@sfgov.org>; Hartley, Kate (MYR) <kate.hartley@sfgov.org>
Subject: Municipal Bank Feasibility Task Force Report

Colleagues-
I am pleased to share with you the Municipal Bank Feasibility Task Force Report.
This is the first report of its kind to provide detailed analysis of the financial costs and benefits of creating a municipal public bank. The Municipal Bank Feasibility Task Force (Task Force) worked for more than a year to identify and prioritize the goals of a municipal bank and the associated lines of business. The Report outlines three potential models for a municipal bank as well as other opportunities to leverage the City's banking and investment practices to promote community goals. I want to give particular thanks to Nadia Sesay and Kate Hartley who served as members of the Task Force.
I understand the urgency of the public banking movement: Wall Street banks have been bad for all but the wealthiest Americans. As the City's banker and chief investment officer, I am proud that this Task Force successfully balanced fiduciary responsibility and visionary leadership. Now, the Board of Supervisors and the public have clear financial models for municipal banks to help you determine how best to proceed.
The Task Force brought together advocates working to improve access to credit for low-income, communities of color; finance professionals with years of experience in traditional consumer banks, credit unions and community development financial institutions; and government officials with expertise in banking, investment, affordable housing and public finance. The Task Force met eight times over the course of about a year to investigate the concept of a public bank. Using a consensus-based process, they created and finalized a set of guiding principles to inform the work of the Task Force and enumerated and prioritized the

goals they wanted to see a municipal bank achieve. After laying this framework, the Task Force and staff researched and discussed various bank and governance structures, lines of business, and options for bank capitalization and deposits.

Given the diversity of expertise and opinion on the Task Force, this report does not opine on whether a municipal bank, or a particular municipal bank model, is the right option for the City. Instead, the report seeks to provide enough specifics to guide future policy decisions by the Board of Supervisors and the Mayor.

The centerpiece of the report is the presentation of three financial models for a municipal bank:

Model One: Reinvest
A $1.1 billion bank that performs affordable housing and small business lending and requires $184 million in funding before it achieves financial sustainability.

Model Two: Divest
A $3.1 billion bank that performs the City's cash management and commercial banking functions and requires $1.6 billion before it achieves financial sustainability.

Model Three: Combination
A $10.4 billion combined divestment and reinvestment bank that requires $3.9 billion before it achieves financial sustainability.

The report also outlines policy considerations associated with starting a municipal bank, such as detailing the sources of funds that can and can't be used for capitalization, start-up costs and deposits; and governance structures.

Additionally, the report includes alternative options that could achieve similar aims as a municipal bank and offers next steps should the City choose to move forward with creating a municipal bank. These next steps include:

1. Convening City agencies performing lending work to evaluate expansion
2. Lobbying for and enacting change to state law to create a public bank charter
3. Developing governance structure, hiring bank organizers and creating a leadership team
4. Hiring a consultant to develop and draft the bank's business plan

Please let me know if you have any questions or wish to discuss further.

José

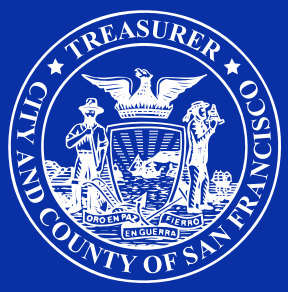
Municipal Bank Feasibility Task Force Report

San Francisco Office of the Treasurer & Tax Collector
March 2019

Molly Cohen, Amanda Fried, and Tajel Shah
Katherine Chen, Technical Consultant

ACKNOWLEDGMENTS

The Treasurer would like to thank the members of the Municipal Bank Feasibility Task Force who graciously gave their time and energy to this process and this report:
John Avalos, Ada Chan, James Clark, Marc Franson, Paulina Gonzalez-Brito, Kate Hartley, Sushil Jacob, Jim Lazarus, Lauren Leimbach, Ben Mangan, Ky-Nam Miller, Tim Schaefer, Nadia Sesay, Tajel Shah, Kat Taylor, Steve Zuckerman



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Executive Summary

The goal of this report is to provide thoughtful analysis of the financial costs and benefits of creating a municipal bank and to outline the policy and operational considerations should the City choose to proceed. A municipal bank presents an opportunity to achieve community goals, such as divestment and reinvestment, in a sustainable and creative fashion. However, it is also a time-intensive and expensive endeavor. Pursuing a municipal bank has significant short-term costs, in terms of money, time and energy. It also has a significant, but uncertain, pay-out in the long-term. Creating a public bank necessarily involves making difficult decisions around trade-offs about how the City should prioritize projects and allocate its money.

This report is the culmination of the Municipal Bank Feasibility Task Force ("Task Force") process. Treasurer José Cisneros selected members of the Task Force in 2017 to research the viability and advisability of a municipal bank as well as other opportunities to leverage the City's banking and investment practices to promote community goals. The formation of the Task Force was recommended by the Board of Supervisors in resolution 152-17 to "advise the Treasurer… the Mayor, the Board of Supervisors and relevant City Departments regarding the creation of a Municipal Public Bank."

The report's analysis is intended to build on the research of the San Francisco Budget & Legislative Analyst, and several recent reports on municipal banking that do an excellent job outlining the policy reasons why a jurisdiction might choose to create a municipal bank. This report seeks to offer concrete figures as well as potential alternatives to a municipal bank to inform and bolster that dialogue. This report provides three financial models for a municipal bank: a reinvestment entity that focuses on affordable housing and small business lending to achieve community goals, a divestment bank that performs the City's cash management, and a combination bank that performs both the City's cash management and affordable housing and small business lending. For all these models, the Task Force did not specify where the funds would come from to support start-up and operations, though they recognized that General Fund appropriations would likely be critical to the banks' success.

Aside from these three municipal bank models, the report also outlines policy considerations associated with starting a municipal bank, such as potential sources of funds for capitalization, start-up costs and deposits. The report also includes other interim or alternative options that could achieve similar aims as a municipal bank and concludes with next steps the City could take should it choose to move forward with creating a municipal bank.

This report provides three financial models for a municipal bank: a reinvestment entity that focuses on affordable housing and small business lending to achieve community goals, a divestment bank that performs the City's cash management, and a combination bank that performs both the City's cash management and affordable housing and small business lending.

This report does not opine on whether a

municipal bank, or a particular municipal bank model, is the right option for the City, but rather, seeks to provide enough specifics to guide future policy decisions by the Board of Supervisors and the Mayor. This report seeks to inform the dialogue around municipal banking by offering concrete figures regarding the endeavor.

1 Model One: Reinvest

Model One, the first municipal bank model, is focused on lending and reinvestment in areas that are underserved by the traditional banking industry. After significant deliberation and prioritization, the Task Force chose to focus on affordable housing and small business lending as top community goals for the reinvestment model. Model One is not designed to perform the City's cash management and commercial banking functions. This model would not require a bank charter or deposit insurance, because the bank would not accept deposits or serve as the City's banker, but it would need similar capitalization to a traditional bank.

With $1 billion in loans, the municipal bank will be able to bring $1 billion in investment to bear, making 170 affordable housing loans, 60 wholesale small business loans (which will result in numerous small business loans), and 700 direct small business loans. The City currently invests $400 million per year in affordable housing. At $1 billion in loans, the municipal bank would add another $850 million in lending that would revolve on average every three-to-five years, resulting in an additional $200 million investment in affordable housing per year. For small business lending, the bank would add $125 million in wholesale loans and $25 million for 700 in direct loans compared to the approximately 50 loans for a total of $50 million currently issued by the City's Small Business Revolving Loan Fund and Emerging Business Loan Fund.

To achieve financial sustainability, Model One must be approximately $1.1 billion in size with $165 million in bank capital. The model projects it will take around 10 years to achieve a surplus (by comparison the low-end estimate projects a surplus after 5 years, and the high-estimate never achieves a surplus). In the first 9 years, the bank will need $13 million in subsidies to maintain operations (ranging from a low of $4 million and a high of a continuous subsidy throughout operations that can reach $42 million per year due to high losses from direct small business lending). The start-up and operational costs for Model One are lower than those for Model Two and Three, because Model One will not need to develop and maintain infrastructure to serve as the City's banker and will have lower compliance and regulatory costs. The bank will also need 15 percent of its assets held as bank capital. At $1.1 billion this figure is $165 million, and it will increase as the bank gets larger. Model One cannot accept deposits so it will need to secure higher-cost debt to serve as lending principal.

MODEL 1: REINVEST

Table 1: Model One Lending Lines of Business at $1 Billion in Loans

	Loan Assets at $1B ($MM)	Percent of Loans at $1B	Number of Loans at $1B	Average Size of Loan	Average Interest Rate	Estimated Loss Rate (Low-High)	Average Loan Term
Real Estate Lending (ADU, mezzanine debt, small sites)	850	85%	170	$5,000,000	5%	1-2%	3-5 years
Wholesale Small Business Lending	125	12.5%	60	$2,000,000	2.5%	0.5-1%	5 years
Direct Small Business Lending	25	2.5%	700	$35,000	15%	15-30%	3-5 years

Table 2: Estimated Range of Costs Associated with Model One

Cost Type	Average Cost	Low and High Cost Estimates	Description	Timeframe
Size at annual breakeven	$1.1 billion	$330 million – never	Estimated asset size for bank to breakeven	–
Start-up costs	$6.25 million	$5 million – $7.5 million	Cost for staffing, real estate, technology infrastructure	Approximately 2 years before operations
Balance sheet capital at annual breakeven	$165 million	$50 million – never	Capital equivalent to 15% of assets at breakeven	Year 1+ until operation ceases

2 Model Two: Divest

The primary goal of Model Two, the divest model, is to create a public bank that can take over the City's cash management and commercial banking functions currently performed by Bank of America and U.S. Bank. Model Two would hold and manage the $100 million currently held in the City's short-term accounts used for daily transactions. The bank would provide disbursements, deposits, cash management, payment processing, and financial reporting and technology solutions for the approximately $13 billion that cycles through the City's accounts on a yearly basis. For a sense of the scale of this work, this bank would be responsible for handling the 1.2 million checks deposited per year by the City, the 323,000 credit card transactions, and 847,000 outgoing payments per year. Given the scale of the City and the number of transactions per year, the cash management work would be complex and costly. The bank would charge the City $600,000 for this work, equivalent to the fees currently paid to Bank of America. The bank would perform participation lending, purchasing loans originated by other banks and credit unions, to make a profit and subsidize the cash management operations of the bank. At $1 billion in loans, it could offer 200 loans at $5 million each.

This bank would be responsible for handling the 1.2 million checks deposited per year by the City, the 323,000 credit card transactions, and 847,000 outgoing payments per year.

To achieve financial sustainability, Model Two must be $3.1 billion in size with $460 million in bank capital. The model projects it will take around 31 years to break even operationally for the year (the low-estimate projects a surplus after 25 years, and the high-estimate projects 37 years). In the first 30 years, the model estimates the bank will need $990 million in subsidies to maintain operations until it can break even and achieve a surplus (with estimates ranging from $580 million to $1.5 billion). The bank will also need to hold capital equivalent to 15 percent of assets – at least $165 million at $1.1 billion in assets and increasing from there. The bank will also need a deposit base equivalent to the size of the bank assets less bank capital, so, for example at $1.1 billion in assets and $1 billion in loans, the bank will need to secure $935 million in deposits to perform its lending.

Table 3: Model Two Lending Lines of Business at $1 Billion in Loans

Lines of Business	Loan Assets at $1B ($MM)	Percent of Portfolio at $1B	Number of Loans at $1B	Average Size of Loan	Interest Rate	Loss Rates	Average Loan Term
Participation Lending	1,000	100%	200	$5,000,000	4%	0.5%	17 years

MODEL 2: DIVEST

Table 4: Estimated Range of Costs Associated with Model Two

Cost Type	Average Cost	Low to High Cost Estimates	Description	Timeframe
Size at annual breakeven	$3.1 billion	$2.3 billion – $4.1 billion	Estimated asset size for bank to breakeven	–
Start-up costs	$119 million	$95 million – $143 million	Cost for staffing, real estate, technology infrastructure	Approximately 2 years before operations
Balance sheet capital at annual breakeven	$460 million	$340 million – $615 million	Capital equivalent to 15% of assets at breakeven	Year 1+ until operation ceases

3 Model Three: Combination

Model Three is a combination of Models One and Two. It is a municipal bank that accepts deposits, performs the City's cash management and commercial banking, as well affordable housing and small business lending. Model Three will not perform retail banking for customers. Model Three will allow the City to both divest from commercial banking partners and perform reinvestment lending. As in Model One, at $1 billion in loans, the municipal bank will make 170 affordable housing loans, 60 wholesale small business loans (which will result in numerous small business loans), and 700 direct small business loans. As the bank scales up, the magnitude of its investment in the community will similarly scale.

To achieve financial sustainability, Model Three must be $10.4 billion in size with $1.6 billion in bank capital. The model projects it will take around 56 years to break even operationally for the year (the low-estimate projects a surplus in 36 years, and the high-estimate never achieves a surplus). During these years of losses, the bank will need an average $2.2 billion in subsidies to maintain operations until it can break even (with estimates ranging from $980 million to a continuous $78 million per year subsidy). The bank will also need a deposit base equivalent to the size of the bank assets less bank capital, so, for example at $1.1 billion in assets and $1 billion in loans, the bank will need to secure $935 million in deposits to perform its lending.

MODEL 3: COMBINATION

Table 5: Model Three Lending Lines of Business at $1 Billion in Loans

	Loan Assets at $1B ($MM)	Percent of Loans at $1B	Number of Loans at $1B	Average Size of Loan	Average Interest Rate	Estimated Loss Rate (Low-High)	Average Loan Term
Real Estate Lending (ADU, mezzanine debt, small sites)	850	85%	170	$5,000,000	5%	1-2%	3-5 years
Wholesale Small Business Lending	125	12.5%	60	$2,000,000	2.5%	0.5-1%	5 years
Direct Small Business Lending	25	2.5%	700	$35,000	15%	15-30%	3-5 years

Table 6: Estimated Range of Costs Associated with Model Three

Cost Type	Average Cost	Low and High Cost Estimates	Description	Timeframe
Size at annual breakeven	$10.4 billion	$3.9 billion – never	Estimated asset size for bank to breakeven	–
Start-up costs	$119 million	$95 million – $143 million	Cost for staffing, real estate, technology infrastructure	Approximately 2 years before operations
Balance sheet capital at annual breakeven	$1.6 billion	$590 million – never	Capital equivalent to 15% of assets at breakeven	Year 1+ until operation ceases

Comparison

All three bank models must grow to a large size to break even and all would require significant subsidy and capital investment, though the amounts vary significantly from model to model. Model One, which has reduced start-up and operational costs because it does not need a bank charter or infrastructure to perform the City's commercial banking, requires the least time and investment to break even. It will break even after 10 years and a total estimated $184 million in investment – $165 million in capital, and $19 million in start-up cost and subsidies.

In contrast, Model Two will break even after 31 years and $1.6 billion investment, and Model Three will break even after 56 years and $3.9 billion in investment. It is important to note that the length of time a model projects for annual bank breakeven depends on a variety of factors such as expenses, revenue, and growth rates. Adjusting any of these levers can shorten or lengthen the time it takes for the bank model to break even for the year for the first time.

Table 7: Average Investment Required for Municipal Bank Models to Break Even[1]

	Model One: Reinvest	Model Two: Divest	Model Three: Combination
Break Even Details			
Years to Break Even	10	31	56
Size at Breakeven	$1.1 billion	$3.1 billion	$10.4 billion
Estimated Appropriation Required to Break Even			
Start-Up Costs	$6 million	$119 million	$119 million
Operational Subsidy	$13 million	$990 million	$2.2 billion
Capital Investment	$165 million	$460 million	$1.6 billion
Total	**$184 million**	**$1.6 billion**	**$3.9 billion**

1 These figures are estimated based on bank models and are the average of the low- and high-estimate scenarios.

Alternatives

The City could also consider alternative or interim policies and programs that could achieve similar aims as a municipal bank. These initiatives could be aimed at various outcomes and be accomplished via programming, the power of purchasing and contracting, and participating with other legislative and public banking efforts. Opportunities include:

- **Expand socially responsible banking indicators in the City's banking RFP**
- **Investigate opportunities to break up the City's banking RFP**
- **In-source mail and check processing from commercial banking partners**
- **Advocate for banking sector reforms**
- **Expand Safe, Sound and Local**
- **Create non-bank lending programs**
- **Better publicize existing small business lending programs and CDFIs**
- **Promote and expand the Bank On Program**
- **Advocate for youth bank accounts**
- **Expand Smart Money Coaching efforts**

Introduction

Across the country, there is a surge of interest in public banking and the formation of new public banks. Public banks are financial institutions owned by any public government entity including nation, state, county, municipality, or agency. Rather than solely serving shareholders, public banks seek to achieve community goals and return profits to people and benefits back to the community. In recent years, jurisdictions around the country, including Massachusetts, Washington, Oakland, Santa Fe, Washington D.C. and Seattle have embarked on feasibility studies of public banking.

In April 2017, the City and County of San Francisco (the "City") Board of Supervisors passed a resolution, urging "the Office of the Treasurer & Tax Collector to convene a task force, and the City Attorney to advise the Treasurer in this effort, for the purpose of advising the Mayor, the Board of Supervisors, and relevant City Departments regarding the creation of a Municipal Public Bank, either as a new City Department or a separate Enterprise Department."[2] Based on this Resolution, the Office of Treasurer & Tax Collector ("TTX"), led by Treasurer José Cisneros, convened the Municipal Bank Feasibility Task Force ("Task Force") to investigate the potential costs and benefits of a municipal bank as well as other opportunities to leverage the City's banking and investment practices to support community development.

The Task Force builds on work that the Treasurer has done previously to improve our City's banking operations, and to strengthen economic security for all San Franciscans. For example:

- Creating a ground-breaking program, Bank On San Francisco, in 2006 that helped unbanked San Franciscans get access to low-cost checking accounts and has been replicated across the country through the Bank On national program.
- Including socially-responsible banking criteria as part of the bid and evaluation process in the 2011 RFP for banking services.
- Battling check cashers and encouraging local businesses to move towards direct deposit and other modern innovative payroll solutions.
- Launching the Kindergarten to College program in 2011 which opens a free and automatic college savings account for all incoming San Francisco public school kindergarteners and seeds it with $50.
- Proactively taking a stand against Wells Fargo – the first Treasurer in the nation to do so – in the aftermath of the news that the bank engaged in widespread illegal practices around account openings.
- Creating the Smart Money Coaching program which offers free one-on-one financial coaching.
- Offering Summer Jobs Connect, which provides youth with credit union accounts and financial education.
- Creating a new investment opportunity with local financial institutions called Safe, Sound and Local, which makes up to $80 million per year of the County's Pooled Investment Fund available for investments in banks, credit unions and community development financial institutions (CDFIs) located in San Francisco that are backed by letters of credit issued by the Federal Home Loan Bank of San Francisco.

The Task Force brings together advocates working to improve access to credit for low-income, communities of color; finance professionals with years of experience in traditional consumer banks, credit unions and

2 City and County of San Francisco Board of Supervisors. Resolution 152-17. Retrieved from: http://sfbos.org/sites/default/files/r0152-17.pdf.

CDFIs; and government officials with expertise in banking, investment, affordable housing and public finance. The Task Force met eight times over the course of about a year to investigate the concept of a public bank. Using a consensus-based process, they created and finalized a set of guiding principles to inform the work of the Task Force and enumerated and prioritized the goals they wanted to see a municipal bank achieve. After laying this framework, the Task Force and TTX staff researched and discussed various bank and governance structures, lines of business, and options for bank capitalization and deposits.

There are several excellent pieces written that describe the benefits of municipal banking as well as the legal challenges around public banking in California. Rather than re-state that body of work, this report aims to provide the Board of Supervisors, the Mayor and the public with a clear analysis of the financial costs and benefits of a municipal bank given the priorities identified by the Task Force. The Task Force found that a municipal bank is feasible so long as the City commits or secures funding for the effort, and state laws are changed. The Task Force generally identified the desire to dis-engage from Wall Street and large commercial banks and the desire to reinvest in the community as primary goals, though the Task Force did not achieve consensus over which goal should predominate. The report includes a divestment model, a reinvestment model, and a combination of the two to reflect this lack of consensus.

Regardless of the exact model, the financial and time commitments required to create a municipal bank are quite significant. This demand for City resources raises a series of policy questions regarding the fiscal responsibility of creating a municipal bank, the City's prioritization of resources and projects, and interim solutions or alternatives to a municipal bank that could achieve similar aims. This report seeks to offer concrete analysis related to developing a municipal bank as well as potential alternatives to a municipal bank to inform and bolster that dialogue and help the Mayor and Board of Supervisors decide whether to move forward with a municipal bank.

The report is split into six sections that build on one another, and in many ways mirror the process that the Task Force went through. The sections proceed as follows:

- About the Task Force – Introduces Task Force members and describes the Task Force process
- Bank Basics – Briefly details how banks operate
- Municipal Bank Primer – Defines municipal banking and what municipal banks can accomplish
- Municipal Bank Models – Offers detailed financial models for three municipal banks
- What Are the Policy & Operational Considerations Around Forming a Municipal Bank – Outlines large policy questions that remain about forming and operating a municipal bank
- Conclusion: A Phased Approach and Next Steps – Concludes with details about a phased path and next steps the City could take should it choose to move forward with a municipal bank

Cost Analysis Perspective

The major goal of this report is to advance the conversation around municipal banking by providing a rigorous quantitative analysis regarding the costs, timing and product mix to be considered upon determining if a public entity should pursue a municipal bank. The report also provides options for a municipal bank or interim steps that may also address the two rationales for a municipal bank – divesting from Wall Street banks and community reinvestment.

All municipal bank models require significant investment over many years that range from 10 to upwards of 50 years. If the funds invested to support the municipal bank are from the

City's General Fund, there are also opportunity costs to creating the bank, since every dollar put towards start-up costs, capitalization or subsidies may be redirected from expanding existing and creating new services provided by the City.

On the other hand, there could be a cost to inaction, as maintaining the status quo and continuing our banking relationships both have explicit and implicit costs. The private banking industry has been responsible for multiple financial crises that have impacted the City, its finances and its residents and their financial health. Aside from the ideological benefits of divestment, there are potential long-term financial gains. A municipal bank is not a quick win but could pay dividends long into the future. Bank of North Dakota serves an example: one hundred years into its existence, it has a track record of excellence. It returns money to the State, promotes the local banking industry and has helped citizens weather various natural disasters and economic crises over the years. The cost-benefit analysis of a municipal bank, then, changes depending on the timescale used. While in the short-term a bank is expensive, in the long-term a bank could make a profit and prove to be a solid investment, assuming business and financial risks are identified and analyzed.

About the Task Force

Members of the Task Force were selected through a competitive application process and include experts from inside and outside government, representing a variety of experiences and opinions. The Task Force consists of advocates working to improve access to banking services and capital for low-income, communities of color; finance professionals with years of experience in traditional consumer banks, credit unions and CDFIs; and government officials with expertise in banking, investment, affordable housing and public finance. Together, this group has the knowledge and background to plan and evaluate opportunities for the City to use its banking and investment functions to support the local economy.

Task Force staff and members met with many stakeholders, including staff and consultants working on public banking in other jurisdictions, public banking advocates, staff of banks, credit unions and CDFIs, experts in affordable housing, consumer, and small business lending and municipal infrastructure, and banking experts. The people who generously shared their time, energy and expertise – starting with our Task Force members – are all listed below:

Task Force members

John Avalos *(National Union of Healthcare Workers),* ***Ada Chan*** *(Association of Bay Area Governments),* ***James Clark*** *(former U.S. Department of the Treasury),* ***Marc Franson*** *(Chapman and Cutler LLC),* ***Paulina Gonzalez-Brito*** *(California Reinvestment Coalition),* ***Kate Hartley*** *(Mayor's Office of Housing and Community Development),* ***Sushil Jacob*** *(Lawyers' Committee for Civil Rights of the San Francisco Bay Area),* ***Jim Lazarus*** *(former San Francisco Chamber of Commerce),* ***Lauren Leimbach*** *(Community Financial Resources),* ***Ben Mangan*** *(Center for Social Sector Leadership at Berkeley Haas),* ***Ky-Nam Miller*** *(The Greenlining Institute),* ***Tim Schaefer*** *(California Treasurer Fiona Ma),* ***Nadia Sesay*** *(Office of Community Investment and Infrastructure),* ***Tajel Shah*** *(Office of Treasurer & Tax Collector),* ***Kat Taylor*** *(Beneficial State Bank),* ***Steve Zuckerman*** *(Self-Help Federal Credit Union)*

Staff and consultants working on public banking in other jurisdictions)

Dean Alonistiotis *(Chicago, Illinois),* ***Treasurer John Bartholmew*** *(Humboldt County,*

California), ***Todd Bouey*** *(Los Angeles, California)*, ***David Buchholtz*** *(Santa Fe, New Mexico)*, ***Michael Burdick*** *(California)*, ***Bill Dowell*** *(California)*, ***Bob Eichem*** *(Boulder, Colorado)*, ***Representative Josh Elliott*** *(Connecticut)*, ***Dawn Hort*** *(Oakland, California)*, ***Karen Helms*** *(Merced County, California)*, ***Chris Herrera*** *(Los Angeles, California)*, ***Cathy Jackson-Gent*** *(Global Investment Company - Oakland, California)*, ***Treasurer Hank Levy*** *(Alameda County, California)*, ***Bill Longbrake*** *(Washington)*, ***Tim Lueders-Dumont*** *(Vermont)*, ***Pauline Marx*** *(Alameda County, California)*, ***Catherine Mele*** *(Washington State)*, ***Sara Myers*** *(Vermont)*, ***Shawn Myers*** *(Washington State)*, ***Eileen Newhall*** *(California)*, ***Jesse Rawlins*** *(Seattle, Washington)*, ***Jim Tingey*** *(Financial Services Solutions – California)*, ***Andrew Westall*** *(Los Angeles, California)*, ***Treasurer Tina Vernon*** *(Nevada County)*, ***John Wickham*** *(Los Angeles, California)*

Public Banking Advocates

Marc Armstrong *(Commonomics)*, ***Ruth Caplan*** *(DC Public Banking)*, ***Juli Carter*** *(California Nurses Association)*, ***Sylvia Chi*** *(California Public Banking Alliance)*, ***Jessie Fernandez*** *(PODER)*, ***Jacqueline Fielder*** *(San Francisco Public Bank Coalition)*, ***Rick Girling*** *(San Francisco Public Bank Coalition)*, ***Susan Harman*** *(Friends of Public Bank Oakland)*, ***Mike Krauss*** *(Public Banking Institute)*, ***Nichoe Lichen*** *(Banking on New Mexico)*, ***Richard Mazess***, ***Walt McRee*** *(Public Banking Institute)*, ***Dennis Ortblad*** *(Seattle Public Bank Coalition)*, ***Steve Seuser*** *(DC Public Banking)*, ***Kurtis Wu*** *(San Francisco Public Bank Coalition)*

Staff of banks, credit unions, and CDFIs

Agneus Cheung *(Working Solutions)*, ***Karla De Leon*** *(Main Street Launch)*, ***Jennifer Finger*** *(Beneficial State Bank)*, ***Ezra Garrett*** *(Oportun)*, ***Mark Goldfogel*** *(Fourth Corner Credit Union)*, ***Pete Hellwig*** *(New Resource Bank)*, ***Phil Hitz*** *(OneMain Financial)*, ***Rob Holden*** *(New Resource Bank)*, ***Craig Johnson*** *(Beacon Community Bank)*, ***Jen Leybovich*** *(Main Street Launch)*, ***Stephanie Meade*** *(New Resource Bank)*, ***Vera Moore*** *(JP Morgan Chase)*, ***Adria Moss*** *(Pacific Community Ventures)*, ***Deirdra O'Gorman*** *(Fourth Corner Credit Union)*, ***Ed Obuchowski*** *(Bank of San Francisco)*, ***Nathaniel Owen*** *(Mission Economic Development Agency)*, ***Sara Ravazi*** *(Working Solutions)*, ***Wendy Ross*** *(Bank of San Francisco)*, ***Janel Schmitz*** *(Bank of North Dakota)*, ***Ray Shams*** *(San Francisco Federal Credit Union)*, ***Jacob Singer*** *(Main Street Launch)*, ***Kenneth Till*** *(CommerceOne Bank)*, ***Victor Vazquez*** *(Bank of San Francisco)*

Experts in affordable housing, small business, and consumer lending and municipal infrastructure

Avital Aboody *(LA Más)*, ***Nick Bourke*** *(Pew Charitable Trust)*, ***Paul Carney*** *(Tenderloin Neighborhood Development Corporation)*, ***Peter Cohen*** *(Council of Community Housing Organizations)*, ***Luis Diaz***, *(Community Check Cashers)*, ***Alejandro Dobie-Gonzalez*** *(LA Más)*, ***Rebecca Center Foster*** *(San Francisco Housing Accelerator Fund)*, ***Ipsheeta Furtado*** *(Fluid Financial)*, ***John Grogan*** *(LoansAtWork)*, ***Becca Hutman*** *(San Francisco Housing Accelerator Fund)*, ***Kiran Jain*** *(Neighborly)*, ***Katie Lamont*** *(Tenderloin Neighborhood Development Corporation)*, ***Helen Leung*** *(LA Más)*, ***Dan Leibsohn*** *(Community Check Cashers)*, ***Jim Mather*** *(Housing Trust Silicon Valley)*, ***Fernando Martí*** *(Council of Community Housing Organizations)*, ***Sam Moss*** *(Mission Housing Development Corporation)*, ***Abby Murray*** *(San Francisco Housing Accelerator Fund)*, ***Heather Peters*** *(San Mateo County)*, ***Jonny Price*** *(WeFunder)*, ***Eric Tao*** *(AGI)*

Banking experts

Scott Arneson *(Fiserv)*, ***Karl Beitel***, ***Asya Bradley*** *(SynapseFI)*, ***David Dubrow*** *(Arent Fox)*, ***Ashley Elsner*** *(Green Market Bank)*, ***Gary Findley*** *(Gary Steven Findley & Associates)*, ***Pat Orchard*** *(FIS)*, ***Mark Pinsky*** *(Five/Four Advisors)*, ***Dave Rainer***, ***Caitlin Sanford*** *(Department of Business Oversight)*, ***Phillip Sprinkle*** *(Jack Henry and Associates)*, ***Mike Stevens*** *(Conference of State Bank Supervisors)*, ***Walker Todd*** *(Middle Tennessee State University)*, ***Nancee Trombley*** *(California Infrastructure Bank)*

Other experts

Lauryn Agnew *(Bay Area Impact Investing Initiative),* ***Juliana Choy Sommer*** *(Priority Architectural Graphics),* ***Hannah Dithrich*** *(The GIIN),* ***Miguel Galarza*** *(Yerba Buena Engineering & Construction, Inc),* ***Cara Martinson*** *(California State Association of Counties),* ***Amanda Ream*** *(United Domestic Workers Union/AFSCME)*

Throughout this process, the Task Force worked to crystallize the opportunities for a municipal bank, and provide some clarity about costs, legal risks, and opportunities. This process included research, discussion and prioritization of community and financial goals for a bank. With some clear outcomes in mind, the Task Force directed staff to research and report out about bank formation costs, potential bank structures, lines of business and financial models.

Over the course of nine months, the task force held eight public meetings. The content of the meetings was as follows:

- **Meeting 1:** Introductions, outlining guiding principles for a municipal bank, brainstorming exercise to prioritize community outcomes (result: affordable housing, small business lending, infrastructure, un- and underbanked individuals and cannabis)
  - *Follow-up materials:* Municipal Bank Feasibility Task Force Statement of Work, Public Banking Literature Review, Public Bank Regulatory Fact Sheet
- **Meeting 2:** Presentations on bank regulation, Bank of North Dakota, Beneficial State Bank and Self-Help Federal Credit Union
  - *Follow-up materials:* Survey of Task Force members to further prioritize and rank five community goals (result: affordable housing, small business lending, infrastructure, un- and underbanked individuals and cannabis)
- **Meeting 3:** Discussion of start-up and operational costs for a bank, comparison of balance sheets, income statements and loan portfolios for three banks: Bank of San Francisco, New Resource Bank and Bank of North Dakota
  - *Follow-up materials:* Fact sheet summarizing current City-funded programs in affordable housing, small business lending and infrastructure
- **Meeting 4:** Presentation and discussion of options for funding for capitalization and deposits, as well as potential lines of business for the bank
- **Meeting 5:** Detailed description of and discussion about potential lines of business for the bank as well as operational parameters and governance structure
  - *Follow-up materials:* Draft Executive Summary
- **Meeting 6:** Review Executive Summary and discuss four municipal bank models
- **Meeting 7:** Review three new municipal bank models
  - *Follow-up materials:* Draft Municipal Bank Feasibility Task Force Report
- **Meeting 8:** Review final report
  - *Follow-up materials:* Final Municipal Bank Feasibility Task Force Report

Bank Basics

Before jumping into what a San Francisco municipal bank could look like and what it could accomplish, it is crucial to understand the basics of banking. The crucial dividing line between a bank and a non-bank entity is the ability to accept deposits from outside entities.[3] By accepting deposits, banks create a financial

3 California Financial Code §§ 1004-1005.

multiplier effect in the community, lending out deposits to profitable projects and growing the local economy. Banks generate a profit by making loans and charging customers fees. Banks take in deposits and pay interest on some accounts and then lend those deposits out to consumers and receive interest on those loans – the difference between interest paid out and interest received is the "spread" and is typically the source of most bank revenue, though banks also charge fees for services. Banks' assets are loans, which generate income, and customer deposits are liabilities. As with all businesses, a bank's assets must cover its liabilities – the difference between a bank's assets and its liabilities is called the bank capital, which is the bank's net worth and also "a measure of a bank's potential to absorb losses."[4] A bank with limited capital is higher-risk for depositors, because a small drop in asset values can lead to distress and failure. Historically, banks held eight percent of assets in capital, though capital requirements have increased since the recession with banks holding an average of 12 and even up to 15 percent of their assets in capital.[5] New banks may be required to hold even more bank capital, as banks use their capital to survive initial years of losses.[6] Bank capital serves as an investment for whoever owns that capital, and banks can choose to use any profit to pay dividends to shareholders or retain the profits to increase bank capital.

Municipal Bank Primer

The Public Banking Institute, an advocacy organization, defines a public bank as a "chartered depository bank in which public funds are deposited. It is owned by a government unit — a state, county, city, or tribe — and mandated to serve a public mission that reflects the values and needs of the public that it represents. In existing and proposed US Public Bank models, skilled bankers, not the government, make bank decisions and provide accountability and transparency to the public for how public funds are used."[7] Los Angeles' Chief Legislative Analyst's Office performed a literature review and were unable to find "a consistent definition of such a financial institution beyond the core concept of public ownership," though it noted that many definitions incorporated adherence to ideals, like racial, economic and environmental justice.[8] In general, though, a public bank is a bank—an entity that is licensed to accept deposits and make loans—that is owned by and affiliated with a locality, state or nation. A public bank that is owned by a municipality is called a municipal bank (for the purpose of this report the terms

4 Alden, W. (July 10, 2013). What is Bank Capital, Anyway? New York Times. Retrieved from: https://dealbook.nytimes.com/2013/07/10/what-is-bank-capital-anyway/. Similarly, the FDIC explains that bank capital "absorbs losses, promotes public confidence, helps restrict excessive asset growth, and provides protection to depositors and the deposit insurance funds." Federal Deposit Insurance Corporation (April 2015). Capital. Retrieved from: https://www.fdic.gov/regulations/safety/manual/section2-1.pdf.

5 Federal Reserve Bank of St. Louis (September 2018). Bank Capital to Total Assets for United States. Retrieved from: https://fred.stlouisfed.org/series/DDSI03USA156NWDB; Trefis Team (March 10, 2017), How the Largest U.S. Banks Have Strengthened Their Core Capital Ratios Since 2012, Forbes. Retrieved from: https://www.forbes.com/sites/greatspeculations/2017/03/10/how-the-largest-u-s-banks-have-strengthened-their-core-capital-ratios-since-2012/#11fd80af445a.

6 While banks are starting up, bank capital can fund operating costs, make loans (if the bank does not have sufficient deposits) and serve as reserve capital for those loans. The capital requirements for a new bank will often take all these purposes into account. While an established bank must hold anywhere from 8 to 15 percent of assets as capital, a new bank may be required to hold that much in capital plus sufficient funding to sustain the bank until it is able to make a profit.

7 Public Banking Institute. Introduction to Public Banking. Retrieved from: http://www.publicbankinginstitute.org/intro_to_public_banking.

8 Chief Legislative Analyst (2018). Public Banking Framework and Existing Housing and Economic Development Funding Programs. Retrieved from: http://clkrep.lacity.org/onlinedocs/2017/17-0831_rpt_CLA_02-26-2018.pdf.

public bank and municipal bank will be used interchangeably). Like regular banks, public banks need a charter, capital, deposits, and a governance structure and a leadership team. One of the major distinctions between a public bank and private bank is that a public bank could meet community goals rather than solely serve a profit motive. To succeed, a municipal bank must maintain solvency and liquidity and achieve sustainability or make a profit (if growth is the goal), while also adhering to its mission and principles. In this sense, a municipal bank is trying to achieve a double bottom line: meet community goals while still making a profit that can be reinvested to serve the bank's mission.

There are currently two public banks in the United States, the Bank of North Dakota ("BND") and the Territorial Bank of American Samoa. BND was founded in 1919 on a wave of economic populism, capitalized with a $2 million bond offering and charged with "promoting agriculture, commerce and industry" in North Dakota.[9] Under North Dakota state law, all state funds must be deposited into BND, which does not have deposit insurance but is instead insured by the "full faith and credit" of the State of North Dakota.[10] BND primarily partners with local banks and credit unions to facilitate agricultural, commercial, real estate and student loans. The other public bank, the Territorial Bank of American Samoa, was founded in 2016 after the last commercial bank left the territory. It recently gained access to the Federal Reserve's payment system in 2018.[11] Aside from these two public banks, American Indian tribes also own and operate 19 banks across the U.S.[12]

When considering the creation of a municipal bank it is crucial to determine community goals to guide the lending and banking activities of a municipal bank. The Board of Supervisors Resolution authorizing the Municipal Bank Feasibility Task Force states that the "Board of Supervisors believes that the medium- long-term interests of the city are aligned with the sustainable and equitable economic growth of its community" and that the "long-term financial and social well-being of the City is contingent upon the ability to provide equitable and transparent opportunity for all of its residents."[13] When talking about public banking, almost everyone has a different vision of exactly what a municipal bank should do. A major responsibility of the Task Force (and a struggle) was to hone in on community goals. During public hearings and Task Force meetings a variety of ideas came up, including affordable housing, small business lending, divesting from Wall Street, supporting local banks and credit unions, meeting the needs of un- and underbanked individuals, infrastructure, student loans, renewable energy, and cannabis banking.

Over time, two important goals emerged as the most pressing:

1. "Divestment" — Reducing the City's reliance on Wall Street and increasing the City's autonomy over how its deposits are deployed to ensure money isn't used to support harmful industries.[14]

9 Swayze, David S. and Christine Schiltz (Spring 2013), State-Owned Banks: A Relic of the Past or the Wave of the Future?, Delaware Banker. Retrieved from: https://www.pgslegal.com/wp-content/uploads/2017/07/Spring-2013-Delaware-Banker-Article.pdf.

10 Id.

11 Blackwell, R. (April 30, 2018). American Samoa Finally Gets a Public Bank. And U.S. States Are Watching. American Banker. Retrieved from: https://www.americanbanker.com/news/american-samoa-finally-gets-a-public-bank-and-us-states-are-watching.

12 HR&A Advisors Inc. (October 2018). Public Bank Feasibility Study for the City of Seattle. Retrieved from: http://council.seattle.gov/wp-content/uploads/2018/10/HR-A-Advisors-Public-Bank-Feasibility-Study.pdf.

13 City and County of San Francisco Board of Supervisors, Resolution 152-17. Retrieved from: http://sfbos.org/sites/default/files/r0152-17.pdf.

14 For example, a May 2017 San Francisco Budget & Legislative Analyst report found that of thirteen of the largest banks, all financed at least one of the following disfavored industries: firearms, tobacco, nuclear power, Dakota Access pipeline or private prisons. Budget & Legislative Analyst's Office (May 2017). Memorandum re: Large Bank Social Responsibility Screening. Retrieved from: https://sfbos.org/sites/default/files/BLA_Large_Bank_Screening_051917.pdf.

2. "Reinvestment" — Offering lower-cost financing for City priorities like affordable housing development and supporting small businesses.

Staff met with subject matter experts to identify lines of business that could support these goals. Lines of business were selected primarily because they filled a financing or service gap that currently exists where a municipal bank's involvement could meaningfully impact the market. The specific lines of business, as well as current status quo, will be explored more fully in the next section which details the municipal bank models and are outlined in more detail in Appendix B.

Municipal Bank Models

The purpose of the models is to elucidate the potential of a municipal bank and provide a financial framework for consideration and debate. These models are estimates based on extensive research and will only be improved over time with more specificity about the overall size of a bank, lines of business, and sources of funds. For those interested in more information about the modeling, the report has a technical appendix (Appendix D), which outlines the data and assumptions behind the models, providing detailed explanations of the banks' start-up costs, lines of business, and growth rates.

The banks modeled in this section reflect the priorities of the task force – with one bank primarily focused on reinvestment (Model One), one focused on divestment (Model Two), and a third bank that combines both aims (Model Three). The section below details the main goal of the bank model, the current status quo, operational costs and benefits (in the short- and long-term) and risks. The financial models assume that banks begin with no assets and build their balance sheet up to $1 billion over 10 years and then increase in size from there.[15] The models project bank operations out to 60 years to show the long-term costs and benefits of creating a bank, recognizing that a bank may require significant investment and subsidy in the short-term, but in the long-term it can pay dividends. Because expenses are greater than revenues when the banks are small, all models will need some amount of operational subsidy, which is funding to keep the bank afloat until it grows large enough to achieve financial sustainability.[16] The length of time it will take a bank to achieve financial sustainability depends on a number of factors, including its expenses, its revenue and lines of business, its growth rate, and economic conditions. Adjusting any one of these multiple levers can shorten or lengthen the time it takes for the bank model to breakeven for the year for the first time.

In contrast, another way to envision a bank model is to present each bank at the size it must operate at to achieve financial sustainability without projecting how long it will take the bank to achieve that scale. This presentation eliminates the uncertainty of long-term forecasting as well as the assumptions about growth. Because the bank begins at a size large enough for sustainability, there are no long-term timelines to profitability or operational subsidies – the assumption is that the bank can achieve profitability shortly after opening (with some ramp-up period to establish its loan portfolio). The bank may need significant capitalization and deposits upfront, which may make it more challenging to open a de novo bank at the size necessary to achieve financial sustainability for some bank models presented below.

15 This growth rate is comparable to Beneficial State Bank which took about 10 years and multiple acquisitions to hit $10 billion.

16 In general, the larger a bank is, the more money it can make. This profitability stems both from the increase in the size of the loan portfolio (which drives revenue) as well as some economies of scale on the expenses side.

Model One: Reinvest

Goals: The first municipal bank model is focused on lending and reinvestment in areas that are underserved by the traditional banking industry. After significant deliberation and prioritization, the Task Force chose to focus on affordable housing and small business lending as top community goals for the reinvestment model. A reinvestment-focused lender can promote outcomes and community goals identified by the Task Force, Board of Supervisors or bank leadership and management. Because it is not constrained by typical shareholder maximization requirements, the bank has slightly more flexibility to enter markets and offer products not typically served by traditional commercial banks. It can increase lending in targeted sectors of the economy and achieve community goals both by lending directly to consumers and by partnering with local community banks, credit unions and CDFIs.

Current State: The City already expends significant money and energy supporting affordable housing and small businesses.

Affordable Housing: The City utilizes numerous funding sources to support affordable housing preservation, rehabilitation and development including:

- Low-income housing tax credits
- Proposition A/C seismic safety loans ($261 million in total for preserving rent-controlled units)
- Proposition A ($310 million for rehabilitation and redevelopment of public housing)
- Proposition C Housing Trust Fund ($20-$50 million per year for development)
- Inclusionary Zoning and Impact Fees (market rate developers build affordable units or contribute a fee).

In total, Mayor's Office of Housing and Community Development (MOHCD) and the City spends and invests $400 million per year on affordable housing on subsidies to develop and preserve affordable housing units and on down payment assistance programs which help individual homeowners purchase their first homes.[17] Despite this funding and numerous homeownership and development programs, the City and developers struggle to build sufficient housing fast enough to meet the enormous need. The lines of business presented below all seek to offer developers and homeowners cheaper and faster financing to support the City's goals of developing and preserving all forms of affordable housing.

Small Business Lending: Small businesses are the engine of job creation in our country, our state and our City. In San Francisco, 80 percent of businesses employ ten people or fewer (including sole proprietors), and the City has 33,866 registered businesses that have between two and ten employees.[18] Small businesses have significant need for capital but have difficulties accessing capital because traditional banks shy away from this lending, which is high-touch and high-risk.[19] Despite the challenges, there is a robust ecosystem of small business support in San Francisco, including the U.S. Small Business Administration (SBA), CDFIs, non-profits and City programs all aimed at nurturing

17 The San Francisco Office of the Mayor. (August 2018). Mayor London Breed Signs Budget Targeting Homelessness, Housing, Street Cleanliness, and Public Safety [Press Release]. Retrieved from: https://sfmayor.org/article/mayor-london-breed-signs-budget-targeting-homelessness-housing-street-cleanliness-and-public. For more information on specific City programs aimed at affordable housing, see Appendix E discussing current City work on affordable housing.

18 Internal analysis from the Office of Treasurer & Tax Collector.

19 A 2016 Federal Reserve survey found that 44 percent of small businesses stated that their top challenge was "credit availability or securing funds for expansion." Federal Reserve Bank (April 2017). Small Business Credit Survey. Retrieved from: https://www.newyorkfed.org/medialibrary/media/smallbusiness/2016/SBCS-Report-EmployerFirms-2016.pdf.

and growing our small business community. For example, the SBA guarantees a portion (typically 75-85 percent) of small business loans originated by banks. The average size of an SBA loan is approximately $350,000, though they can be up to $5 million in size.[20] Additionally in San Francisco, numerous CDFIs[21] offer loans between $5,000 and $250,000 at reasonable rates as well as technical assistance and business coaching for businesses that may not be able to access standard commercial bank or SBA loans. Many of these CDFIs are not able to cover their costs with revenue and receive philanthropic funding, leading to difficulties scaling up. Within the City, the Office of Economic and Workforce Development (OEWD) and the Office of Small Business also support small business through direct lending programs, grant programs and grants to non-profit lenders to support their work. Some example of direct lending and grant programs are highlighted below:

- **Small Business Revolving Loan Fund** – It offers microloans up to $50,000. It is administered by Main Street Launch, a local CDFI. The City covers the administrative costs, and Main Street Launch provides the capital. Since 2009, it has issued 161 loans totaling over $4.57 million. In 2017, it issued 20 loans totaling $816,000. Its loans range in interest from 3.5% to approximately 7.75%.
- **Emerging Business Loan Fund (EBLF)** – It offers up to $250,000 in loans to small businesses. It is administered by Main Street Launch, a local CDFI. The City covers the administrative costs, and Main Street Launch provides the capital. Since 2013, it has closed over 120 loans totaling $16.8 million. Its loans are offered at approximately 7.75%.
- **SF Shines Façade and Tenant Improvement Program** – Since 2009, it has provided technical assistance, business strengthening, and 117 grants (from $10,00 to $150,000) totaling $4.3 million for improving commercial storefront facades and business interiors. The current program budget is $1 million.
- **Americans with Disabilities Act (ADA) CASp Grant Program** – Since 2013, it has provided technical assistance and 647 grants (from $1,000 to $3,000) totaling over $1 million for ADA compliance assessments.

Despite all this effort, small business advocates and CDFI staff believe that gaps remain in small business lending. The following lines of business aim to fill those gaps and also support the excellent work being done by CDFIs.

Activities: Model One is a municipal bank that secures funding through debt and performs affordable housing and small business lending. It will not perform the City's cash management and commercial banking. This model would not require a bank charter or deposit insurance, because the bank would not accept deposits or serve as the City's banker, but it would need similar capitalization to a traditional bank. Model One will perform real estate lending and small business lending at below-market rates to decrease the cost of funding affordable housing and assist small business development. The section offers a short description of the lines of business, and more details about the lines of business are available in Appendix B.

Real Estate Lending: The real estate lending lines of business will include mezzanine debt (which sits between equity and more senior debt and is the highest-risk form of debt) for workforce housing acquisition and development, mortgages for the small sites acquisition program and loans to finance accessory-dwelling unit construction. 85 percent of the bank portfolio ($850 million at $1 billion

20 Wang, A. (February 5, 2019). SBA Loans: What you Need to Know. Nerd Wallet. Retrieved from: https://www.nerdwallet.com/blog/small-business/small-business-loans-sba-loans/

21 These CDFIs include Main Street Launch, The Opportunity Fund, Mission Economic Development Agency's Fondo Adelante, Pacific Community Ventures and Working Solutions.

in loans) are modeled as real estate loans. The average size of a real estate loan is $5 million for a total of 170 loans in the portfolio (at $1 billion in loans). The interest rate is 5 percent, loss rate is 1-2 percent and average term is 3 to 5 years, though individual loan may be significantly longer, up to 30 years.

Wholesale Small Business Lending: The municipal bank would lend large sums of money to CDFIs at low rates, and these CDFIs would use this money to issue small business loans at lower than for-profit market rates. This lending represents 12.5 percent of the bank's portfolio ($125 million at $1 billion in loans). The average size of a wholesale small business loan would be $2 million, and the portfolio would have approximately 60 in total at $1 billion in loans. The interest rate is 2.5 percent, which is slightly below the rate CDFIs are charged by traditional private banks (typically 3 to 4 percent). The loss rate is modeled at 0.5-1 percent, because CDFIs have significant reserves and strong underwriting for their loans. The average loan term is 5 years.

Direct Small Business Lending: The municipal bank would offer small business loans to businesses directly. The bank is modeled with 2.5 percent of its portfolio ($25 million at $1 billion) as direct small business lending for a total of approximately 700 loans at any given time. The average size of these loans is modeled at $35,000. The interest rate is modeled at 15 percent; the loss rate is modeled at 15-30 percent, and the average loan term is 3 to 5 years.

Though not included in Model One, there were two other lines of business that were of interest to members of the public and the Task Force. The details on these lines of business are provided below but not included in the model.

Direct Student Lending (Not Modeled): For direct student lending, the municipal bank could offer student loans to residents of San Francisco and those studying at colleges and universities in San Francisco. The average loan size would be $10,000. Interest rates would be modeled at 4.5 percent based on BND's published rates

Table 8: Model One Lines of Business at $1 Billion in Loans

	Loan Assets at $1B ($MM)	Percent of Loans at $1B	Number of Loans at $1B	Average Size of Loan	Average Interest Rate	Estimated Loss Rate (Low-High)	Average Loan Term
Real Estate Lending (ADU, mezzanine debt, small sites)	850	85%	170	$5,000,000	5%	1-2%	3-5 years
Wholesale Small Business Lending	125	12.5%	60	$2,000,000	2.5%	0.5-1%	5 years
Direct Small Business Lending	25	2.5%	700	$35,000	15%	15-30%	3-5 years

as of the end of July 2018 with a loss rate of 2 percent based on BND and other private student loan companies' loss rates. The student loan line of business would bring in modest profits.

Green Energy Loans (Not Modeled): For green energy loans, the municipal bank could offer loans for renewable energy projects for small businesses and homeowners. The average loan size would be $50,000, and interest rates would be modeled at 4-5 percent based other banks' rates. Loss rate would be an estimated 1-2 percent. This line of business would result in a similar profile and profit to the real estate and affordable housing loans.

Operational Components:
To achieve financial sustainability, Model One must be $1.1 billion in size. The model projects it will take around 10 years to break even operationally for the year (the low-estimate projects a surplus after 4 years, and the high-estimate never achieves a surplus). In the first 10 years, the bank will need $13 million in subsidies to maintain operations (ranging from a low of $4 million and a high of a continuous subsidy throughout operations that reaches $42 million per year in the model). The start-up costs will be lower than in Model Two and Three, only $5 to 7.5 million, because Model One will not need the infrastructure to perform the City's commercial banking, nor will it need the compliance and regulatory components required for a bank. Though it is not a legal requirement, Model One should operate with 15 percent of its assets held as capital. At $1.1 billion this figure is $165 million, and it will increase as Model One gets larger. Model One will also need to secure funding through debt to use as a lending base that is equivalent to the size of the bank assets less bank capital, so, for example at $1.1 billion in assets and $1 billion in loans, Model One will need to secure $935 million in debt to perform its lending.

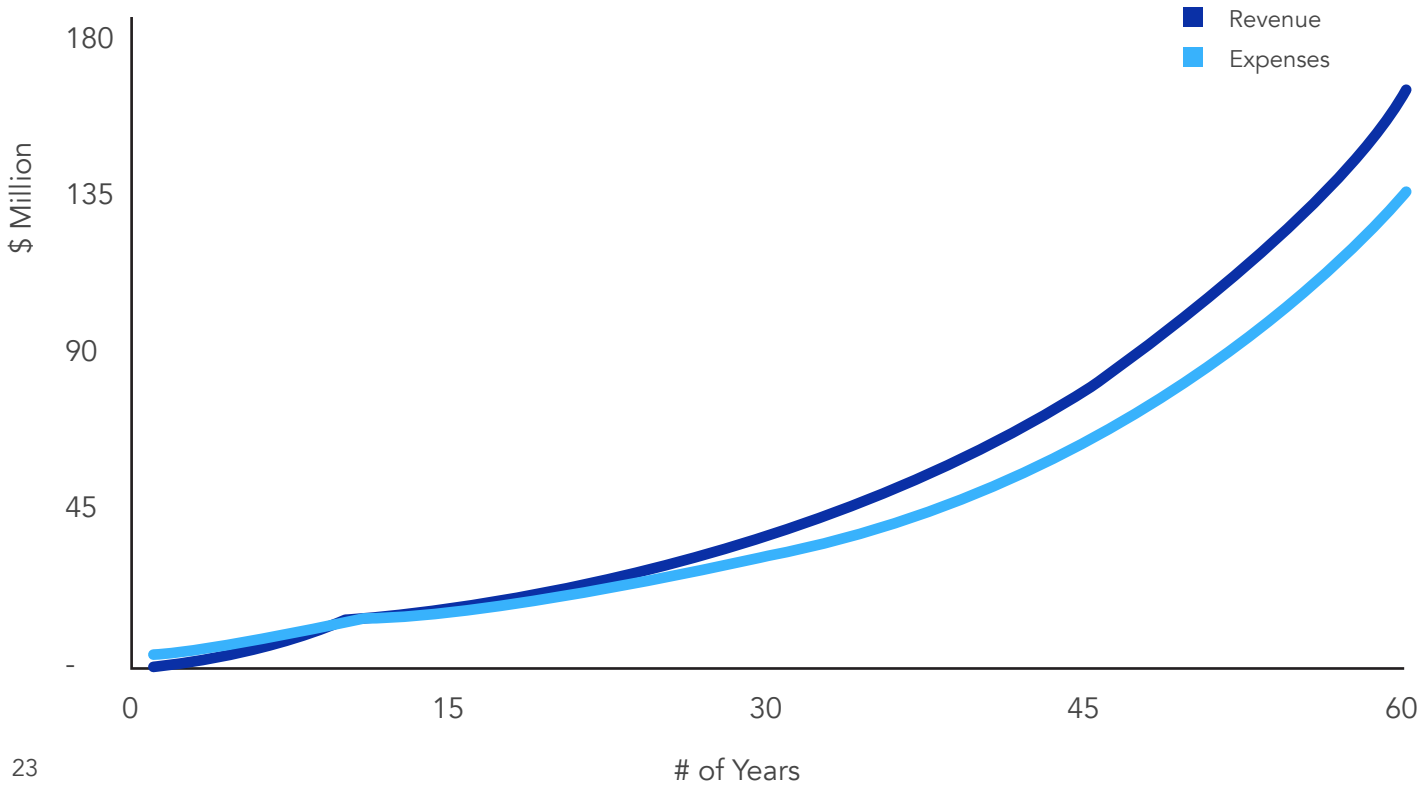
Table 9: Estimated Range of Costs Associated with Model One

Cost Type	Average Cost	Low and High Cost Estimates	Description	Timeframe
Size at annual breakeven	$1.1 billion	$330 million – never	Estimated asset size for bank to breakeven	–
Start-up costs	$6.25 million	$5 million – $7.5 million	Cost for staffing, real estate, technology infrastructure	Approximately 2 years before operations
Balance sheet capital at annual breakeven	$165 million	$50 million – never	Capital equivalent to 15% of assets at breakeven	Year 1+ until operation ceases

Table 10: Financial Projections for Model One for the First Ten Years (Low & High Estimates)

	Value of Net Outstanding Loans Per Year ($ million)	Total Assets Per Year ($ million)	Net Surplus (Deficit) Per Year - Low Range ($ million)	Net Surplus (Deficit) Per Year - High Range ($ million)
Start-Up Years	-	-	(5)	(8)
Year 1	50	55	(2)	(3)
Year 2	75	83	(1)	(3)
Year 3	125	138	(1)	(3)
Year 4	200	220	(0)	(4)
Year 5	300	330	1	(4)
Year 6	400	440	2	(4)
Year 7	500	550	2	(5)
Year 8	650	715	4	(5)
Year 9	800	880	5	(6)
Year 10	1,000	1,100	7	(6)
Total			12	(51)
Capital for Balance Sheet			(165)	(165)

Figure 1: Projected Expenses & Revenue Over Time for Model One (Average Estimate)



Outcomes: The municipal bank will allow the City to reinvest in the community and serve people, businesses and projects that are currently underserved or unserved by the traditional banking industry. With $1 billion in loans, the municipal bank will be able to bring $1 billion in investment to bear, and the model projects the bank can make approximately 170 affordable housing loans, 60 wholesale small business loans (which will result in numerous small business loans), and 700 direct small business loans. The City currently invests $400 million per year in affordable housing. At $1 billion in loans, the municipal bank would add another $850 million in lending that would revolve on average in 3 to 5 years, adding another $200 million or so to the $400 million in investment for affordable housing per year. This added affordable housing will have further multiplier effects with one analysis finding that building 100 rental apartments results in $11.7 million in local income, $2.2 million in taxes and revenue and 161 local jobs.[22] For small business lending, the bank would add $125 million in wholesale loans and $25 million for approximately 700 in direct loans compared to the about 50 loans for a total of $50 million currently issued by the City's Small Business Revolving Loan Fund and Emerging Business Loan Fund.

Risks: The primary risk associated with Model One is the unconventional lending portfolio it will pursue, and the concern that the lines of business as modeled above are unrealistic or unattainable. A lender that performs lending spurned by other banks or that performs lending at below-market rates is necessarily taking larger risks and may face higher defaults than expected or may need to tighten its underwriting standards and perform less lending than anticipated. The model itself includes significant uncertainly about how Model One will perform. With low-end estimates of start-up costs and loan losses, the bank achieves sustainability within 4 years. Under the high-end estimate, which doubles projected loan losses, Model One never breaks even and needs a significant subsidy per year ($6 million per year at $1 billion in size to upwards of $42 million per year at $12 billion in size) in perpetuity to stay afloat.

The difference in the model reflects how loan loss rates, and in particular a higher loan loss rate than expected, can impact bank operations and slow or prevent a path to breaking even. Concerns about loss rates become especially salient as the bank scales and must source a significant number of loans and deals for its portfolio. Bank size was determined based on Task Force feedback, economies of scale and achieving sustainability rather than size of market demand. It's not clear whether performing $200 million per year in affordable housing investment of the type contemplated in the model in San Francisco is realistic (the scale the bank would perform at $1 billion in loans).[23] If market demand and the execution capability of the team assembled to run the bank cannot meet the scope of the municipal bank as modeled, the municipal bank would have to adjust its strategy. The bank could possibly change its product lines or seek opportunities outside of San Francisco. Without adjusting it strategy, it may not be able to achieve the scale modeled or may operate at a greater loss than the high-end estimate.

Loan loss rates are particularly high for the small business lending portfolio, and in the high-cost estimate, small business losses prevent the bank from ever achieving sustainability. These high loss rates led Task Force members to suggest that the bank would need to increase its underwriting standards for this work or pursue an alternative method of encouraging small business lending. Rather than lend directly to small businesses, Task Force members suggested that the municipal bank could

22 California Legislature, "Senate Bill 3," Section 2(h), https://leginfo.legislature.ca.gov/faces/billCompareClient.xhtml?bill_id=201720180SB3.

23 By comparison, the SF Housing Accelerator Fund, a non-profit affordable housing investment fund, has invested over $60 million in affordable housing investment in nine deals in a little over its first year of operations.

guarantee small business loans made by other banks and credit unions, similar to the SBA guarantee program or the California CalCAP Collateral Support (CalCAP CS) program. A guaranty arrangement allows the municipal bank and City to encourage lending that wouldn't otherwise happen without requiring the municipal bank to put its own capital into the loan or perform the administrative tasks associated with loan underwriting, originating and servicing.

Lastly, though the bank does achieve a surplus under low-cost and average-cost estimates, it never will become a significant source of revenue. Though under some estimates Model One will achieve a surplus, become self-sustaining and therefore continue to reinvest in the community indefinitely, it will never become a large generator of income for the City and will not be able to return dividends to the City like Bank of North Dakota does for North Dakota.

Bottom-Line: The reinvestment bank outlined in Model One would support affordable housing and small business lending in San Francisco. The model projects that it would require an estimated $5 to $7.5 million in start-up costs and operational subsidies estimated at $13 million (with estimates ranging from $4 million to an ongoing operational subsidy of many millions per year) before it would break even at $1.1 billion in size after 10 years of operation (with estimates ranging from a breakeven at $330 million in size at 4 years to never). The bank would also need $165 million in capital at the annual breakeven point, which would increase over time as the bank grew larger.

Model Two: Divest

Goals: The goal of the "Divest" model is to envision a public bank that can meet the City's cash management and commercial banking needs, allowing the City to avoid working with large banks with practices the City finds objectionable. By removing its banking services from large commercial banks, the City could gain more autonomy over how its short-term deposits are used. The model removes the $100 million currently held in Bank of America accounts. This model does not assume any deposits from or impact on the City's Treasurer's Pooled Investment Fund which is a collection of county, school and special district funds which currently holds over $11 billion. The money in the pool comes from tax revenues, fees, federal and state government, and bond proceeds. All of these funds have already been allocated through the budgetary process and through voter-initiated bond approvals and as part of the capital plan. State law and the City's investment policy sharply limit how the Treasurer can invest the Pool, and in general these investments must be of the highest quality and most secure and short-term in duration. For example, almost 60 percent of the Pool is currently invested in treasuries and federal agencies, and over 50 percent held in securities under 1 year in duration.

Current State: The City currently contracts with two large corporate banks, Bank of America and U.S. Bank, to fulfill our City's banking needs. The fees paid to Bank of America and U.S. Bank for banking services total approximately $600,000 per year. These costs are deducted from the interest the City earns on its deposits. The interest is accrued on the nightly $100 million deposited into the bank (these deposits are collateralized for safety) which are used for daily transactions and to pay for banking fees. The City has an annual budget of $11 billion and requires banking services like that of a large multi-national corporation. Annually, San Francisco generates approximately 8 million payment transactions amounting to approximately $13 billion. The City has over 200 bank accounts, and the City processes

24 This figure is lower than the one reported in the November 2017 Budget & Legislative Analyst's report because TTX has taken steps to reduce its banking fee by removing armored car services and supplies from the banking contract and closing underutilized accounts.

significant transactions per year, including:

- 1.2 million checks deposited
- 323,000 credit card transactions for a total of $1.2 billion per year
- 847,000 outgoing payments
- 415 outgoing wires
- 3,200 incoming wires
- Approximately 700,000 ACH credits
- Approximately 500,000 ACH debits

For reference, the City of Seattle Public Bank Feasibility study found that only a national bank with assets greater than $50 billion possesses the scale and capacity to meet Seattle's banking needs, and given San Francisco's larger budget and status as a City and County it has even greater banking needs than Seattle. Only about 40 banks in the country hold $50 billion in assets or more, and most are large global banks rather than merely regional or national banks.

Activities: Model Two is a municipal bank that accepts deposits, performs the City's cash management and commercial banking, and participation lending.

City's Commercial Banking: The municipal bank would serve as the City's commercial banker, providing disbursements, deposits, cash management, payment processing, and reporting and technology solutions.[25] The municipal bank will hold about $100 million in deposits that are currently held in Bank of America, and under current state law this money must be collateralized via eligible securities at 105-to-150 percent of its value.[26] The bank would charge the City $600,000 for this work, equivalent to the fees currently paid to Bank of America.

Participation Lending: The municipal bank would partner with banks to perform participation lending, where a bank partners on lending performed by other banks. In this instance, the municipal bank would initially purchase loans originated by other banks. The goal of this lending is to subsidize the cash management operations of the bank (as a reminder: banks primarily make money by lending out their deposits at a higher rate than the interest that they pay on those deposits). If the municipal bank chose to purchase loans from local community banks or credit unions, this participation lending could support the local banking industry by providing additional liquidity, though this is not the primary aim of the lending portfolio. The model estimates that the average size of the loan is about $5 million with a four percent interest rate, a loss rate of 0.25-0.5 percent and an average term of 17 years.

Table 11: Model Two Lines of Business at $1 Billion in Loans

Lines of Business	Loan Assets at $1B ($MM)	Percent of Portfolio at $1B	Number of Loans at $1B	Average Size of Loan	Average Interest Rate	Loss Rates	Average Loan Term
Participation Lending	1,000	100%	200	$5,000,000	4%	0.25-0.5%	17 years

25 The bank will still utilize financial technology companies for IT systems and an armored courier provider for transporting currency.

26 California Government Code § 53652.

Operational Components:
To achieve financial sustainability, Model Two must be $3.1 billion in size. The model projects it will take around 31 years to break even operationally for the year (the low-estimate projects a surplus after 25 years, and the high-estimate projects 37 years). In the first 31 years, the model estimates the bank will need $990 million in subsidies to maintain operations until it can break even and achieve a surplus (with estimates ranging from $580 million to $1.5 billion). The bank will also need to hold capital equivalent to 15 percent of assets – at least $165 million at $1.1 billion in assets and increasing from there. The bank will also need a deposit base equivalent to the size of the bank assets less bank capital, so, for example at $1.1 billion in assets and $1 billion in loans, the bank will need to secure $935 million in deposits to perform its lending.

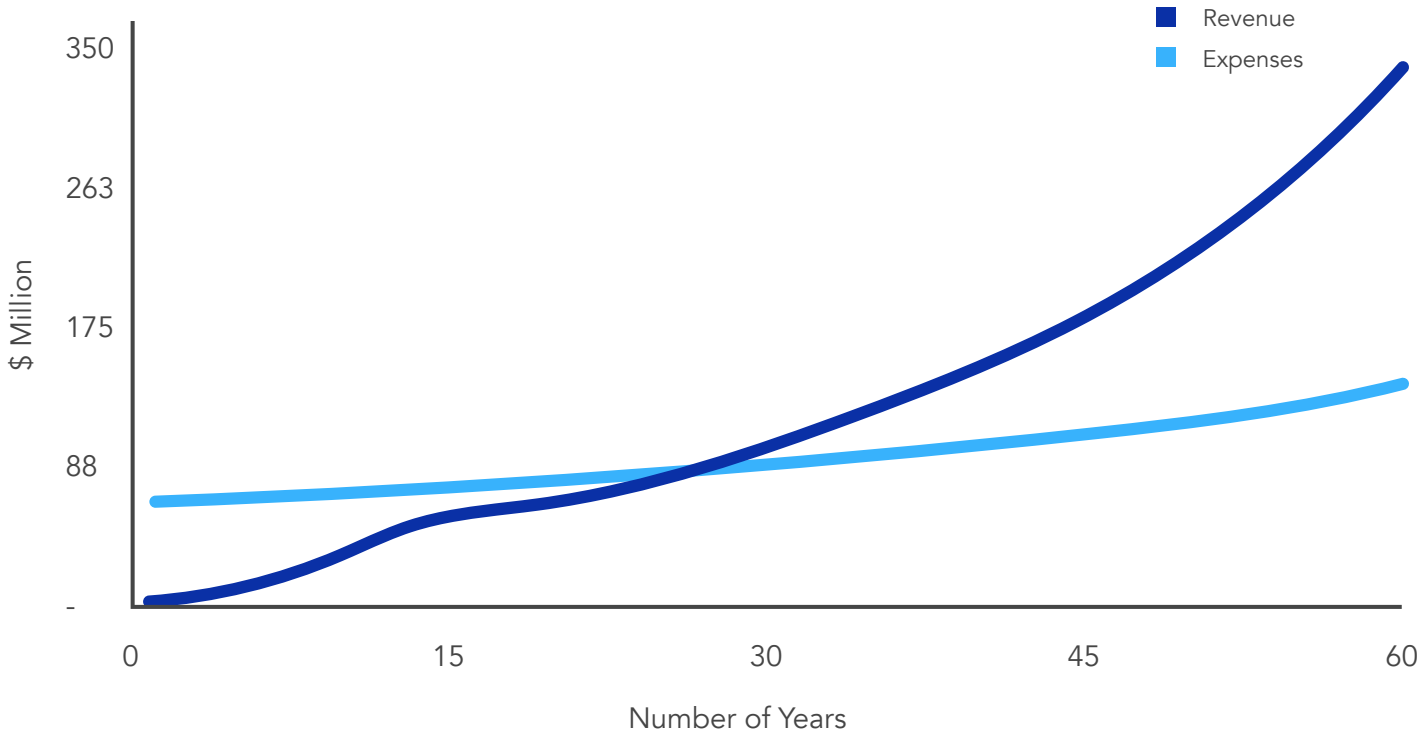
Table 12: Estimated Range of Costs Associated with Model Two

Cost Type	Average Cost	Low and High Cost Estimates	Description	Timeframe
Size at annual breakeven	$3.1 billion	$2.3 billion – $4.1 billion	Estimated asset size for bank to breakeven	–
Start-up costs	$119 million	$95 million – $143 million	Cost for staffing, real estate, technology infrastructure	Approximately 2 years before operations
Balance sheet capital at annual breakeven	$460 million	$340 million – $615 million	Capital equivalent to 15% of assets at breakeven	Year 1+ until operation ceases

Table 13: Financial Projections for Model Two for the First Ten Years (Low & High Estimates)

	Value of Net Outstanding Loans Per Year ($ million)	Total Assets Per Year ($ million)	Net Surplus (Deficit) Per Year - Low Range ($ million)	Net Surplus (Deficit) Per Year - High Range ($ million)
Start-Up Years	-	-	(95)	(143)
Year 1	50	55	(48)	(73)
Year 2	75	83	(48)	(73)
Year 3	125	138	(46)	(72)
Year 4	200	220	(44)	(70)
Year 5	300	330	(42)	(68)
Year 6	400	440	(39)	(66)
Year 7	500	550	(37)	(64)
Year 8	650	715	(33)	(61)
Year 9	800	880	(30)	(58)
Year 10	1,000	1,100	(25)	(54)
Total			(488)	(804)
Capital for Balance Sheet			(165)	(165)

Figure 2: Projected Expenses & Revenue for Model Two Over Time (Average Estimate)



Outcomes: The municipal bank will allow the City to divest from commercial banking partners (though the bank will still utilize financial technology companies for IT systems and an armored courier provider). The municipal bank will also perform significant participation lending – at $1 billion in loans, it will offer 200 loans at $5 million each to support its operational costs.

Risks: Though the participation lending performed by the bank in Model Two is quite secure, there are still risks associated with chartering and operating a divestment model bank. First, the bank has significant capitalization, start-up and operational costs and will require years of investment by the City before it achieves a surplus. The City would not only need to raise money for start-up costs and capitalization, but it must continue to subsidize the bank for decades. Regulators may be reluctant to approve a bank that requires subsidies or injections for so many years. Because the lending portfolio is relatively long-term term, it is vulnerable to a maturity mismatch (where deposits are owed at a different time than loans mature) or interest rate rises (where the bank must pay more interest on deposits reducing the value of its lending portfolio). Lastly, a bank that is responsible for performing the City's cash management has no room for error. It must perform the City's cash management functions perfectly because any operational issues could impair the City's daily functioning and result in the City not making payroll or missing a debt payment.

Bottom-Line: A bank that can perform the City's commercial banking functions and participation lending must be $3.1 billion in size to achieve financial sustainability, with an average $460 million in bank capital and $119 million in start-up costs. The model projects it could take the bank 31 years of losses (with estimates ranging from 25 to 37) before it breaks even on an annual basis, and during this time it would require operational subsidies of $990 million (with estimates ranging from $580 million to $1.5 billion). At $3.1 billion in size, the average breakeven point, the bank would buy $2.8 billion in participation loans to cover its operating costs, which could equate to over 560 participation loans of $5 million each.

Model Three: Combination

Goals: The goal of the combination model is a public bank that both divests – performing the City's cash management and commercial banking – and reinvests in the community by performing affordable housing and small business lending.

Model Three represents the widest spectrum of municipal bank activities and reaches the fullest potential of a municipal bank of all three models, because it combines reinvestment and divestment activities. For some members of the Task Force and the public anything that falls short of both divestment and reinvestment does not do justice to the idea of a municipal bank.

Activities: Model Three is a municipal bank that accepts deposits, performs the City's cash management and commercial banking, and affordable housing and small business lending. The activities of Model Three combine the City's commercial banking in Model Two with the real estate lending, wholesale small business lending and direct small business lending in Model One. As with Model One and Model Two, Model Three will not perform retail banking for customers.

Table 14: Model Three Lines of Business at $1 Billion in Loans

	Loan Assets at $1B ($MM)	Percent of Loans at $1B	Number of Loans at $1B	Average Size of Loan	Average Interest Rate	Estimated Loss Rate (Low-High)	Average Loan Term
Real Estate Lending (ADU, mezzanine debt, small sites)	850	85%	170	$5,000,000	5%	1-2%	3-5 years
Wholesale Small Business Lending	125	12.5%	60	$2,000,000	2.5%	0.5-1%	5 years
Direct Small Business Lending	25	2.5%	700	$35,000	15%	15-30%	3-5 years

Operational Components:
To achieve financial sustainability, Model Three must be $10.4 billion in size with $1.6 billion in bank capital. The model projects it will take around 56 years to break even operationally for the year (the low-estimate projects a surplus in 36 years, and the high-estimate never achieves a surplus). During these years of losses, the bank will need an average $2.2 billion in subsidies to maintain operations until it can break even (with estimates ranging from $980 million through a continuous $78 million per year subsidy). The bank will also need a deposit base equivalent to the size of the bank assets less bank capital, so, for example at $1.1 billion in assets and $1 billion in loans, the bank will need to secure $935 million in deposits to perform its lending.

Table 15: Estimated Range of Costs Associated with Model Three

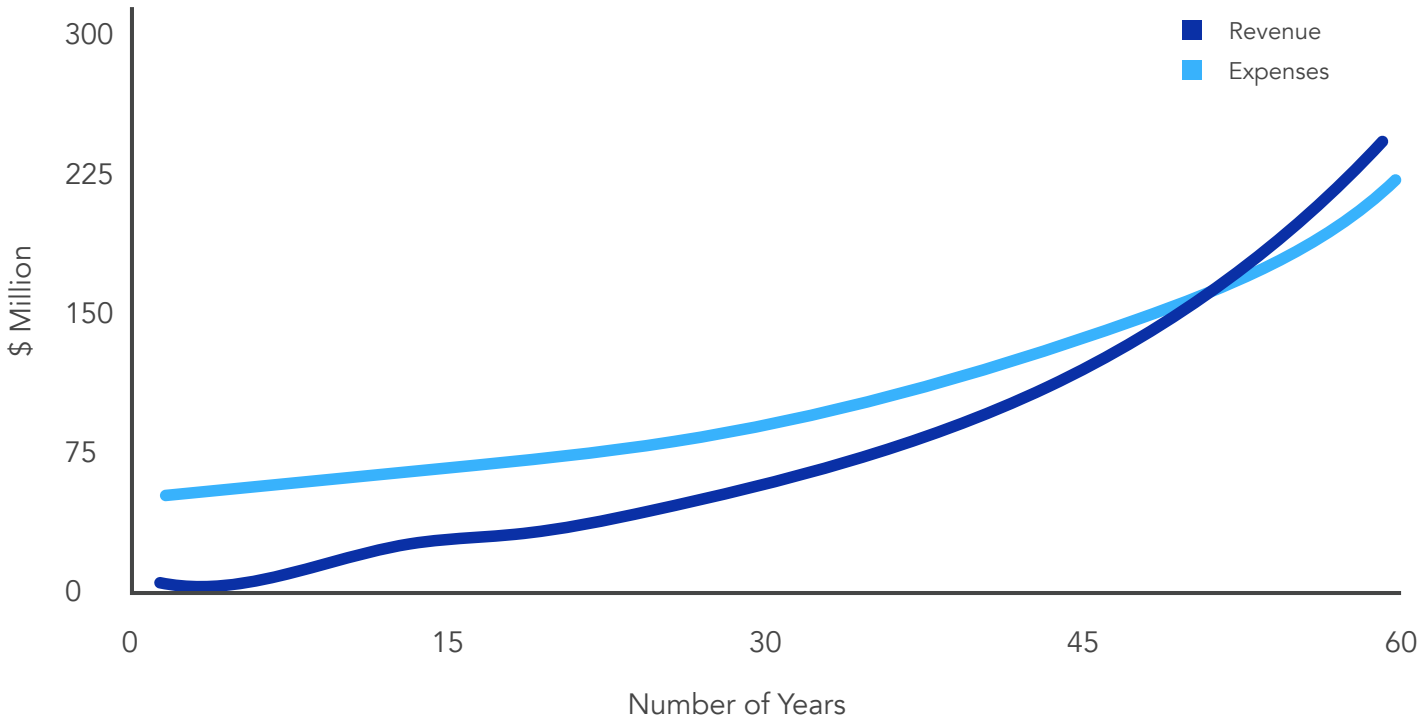
Cost Type	Average Cost	Low and High Cost Estimates	Description	Timeframe
Size at annual breakeven	$10.4 billion	$3.9 billion – never	Estimated asset size for bank to breakeven	–
Start-up costs	$119 million	$95 million – $143 million	Cost for staffing, real estate, technology infrastructure	Approximately 2 years before operations
Balance sheet capital at annual breakeven	$1.6 billion	$590 million – never	Capital equivalent to 15% of assets at breakeven	Year 1+ until operation ceases

Table 16: Financial Projections for Model Three for the First Ten Years (Low & High Estimates)

	Value of Net Outstanding Loans Per Year ($ million)	Total Assets Per Year ($ million)	Net Surplus (Deficit) Per Year - Low Range ($ million)	Net Surplus (Deficit) Per Year - High Range ($ million)
Start-Up Years	-	-	(95)	(143)
Year 1	50	55	(49)	(74)
Year 2	75	83	(48)	(74)
Year 3	125	138	(48)	(74)
Year 4	200	220	(47)	(74)
Year 5	300	330	(45)	(74)
Year 6	400	440	(44)	(74)
Year 7	500	550	(42)	(75)
Year 8	650	715	(40)	(75)
Year 9	800	880	(38)	(75)
Year 10	1,000	1,100	(36)	(75)
Total			(532)	(888)

Capital for Balance Sheet (165) (165)

Figure 3: Projected Expenses & Revenue for Model Three Over Time (Average Estimate)



Outcomes: The municipal bank will allow the City to divest from commercial banking partners. The municipal bank will also perform significant lending in the community. As in Model One, at $1 billion in loans, the municipal bank will make approximately 170 affordable housing loans, 60 wholesale small business loans (which will result in numerous small business loans), and 700 direct small business loans. As the bank scales up, the magnitude of its investment in the community will similarly scale.

Risks: Intuitively, the risks of Model Three include the risks associated with Model One and Model Two; however, these risks compound, because Model Three includes the high costs and strenuous demands associated with performing the City's commercial banking work in addition to the riskier and more labor-intensive lending portfolio. Model Three struggles to achieve sustainability because it combines the high start-up and overhead costs of performing the City's cash management with the reduced profit resulting from a lower-margin but high-impact lending portfolio.

The slowness of Model Three's path to profitability increases the operational, political and regulatory risks. Each year, there is concern that the bank will lose political support and thus its subsidy or that regulators will intervene. Over the course of 56 years, economic conditions may force the bank to change its business model or may stymie its growth. Additionally, the longer the time frame modeled, the less reliable the model results.

Bottom-Line: A bank that can perform the City's commercial banking functions and reinvestment via affordable housing and small business lending must be $10.4 billion in size to achieve financial sustainability, with an average $1.6 billion in bank capital and $119 million in start-up costs. The model projects it could take the bank 56 years of losses (with estimates ranging from 36 years to never) before it breaks even on an annual basis, and during this time it would require operational subsidies of $2.2 billion (with estimates ranging from $980 million to a continuous $78 million per year).

Assumptions

All financial models rely on a set of assumptions about how a business will operate and the prevailing economic conditions. To model the municipal bank structures outlined above, TTX staff and the Task Force made a number of assumptions about municipal bank operations. The assumptions are listed below with a brief explanation. For more details on the modeling methodologies, refer to Appendix D, the technical appendix.

Assumption #1: The bank will provide one percent return to depositors except in Model One. Models Two and Three project that the bank's cost of funds would be one percent, meaning the City and other depositors would receive a one percent return on their deposits. Bank of North Dakota's cost of funds is 0.6 percent, and most community banks and credit unions tend to have a cost of funds around one percent.[27] It is important to note that a one percent return may be less than what the City and other depositors would get from other banks and investments (currently the City receives about 0.8 percent on its Bank of America deposits). However, other mission-driven banks that offer similar returns note that they have no problems securing deposits because institutions are interested in supporting their work. Model One, which lacks a banking charter, will have to pay a higher cost of funds, estimated at two percent, because it must raise debt rather than accept deposits, and debt requires a higher rate of return for investors, because it is perceived as riskier.

27 For example, members of the Federal Home Loan Bank of San Francisco reported a cost of funds of 1.06 percent for November 2018. Federal Home Loan Bank of San Francisco. Cost of Funds Indices. http://www.fhlbsf.com/resource-center/cofi/

Assumption #2: Models Two and Three envision a bank that performs the City's cash management. The municipal banks modeled in scenario two and three envision a bank that takes over the City's cash management and commercial banking from Bank of America and U.S. Bank, the City's current banking vendors. The municipal bank would be responsible for treasury management, disbursement and deposits, and credit card processing.

Assumption #3: No models envision a bank that serves as a bond underwriter or custodian of the investment pool. Aside from cash management and commercial banking, the City also utilizes large commercial banks to underwrite bonds, a form of debt to fund long-term projects, and serve as custodian of the investment pool. Bond underwriters help the City sell its bonds to investors, and a municipal bank would need to be a registered broker-dealer and have expertise in capital markets with a sales channel to perform this work. This expertise is separate and apart from traditional community banking. Similarly, the models do not envision the municipal bank serving as the custodian of the Treasurer's Pooled Investment Fund, because it is not possible to lease a platform for custodian work, and the cost to develop the technology and hire staff would outweigh the limited fee income (currently $200,000 per year).

Assumption #4: The bank will not provide any non-lending retail services. The municipal banks modeled do not offer traditional retail banking services for personal or business clients (such as cash management, debit cards, ACH payments etc.), because it is difficult to perform retail banking well, and retail banking greatly increases infrastructure and staffing costs. Banks typically lose money on free checking accounts, and banking experts noted that providing high-quality retail services would be costly.[28] To avoid this loss, the municipal bank will not offer retail services.

Assumption #5: Models include income from interest spread and commercial banking fees. A typical community bank earns about 80 percent of its income from interest and 20 percent from fees (such as overdraft fees, account maintenance fees etc.). The bank models assume that revenue comes from interest income (the spread between the interest charged on loans and the interest paid out on deposits), and the $600,000 fee that the municipal bank charges to the City for its commercial banking work in Models Two and Three. Aside from that fee, the bank does not include any fee income. The bank likely will charge fees for its services (such as origination fees, servicing fees etc.), but these fees are not included in the model.

Assumption #6: Interest rates for direct loans are modeled below-market: Interest rates for direct loans are intentionally modeled below market rate as the goal of the reinvestment model is to fill gaps in current banking practices and spur investment. Though the models include one interest rate per line of business, this rate is not monolithic (it represents a blended rate and rates may vary based on the project), and interest rates will change over time as the economic conditions and market rates change.

Assumption #7: Loss rates are modeled based on industry comparisons but may be higher given a riskier portfolio: To the maximum extent possible, the bank models utilize loss rates based on industry comparisons. Because some of the municipal bank models envision a riskier lending portfolio, all loss rates are ranges, to reflect that the loss rate may be higher than industry comparisons.

Assumption #8: Source of capital is not defined. The bank models identify an estimated amount of capital that is required to support the bank's operations. The source of the capital is not defined, and the models do not depend on capital coming from any particular source.

28 Claes, B. (December 14, 2011). Banks lose big on free checking. Bankrate.com. Retrieved from: https://www.bankrate.com/financing/banking/banks-losing-big-on-free-checking/.

Assumption #9: Source of deposits is not defined. The bank models identify an estimated magnitude of deposits that is required to support the bank's lending portfolio. The source of these deposits is not identified, and the models do not depend on deposits coming from any particular source; however, the bank will not provide retail banking services (except to the City), so the depositors must be comfortable using the bank as a savings account rather than a checking account. The bank may need to pay a slightly higher return to depositors, because it seeks longer-term deposits.

Assumption #10: The bank will keep ten percent of funds liquid. As noted above, banks primarily make money by lending deposits out at a higher interest rate than they pay to depositors. However, banks typically do not lend out all their assets and keep some on-hand as cash or other highly-liquid assets. Similarly, the municipal bank is modeled as lending out 90 percent of assets and holding ten percent of assets in liquid assets.[29]

29 This liquidity explains the distinction made in the models below between the size of the bank (for example, $1.1 billion in assets) and the size of the lending portfolio (for example, $1 billion in loans).

What Are the Policy & Operational Considerations Around Forming a Bank?

The proposed lines of business and municipal bank models presented above are not meant to be the final word on the options available to the City in creating a municipal bank. Instead, they illustrate several directions – bank versus non-bank entity, divestment versus reinvestment – a bank could take and outline the costs, benefits and risks associated with municipal banking. In developing and analyzing these models as well as the steps necessary to create a municipal bank, a number of important policy considerations emerged. This section highlights the major policy questions that remain around creating a municipal bank that can help answer the question of whether a municipal bank is a good policy idea.

Based on the municipal bank models, the City would need to raise at least $165 million in capital and find upwards of $935 million in debt or deposits. A major policy question becomes: where can the City find funding for capitalization and deposits?

Sources of Bank Capital

General Fund Appropriation

The most straightforward way to secure capital is for the Board of Supervisors and the Mayor to allocate funds from the general fund during their standard budget process. Though the City has a budget of $11 billion, only about $2.2 billion of that money is discretionary as the rest belongs to enterprise departments or is set aside for specific voter-mandates. That $2.2 billion must fund all non-enterprise departments and City operations. The Board of Supervisors and the Mayor work together to determine how to allocate this funding, and the capital for a municipal bank would compete against other pressing funding demands.[30] Of this $2.2 billion, $68 million went to the Office of Economic and Workforce Development (OEWD) which supports economic development and small business lending, and $152 million went to MOHCD which supports affordable housing and economic development.[31] Overall, the City

30 Based on the City's Comprehensive Annual Financial Report (CAFR), there were discussions at the Task Force meetings and among advocates about whether the City was running a "surplus," and therefore has significant unallocated funds that could be used to capitalize a municipal bank. In short, aside from one or two funding sources currently held in case of an emergency, there is no unallocated money that could be used to capitalize a municipal bank. Discussions about unallocated funds centered around the funds listed in page 165, defined "Available for Appropriations," which includes "Unassigned Funds." For $95 million in "Unassigned – General Reserve" was initially created to address current year needs unanticipated in the budget, and later was updated to augment the economic stabilization reserves. Admin Code § 10.60 governs the use of these reserves. If used, it must be replenished in the next year unless the City is a recession scenario. The Board can suspend this provision for one year by a 2/3 vote. The $288 million "Unassigned – Budget for use in fiscal year 2018-2019" has already been allocated for 2018-2019 via the City's two-year budget process. Any money taken from this pool will cut current FY18-19 appropriations. The $60 million in "Unassigned – Contingency for fiscal year 2017-2018" was adopted by the Board of Supervisors to address potential changes in federal impacts and ACA changes. $50M remains available, though use of these funds would limit the City's ability to address a cut in coverage or repeal of the ACA. The $14 million "Unassigned – Available for future appropriations" is the fund balance at the end of fiscal year 2016-2017. This money is projected to cover shortfalls and not available for appropriation. City and County of San Francisco, Office of Controller. (2017). Comprehensive Annual Financial Report Year ended June 30, 2017. Retrieved from: https://sfcontroller.org/sites/default/files/Documents/Accounting/CCSF%20CAFR%20FY2016-17%20no%20cover%20FINAL%20reduced.compressed.pdf.

31 The San Francisco Board of Supervisors. City and County of San Francisco Budget and Appropriation Ordinance Fiscal Year Ending June 30, 2019 and Fiscal Year Ending June 30, 2020. Retrieved from: https://sfgov.legistar.com/View.ashx?M=F&ID=6406150&GUID=663AE469-8025-4FFB-B183-4157BA300C25.

spends $400 million on affordable housing per year, though some of this funding comes from non-discretionary sources (like the Housing Trust Fund).[32]

Philanthropy

The bank could also seek out private philanthropic donations for capitalization. The major benefit is that philanthropic dollars need not come at the expense of other City priorities. It would be important to find mission-aligned philanthropic sources so that the bank could remain focused on community goals, and the philanthropic funding should not impact the bank's ability to be independent.

Crowdfunding

Lastly, the bank could use crowdfunding, soliciting money from the community to capitalize a bank. The most famous example of crowdfunding is the Green Bay Packers,[33] and the City could use several mechanisms to crowdfund capital from community investment. If the City accepts philanthropic money or crowdsourced money (or uses any third-party money aside from its own), it will need to create a bank holding company to own the bank. This additional level of regulatory structure may increase the costs and complexity of chartering a municipal bank.

Sources of Funds That Can't Be Used for Bank Capital

Bonds

The City cannot use a general obligation bond issuance to capitalize a municipal bank because bonds are limited by the State Constitution to specific uses. Section1(b) of Article XIII A of the California State Constitution limits the use of general obligation bonds to "the acquisition or improvement of real property."[34] Though a municipal bank may itself invest in real estate projects, the bond will be used for bank capital and would not qualify as "the acquisition or improvement of real property."

Pooled Investment Funds

The Treasurer's Pooled Investment Fund holds money that has already been appropriated in the budgetary process and is "not required for the immediate needs" of the City as well as money that belongs to other entities such as the San Francisco Unified School District and City College.[35] All of the funds have already been allocated through the budgetary process and through voter-initiated bond approvals and as part of the capital plan. The California Government Code sharply restricts the types of investment the Treasurer can make with the fund. All investments must be less than five years in duration and must be of the highest quality. State law does not permit the Treasurer to purchase or invest corporate stock,[36] and so the Treasurer currently may not use the Treasurer's Pooled Investment Fund to own corporate stock and capitalize a public bank.

Sources of Deposits

Aside from capitalization, a municipal bank also needs upwards of $1 billion in deposits, and

32 The San Francisco Office of the Mayor. (August 2018). Mayor London Breed Signs Budget Targeting Homelessness, Housing, Street Cleanliness, and Public Safety [Press Release]. Retrieved from: https://sfmayor.org/article/mayor-london-breed-signs-budget-targeting-homelessness-housing-street-cleanliness-and-public.

33 The Green Bay Packers have been a publicly owned nonprofit corporation since 1923 and has raised capital by selling stock in five different offerings. Today, over 360,000 members of the public co-own the Green Bay Packers via common stock. This stock is not stock in a traditional sense: it does not increase in value; it does not pay dividends, and it cannot be resold (except back to the franchise). Saunders, L. (January 13, 2012). Are the Green Bay Packers the Worst Stock in America? Wall Street Journal. Retrieved from: https://blogs.wsj.com/totalreturn/2012/01/13/are-the-green-bay-packers-the-worst-stock-in-america/.

34 Cal. Const. art. XIII A, § 1(b).

35 California Government Code § 53601.

36 California Government Code § 53601; San Francisco City Attorney's Office (2013), Memorandum re: Municipal Bank Formation.

this funding could come from the City, private businesses, and large institutions.

City Funds

Deposits could come from a general fund appropriation, from the $100 million the City currently holds in overnight deposits in Bank of America, or from the Treasurer's Pooled Investment Fund via certificates of deposit similar to the current Safe, Sound and Local Program. State law requires that government deposits be collateralized and limited to the amount of capital that the bank holds.[37] The $100 million currently held in the Bank of America account are used daily to pay the City's obligations, and so the City must be able to rely on their availability and liquidity or else the City's financial well-being would be adversely impacted.

Other Institutions

The bank could also accept deposits from institutions such as other governments (though money may need to be collateralized), foundations, hospitals and universities, as these organizations may want to support the bank's mission. The bank could offer a reasonable return on accounts rather than retail services. Many mission-oriented local community banks note that they do not have any trouble attracting deposits, because consumers want a non-Wall Street alternative to hold their money. If the municipal bank does not offer retail services, though, the return to depositors may need to be higher than the one percent currently modeled.

How Should Bank Governance Be Structured?

The municipal bank ultimately exists to serve the City and taxpayers, and so the governance structure should likely include both government and citizen representation. However, it is equally crucial that a municipal bank operate as a sound business, independent from the political process and political pressures. The FDIC has expressly noted that applications from public banks will be examined closely because public banks present "unique supervisory concerns that do not exist with privately owned depository institutions."[38] Internationally, political pressure has reportedly impaired the operation of public banks.[39] A municipal bank in San Francisco may be similarly vulnerable to conflict between bank leadership and public figures. City government likely should not have a majority or a perceived majority of the bank governing body, and the rest of the board should be composed of well-respected, independent experts with a background in banking and finance.

Despite concerns regarding politics, it is important that the work of the municipal bank dovetail with the City's work and priorities. The City will likely be the primary investor in the bank, and the municipal bank exists to invest in the community and serve taxpayers. At times, the bank may need to partner with the City: for example, if the municipal bank is providing loans on an affordable housing project, it must ensure that the City has secured and can enforce the developer's commitment to affordability.

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37 California Government Code § 53638; California Government Code § 53652.

38 The FDIC Statement of Policy states: "For example, because of their ultimate control by the political process, such institutions could raise special concerns relating to management stability, their business purpose, and their ability and willingness to raise capital (particularly in the form of true equity rather than governmental transfers)." Federal Deposit Insurance Corporation (1998). Statement of Policy on Applications for Deposit Insurance. Retrieved from: https://www.fdic.gov/regulations/laws/rules/5000-3000.html.

39 The head of Slovenia's publicly-owned bank, Nova Ljubljanska Banka (NLB), resigned in 2009 due to political interference, and his successor resigned a year later citing similar reasons. Similarly a study of public banks in 65 countries found that banks that experience political interference (defined as a change in bank executives after elections) have worse financial performance, though the impact is greater in developing countries. Beynet, P. (October 1, 2013). In Banking, Should There Be a 'Public Option'? Lessons from Slovenia's Public Banking Crisis. The New York Times. Retrieved from: https://www.nytimes.com/roomfordebate/2013/10/01/should-states-operate-public-banks/lessons-from-slovenias-public-banking-crisis; Shen, C. and Lin, C. (April 2012). Why government banks underperform: A political interference view. Journal of Financial Intermediation 21(2). Retrieved from: https://www.sciencedirect.com/science/article/pii/S1042957311000271.

The governance structure must not only balance political independence with potential City partnership, but also ensure the bank both turns a profit and remains true to its mission. As fiduciaries of the organization, the Board of Directors must act in the best interest of the bank and the shareholders. Even if the bank is structured as a benefit corporation, the Board must still require that the bank be fiscally prudent and on a path to sustainability. At the same time, the Board must ensure that the bank adheres to its mission and does not engage in mission creep or forgo the mission to pursue greater profitability. The governance structure and formation documents should include provisions to ensure that the bank can both achieve a surplus and operate prudently while simultaneously complying with its mission, but the conflict between pursuing profitability and social goals will likely remain throughout bank operations. Ultimately bank governance and leadership must fully accept this conflict and ensure that a commitment to both social good and fiscal sustainability is baked into the structure of the bank and that all bank stakeholders are committed to making the hard decisions necessary to ensure the bank's ongoing viability.

What Are the Tensions Between a Municipal Bank and the Treasurer's Role?

Per State law, a County Treasurer has one overriding priority: to ensure the funds in his or her custody remain secure and protected. This requirement applies equally strongly to the money held in the City's cash management accounts with Bank of America and the money held in securities in the Treasurer's Pooled Investment Fund. In 1994, Orange County filed for bankruptcy because of reckless investing by the County Treasurer. Because of this bankruptcy, county programs were cut, services were reduced, and public employees lost their jobs. In the wake of the Orange County bankruptcy and to prevent a similar catastrophe in the future, very strict criteria were codified to govern how county treasurers can manage public funds. Per state law and the City's investment policy, the City's top priority must always be preserving the safety of the principal, followed by meeting liquidity needs, and only then receiving a reasonable yield. Further, county treasurers must require any depository entity provide collateralization of at least 105 percent. This is a critical safeguard of the public's money. Without collateralization, market fluctuations could risk the safety of taxpayer funds, and the City's ability to pay for vital services.

Ultimately, a county treasurer may only put money in a municipal bank if it meets the safety, liquidity and yield requirements mandated under state law. Many of the barriers to a municipal bank – collateralization of public deposits, limits on deposits to capital of the bank[40] – exist to protect the City's money. Money that is fully collateralized cannot be lost in the event of a bank failure. While public banks thrive around the world, bank failure is always a risk – for both public and private banks. The municipal banks modeled above may pose a higher risk of failure than traditional community banks or the Bank of North Dakota, because they plan to perform below-market lending to projects and individuals rejected by traditional banks. While a municipal bank would be governed and monitored by multiple regulators, the decision of whether a municipal bank is safe enough for the City's money is ultimately left up to the Treasurer. In investing and safeguarding the City's money, a county treasurer must act with the "care, skill, prudence, and diligence… that a prudent person" would use.[41] The very thing that makes a municipal bank attractive to the City (filling gaps in service and reinvestment)

40 California Government Code § 53638; California Government Code § 53652.

41 California Government Code § 53600.3. Trustees covered by this rule include: "all governing bodies of local agencies or persons authorized to make investment decisions on behalf of those local agencies investing public funds." Id.

may conflict with the Treasurer's role and priority in safeguarding the funding. Given the high costs – if something goes wrong, taxpayers would lose their money and City services and employees could be impacted – it is crucial that the City ensure that a municipal bank's structure and lines of business align with a county treasurer's mandate.

What Are Other Options Aside from Creating a Municipal Bank?

Creating a municipal bank is a costly and time-intensive endeavor. Before deciding whether to create a municipal bank, the City could also consider alternative programs and policies that could serve similar aims as a municipal bank. Even if the City chooses to go forward and create a municipal bank, it will likely take at least three years to get a bank that is fully operational. In the interim, there are many opportunities for the City to achieve its goals. These initiatives and programs are aimed at various outcomes: socially responsible banking, small business lending and un- and underbanked individuals. Some of these programs involve some form of money transfer or lending but do not require the City to charter or operate a bank. They frequently take advantage of organizations and work that is already happening, facilitating lending rather than competing directly to make the loans. Opportunities are as follows:

Other Bank Options

Aside from Models One, Two and Three presented above, Task Force members had a number of ideas for other municipal bank structures. Though the Task Force and staff chose not to pursue an in-depth analysis of these models, the following section provides a brief overview of these models and potential costs as well as benefits of pursuing them.

- **Partner with a fintech to reduce bank costs:** Several members of the Task Force were interested in investigating opportunities for financial technology (fintech) companies to partner with the bank and help drive down municipal bank costs, particularly the costs associated with performing the City's commercial banking. For example, Task Force members suggested that the bank could provide the front end of a municipal bank and utilize a fintech to provide the costly infrastructure and back-end of the bank. TTX staff met with and spoke to many fintechs operating in the Bay Area and around the country, seeking companies to collaborate with. In general, the fintechs that the City encountered were unable to accommodate our needs. Many were too small and lacked the ability to scale up. Others handled only electronic payments and did not have a cash solution, which is necessary given the high-volume of cash that the City handles on a daily basis. Lastly, banking staff were concerned about providing essential functions to a new and untested company or technology, as operational issues or glitches could impair City functioning and result in serious adverse outcomes like the City failing to make a bond payment or missing payroll. Despite these concerns, fintechs still offer significant promise and have the potential to revolutionize the banking industry. There may be existing fintech companies that could help a municipal bank serve as the City's banker in a more efficient and less costly manner. If the right company doesn't exist now, there certainly will be more opportunities in the future. The promise of fintechs suggest that IT costs for a municipal bank could decrease over time as technologies improve.
- **Acquire a local community bank:** Rather than create and charter a new bank, several Task Force members suggested that the City could acquire a local community bank. Acquiring a bank has several benefits. It eliminates the need for the City to create all the infrastructure for a bank, including acquiring FDIC insurance, a state charter, and information technology systems. Moreover, if the City were to acquire an existing bank, it would acquire the bank's

deposits and loan portfolio which could potentially hasten the path to profitability. On the other hand, a concern about acquiring a bank is that it may not be able to accomplish either divestment or reinvestment initially. A local community bank will not have the infrastructure to serve as the City's banker initially, and its loan portfolio likely will not match up to community goals. In fact, for some banks, their outstanding loans may be more of a liability than an asset, because these loans may be risky and not in line with the values of a municipal bank, potentially leaving the municipal bank in the uncomfortable situation of taking adverse action on problematic or predatory loans. However, over time, the bank could build the infrastructure necessary to serve as the City's commercial banker and evolve its loan portfolio to meet reinvestment goals. The cost to buy a bank will depend on a variety of factors: the size, assets, capitalization, facilities, projected revenue and IT infrastructure of the bank. In general, though, the City could expect to pay the net worth of the bank (capitalization) plus a premium (one expert put the premium at approximately 20 percent). There are significant due diligence and regulatory hurdles associated with buying a bank, and bank experts cautioned that acquiring a bank would not necessarily be faster than creating a new bank.

- **Create an investment bank:** Some members of the Task Force felt strongly that a municipal bank should focus more on infrastructure and underwrite the City's bond issuances. For some members this work would occur instead of commercial banking, whereas for others, the infrastructure lending and underwriting would occur in conjunction with commercial banking and lending. To become a bond underwriter, the municipal bank would need to become an investment bank and a registered broker-dealer. It would need to hire staff that have expertise in capital markets and a sales channel to investors and who are willing to work for lower-pay for a municipal investment bank rather than a traditional investment bank. It would also have to meet a heavy compliance burden with thornier conflict-of-interest issues and may have to win bids to underwrite the City's bonds, depending on whether the City uses a competitive or negotiated process. Creating a municipal investment bank would allow the City to reduce or eliminate its reliance on Wall Street investment banks for its underwriting work and would reduce or eliminate the fees it currently pays to those banks. Underwriting bonds would bring in a source of revenue for the municipal bank – rates for underwriting vary from about 0.3 to 1 percent of total issuance in California.[42] Having a municipal bank underwrite bonds, though, would still result in the City taking on debt to perform large municipal projects, and ultimately that debt would likely still be held by institutional investors and higher-income households.[43] Staff were unable to model the costs and benefits of the City creating an investment bank and performing its own underwriting because they did not have the background or expertise necessary.

- **Support efforts to create a state or regional public bank:** Members of the Task Force also suggested that the report include a model for a state-wide or regional public bank. In California, there are numerous proposals for state banks including the State Treasurer's feasibility study for a public bank serving the cannabis industry and a proposal to turn the State Infrastructure Bank (I-Bank) into a depository institution. A full financial

42 Schaefer, Tim (February 1, 2019). Personal interview; KNN Public Finance (October 22, 2013). Cost of Issuance [PowerPoint slides]. Retrieved from: https://www.treasurer.ca.gov/cdiac/seminars/2013/20131022/day1/5.pdf.

43 Municipal Securities Rulemaking Board (2018). Trends in Municipal Bond Ownership. Retrieved from: http://www.msrb.org/msrb1/pdfs/MSRB-Brief-Trends-Bond-Ownership.pdf.

model for a state or regional public bank is beyond the scope of this study. However, there likely would be numerous benefits to a state- or regional-level public bank that would help with the bank's scale, safety and impact. A bank that serves a larger area will likely be able to scale faster and become larger because it could aggregate deposits from numerous jurisdictions. The larger size of the bank would reduce its costs for performing certain work, through economies of scale, and would likely make it easier and cheaper to perform commercial banking for the City and other governmental clients. A bank with a broader geographic reach also would be less concentrated in a given area and could spread its lending activity out over a broader region, making it less vulnerable to local economic shocks. Lastly, a larger bank that serves a region or the state would have a greater overall impact on the economy. There are also some drawbacks associated with a regional or state bank. A regional or state bank would offer the City far less control over outcomes, and a regional bank may need to have a complicated governance structure to ensure all stakeholders are adequately represented. Nevertheless, many Task Force members felt strongly that a state or regional bank could best achieve the goals of the Task Force in an efficient manner.

Socially Responsible Banking

A major reason legislators and advocates are interested in a municipal bank is because there is a strong understanding that the current banking system is not beneficial for our City and its residents. There are numerous opportunities for the Treasurer to use his power to encourage, advocate and incentivize changes in the banking industry via the power of the purse and the bully pulpit without creating a municipal bank. These options include:

- **Expand socially responsible banking indicators in the City's banking RFP:** In 2011, the City was one of the first jurisdictions to include socially responsible banking indicators in the City's banking RFP. This practice has spread across the country. The City should continue to include socially responsible banking and should increase its prominence in future RFPs and consider expanding the criteria to include a proactive requirement that the City's banking partners offer products and services or participate in City programs.
- **In-source mail and check processing from commercial banking partners:** Currently TTX performs some work like the City's commercial banking partners, including operating lockboxes which receive and process City payments. The City could investigate using TTX and other City staff to perform mail and check processing work and lockbox operations currently contracted to large commercial banks.
- **Continue to break up the City's banking RFP:** Breaking up the City's banking RFP allows smaller community banks and credit unions to bid on the opportunity to provide the City's banking services, potentially allowing the City to reduce its reliance on large Wall Street banks. In 2018, the City of Los Angeles requested responses to its RFP that would allow for its banking business to be broken into six relationships. The result of this RFP is still outstanding. In 2019, the City is removing two pieces of business from the Bank of America contract, which will reduce the fees by over $300,000 per year. Moving forward, the City should consider opportunities to further break up its banking RFP to encourage bidding from smaller banks and credit unions whose values are more in-line with the City's.
- **Expand work on awareness regarding banks and consumer protection:** The Office of Financial Empowerment within TTX currently works with banks and advocates to create a financial system that works for all residents in our City. This work can be expanded to include a scoring mechanism to rate financial institutions and products, and potentially to create a mechanism to

collect, investigate and address consumer complaints.

- **Advocate for banking sector reforms:** Treasurer Cisneros has actively fought for reforms to the banking sector to help San Francisco residents. He battled check cashers and has encouraged local businesses to move towards direct deposit and other modern innovative payroll solutions, and he proactively took a stand against Wells Fargo after learning they engaged in widespread illegal practices. The Treasurer and the City as a whole should continue to advocate for banking sector reforms, using the power of the bully pulpit to fight unscrupulous and predatory behavior and to promote a more equitable and inclusive financial system.

Community Investment

Many Task Force members and advocates are interested in public banking for reinvestment – ways to see the City's money leveraged for community goals. While a municipal bank can promote local community investment, there are also non-bank opportunities, such as:

- **Expand Safe, Sound and Local:** Safe, Sound and Local, which launched in October 2017, makes up to $80 million per year of the County's Pooled Investment Fund available for investments in banks, credit unions and CDFIs located in San Francisco that are backed by letters of credit issued by the Federal Home Loan Bank of San Francisco. TTX can continue to promote the program to increase participation, particularly by local CDFIs, and should investigate expanding the program.
- **Create non-bank lending programs:** The Board of Supervisors and the Mayor could consider appropriating funding and creating a community investment fund to perform lending in the San Francisco community. Specifically, this lending vehicle could pursue the lines of business identified by the Task Force and staff such as loans for ADUs and LBE contractors. Other jurisdictions have created similar loan funds. For example, the Chicago City Council created a $100 million Chicago Community Catalyst Fund to invest in small business and real estate development in low-to-moderate income communities via a fund-to-fund model.[44] Similarly, Vermont created the Local Investment Advisory Committee to perform local lending in infrastructure, renewable energy, energy efficiency and housing, and the state legislature authorized the Treasurer to use up to ten percent of the state's average daily cash balance (of $330 million) to perform local investments.[45]

Small Business Lending

Aside from general community investment, Task Force members and members of the public wanted a municipal bank to support small businesses and promote small business lending. Some interim solutions include:

- **Sign on to the Small Business Borrowers' Bill of Rights:** The Responsible Business Lending Coalition, a network of for-profit and non-profit lenders, brokers and small business advocates has created a six-point bill of rights for small business borrowers. The City could also become a signatory, joining organizations like Accion, Pacific Community Ventures, and the National League of Cities.
- **Better publicize existing small business lending programs and CDFIs:** San Francisco is home to a robust ecosystem of small business support programs and lenders, such as CDFIs. The City can work to better publicize existing lending programs and CDFIs and potentially explore the

44 Matuszak, P. (July 5, 2017). Chicago commits $100 million to investment fund aimed at low-income areas. Chicago Tribune. Retrieved from: https://www.chicagotribune.com/news/ct-chicago-catalyst-fund-met-20170704-story.html.

45 State of Vermont Office of the State Treasurer (January 5, 2018). Local Investment Advisory Committee (LIAC) Report. Retrieved from: https://www.vermonttreasurer.gov/sites/treasurer/files/cash-investments/local-investment-advisory-committee/supporting-materials/LIAC_FINAL2018_Report.pdf.

creation of a small business lending/CDFI matching program to allow small businesses to determine which CDFI may best fit their needs.

- **Research opportunities to improve access to credit for cannabis equity businesses:** Because of federal law restrictions, banks and CDFIs will not serve cannabis businesses, which can then only access debt via family and friends and private placement like venture capital funding. Cannabis equity entrepreneurs rarely have access to capital from these sources. To help make the equity program a success, the City can work to expand access to credit for equity cannabis businesses and investigate other opportunities to support these businesses.

Un- and Underbanked Residents

While no municipal bank models addressed un- and underbanked residents, members of the Task Force and the public indicated that serving this community was a high priority. These interim solutions build on existing work being done in the City to serve this vulnerable population, including:

- **Promote and expand the Bank On Program:** Bank On San Francisco, a ground-breaking program launched in 2006, helps unbanked San Franciscans get access to low-cost checking accounts and has been replicated across the country through the Bank On national program. The Office of Financial Empowerment should continue to promote and expand the program to ensure that it is reaching more unbanked San Franciscans.
- **Advocate for youth bank accounts:** Through Summer Jobs Connect, the Office of Financial Empowerment works to get youth access to appropriate, non-custodial accounts at local banks and credit unions. The City should continue to advocate for non-custodial youth bank accounts and expand the number of local banks and credit unions offering these accounts and working with youth. City departments should also ensure that all youth taking part in their employment programming have the opportunity to access a safe and secure bank account that will start them on the path to financial stability.
- **Expand Smart Money Coaching efforts:** The Office of Financial Empowerment runs Smart Money Coaching programming with local non-profits, offering free one-on-one financial coaching to help people reduce debt, save, and establish or improve their credit scores. The City should expand this program to offer it to more City residents and to ensure that everyone who wants to opportunity to meet with a coach is able to do so.
- **Research opportunities to bring non-predatory small-dollar loans to employees in San Francisco:** The City should investigate opportunities to work with third-party providers to offer a payday-loan alternative such as an employer-based, non-predatory small-dollar loan to employees. The City should first push to offer this service to City employees via a pilot program, and then if that is successful should advertise and promote it as an opportunity for other large employers in San Francisco.
- **Investigate options to provide small grants:** Rather than create or promote an employer-based small dollar loan program, the City could simply choose to offer small grants to people without expecting any repayment. The City already does this in some instances, for example, offering financial assistance to individuals facing eviction or seeking a security deposit.

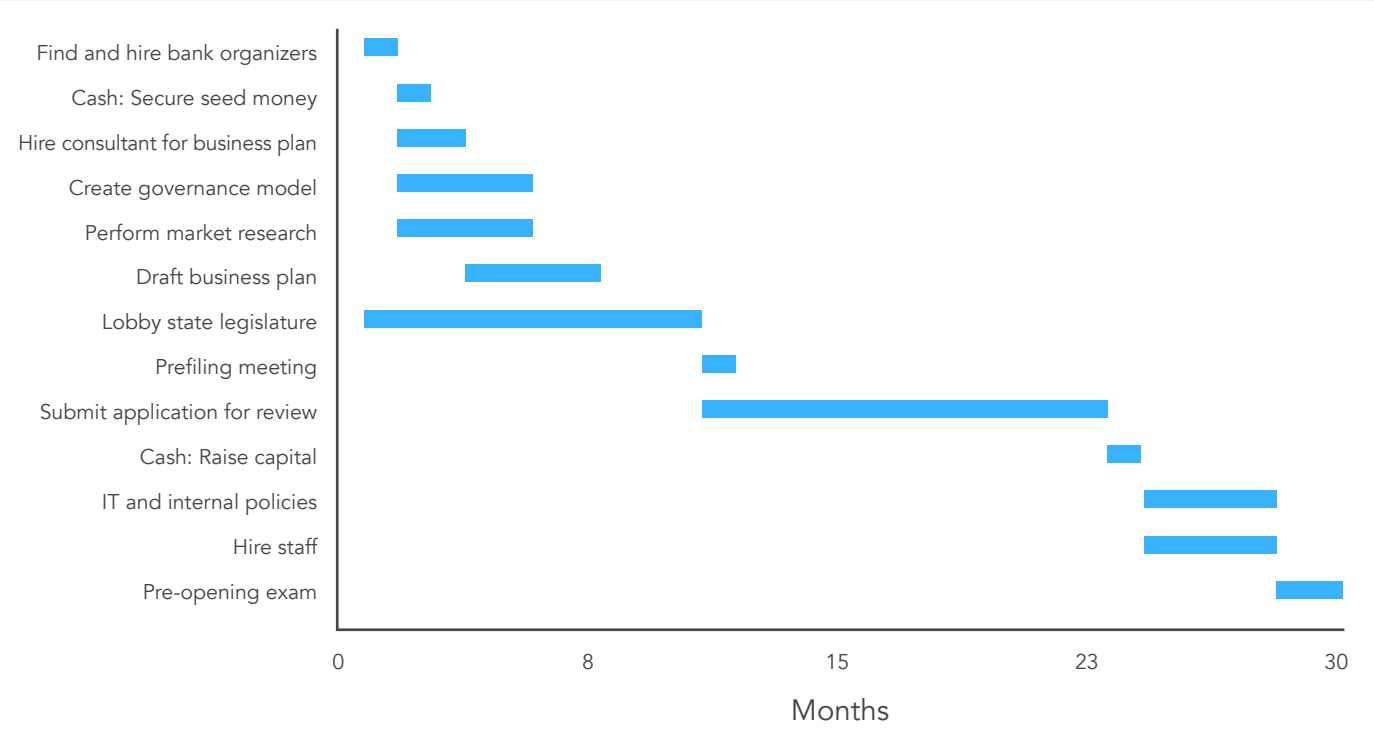
Conclusion: A Phased Approach and Next Steps

The primary goals behind creating a municipal bank are to divest from Wall Street banks and reinvest in the community. The bank models analyzed show that these goals may be met after decades of significant investment in start-up, capitalization and operational subsidies. After this time, the banks could achieve sustainability and no longer operate at a loss. At scale, a reinvestment bank could funnel millions, and potentially billions, into affordable housing and small business lending, and a divestment bank would ensure that the City could perform its own commercial banking and does not have to rely on Wall Street for its commercial banking services.

The decision about whether to create a municipal bank is a policy matter that rests with the Board of Supervisors and the Mayor. When deciding next steps, the City has many options and decisions ahead – both in terms of whether to create a municipal bank and what form that municipal could and should take. An option to highlight is the opportunity for a phased approach, where the City implements interim opportunities while a municipal bank is in development, and then allows the bank itself to develop over time.

A phased approach could offer a logical and efficient progression and pursuing interim programs will help a municipal bank succeed. Most banking experts suggest it will take at least two years to receive a banking charter and stand-up a bank. The process may be even longer – perhaps even 3 to 5 years – given the novelty of a municipal bank, and the likelihood that the bank will have a less traditional business plan. Additionally, before the City can even apply for a bank charter, it will need to lobby the state for legislative changes, create a governance plan, hire bank organizers, and draft and finalize a business plan.

Figure 4: Approximate Timeline for Municipal Bank Start-Up Tasks



To avoid delay and losing momentum, the City could start developing and implementing non-bank lending programs in the interim while the municipal bank is in development. These lending programs could help the City achieve its community goals, develop expertise and build a solid track record and book of business that could eventually transition to a municipal bank once it is chartered. The City could begin with a simple program, like purchasing participation loans, because such a program does not require underwriting or direct lending expertise. Over time, the City could increase the complexity of its lending programs, creating direct lending initiatives which require underwriting, originating and servicing. Some of these programs may require the City to apply for a commercial lending license and establish a separate entity.

Aside from creating momentum, a major benefit of a phased approach is that it allows the City to build up a book of business for a municipal bank. A solid track record of lending could provide the City with credibility when it applies for a bank charter, and equally important, it could help a municipal bank reach profitability more quickly. Banks are typically unprofitable initially because they do not have much lending business bringing in income. Over time as they build up their business, they bring in more money. If a municipal bank already has loans on its books from a prior lending program, its path to profitability may be shorter, and it may need less operational subsidies to cover initial losses. In this manner, short-term investments in lending programs can lead to long-term dividends for a municipal bank and the City.

Though the exact timing and phases are ultimately a decision for the Board of Supervisors, the following figure provides an approximation of what a phased approach could look like:

Figure 5: Potential Plan for Phased Approach to Municipal Banking

Year 1	Year 2-4	Year 5+
• Establish low-cost financial programs, e.g. purchasing participation loans • Finalize public bank deposits, capital and lines of business, and create business plan • Enact state legislative changes, e.g. public bank charter	• Establish more involved financial programs, e.g. requiring establishing loan underwriting capabilities • Establish applicable non-bank financial entities and begin lending • Apply to relevant regulators for bank charter and deposit insurance	• Establish a bank

Once a municipal bank is chartered and operational, the bank itself could develop and expand in phases. Many banks evolve, growing and raising additional capital over time. One option is for the bank to begin with a more conservative lending portfolio – perhaps just participation lending as in the divestment Model Two. Over time, as the bank achieves sustainability, it can expand its offerings into affordable housing lending and wholesale small business lending. Eventually it could branch out into higher-risk loans or offer retail services.

Ultimately, if the City chooses to pursue either Model One, Two or Three, the bank would require significant investment until it breaks even. Between start-up costs, operational subsidy (to keep the bank afloat) and capital, Model One would require $184 million; Model Two would require $1.6 billion, and Model Three needs $3.9 billion in investment.

Table 17: Average Investment Required for Municipal Bank Models to Break Even

	Model One: Reinvest	Model Two: Divest	Model Three: Combination
Break Even Details			
Years to Break Even	10	31	56
Size at Breakeven	$1.1 billion	$3.1 billion	$10.4 billion
Estimated Appropriation Required to Break Even			
Start-Up Costs	$6 million	$119 million	$119 million
Operational Subsidy	$13 million	$990 million	$2.2 billion
Capital Investment	$165 million	$460 million	$1.6 billion
Total	**$184 million**	**$1.6 billion**	**$3.9 billion**

Next steps:

The goal of this report is to provide enough analysis regarding the costs and results of a municipal bank, as well as interim solutions, to allow the Board of Supervisors and the Mayor to decide whether they wish to move forward with a municipal bank. Assuming the consensus is to move forward with a municipal bank, the following -- in addition to the analysis put forth by the San Francisco Budget & Legislative Analyst's office – can be used as a rough outline of next steps the City could take:

Create a working group to finalize objectives and build a roadmap: The goal of this Task Force was to determine the feasibility of the City creating a municipal bank and to investigate what that bank could look like. As this report serves as the culmination of that work, the City should transition away from the Task Force and create a new working group of internal City actors to lead the next phase of work. The working group should finalize objectives for the municipal bank and build a realistic roadmap for creating a public bank. This working group could continue to guide the City throughout the chartering process.

Convene City agencies performing lending work: To help guide the working group's process, the City should convene all the various City departments doing lending and community development work to share lessons learned and discuss current gaps and areas for improvement.

Departments should evaluate which programs could and should be expanded and discuss opportunities for a phased approach. The convening could result in requests for additional appropriations to support the expanded work.

Lobby for and enact change to state law to create a public bank charter: Currently state law does not include a charter for a public bank, only a commercial bank or credit union charter. This lack of a charter would make it more difficult for the public bank to receive a banking charter and operate. The City should work with its state delegation to lobby for and enact legislation to create a public bank charter.

Develop governance structure, hire bank organizers and create a leadership team: A bank must have the governance structure, bank organizers and proposed leadership team in place prior to submitting the business plan and application for FDIC insurance and a bank charter. The application for a California bank charter requires information regarding proposed directors and executive officers, including detailed biographical and financial information. The City should develop a governance structure that both limits political interference and also ensures that community perspectives and voices are included. In creating a leadership team, the City must find individuals who have significant banking and financial experience as well as an understanding of the bank's goals. Numerous experts in chartering new banks noted that it was crucial that the bank leadership team have experience in the roles that they would serve in a municipal bank. The proposed directors and executive officers should all be excited by the mission of the municipal bank and ready for the challenge of embarking on a new endeavor.

Meet with regulators to discuss municipal bank model: A municipal bank is a novel concept and San Francisco's municipal bank would likely have a non-traditional business model. Accordingly, the City should engage with state and federal regulators early in the process of drafting a business plan to ensure that regulators are onboard with the initiative and comfortable with the structure, governance and business model of the municipal bank.

Hire a consultant to develop and draft the bank's business plan: A new bank's business plan is the primary part of an application for a bank charter or FDIC insurance. A bank's business plan must be comprehensive and reflect in-depth planning. The FDIC explains that a plan should "realistically forecast market demand, customer base, competition, and economic conditions," and also "reflect sound banking principles and demonstrate realistic assessment of risk."[47] A bank that will have a special focus or purpose must provide more detail about that feature. There are several consulting companies who focus primarily on advising de novo banks and creating business plans for banks. The City should procure for and hire a consultant to help develop and draft the bank's business plan.

Work with experts in areas the bank will focus on: Throughout this application process, the City should remain connected with experts who currently work in the areas of the bank's focus. Banking is an ever-evolving field, and it is important that the municipal bank stay aware of changes in the field as well as economic conditions that may affect the bank's eventual operations.

Continue to use the City's purchasing power and bully pulpit to push for changes in the banking industry: One of the main rationales for creating a municipal bank is to create an alternative to the traditional banking industry, which is viewed as harmful and unresponsive to citizens. While the municipal bank is being created, the City should continue to use alternative means to push for changes

47 Federal Deposit Insurance (December 10, 2001). Business Plan Guidelines. Retrieved from: https://www.fdic.gov/news/news/press/2001/pr-form2.html.

in the banking industry. The City can use its purchasing power to promote better banking practices. For example, in procuring a new bank for the City, the Treasurer can require that bidders provide information about their practices and also promise to offer specific products and services should they receive the contract. Similarly, the City, through the Office of Financial Empowerment, can continue to implement innovative programs such as Bank On and Smart Money Coaching which help underserved citizens get access to the banking system. Lastly, the City can use its bully pulpit to advocate for changes in the banking system and for legislation that will make the banking system fairer, more responsive and more accessible for all San Franciscans.

From: Cowan, Sheryl (JUV)
To: Calvillo, Angela (BOS); Carroll, John (BOS)
Cc: Mchugh, Eileen (BOS)
Subject: 5-14-19 Ltr from Chief Nance, SFJPD re BOS File #190392 - Juvenile Hall Closure
Date: Tuesday, May 14, 2019 4:27:25 PM
Attachments: 5-14-19 SFJPD Chief Nance Ltr to BOS re File #190392 - Closure of Juvenile Hall.pdf

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Dear Madam Clerk Calvillo and Mr. Carroll:

Please find attached a 5-14-19 letter from Chief Nance, SFJPD to the Board of Supervisors re: BOS File #190392 - Juvenile Hall Closure.

Sincerely,

Sheryl E. Cowan
Executive Assistant III
Chief Allen A. Nance, and
Assistant Chief Palminder Hernandez
San Francisco Juvenile Probation Department
375 Woodside Avenue, Room 243
San Francisco, CA 94127
(415) 753-7556
sheryl.cowan@sfgov.org

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City and County of San Francisco
Juvenile Probation Department

ALLEN A. NANCE
CHIEF PROBATION OFFICER

375 WOODSIDE AVENUE
SAN FRANCISCO, CA 94127
(415) 753-7556

May 14, 2019

The Honorable Members of the
San Francisco Board of Supervisors:

Sandra Fewer – District 1
Catherine Stefani – District 2
Aaron Peskin – District 3
Gordon Mar – District 4
Vallie Brown – District 5
Matt Haney – District 6
Norman Yee – District 7
Rafael Mandelman – District 8
Hillary Ronen – District 9
Shamann Walton – District 10
Ahsha Safai – District 11

San Francisco City Hall
1 Dr Carlton B. Goodlett Place, Room 244
San Francisco, CA 94102

Re: Board File No. 190392 – Administrative Code – Juvenile Hall Closure

Dear Honorable Members of the San Francisco Board of Supervisors:

I write to express my views, concerns, and recommendations regarding Board File No. 190392 – Administrative Code – Juvenile Hall Closure, its impact on youths served by juvenile hall and the juvenile justice system, if passed. The current juvenile hall (JH) is located at 375 Woodside Avenue and is annexed to the Juvenile Justice Administration building which houses the Superior Court and Juvenile delinquency courtrooms, offices of Juvenile Probation, District Attorney, Public Defender, San Francisco Unified School District, Department of Public Health, San Francisco Public Library, and non-profit agencies. Each entity supports the delivery of service to detained youths. If the existing facility is closed in favor of creating an alternative in a separate location, the benefits associated with the services provided by these various offices in close proximity to the current facility would be compromised. In the absence of a clearly articulated plan to replace the existing structure, I am concerned that dismantling juvenile hall could serve to destabilize and adversely impact overall juvenile justice system operations.

Juvenile Hall is more than a secure detention facility. The existing 150-bed facility opened in 2006 at a construction cost of $42 million. It was built in accordance with state regulations for such facilities as a modern and spacious detention setting. Since that time, programs, staffing, and priorities of the detention facility have evolved as reflected by the youth and family centered, trauma-informed, and goal-oriented, services and resources provided within its walls. Youth who arrive in crisis are stabilized, assessed and treated with care. In 2008, the average daily population (ADP) in JH was 123 youths. That same year, the facility exceeded its 150-bed capacity. Notwithstanding the rated capacity, the facility design consists of 40 double-occupancy rooms, and 70 single-occupancy rooms. The rooms designed for two youths can hardly be characterized as ideally suited for two teens given their size and the presence of a toilet which the youths would be expected to use in

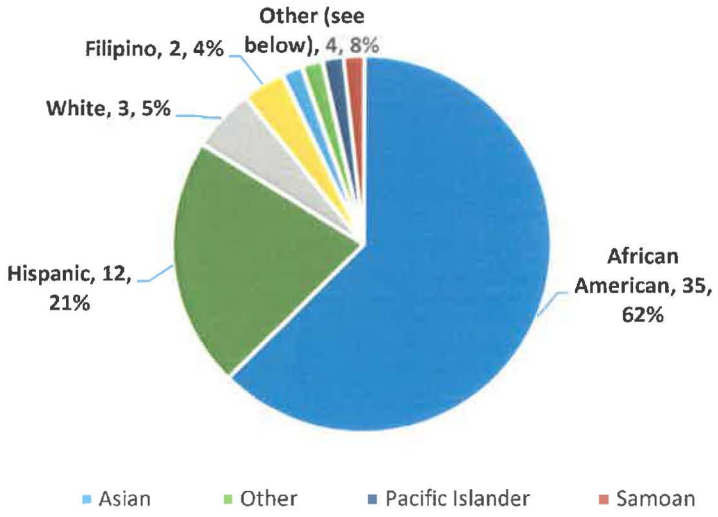
the presence of their peers. For the past five years, all youth in SF's juvenile hall are on single room status. The following photo shows a double-occupancy room in juvenile hall (vacant room without mattresses and bedding):

Juvenile Hall 2-person room without mattresses and bedding.

A dedicated focus on the use of alternatives to detention, diversion, and community program investments resulted in reduced reliance on secure detention, improved conditions of confinement, and fewer bookings into the facility. In 2013, the ADP was 76, and in 2018 it further declined to 44. More importantly, in 2018, 695 teens were booked in SF's juvenile hall. The average length of stay was approximately 23 days. Juvenile detention is generally designed to be temporary. The dramatic decline of juvenile crime in San Francisco is a cause to celebrate. Even still, there is more work to be done.

Most youths involved in San Francisco's juvenile justice system do not require secure custody. However, for the approximately 40 youths housed at JH on any given day, the facility represents a safe, secure, nurturing and necessary environment where their needs can be assessed, and a plan for their return to the community can be developed, meeting their best interests and in the furtherance of public safety. As such, judges, probation officers, and other practitioners must weigh the benefits and consequences of its use. The highest JH census thus far this year was on 01/22/2019. There were 56 youths in custody. An analysis of the race and ethnicity of the detainees determined the following:

Single Day - Juvenile Hall
Ethnic Breakdown on Jan. 22, 2019 (n = 56)



Closing the existing facility without a clear alternative denies these marginalized, disenfranchised, and vulnerable youths, the very interventions collectively designed to meet their needs. African American and LatinX youth would be impacted the most. The more than two-thirds reduction in juvenile court referrals is a clear indication that our youth are better off today, than a decade ago. Since closing the current Juvenile Hall does not eliminate the county's obligation to detain juveniles, we can ill-afford to suffer a gap between the closure of the existing facility and the creation of an equally effective alternative. It has been discussed that the need would not exceed 15 beds. It is unclear how this number was determined, nor is there clarity as to the manner in which youth classification and housing requirements will be met as promulgated by the Board of State and Community Corrections in state regulations Title 15 and Title 24.

There has been much discussion regarding the offense types for detained youths in San Francisco's JH including the presumption that large numbers of youths are in custody on misdemeanor offenses. For the past 21 years, the Community Assessment and Resource Center (CARC) has served as the City's diversion resource for almost all youths arrested for misdemeanor offenses and infractions. Some non-violent felonies are also diverted to CARC instead of being referred to juvenile court. At the same time, probation and judicial decisions regarding detention extend beyond the offense for which the minor has been charged. The safety of the youth and other factors related to their community adjustment, including pending court matters, also drive these important custody decisions. However, a recent analysis of the offense distributions for detained youths at the end of January, February, and March 2019 shows that the percentage of youths in custody on misdemeanor offenses was 4% or less. The maximum number of youths detained on misdemeanor offenses for any of the dates included in the snapshots was 1 or 2 as indicated in the following charts:

TABLES: JUVENILE HALL BOOKINGS BY OFFENSE TYPE & CHARGE

BOOKING REASONS FOR YOUTH IN JUVENILE HALL BY OFFENSE TYPE

	Youth in Juvenile Hall on:					
	1/31/2019		2/28/2019		3/31/2019	
Booking Offense Type & Charge	#	%	#	%	#	%
Felony Offenses	28	61%	27	73%	30	60%
Warrants & Violations	16	35%	9	24%	19	38%
Misdemeanor Offenses	2	4%	1	3%	1	2%
Grand Total	46	100%	37	100%	50	100%

BOOKING REASONS FOR YOUTH IN JUVENILE HALL BY DATE:

3/31/2019 Snapshot

Booking Offense Type & Charge	No of Youth	% of Youth
Felony Offenses	**30**	**60%**
Robbery	16	32%
Assault w Great Bodily Injury	2	4%
Burglary	2	4%
Possession of a Controlled Substance	1	2%
Concealed Firearm in a Vehicle	1	2%
Murder	1	2%
Street Gang	1	2%
Grand Theft Person	1	2%
Grand Theft Over $950	1	2%
Use of Tear Gas	1	2%
Firearm at School	1	2%
Battery against Person	1	2%
Assault w Deadly Weapon	1	2%
Warrants & Violations	**19**	**38%**
WRNT602	11	22%
Home Supervision	4	8%
Violation of Probation	2	4%
CTORD WKND	1	2%
BENCH WRNT	1	2%
Misdemeanor Offenses	**1**	**2%**
Battery	1	2%
Grand Total	**50**	**100%**

2/28/2019 Snapshot

Booking Offense Type & Charge	No. of Youth	% of Youth
Felony Offenses	**27**	**73%**
Robbery	12	32%
Assault w Great Bodily Injury	2	5%
Conspiracy to Commit Theft	2	5%
Burglary	2	5%
Cannabis for Sale	1	3%
Assault w Deadly Weapon	1	3%
Sale of Controlled Substance	1	3%
Rape of Disabled Person	1	3%
Street Gang	1	3%
Grand Theft Over $950	1	3%
Murder	1	3%
Cocaine Base for Sale	1	3%
Stolen Auto	1	3%
Warrants & Violations	**9**	**24%**
Home Supervision	3	8%
WRNT602	3	8%
Placement Failure	2	5%
BENCH WRNT	1	3%
Misdemeanor Offenses	**1**	**3%**
Battery	1	3%
Grand Total	**37**	**100%**

1/31/2019 Snapshot

Booking Offense Type & Charge	No of Youth	% of Youth
Felony Offenses	**28**	**61%**
Robbery	12	26%
Burglary	5	11%
Cocaine Base for Sale	2	4%
Assault w Great Bodily Injury	1	2%
Burglary 2nd Degree	1	2%
Street Gang	1	2%
Sale of Controlled Substance	1	2%
Lewd & Lascivious Acts w Child under 14	1	2%
Murder	1	2%
Grand Theft Over $950	1	2%
Stolen Auto	1	2%
Assault w Deadly Weapon	1	2%
Warrants & Violations	**16**	**35%**
WRNT602	7	15%
Home Supervision	5	11%
BENCH WRNT	2	4%
Placement Failure WI	1	2%
WRNT HOLD	1	2%
Misdemeanor Offenses	**2**	**4%**
Escape	1	2%
False Information to Police Officer	1	2%
Grand Total	**46**	**100%**

The ordinance as proposed, calls for the closure of juvenile hall by December 2021, even though no alternative to the existing facility is identified. No jurisdiction the size of San Francisco or larger has taken the drastic step to close their juvenile detention facility. There is no national model for a shift of this magnitude. Therefore, the focus of the ordinance and its deadline should be redirected to prioritize the development of a plan for a viable alternative. If no plan is developed prior to the deadline, the closure of juvenile hall could place the county in the position of being required to develop an agreement with another county to house San Francisco Youth (*Welfare and institutions Code Section 872)*. While the closure of juvenile hall as it is known today is an aspirational goal, the reality of creating the alternative requires a series of concrete considerations that must be managed within the context of various administrative processes, which can often be complicated and protracted.

Respectfully, I offer the following amendments to the current ordinance:

1. Strike the juvenile hall closure date of December 31, 2021. Instead, include language that calls for the development of recommendations that could serve as alternatives to the existing juvenile hall facility. This deadline could coincide with such plan being delivered no later than, December 31, 2021.
2. Alternatively, language should be included to restrict the closing of the existing juvenile hall unless and until the Presiding Judge of the Superior Court has approved an alternative detention facility in place of the existing juvenile hall located at 375 Woodside Avenue.
3. The BOS should fund the exploration and creation of modifications of existing vacant space within juvenile hall to serve juveniles who require inpatient psychiatric care, inpatient medical detoxification, and short-term crisis stabilization for chronically homeless teens who require clinical interventions.
4. The BOS should call for a full needs analysis of existing youth investments funded by the City for youths "at risk" of or involved in the juvenile justice system to include an outcomes study. Such analysis should be conducted prior to the authorization of a Youth Justice Reinvestment Fund.
5. The BOS and the Mayor should combine and coordinate the membership and priorities of the "Working Group" with those of the Mayor's Blue-Ribbon Panel on Juvenile Justice Reform.
6. Future amendments to the ordinance or new legislation will require a legislative framework and plan to support the implementation of any alternative to the existing juvenile hall structure, and should include capital investments, employee retraining and transition to new employment, and a fiscal plan and budget to support programming for any such alternative.

The Juvenile Probation Department is invested in continuing the longstanding tradition of San Francisco as an innovative, creative, and reform-minded community. We wholly support efforts to explore evidence-based and promising practices to reduce the risk factors that drive youth to crime, and are fully committed to efforts to improve the systems designed to respond to their evolving needs. We look forward to working with Mayor Breed, the Board of Supervisors, juvenile justice stakeholders and the public as we seek to adopt policies and practices that further reduce youth involvement with the justice system, advance principles of restorative justice, contribute to community safety, and advance the best interests of the youths we serve.

Sincerely,

Allen A. Nance
Chief Juvenile Probation Officer

C: Honorable Mayor London N. Breed
Honorable Judge Garrett Wong, Presiding Judge, Superior Court
Honorable Judge Monica Wiley, Supervising Judge, Unified Family Court, Superior Court
George Gascón, District Attorney
Vicki Hennessy, Sheriff
Naomi Kelly, City Administrator
Manohar Raju, Public Defender
William Scott, Chief Police Department
Angela Calvillo, Clerk of the Board of Supervisors
Joe Arellano, President, Juvenile Probation Commission
Angel Carrion, Chair, Juvenile Justice Commission
Kasey Lee, Bar Association of San Francisco
Mawuli Tugbenyoh, Advisor, Criminal Justice and Public Safety
Kelly Kirkpatrick, Budget Director
Sophia Kittler, Mayor's Liaison to the Board of Supervisors
Paula Hernandez, SFJPD Assistant Chief Probation Officer
Sandra Dalida, SFJPD Deputy Director of Administrative Services

From: Carroll, John (BOS)
To: Mar, Gordon (BOS); Brown, Vallie (BOS); Peskin, Aaron (BOS); Walton, Shamann (BOS)
Cc: Wright, Edward (BOS); Cancino, Juan Carlos (BOS); Angulo, Sunny (BOS); Gee, Natalie (BOS); Calvillo, Angela (BOS); Somera, Alisa (BOS); Young, Victor (BOS); Board of Supervisors, (BOS); Mchugh, Eileen (BOS)
Subject: FW: Letter to the BOS File No. 190392
Date: Tuesday, May 14, 2019 10:05:14 AM
Attachments: 05-09-19 BOS letter.pdf
image001.png

Good morning, Chair Mar, members of GAO, and Supervisor Walton.

The Juvenile Probation Commission has submitted the attached letter of commentary for the Juvenile Hall Closure ordinance, on consideration as Agenda 2 during this Thursday's GAO meeting.

I have added the letter to the file for this ordinance.

I invite you to review the entire matter on our Legislative Research Center by following the link below:

Board of Supervisors File No. 190392

John Carroll
Assistant Clerk
Board of Supervisors
San Francisco City Hall, Room 244
San Francisco, CA 94102
(415)554-4445

Click here to complete a Board of Supervisors Customer Service Satisfaction form.

The Legislative Research Center provides 24-hour access to Board of Supervisors legislation and archived matters since August 1998.

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From: Young, Victor (BOS)
Sent: Monday, May 13, 2019 3:07 PM
To: Carroll, John (BOS) <john.carroll@sfgov.org>
Cc: Silva-Re, Pauline (JUV) <pauline.silva-re@sfgov.org>
Subject: FW: Letter to the BOS File No. 190392

John:

I believe the letter is for File No. 190392 pending in Government Audit and Oversight Committee. I am not sure if it has been distributed to the members of the BOS.

Victor Young 415-554-7723
Board of Supervisors

From: Silva-Re, Pauline (JUV)
Sent: Monday, May 13, 2019 12:33 PM
To: Young, Victor (BOS) <victor.young@sfgov.org>
Subject: Letter to the BOS

Hi Victor,

Attached please find the letter to the Board of Supervisors for distribution.

Thank you, Victor

Pauline

Pauline Silva-Re
Commission Secretary
Juvenile Probation Commission
Office: (415) 753-7870
Pauline.Silva-Re@sfgov.org

For more information on the Juvenile Probation Commission, please visit:
http://sfgov.org/juvprobation/juvenile-probation-commission
http://sfgov.org/juvprobation/juvenile-probation-commission-meeting-information
http://sfgov.org/juvprobation/juvenile-probation-commission-audio-archive

Joseph Arellano, Acting President
Margaret Brodkin, Commissioner
Suzy Jones, Commissioner
Daniela Maldonado, Commissioner
Jess Montejano, Commissioner
Toye Moses, Commissioner
James Spingola, Commissioner

City and County of San Francisco

Juvenile Probation Commission

Allen Nance
Chief Juvenile Probation Officer

May 9, 2019

The San Francisco Board of Supervisors
City Hall, Room 244
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

Dear Honorable Members of the Board of Supervisors:

On May 8, 2019, by unanimous vote, the members of the Juvenile Probation Commission (JPC) approved this letter in response to the ordinance introduced on April 9, 2019 to amend the Administrative Code to close Juvenile Hall by December 31, 2021. The JPC acknowledges the potentially negative impact of incarceration on youth, and commends the Supervisors' willingness to take bold action to reform the juvenile justice system in San Francisco. However, we believe that an emphasis on an evidence informed comprehensive plan, and not on closing Juvenile Hall, would enable thoughtful consideration of all strategic options to yield the best results - mitigating the risk of destabilizing the juvenile justice system in San Francisco and putting youth in further jeopardy of entering the criminal justice system.

Juvenile Hall's incorporation of more relevant, evidence-based programming over the past 10 years, as well as more effective partnerships with on-site and external CBOs, has enhanced its ability to stabilize and rehabilitate youth. As a result, there were approximately 700 youth bookings into Juvenile Hall in 2018 who were provided behavioral health, medical and/or academic services in a structured environment - 25% of which were from neighboring counties. These reforms, and the adoption of policies enabling increased parental involvement and limiting the time youth spend confined in their rooms, have set San Francisco Juvenile Hall apart from its peers in California.

That said, there is great need for additional reforms to the juvenile justice system to better serve our youth and further reduce recidivism. Youth of color, particularly African American and Latino youth, are still disproportionately affected by exposure to crime and violence, limited access to resources, and unstable living situations – a disturbing fact that must be addressed if meaningful change is going to occur in San Francisco. These youth represent some of the most vulnerable and marginalized members of our community. They warrant careful consideration of a plan that can adequately assess their individual needs using data-driven methods, and timely, culturally competent and sensitive services.

Therefore, the JPC urges the development of a well thought-out, comprehensive, strategic plan that incorporates a diversity of voices, and considers the well-being of youth affected by our juvenile justice policies, their families, victims of crime, and the residents of San Francisco, prior to any action to close Juvenile Hall.

The JPC shares your commitment to juvenile justice reform and looks forward to supporting the Mayor's Blue-Ribbon Panel to ensure a smooth transition for our youth, and potentially allow San Francisco to serve as a model for the rest of the country.

Sincerely,

Joseph Arellano, Acting President
Juvenile Probation Commission

cc: The Honorable London N. Breed, Mayor
Allen Nance, Chief Juvenile Probation Officer
Sean Elsbernd, Chief of Staff

(415) 753-7870 **375 Woodside Avenue San Francisco, CA. 94127** **Fax (415) 753-7826**

From: Hickey, Jacqueline (BOS)
To: BOS-Supervisors
Subject: FW: BOA Resolution Regarding Notice to Tenants when ADUs are added to Residential Buildings
Date: Monday, May 20, 2019 11:42:00 AM
Attachments: image001.png
BOA May 8, 2019 Resolution Re Notice to Tenants of ADUs.pdf

From: Major, Erica (BOS) <erica.major@sfgov.org>
Sent: Monday, May 20, 2019 11:28 AM
To: Hickey, Jacqueline (BOS) <jacqueline.hickey@sfgov.org>; Somera, Alisa (BOS) <alisa.somera@sfgov.org>; BOS-Assistant Clerks <bos-assistant_clerks@sfgov.org>
Subject: RE: BOA Resolution Regarding Notice to Tenants when ADUs are added to Residential Buildings

Thanks Jackie! Confirming this has been added to File No. 181156.

Erica Major
Assistant Clerk
Board of Supervisors
1 Dr. Carlton B. Goodlett Place, City Hall, Room 244 San Francisco, CA 94102
Phone: (415) 554-4441 | Fax: (415) 554-5163
Erica.Major@sfgov.org | www.sfbos.org

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From: Rosenberg, Julie (BOA)
Sent: Monday, May 13, 2019 11:38 AM
To: Harris, Sonya (DBI) <sonya.harris@sfgov.org>; Calvillo, Angela (BOS) <angela.calvillo@sfgov.org>; Ionin, Jonas (CPC) <jonas.ionin@sfgov.org>
Cc: Teague, Corey (CPC) <corey.teague@sfgov.org>; Sanchez, Scott (CPC) <scott.sanchez@sfgov.org>; Cantara, Gary (BOA) <gary.cantara@sfgov.org>; Leng, Monika (BOA) <monika.leng@sfgov.org>; Mejia, Xiomara (BOA) <xiomara.mejia@sfgov.org>; Longaway, Alec (BOA) <alec.longaway@sfgov.org>
Subject: BOA Resolution Regarding Notice to Tenants when ADUs are added to Residential Buildings

Dear Ms. Calvillo, Ms. Harris and Mr. Ionin:

I respectfully request that your Commissioners and Board Members review and consider the attached Resolution, adopted by the Board of Appeals on May 8, 2019, which pertains to notice given to tenants in residential buildings that will be adding accessory dwelling units.

Please let me know if you have any questions.

Sincerely,

Julie Rosenberg
Executive Director
San Francisco Board of Appeals
1650 Mission Street, Suite 304
Phone: 415-575-6881
Email: julie.rosenberg@sfgov.org

City and County of San Francisco

London Breed
Mayor

Board of Appeals

Julie C. Rosenberg
Executive Director

SAN FRANCISCO BOARD OF APPEALS

RESOLUTION ENCOURAGING THE ESTABLISHMENT OF NOTICE REQUIREMENTS TO ALL TENANTS OF A RESIDENTIAL BUILDING WHEN PERMITS ARE ISSUED TO ADD ACCESSORY DWELLING UNITS

WHEREAS, the Board of Appeals was established in 1932 and is authorized by the San Francisco Charter to hear and decide appeals of a wide range of determinations made by other City departments, commissions and agencies, including appeals of building permits; and

WHEREAS, San Francisco has streamlined the process for obtaining permits to build Accessory Dwelling Units ("ADUs"), the Board of Appeals has experienced an increase in appeals of permits obtained by property owners seeking to add Accessory Dwelling Units ("ADUs") to residential buildings, mainly by converting existing garage, storage and parking space; and

WHEREAS, there are no Building or Planning Code provisions which require the property owner to provide notice to all tenants of the issuance of the permits to convert building space to ADUs; and

WHEREAS, the only notice requirements directed to tenants are set forth in the Department of Building Inspection's "Information Sheet No. G-23" as part of the initial screening process before a permit is issued; and

WHEREAS, Information Sheet G-23 only requires the property owner to notify tenants that may lose housing services of their rights under the Rent Ordinance; and

WHEREAS, the Board has heard public testimony from a number of tenants who are either directly or indirectly affected by the addition of ADUs who stated that they did not receive notice of the proposed conversion of space either before or after the issuance of the permits; and

WHEREAS, said permits to build ADUs affect all tenants either directly (through the removal or reduction of housing services such as garage, laundry or storage space) or indirectly by the nature of construction work including, noise, construction workers and a possible reduction in on-street parking spaces when garages are removed; and

WHEREAS, the Board of Appeals believes that residential buildings and their public spaces form a community for the tenants who have made their homes within the building; and

1650 Mission Street, Suite 304 • San Francisco, CA 94103
Phone: 415-575-6880 • Fax: 415-575-6885 • Email: boardofappeals@sfgov.org
www.sfgov.org/boa

WHEREAS, the Board of Appeals believes that property owners should provide notice to ALL tenants of: (1) the intent to convert space in the building to ADUs prior to permit issuance, and (2) the issuance of permits for ADUs; further, property owners should provide tenants with a set of plans and have a process in place to receive and respond to inquiries from tenants; and

NOW THEREFORE BE IT RESOLVED, that the members of the Board of Appeals encourage members of the San Francisco Board of Supervisors, the San Francisco Building Inspection Commission, and the San Francisco Planning Commission to consider Code revisions that would require property owners to provide plan sets and notice, both prior to and at the time of permit issuance, to all tenants of a residential building, of the intent to convert space in the building to ADUs, regardless of whether housing services will be severed or reduced; and further to require property owners to provide a process to receive and respond to inquiries from tenants.

Adopted by the San Francisco Board of Appeals at its meeting on May 8, 2019.

Richard Swig, President

Julie Rosenberg, Executive Director

AYES: Commissioner Lazarus, Commissioner Honda, Commissioner Tanner and President Swig

NOES: 0

ABSENT: 0

ADOPTED: May 8, 2019

From: Board of Supervisors, (BOS)
To: BOS-Supervisors; BOS-Legislative Aides
Cc: Calvillo, Angela (BOS); Mchugh, Eileen (BOS); Wong, Linda (BOS)
Subject: FW: Changes to the Minimum Compensation Ordinance (MCO) – Effective July 1, 2019
Date: Thursday, May 16, 2019 4:28:00 PM
Attachments: Changes to the Minimum Compensation Ordinance (MCO) – Effective July 1, 2019.pdf

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Hello,

Please see attached report from the Office of Contract Administration.

Thank you,

Jackie Hickey
Board of Supervisors
1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco, CA 94102-4689
Phone: (415) 554-7706 | Fax: (415) 554-5163
jacqueline.hickey@sfgov.org| www.sfbos.org

From: Leslie, Jessica (ADM)
Sent: Thursday, May 16, 2019 1:56 PM
Subject: Changes to the Minimum Compensation Ordinance (MCO) – Effective July 1, 2019

Good Afternoon,

On behalf of Alaric Degrafinried, Purchaser and Director of the Office of Contract Administration, please refer to the attached memorandum regarding *Changes to the Minimum Compensation Ordinance (MCO) – Effective July 1, 2019.*

Please forward to your department staff or anyone who you believe may benefit from this email. You can also view memorandums via our website at https://sfgov.org/oca.

For questions or assistance, please visit http://www.sfgov.org/olse/mco or contact the Office of Labor Standards Enforcement (OLSE) at (415) 554-7903.

Thank you,

Jessica Leslie
Administrative Analyst
Office of Contract Administration
(415) 554-7799 (Direct)
*Schedule – Off every other Friday eff. 3/29/19

City and County of San Francisco **Office of Contract Administration**

London N. Breed
Mayor

Alaric Degrafinried
Director and Purchaser

MEMORANDUM

Date: May 15, 2019

To: City & County of San Francisco Contracting Officers

From: Alaric Degrafinried, Director and Purchaser, Office of Contract Administration

Subject: Changes to the Minimum Compensation Ordinance (MCO) – Effective July 1, 2019

Please see updates below to San Francisco's Minimum Compensation Ordinance (MCO), effective July 1, 2019.

The MCO generally requires City Contractors, and tenants at San Francisco International Airport to pay a minimum hourly wage rate to their covered employees.

Effective July 1, 2019, the following are the rates for the MCO:

For contracts entered into or amended on or after October 14, 2007

- MCO For-Profit Rate is $17.66/hour
- MCO Non-Profit Rate is $16.50/hour
- MCO Public Entities Rate is $16.50/hour

For contracts entered into or prior to October 14, 2007

- For work performed with the City of San Francisco, vendors must pay no less than the San Francisco Minimum Wage ($15.59/hour - effective 7/1/19)
- For work performed outside of San Francisco, vendors must pay $10.77/hour

Please inform all current and prospective contractors and tenants who are subject to these changes. For further information about the MCO visit http://www.sfgov.org/olse/mco. Should you have any questions, please contact the Office of Labor Standards Enforcement (OLSE) at (415) 554-7903.

From:	Board of Supervisors, (BOS)
To:	BOS-Supervisors
Cc:	Carroll, John (BOS)
Subject:	FW: Public Safety meeting 5/23/19 - document for BOS file
Date:	Monday, May 20, 2019 12:01:00 PM
Attachments:	Tom Doudiet comment Geary St fire.docx

From: Nancy Wuerfel <nancenumber1@aol.com>
Sent: Monday, May 20, 2019 10:50 AM
To: Board of Supervisors, (BOS) <board.of.supervisors@sfgov.org>
Cc: tdoudiet@comcast.net
Subject: Public Safety meeting 5/23/19 - document for BOS file

This message is from outside the City email system. Do not open links or attachments from untrusted sources.

Attached is a comment from Tom Doudiet on Item 4 for the Public Safety Committee Hearing on 5/23/19:
"Hearing on the Geary/Parker gas line explosion on Februart 6, 2019."
Please include this document in File 190182 and provide it to the Committee members in their meeting packet.

Thank you,
Nancy Wuerfel
<!-- /* Font Definitions */ @font-face {font-family:Arial; panose-1:2 11 6 4 2 2 2 2 2 4; mso-font-alt:Arial; mso-font-charset:0; mso-generic-font-family:auto; mso-font-pitch:variable; mso-font-signature:3 0 0 0 1 0;} @font-face {font-family:Cambria; panose-1:2 4 5 3 5 4 6 3 2 4; mso-font-charset:0; mso-generic-font-family:auto; mso-font-pitch:variable; mso-font-signature:3 0 0 0 1 0;} /* Style Definitions */ p.MsoNormal, li.MsoNormal, div.MsoNormal {mso-style-parent:""; margin:0in; margin-bottom:.0001pt; mso-pagination:widow-orphan; font-size:12.0pt; font-family:"Times New Roman"; mso-ascii-font-family:Arial; mso-fareast-font-family:Cambria; mso-fareast-theme-font:minor-latin; mso-hansi-font-family:Arial; mso-bidi-font-family:"Times New Roman"; mso-bidi-theme-font:minor-bidi;} @page Section1 {size:8.5in 11.0in; margin:1.0in 1.25in 1.0in 1.25in; mso-header-margin:.5in; mso-footer-margin:.5in; mso-paper-source:0;} div.Section1 {page:Section1;} -->

The Gas Main Explosion, Geary & Parker (2/6/2019): a Lesson For Post-Earthquake Firefighting

Thomas W. Doudiet, Assistant Deputy Chief, San Francisco Fire Department, Retired
May 23, 2019

The rupture and explosion of a gas main near the northwest corner of the intersection Geary Boulevard and Parker Avenue on February 6, 2019 has far-reaching implications for the survival of the City of San Francisco in the immediate aftermath of the next great Bay Area earthquake. The presence of an uncontrolled gas-fed fireball, which P. G. & E. was unable to mitigate for approximately two and a half hours, endangered wood frame buildings in the immediate vicinity due to the intense radiated heat over an extended period of time.

This was a single, isolated incident that the SFFD was able to control using conventional low-pressure hydrants. However, as the incident progressed, the volume of fire and the number of endangered wood-frame buildings eventually required that the firefighters lay secondary hose lines an unusually great distance, to a grid of hydrants several blocks removed from the fireball.

City agencies predicate earthquake preparedness plans on a M7.9 earthquake, about 30 times more powerful than the Loma Prieta event in 1989. The enormous damage this event will do to aging infrastructure is difficult for most people to comprehend.

Every street has both high-pressure gas mains and low-pressure water mains. Every building (about 260,000) has both gas pipes and water pipes. Any of these mains and pipes may be subject to rupture during a major earthquake, which seismic engineering experts predict will result in between 70 and 120 simultaneous fires and little to no water pressure available in the low-pressure hydrant system.

Whether due to a gas main rupture, resulting in a fireball as occurred at Geary and Parker, or an internal gas leak that fills up a building envelope with explosive potential, in the absence of adequately supplied hydrants, numerous (basically simultaneous) conflagrations (firestorms) on the scale of that fireball and larger will develop and be beyond the control of the SFFD, with obvious implications for the predominately wood-frame buildings that occupy every residential neighborhood. In areas of the City that are served by the high-pressure, high-volume, seismically stable hydrants of the Auxiliary Water Supply System (AWSS), the SFFD will have adequate water supplies to contain incipient fires before they reach the conflagration stage.

In the approximately half of the City where there are no AWSS hydrants, the SFFD will be helpless to control these firestorms. This will result in a repeat of the 1906 disaster, and regardless of the billions of dollars already spent on seismic retrofits throughout San Francisco, the buildings will be leveled by the firestorms.

The lack of any comprehensive plan to extend the AWSS to the vast areas of San Francisco that remain unprotected, over a hundred years after the initial installation of these high-pressure, high-volume, hydrants, amounts to a bizarre form of willful civic blindness. Moreover, the piecemeal plan that is currently being put forth by the SFPUC (which inexplicably ignores the advice of their leading engineering consultant to use the inexhaustible supply of seawater that exists on three sides of the City) will not provide sufficient water volume or pressure to serve the hundreds of new AWSS hydrants the necessary citywide expansion will require. Only our readily available, but currently ignored, unlimited supply of seawater will provide adequate amounts of water when gas-fed firestorms threaten to destroy the City.

If our civic leaders fail to understand the invaluable lesson for post-earthquake firefighting provided by the gas main explosion at Geary and Parker, and miss the obvious implications that numerous uncontrolled gas-fed fireballs have for thousands of wood-frame structures in neighborhoods where there will be no water available for firefighting, the tragedy that awaits San Francisco will once again be of historic proportions. The irony will be that the leaders of our "cutting edge" City will have learned nothing from History.

From:	Board of Supervisors, (BOS)
To:	BOS-Supervisors
Cc:	Jalipa, Brent (BOS)
Subject:	FW: Support for File #190553, Aquatic Park Pier
Date:	Tuesday, May 21, 2019 9:54:00 AM
Attachments:	5.15.19_Support for Aquatic Park Pier.pdf

From: Dee Dee Workman <deedee.workman@yahoo.com>
Sent: Friday, May 17, 2019 12:34 PM
To: Board of Supervisors, (BOS) <board.of.supervisors@sfgov.org>; Peskin, Aaron (BOS) <aaron.peskin@sfgov.org>; Stefani, Catherine (BOS) <catherine.stefani@sfgov.org>; Yee, Norman (BOS) <norman.yee@sfgov.org>
Cc: Breed, Mayor London (MYR) <mayorlondonbreed@sfgov.org>
Subject: Support for File #190553, Aquatic Park Pier

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To: Clerk of the SF Board of Supervisors

Hello,

Attached is the letter sent this week to Senator Dianne Feinstein in support of federal funding to replace the Aquatic Park Pier. Please distribute to all members of the Board of Supervisors in support of Supervisor Peskin's Resolution #190553 regarding federal appropriations for the Pier coming to the BOS on May 21, 2019.

Thank you,

Dee Dee Workman

Dee Dee Workman
San Francisco Chamber of Commerce
415.533.8130
dworkman@sfchamber.com
deedee.workman@yahoo.com

SAN FRANCISCO CHAMBER OF COMMERCE

235 Montgomery St., Ste. 760, San Francisco, CA 94104
tel: 415.352.4520 • fax: 415.392.0485
sfchamber.com • twitter: @sf_chamber

May 13, 2019

The Honorable Dianne Feinstein
United States Senate
331 Hart Senate Office Building
Washington, D.C. 20510

RE: Support of San Francisco's Aquatic Park Pier

Dear Senator Feinstein,

The San Francisco Chamber of Commerce CityTripDC 2019 advocacy delegation was delighted to meet with you on May 2, 2019 to discuss your work representing San Francisco and all citizens as our esteemed United States Senator. We are grateful to you for taking your valuable time to meet with us for a productive and enlightening conversation.

We are especially encouraged by the discussion regarding the crumbling pier at San Francisco's Aquatic Park raised by District 2 Supervisor Catherine Stefani. Built in 1933 to create a protected cove for swimming and other recreation in and around the bay, the pier is a designated Historic Landmark and registered on the U.S. National Register of Historic Places.

Unfortunately the Aquatic Park Pier is severely degraded and unless replaced soon, will disintegrate into an unusable and embarrassing eyesore. The cost to replace the 1400-foot walkway is estimated to be approximately $100 million. As you know, the pier falls under the jurisdiction of the National Park Service and therefore is a recipient of federal funding.

We greatly appreciate your offer to assist in raising the dollars necessary to replace this fundamental piece of San Francisco maritime history and vital recreational destination for both residents and visitors. The San Francisco Chamber of Commerce would be honored to be a partner in this effort to save this beloved San Francisco landmark. Please do not hesitate to have your staff contact my office if we can be of assistance.

Sincerely,

Rodney Fong
President and CEO

cc: Supervisor Norman Yee, President of the Board of Supervisors; Supervisor Catherine Stefani; Supervisor Aaron Peskin; Mayor London Breed

From: Paul Bickmore
To: Board of Supervisors, (BOS)
Subject: Support 400 Divisadero!
Date: Thursday, May 23, 2019 12:16:38 PM

This message is from outside the City email system. Do not open links or attachments from untrusted sources.

Dear Supervisor,

Support the 400 Divisadero Street project!

Homes in an apartment building in a dense neighborhood are better use for this site than a gas station and car wash. The added housing and public realm improvements will serve an important corner of our city by allowing more families and local, neighborhood-serving businesses into the community and encourage active daylight and night time uses.

Thank you,

Paul Bickmore

From:	Board of Supervisors, (BOS)
To:	BOS-Supervisors
Subject:	FW: Put Cap on Ridesharing / Stop the Needle Program
Date:	Thursday, May 30, 2019 12:45:00 PM

From: Donna Williams <dsw.librarian@gmail.com>
Sent: Monday, May 20, 2019 2:53 PM
To: Breed, Mayor London (MYR) <mayorlondonbreed@sfgov.org>; Board of Supervisors, (BOS) <board.of.supervisors@sfgov.org>
Subject: Put Cap on Ridesharing / Stop the Needle Program

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Please read this article: https://www.sfgate.com/technology/article/Uber-Lyft-San-Francisco-pros-cons-ride-hailing-13841277.php

I live on Beale and traffic has definitely gotten much worse since these start-ups aren't checked by cities. You all have the power to limit the number of drivers. Let's see that these companies don't buy their way into city politics, unless they already have.

Do something to ease congestion as you keep building all the new buildings in the most congested part of the city but don't put traffic control where it's needed.

Heck, throw in a navigation center since that doesn't work either. Any company would never keep throwing money into something with such a small success rate but that sounds about right for the leaders of SF. Can't wait until the drug dealers come to our area since 200 addicts will be joining us.

Needles = Addicts = Feces/Urine EVERYWHERE = Trash
Please tell me what you don't get about that? Birdfeeders always attract more which is why homelessness-ADDICTS are skyrocketing in SF. Stop the needle program, let the police do their jobs, and I guarantee life will get better in SF (at least for the taxpaying hardworking citizens.).but I don't think any of you care about that.

My compassion is completely gone for the addicts. I was almost attacked on Folsom and Beale at 6:45 am on May 3. I've already been choked by an addict on Main & Howard at 4 pm on a Wed. and almost attacked in the Rincon Hill dog park a few months before this charming addict stabbed a CHP officer in the neck. Our city is going downhill so fast. Do something already and take action.

Mayor Breed, i am sorry about your sister but maybe if she was arrested and thrown in jail it might have been a wake up call and she might still be around..I don't know her history or the circumstances of her overdose but sometimes as hard as tough love is, it's the right decision.

Donna Williams
400 Beale. St., SF

From:	Board of Supervisors, (BOS)
To:	BOS-Supervisors
Subject:	FW: Stop Calling it Ride-Share
Date:	Thursday, May 30, 2019 1:09:00 PM
Attachments:	image001.png image002.png

From: Chloe <cxjmeister@yahoo.com>
Sent: Wednesday, May 22, 2019 10:18 AM
To: Board of Supervisors, (BOS) <board.of.supervisors@sfgov.org>
Subject: Stop Calling it Ride-Share

> This message is from outside the City email system. Do not open links or attachments from untrusted sources.

Good morning,

I'm writing to you in direct response to the proposed tax for Uber, Lyft etc., referenced below.

I'd like to ask if you would please stop calling Uber, Lyft and all such companies Ride-Share. That is a misnomer. One person is asking for money to drive another person to a location. It is not sharing, it's another form of taxi service.

In fact, the whole "sharing community" is inappropriately named. Sharing is when two (or more) people go in on the cost of something together, like renting a car or a hotel room; or even an Uber or Lyft or any other product. Companies calling themselves part of the sharing community are only doing it to sound like they're doing something feel-good, but they are no different from any other company providing a service for which people pay. They are not sharing anything.

Thank you,
Chloe Jager

Breed, Peskin introduce ride-share tax proposal

Breed, Peskin introduce ride-share tax proposal

By FOX

San Francisco voters could soon be asked to decide whether to impose a sales tax on every Uber and Lyft ride in ...

"The Animals of the planet are in desperate peril. Without free animal life I believe we will lose the spiritual equivalent of oxygen."
~Alice Walker

There are always those who need our support as they keep our country free.
If you would like to learn more, please visit...
http://soldiersangels.org/

From:	Jamey Frank
To:	Breed, Mayor London (MYR); Brown, Vallie (BOS); Fewer, Sandra (BOS); Mandelman, Rafael (BOS); Haney, Matt (BOS); Yee, Norman (BOS); Peskin, Aaron (BOS); Ronen, Hillary; Safai, Ahsha (BOS); Stefani, Catherine (BOS); Board of Supervisors, (BOS); Walton, Shamann (BOS)
Subject:	Improve transit first, don't tax rideshares
Date:	Tuesday, May 21, 2019 6:51:14 AM

This message is from outside the City email system. Do not open links or attachments from untrusted sources.

Dear Mayor and Supervisors,

If you really want to get people out of their cars, start by improving public transit first. **Taxing the pants off of Uber and Lyft is not the answer!**

The reason people take rideshares is because public transit is simply not reliable. (There simply is no public transportation option for my 5 AM flight.) Additionally, it's just gross! Start by hiring drivers so that the bus actually shows up. Every time I take Muni to work, I know I always have to have Plan B.

"Ban Francisco" is a real thing. That's just lazy politics, punishing people and businesses financially to bend to your will, and we've seen how it just doesn't work.

--Jamey Frank
San Francisco

From: Board of Supervisors, (BOS)
To: Board of Supervisors, (BOS)
Subject: FW: Hearing on Tenderloin Drug Dealing Last Week
Date: Friday, May 17, 2019 9:48:00 AM

From: Adam Mayer [mailto:adam.n.mayer@gmail.com]
Sent: Tuesday, April 30, 2019 10:37 PM
To: MandelmanStaff, [BOS] <mandelmanstaff@sfgov.org>; Stefani, Catherine (BOS) <catherine.stefani@sfgov.org>; Walton, Shamann (BOS) <shamann.walton@sfgov.org>
Cc: Haney, Matt (BOS) <matt.haney@sfgov.org>; Carroll, John (BOS) <john.carroll@sfgov.org>; Fabbri, Carl (POL) <Carl.Fabbri@sfgov.org>
Subject: Hearing on Tenderloin Drug Dealing Last Week

This message is from outside the City email system. Do not open links or attachments from untrusted sources.

Dear Supervisors Mandelman, Stefani and Walton,

I am writing to make some comments regarding the Public Safety and Neighborhood Services Committee hearing on Tenderloin drug dealing last Thursday (4/25). I was not able to make the hearing due to work obligations, but I was able to tune into SFGovTV remotely for some of the hearing.

First of all, I want to commend Supervisor Haney on calling this hearing. This is an issue that has been swept under the rug for far too long and ignored by City Hall. The fact that Supervisor Haney is willing to discuss this out in the open shows tremendous leadership. Between this hearing and sticking his neck out for the Navigation Center on the waterfront, he is doing a great job for his District so far.

I've lived on the northern edge of the Tenderloin for nearly a decade. The neighborhood organization on which I serve as a Board Member, Lower Polk Neighbors, has boundaries that extend well into the Tenderloin to Larkin and Ellis Street. I've spent a lot of time over the years walking through the Tenderloin to get to work downtown as well as frequenting the many small businesses in the neighborhood.

The Tenderloin is my favorite neighborhood in City- the diversity of people and cultures, the beautiful buildings and one-of-a-kind local businesses make it a true gem. The fact that it is host to the city's highest concentration of SROs and rent-controlled apartments means that many low-income tenants still have access to all the amenities and social services that living in the center of the city offers.

Yet despite all the good, the drug dealing problem is out of control. The fact that drug dealers take over many of the blocks in the Tenderloin means that simply walking through the neighborhood can be an intimidating and stressful experience for residents just trying to go about their day.

Given the harsh reality of daily life in the Tenderloin, I was somewhat taken aback by the

flippant comments from the representative from the Public Defender's office at the hearing. This representative claimed that the dealers are "small time" dealers, forced to deal due to socioeconomic factors.

I would like to push back on that narrative. While there are many factors that make one resort to drug dealing, the Public Defenders Office representative failed to acknowledge the highly organized, criminal nature of drug dealing in the Tenderloin (and that most of the organizing takes place outside of San Francisco city limits).

Yes, many of the low-level dealers who are either addicts themselves or victims of human trafficking (who are indebted to "coyotes" or smuggled them across the border from Central America) probably do not deserve long prison sentences due to the unfortunate circumstances they find themselves in.

But this phenomenon only exists because the conditions in the Tenderloin allow it to exist.

While I personally do not have any law enforcement experience, it does not take a rocket scientist to figure out that the key to changing the status quo is disrupting the higher level networks that flood the Tenderloin with illicit substances (that are literally killing our neighbors) on a daily basis. I know this isn't a popular position, but this this may even require the City to work with State and Federal agencies to seriously address the problem.

There was also some commentary at the hearing from the public about how stepping up enforcement against drug dealing would disproportionately harm communities of color.

To that I ask you all: **Who do you think is disproportionately harmed by drug dealing in the Tenderloin currently?** Who lives in the Tenderloin? It's not wealthy white people.

The answer is not only local communities of color, but immigrants (from war-torn Yemen and Syria, violent and gang-ridden Honduras and El Salvador, first-generation shopkeepers from Vietnam, Cambodia...), disabled folks and veterans on fixed incomes, formerly incarcerated folks and recovering addicts trying to get their lives back on track, trans individuals trying to find a place where they can just be themselves.

All of these people, who are struggling on a daily basis just to get by are harmed by drug dealing. **In my humble opinion, these people, most of who are law-abiding citizens, deserve priority treatment over drug dealers by our city.**

Think of these people when this topic comes up again. I know the hearing was long, but don't forget about it. I'm sure there will be more conversation around the topic.

I'm happy to meet with any of you anytime or answer any questions. Thanks for reading my email and thanks for all of your continued leadership.

Best,
Adam Mayer

--
Adam N. Mayer AIA, LEED AP BD+C
adam.n.mayer@gmail.com

From:	Glenn Rogers
To:	Ronen, Hillary; Mar, Gordon (BOS); Walton, Shamann (BOS)
Cc:	Haney, Matt (BOS); Yee, Norman (BOS); Mandelman, Rafael (BOS); Fewer, Sandra (BOS); Brown, Vallie (BOS); Board of Supervisors, (BOS); Heiken, Emma (MYR); Karunaratne, Kanishka (MYR); Peskin, Aaron (BOS); Safai, Ahsha (BOS); Stefani, Catherine (BOS); Ronen, Hillary
Subject:	Deny Steve Heminger Appointment as Director to the SFMTA
Date:	Wednesday, May 15, 2019 11:13:33 AM
Attachments:	PmAC Heminger Reso..pdf

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Glenn Rogers, PLA
Corresponding Secretary
Coalition for San Francisco Neighborhoods
Email: alderlandscape@comcast.net
Cell: 408-838-9308
A Local S.F. Business

PARKMERCED ACTION COALITION

On Monday, June 10, 2019, the Rules Committee, (Mar, Ronen and Walton) will hear comments from the public regarding Steve Heminger's appointment to be a Director to the Board of the SFMTA. Parkmerced is against this appointment for the following reasons:

Whereas, Heminger had two State laws passed to curb his excessive behavior;

Whereas, Heminger used bridge toll funds to dabble in Credit Swaps until the money was lost in 2009;

Whereas, Heminger orchestrated the purchase of a MTC building with bridge toll funds which has considered inappropriate. The original budget was for $167 million and then ballooned to $256 million. The State passed bill SB 613 in 2013 to curb this behavior;

Whereas, Heminger again used bridge funds for construction purposes avoiding State regulations. On May 2014 BATA and the MTC approved a questionable use of funds;

Whereas, Heminger had closed door meetings to discuss usurping ABAG. The state bill AB 1284 in August 2015 demanded all MTC meetings be open to the public curbing his behavior;

Whereas, Heminger chaired the Board overseeing the Bay Bridge Project which ran drastically over budget, took longer than expected to be built, had the bridge build by contractors from overseas, neglected the opportunity to provide work to those that live in the California, sold the salvage metal from the old bridge to China and when the new bridge was completed, it is likely to be unable to withstand an earthquake because of brittle threaded cable and bolts used which are prone to failure.

Therefore be it Resolved, for the reasons given above, we ask the Rules Committee, to not recommend to the full Board of Supervisors, the appointment Steve Heminger as a member of the Board of Directors for SFMTA.

Glenn Rogers
Delegate Parkmerced Action Coalition

P.O BOX 320162, San Francisco, California, 94132 Phone 408 838 9308

From:	Board of Supervisors, (BOS)
To:	BOS-Supervisors
Subject:	FW: SB1045
Date:	Thursday, May 16, 2019 4:20:00 PM
Attachments:	SB1045.doc

From: Ken Jones <ken.jones.cor@gmail.com>
Sent: Thursday, May 16, 2019 4:05 PM
To: Board of Supervisors, (BOS) <board.of.supervisors@sfgov.org>
Subject: SB1045

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San Francisco Board of Supervisors
1 Dr. Carlton B. Goodlett Place
City Hall, Room 244
San Francisco, Ca. 94102-4689

E-mailed: Board.of.Supervisors@sfgov.org
16 May 2019
Re: SB1045 Conservatorship:

Thank you for the political leadership you've provided for our community. As a San Francisco resident, I'm concerned with mental health care in our City. I value the role you play in shaping policies that could facilitate access to high-quality care for persons living with mental illness.

I am a Vietnam War veteran. In April of 1992, I experienced a post-traumatic stress breakdown that was triggered by witnessing the beating of Rodney King, over and over and over again in the infancy of 24-hour cable news. As a result, I was on the streets of San Francisco for almost three years: frightened, insane and unable to recognize that I was sick. In my world, I was doing what I needed to do to stay alive, as I thought I was being attacked by Vietnamese children (everyone was a Vietnamese Child). My world was dark and hopeless, and I didn't know that I needed help. Truth be told, I thought I was handling these "attacks" with strength and determination. I don't remember sleeping at all…. I was lost, helpless and totally alone in this fight for my life.

The good news is that I was found unconscious on the street in the Outer Richmond and taken to French Hospital for emergency services. Eventually, I was transferred to the Fort Miley Veteran's Medical Center, where I began to get the psychological help I needed (and from the folks who really know how to handle post-war traumatic stress). Slowly I started leaving my insane world; and, I started thinking about what I had been through on those streets. Yes, aha, I get it: I have an illness; and, there are professionals who are trained to help me return to full participation in San Francisco

life with hope and opportunity.

And so, there are thousands of “me” on those streets who are sick and hurting and without a clue that there's a remedy for what they're going through. I've heard the opposition to the conservatorship plan, loudly and clearly about involuntary intervention. And, the concerns are real and will be respected. But…… there are far more people who will be helped and restored, than those who could be harmed by the involuntary treatment.

There is one thing you really need to know from this letter of support, Supervisors: When someone is insane they have no idea they're insane. We think we're functioning quite well as the "world" is out to destroy us. No one is going to voluntarily approach you for help if they're mentally ill. It ain't gonna happen!

I urge your enthusiastic support of SB 1045. As the City of San Francisco there's a role for us to play in getting people who are hurt and sick into treatment and out of the criminal justice system.

Peace; and, Best Wishes!
Ken Jones, When We Rise (ABC-TV)
District Two Resident
2451 Sacramento Street, Apartment 707, San Francisco, California 94115
-end-/s/kenjones

--

The time is always right to do what's right

Reverend Martin Luther King, Jr.
Remaining Awake Through a Great Revolution

Ken Jones, Mobile 415-368-7189
Skype: kenjonesn_sf

From:	Board of Supervisors, (BOS)
To:	BOS-Supervisors
Subject:	FW: Support SB 1045 Expand Conservatorship to Include Substance Abuse
Date:	Friday, May 17, 2019 11:04:00 AM

From: janet.clyde@gmail.com <janet.clyde@gmail.com>
Sent: Friday, May 17, 2019 10:33 AM
To: Board of Supervisors, (BOS) <board.of.supervisors@sfgov.org>
Subject: Support SB 1045 Expand Conservatorship to Include Substance Abuse

This message is from outside the City email system. Do not open links or attachments from untrusted sources.

May 15, 2019

Dear Supervisors:

I am writing today to urge your support for a plan to implement SB 1045 - Expanding Housing Conservatorships to persons suffering from Substance Use Disorder.

This change in the existing conservatorship law will allow people who suffer debilitating mental health disorders that are complicated by substance abuse to have a public advocate overseeing their care. This conservatorship is already available to those whose conditions are complicated by alcohol use disorder.

Why are other substances, particularly methamphetamine exempt from existing conservatorship law? That question has not been answered.

There are people cycling through the criminal justice system and the psychiatric emergency system who require the most intensive case management. They are often unable to remain housed or in regular

sustained contact with mental health services. This legislation gives them and their providers a fighting chance to break the cycle of human devastation and despair we are witnessing in San Francisco.

Time and the space to heal are critical especially when dealing with the complicating factor of addiction.

Establishing a pilot will give everyone a chance to ‘get it right’.

I urge you to support implementing SB1045.

Janet Clyde
San Francisco

From: R M
To: Board of Supervisors, (BOS); Yee, Norman (BOS); Stefani, Catherine (BOS); Walton, Shamann (BOS); Ronen, Hillary; Safai, Ahsha (BOS); Mar, Gordon (BOS); Peskin, Aaron (BOS); Haney, Matt (BOS); MandelmanStaff, [BOS]; Brown, Vallie (BOS); Fewer, Sandra (BOS); Young, Victor (BOS); Breed, Mayor London (MYR)
Subject: Opposition to 190110 [Administrative Code - Acquisition of Surveillance Technology]
Date: Monday, May 20, 2019 11:29:04 AM

This message is from outside the City email system. Do not open links or attachments from untrusted sources.

Dear Mayor Breed and Board of Supervisors,

Recently, I read about the passage of 190110 [Administrative Code - Acquisition of Surveillance Technology], which I was not aware of any well-publicized opportunity for public comment Not only is this a "ban on City Use of Facial Recognition Technology" as highlighted by the San Francisco Chronicle but actually it is much broader and it severely restricts our local police from utilizing the latest surveillance technological tools and resources to deter, investigate, and fight crime. It is imbalanced and completely glosses over the need to protect the public, including the vast masses of innocent law-abiding citizens, men, women, children, elderly, disabled, people of color/diverse backgrounds, local merchants, and tourist. It completely ignores the present escalating crime throughout San Francisco. The police lack the time, tools, staffing, and resources to address and/or overcome the restrictive hurdles that you have adopted. Currently, law enforcement do not have the resources, staffing or time to address the daily calls of criminal activity, homelessness, domestic violence, and other issues. You have taken away another one tool that can help them deter and solve crimes.

In the recently months, local stores have had to hire security guards and invest large sums of money to lock up its merchandise (including toothpaste, vitamins, detergent, etc.) due to store constant thief. Just last week, I was at a drug store in the Tenderloin, when the store manager had to lock and unlock the entrance for potential customers to prevent the local drug dealers/homeless from walking in/out with an armloads of stolen merchandise. Repeated reports have been filed with the police along with the private surveillance videoclips but the police cannot follow-up to investigate or append such criminal even when committed repeatedly by the same individuals. This is same problems are faced by many of individuals who complain of stolen parcel packages from residential buildings and car break-ins. Even with the videoclips, the police do not have adequate tools/resources to investigate the crimes or apprehend the criminals.

Thankfully, the public have their own video cameras and there are video cameras on the MUNI buses have helped to solve some crimes. The public have resorted to posting criminal activity on Facebook and other social media to help to fight crime. Private individuals and businesses can use private surveillance systems that are turned over to law enforcement but in most petty crimes the police lack the independent resources to follow-up on such criminal activity. Every day people use Facebook, Google photos for its facial recognition with a high level of accuracy. Yet, your legislation prevents city-agencies from using the latest technology to adequately perform its job.

Meanwhile, other counties (such as Marin Sheriff's Office) have the state of the art equipment in collaboration with its law enforcement partners (intelligence agencies/fire/paramedic/hospitals) to fight and curtail criminal activity, be ready for a public crisis, and proactive in any emergency.

I strongly urge the Mayor and the Board of Supervisors not to finalize this legislation, to re-open the public comment opportunity, conduct further research, reconsider the dire consequences and

"chilling effect" of this legislation, and consider the needs of public safety in this same legislation.

Please read the comments from the public following the San Francisco Chronicle article, which I am including a few excerpts herein:

- ...technology is still being developed and will be improved over time. Just like dial up to high speed. To forbid the technology permanately makes no sense. Should we have forbid DNA testing in solving crimes? Or, for that matter, fingerprints? The hyperbole amongst those who want inmproved crime solving tools leaves me puzzled.
- The public deserves the best we can give it. The most important task of good government is the protection of it's citizens. That's why we have police, fire, public hospitals and the like. To deny them the best tools to do their job to the best of their ability is ludacris.
- Bad mistake SF. Why are you taking the tools away from the police?
- If one is in a public space, they cannot expect privacy, especially if they are committing crimes. We have red light cameras and security cameras throughout the U.S. in place at they are useful tools.
- Felons will go free so you can throw a rock through a window without consequences.
- Heard all of these concerns about DNA. Look how many folks have been exonerated by DNA testing. Same would apply to facial rec. Many eye witnesses identify the wrong person. Facial rec would be a great tool.
- I wonder how many board members have facebook accounts, probably one of the worst apps for privacy maintenance on the planet. The hypocrits!
- CCTV is appropriate in public places and very helpful to police when trying to solve crimes.

Thank you for your service to our community,
Rita Mah
Resident of District 6 (Tenderloin)

From:	marlene tran
To:	Board of Supervisors, (BOS); Yee, Norman (BOS); Stefani, Catherine (BOS); Walton, Shamann (BOS); Ronen, Hillary; Safai, Ahsha (BOS); Mar, Gordon (BOS); Peskin, Aaron (BOS); Haney, Matt (BOS); MandelmanStaff, [BOS]; Brown, Vallie (BOS); Fewer, Sandra (BOS); Young, Victor (BOS); Breed, Mayor London (MYR)
Cc:	Marlene Tran
Subject:	Re: OPPOSITION to 190110 [Administrative Code - Acquisition of Surveillance Technology]
Date:	Tuesday, May 21, 2019 11:57:27 AM

This message is from outside the City email system. Do not open links or attachments from untrusted sources.

Dear Mayor Breed and Board of Supervisors,

Although San Francisco is proud of many progressive initiatives, the Board of Supervisors has **not** been doing effective, timely and language-appropriate outreach to San Franciscans and especially to our large populations of non-limited English speaking immigrant populations.
If our impacted communities had been informed about the passage of 190110 [Administrative Code - Acquisition of Surveillance Technology], **hundreds of concerned San Franciscans would have written letters and attended the previous hearing in Room 263 to protest this unreasonable proposal.**
How can City Hall be considered " The People's Palace" when decisions that affect our daily lives, in this case our safety, are often made **without** our citizens' input?
Why do political candidates transliterate their names into Chinese and hire bilingual campaign workers to woo Chinese votes but do NOT provide this line of communication after they are elected?
In my decades of volunteer community work in the Southeast Sector, where language and other barriers have caused many victims to be **unable** to report crimes, this BAN on facial recognition will **cause more under-reporting and will severely restrict our local police from utilizing the latest surveillance technological tools and resources to deter, investigate, and fight crime.** It is a gross injustice to the many victims and their families and, this new restriction will likely cause certain crimes to escalate ! Currently, San Francisco law enforcement do **not** have the resources, staffing or time to address the daily calls of criminal activity, homelessness, domestic violence, and other issues.
With this restriction, the Board of Supervisors has taken away another one tool that can help San Francisco deter and solve crimes.

Besides concerned citizens(especially vulnerable seniors) local stores have had to hire security guards and invest large sums of money to lock up its merchandise (including toothpaste, vitamins, detergent, etc.) due to daily and brazen shoplifting. In fact there are so many repeated reports that the limited police force is overwhelmed ---so that this kind of crime is often ignored! Stores and individuals are resorting to surveillance cameras because of daily stolen parcel packages from residential buildings and car break-ins.

As a longtime Muni rider, I'm thankful for the video cameras on MUNI buses that have helped to solve some crimes. The public has resorted to posting criminal activity on Facebook and other social media to help to fight crime. Private individuals and businesses can use private surveillance systems that are turned over to law enforcement but in most petty crimes the police lack the

independent resources to follow-up on such criminal activity. Every day people use Facebook, Google photos for its facial recognition with a high level of accuracy. **Therefore, why is the Board of Supervisors' proposal to prevent city-agencies from using the latest technology to adequately perform its job?**

To combat crimes, other city, state and federal agencies are relying on state of the art equipments in collaboration with its law enforcement partners (intelligence agencies/fire/paramedic/hospitals) to fight and curtail criminal activity, be ready for a public crisis, and proactive in any emergency.

It is so unfortunate that due to the **BOS' lack of timely and linguistically-appropriately outreach, especially to impacted neighborhoods**, concerned citizens' opportunities to provide input and oppositions have **not** been properly registered with our City. **Are there laws to mandate such accountability in future?** Even though their protests and voices are ignored, please consider the many comments from readers of the San Francisco Chronicle who also oppose this ridiculous BAN !

On behalf of hundreds of concerned citizens I have talked to, we strongly urge the Mayor and the Board of Supervisors **not** to finalize this legislation, to re-open the public comment opportunity, conduct further research, reconsider the dire consequences and "chilling effect" of this legislation, and consider the needs of public safety in this same legislation.

Thank you for listening to our concerns and hope for future opportunities to be actively engaged with all our communities.

Marlene
Spokesperson~ Visitacion Valley Asians Alliance (VVAA)

BOS-11, Comm. Clerk, 6 pages, File 190398

This is to go on record that the undersigned* vigorously oppose SB-50, because, among other reasons, of the following:

- Its effect on residential neighborhoods and districts will be to destroy the character and what makes San Francisco the special city that it is;
- The resulting increase in height limits, up to 75 feet high, will remake those neighborhoods, causing years of demolitions and construction, leaving the City permanently scarred by a skyline of super high cranes;
- The population of our City will be changed as the upper middle class and wealthy, who can afford the new skyscraper rentals or purchase prices, will replace (drive out) many of the old, ethnically diverse and minorities who are important to our City, they are our teachers, civil servants, service persons from our restaurant workers to our fire and police officers; and
- The list goes on!!!

I will join the community leaders in fighting against SB-50 in order to protect our City against the drastic changes that will be caused by SB-50.

Matthew B. Weinberg Barbara K. Weinberg

*Matthew Weinberg is the attorney who represented the Russian Hill Improvement Association in the winning fight against the Kansas City Developer seeking to build a high rise building on the top of Russian Hill

BOARD OF SUPERVISORS SAN FRANCISCO
2019 MAY 15 PM 2:31

May 10, 2018

London Breed, President
San Francisco Board of Supervisors
1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco, CA 94102-4689

Dear President Breed:

On behalf of the Carpenters Union, I am writing to oppose the San Francisco Building and Construction Trades Council's (SFBTC) proposed ordinance applying the 2016 San Francisco Building Standards Code in its entirety to factory-built housing. The ordinance would require that all factory-built multi-story housing containing four or more dwelling units comply with the City's building code, residential code, electrical code, mechanical code, and plumbing code. The proposed ordinance violates the Factory-Built Housing Law, Health and Safety Code 19960, *et seq*. The ordinance attempts to completely occupy an area of law that is occupied by state law, and would cause the carve outs set forth in Cal. Health and Safety Code section 19993 to completely swallow legislation set forth in Health and Safety code section 19990, whereby the State Department of Housing and Community Development is tasked with adopting rules and regulations in the exact same legislative area in which the proposed SF ordinance would apply.

The California Legislature unanimously adopted the Factory-Built Housing Law in 1969. It was the intention of the Legislature to specifically prohibit local jurisdictions from maintaining ordinances regulating factory-built housing. In an August 7, 1969 memorandum Charles LeMenager, Director of the California Department of Housing and Community Development, explained the bill and urged the Governor to sign it. LeMenager argued:

> "AB 1971 is the single most important piece of housing legislation adopted this year. Private enterprise's attempts to factory build housing in the past have been stifled due to lack of uniformity and local building codes. AB 1971 tears down that barrier through state preemption.... This bill provides for state preemption in the manufacture of "factory-built" housing by regulation, inspection and certification by the Department of Housing and Community Development."

The legislative finding in the statute reflects this intent. Health and Safety Code section 19961 provides in part:

> "... the mass production of housing, consisting primarily of factory manufacturer of dwelling units or habitable wounds thereof,

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> presents unique problems with respect to the establishment of uniform health and safety standards and inspections procedures. The Legislature further finds and declares that by minimizing the problems of standards and inspection procedures, it is demonstrating its intention to encourage [the use of factory-built housing]".

As is shown below, the intent and function of the statute is absolutely clear. The building code standards for the manufacture of factory-built housing are occupied entirely by the State. Local jurisdictions maintain the responsibility to inspect the site to be sure that the installation follows the manufacturer's instructions, but plan review, application of local building codes and inspection of the manufactured product itself is strictly forbidden by the statute. The reasons laid out in the proposed ordinance are dishonest subterfuge which, if enacted, will place the City in protracted litigation which the City will surely lose.

The ordinance sets forth four justifications for placing new requirements on multi-story housing containing four or more dwelling units. First, the proposed ordinance indicates that the amendments set are "reasonably necessary because of local conditions caused by climate, geology and topography." (Sec. 2(j)) Next, the ordinance argues that the amendments are "architectural requirements within the meaning of Health and Safety Code section 19993, and are therefore not precluded by the Factory-Built Housing Law." (Sec. 4(g)) Third, the proposed ordinance argues that the original statute did not contemplate multi-story factory-built housing. Lastly, the proposed ordinance asserts that because the City is a Charter City, the amendments are permitted under the Home Rule doctrine. (Sec. 4(h-K)) This is magical thinking, and as shown at the end of this letter, invites the City and its individual Building Inspectors to commit a crime. This letter refutes the arguments in turn.

Regarding the ordinance's first argument, there is no provision in the factory-built housing section of the Health and Safety Code that specifically allows a municipality to adopt regulations, "because of local conditions caused by climate, geology, and topography." Instead, Section 4(d) of the ordinance relies on provisions of the general Building Code and grafts them into the factory-built housing portions of the code. (See Cal. Health and Safety Code 17958.5) Specifically, the proposed ordinance asserts that since the Factory Built Housing law uses the Building Code's definition of "building standard" in Cal. Health and Safety Code 18909, "Section 18909 expressly allows amendments to the California Building Code Standards Code based on local conditions." Section 18909 does no such thing. Instead this section merely defines building standard. There is no language in this section that authorizes amendments based on local conditions. In fact, Section 19990 specifically identifies the various uniform building codes that the State must use to create building standards for factory-built housing. It does not include Thus, contrary to the proposed ordinance's assertion, there is no language in the Factory-built housing portion of the code that allows municipalities to amend their code based on local conditions caused by climate, geology and topography.

In the most recent amendments in 1993 and 2003 to the Factory-Built Housing Law, the Legislature remained consistent with its original intent. In the 1993 legislation, the Business, Transportation and Housing Agency explained to the legislature in relevant part:

> "This bill would encourage innovative uses of manufactured housing to provide affordable multi-family housing; clarify existing law to remove local government barriers to housing; and require uniform standards for agencies which test and list building products in Roll Build Report, AB 765, September 13, 1993.
>
> ...
>
> Existing law contained in the State Housing Law, as well as uniform building codes adopted pursuant thereto, require materials, appliances, and equipment used in housing to be tested and listed by independent testing and listing agencies to insure compliance with product standards.
>
> This bill would establish a statutory definition of "testing and listing agency" and related terms to provide certainty to builders and local governments concerning whether a building product has been tested by an approved testing and listing agency."

Bill Analysis, AB 765, Transportation and Housing Agency, September 13, 1993

The 2003 legislation made no changes to the pre-emptive provisions of the statute. There is no possible way that the Legislature would have intended an architectural exception that completely eliminates the entire regime of state-created rules, regulations and testing procedures.

Second, the proposed ordinance claims it involves only "architectural requirements within the meaning of Health and Safety code 19993." (Sec. 4(g)) Here, the ordinance makes this conclusion without any reasoning, analysis, or evidence that any of the amendments involve architectural requirements. Moreover, the amendments are so broad, that authorizing the amendments under the "architectural requirements" provision of section 19993, would render Section 19990, along with all of the other substantive sections of the Factory Built Housing Law meaningless.

In Section 19961, the legislature found that, "by minimizing the problems of standards and inspection procedures, it is demonstrating its intention to encourage the reduction of housing construction costs and to make housing and home ownership more feasible for all residents of the state." To that end, the Factory built Housing Law includes section 19990 which requires the Department of Housing and Community Development to:

> [A]dopt rules and regulations to interpret and make specific this part. The department shall adopt and submit building standards for approval...for purposes described in this section. Standards adopted, amended or repealed from time to time by the department pursuant to this chapter shall include provisions imposing requirements reasonably consistent with recognized and accepted standards contained in the most recent editions of the following international or uniform industry codes as adopted or amended from time to time by the organizations specified:
>
> (25) The Uniform Housing Code of the International Conference of Building Officials.

(26) The International Building Code of the International Code Council.

(27) The International Residential Code of the International Code Council.

(28) (4) The Uniform Plumbing Code of the International Association of Plumbing and Mechanical Officials.

(29) The Uniform Mechanical Code of the International Association of Plumbing and Mechanical Officials.

(30) The National Electrical Code of the Notional Fire Protection Association.

In short, in Section 19990, the legislature tasked the Department of Housing and Community Development with developing rules, regulations, and building standards related to factory built housing in the areas of the housing, building, residential, plumbing, mechanical, and electrical codes.

Section 19990 also states that "in the event of any conflict with respect to factory-built housing between Part 1.5 (commencing with Section 17910) and this part, the requirements of this part shall control." Part 1.5 of the Health and Safety Code is the "State Housing Law." It is clear that the legislature considered that there might be conflicts between the Factory Built Housing law and the State Housing Law, thus the need to explicitly mandate that the Factory Built Housing Law shall control.

The Legislature did allow a very narrow role for local regulation. The primary reason for this is to comply with local zoning requirements and to use local building inspectors to require that contractors install the factory-built housing products in accordance with manufacturer's instructions. Section 19993 provides:

> Local use zone requirements, local snow load requirements, local wind pressure requirements, local fire zones, building setback, front and rear yard size requirements, site development and property line requirements, as well as the review and regulation of architectural and aesthetic requirements are hereby specifically and entirely reserved to local jurisdictions notwithstanding any requirement of this part.

San Francisco's proposed ordinance relies on the above-noted section, particularly the "architectural" requirement clause to amend the City's Building Code. The proposed amendments cover the entire spectrum of rules, regulations and building standards that the Legislature delegated to the Department of Housing and Community Development. Specifically, Section 5 of the proposed ordinance provides:

Application of the 2016 San Francisco Building Code to Multi-Story Factory-Built Housing Containing Four or More Dwelling Units.

(u) Factory-Built Housing containing four or more dwelling units and two or more stories shall comply with the 2016 San Francisco Building Code, consisting of the 2016 California Building Code with San Francisco's local amendments.

(v) Factory-Built Housing containing four or more dwelling units and two or more stories shall comply with the 2016 San Francisco Residential Code, consisting of the 2016 California Residential Code with San Francisco's local amendments.

(w) Factory-Built Housing containing four or more dwelling units and two or more stories shall comply with the 2016 San Francisco Electrical Code, consisting of the 2016 California Electrical Code with San Francisco's local amendments.

(x) Factory-Built Housing containing four or more dwelling units and two or more stories shall comply with the 2016 San Francisco Mechanical Code, consisting of the 2016 California Mechanical Code with San Francisco's local amendments.

(y) Factory-Built Housing containing four or more dwelling units and two or more stories shall comply with the 2016 San Francisco Plumbing Code, consisting of the 2016 California Plumbing Code with San Francisco's local amendments.

The ordinance reads Health and Safety Code section 19993 entirely out of context. The purpose of this section is to allow the inspection of the installation, the site and other uniformly applied zoning requirements. One of the Attorney General opinions the ordinance relies on for the proposition that a local entity can impose uniformly applied architectural requirements actually says that a local government cannot do exactly what the proposed San Francisco ordinance would do. In that case, the local ordinance was invalid because its "architectural and aesthetic consideration" rules were combined with an application for a use permit and the possible requirement of a public hearing. Since this functioned only to apply to factory-built housing, the Attorney General argued that the local ordinance violated the statute. (*City of South Lake Tahoe*, 55 Ops.Cal.Atty. Gen 234, 235.) 1973 Cal. A.G. LEXIS 63. Here, the San Francisco ordinance would apply only to multi-story factory-built housing, thus, excluding single story housing, mobile homes and "tiny houses." This is exactly the kind of uneven application the Attorney General objected to in *City of South Lake Tahoe.*

Third, the proposed ordinance also asserts that proposed amendments are permissible under the "Home Rule" doctrine. The reasoning in the ordinance is frivolous. Factory-built housing is a matter of state-wide concern. Health and Safety Code section 19961. The

California Supreme Court case the ordinance cites indicating regulation of multi-unit housing has been recognized to be a municipal affair subject to home rule does not stand for that proposition and even if it did, it has been superseded by statute. (*Bishop v. San Jose* (1969) 1 Cal.3d 56, 63.) The question in *Bishop* was whether the prevailing wage requirements of the Labor Code apply when a City uses its own employees to perform construction work. The Court correctly rejected the plaintiff's argument. In determining whether the prevailing wage statute is a matter of state-wide concern and therefore, not subject to the Home Rule Doctrine, the Court made the following observation:

> "In exercising the judicial function of deciding whether a matter is a municipal affair or of state-wide concern, the courts will of course give great weight to the purpose of the Legislature in enacting general laws which disclose an intent to preempt the field to the exclusion of local regulation."

1 Cal.3d at 63. (emphasis added.)

To the extent that *Bishop* stands for the proposition that regulation of multi-unit housing is a matter of Home Rule, it has been legislatively superseded. The Supreme Court decided *Bishop* on October 30, 1969. Although the Factory-Built Housing Act had been adopted by the Legislature and signed by the Governor earlier that summer, it did not take effect until the Commission created in former Section 19994 had met and made recommendations for the promulgation of rules and regulations to be adopted by the State. Worse yet for the proposed ordinance, one of the Attorney General opinions that the ordinance relies on provides that factory-built housing is a matter of general and state-wide concern. (*City of Torrance*, 53 Ops. Cal.Atty. Gen 354, 355.) Cal. A.G. LEXIS 92

Section 4c. of the ordinance argues that the Factory-Built Housing law does not contemplate anything beyond small, single story residential developments and the Legislature did not contemplate multi-story large developments. The statement in the proposed ordinance is false because it does not report that the context of the discussion was comparing mobile home manufacture with modular unit manufacture.

The Assembly Committee on Urban Affairs and Housing met to further investigate factory built housing on April 12, 1969. The meeting occurred in the premises of Boise Cascade Building Company on Airport Boulevard in Los Angeles. A Boise Cascade official, Robert Swafield compared mobile homes with modular factory built housing. The full context of the discussion follows:

> "We can convert from the mobile home category into some form of factory relocatable product. When we talk of sectionalized house, we are speaking of a single story unit of two or more pieces that are joined --- two models of ten or twelve put together. Modular units are both on the production line, but they go up. We can do L's or H's or that type of thing.

> We have built field perimeter-type units for apartment houses. We are currently involved in Chicago in townhouse construction which will be wood perimeter frame – two story. In the South, we are building single story sectionalized housing. We are currently building in Woodland, California vacation homes for the rapidly expanding vacation homes market. Urban Affairs and Housing Committee meeting, April 12, 1969, p. 3.

This shows that the Committee that sponsored the legislation knew that modular factory built housing products could go "up" while mobile homes cannot. The Legislature knew that factory-built housing was capable of multi-story construction at the time of enactment in 1969.

Further, the State has been regulating multi-story modular construction since the Legislature passed the Factory-Built Housing statute in 1969. Since 1969, factory-built multi-story projects have been constructed throughout California. For example, in 1972, the GreenFair Apartments project in Sacramento was completed. GreenFair is a nine-story apartment building at 701-702 Fairground Drive, currently managed by Sacramento Self Help Housing. The building was constructed using factory built modules that were built in Ohio, shipped by rail and truck, and installed on site. GreenFair was part of a Department of Housing and Urban Development project, "Operation Breakthrough," which was "launched... in 1969 to stimulate volume production of quality housing for all income levels. Factory built housing offered a logical means – then as it does now—for the housing industry to grow and prosper.[5]"

Since the construction of the GreenFair Apartment, the Legislature has taken four additional opportunities to modify the factory-built housing statute. Neither in the changed statutory language nor in the legislative history, is there any mention of restricting factory-built housing to a single story.

Finally, the enactment of this ordinance would be a crime. Section 19997 provides:

> "Any person who violates any of the provisions of this part or any rules or regulations adopted pursuant to this part is guilty of a misdemeanor, punishable by a fine not exceeding $500 or by imprisonment not exceeding thirty days, or both such fine and imprisonment."

At the behest of the San Francisco Building Trades Council this proposed ordinance is an attempt to interfere and obstruct our recently unionized factories from providing much needed housing to San Franciscans at all income levels. The arguments of the SFBCTC included in the proposed ordinance will not withstand legal attack, are based in misrepresentation of facts, are defamatory statements about the quality of the products and invites the individual building

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[5] "Operation Breakthrough. Phase II. Prototype Construction and Demonstration. Volume 4. U.S. Department of Housing and Urban Development. Office of Policy Development and Research. https://www.huduser.gov/portal/publications/destech/pro_cons_brkthr.html. Accessed May 3, 2018

inspectors and their bosses to commit crimes. We will continue to do everything in our power to defend our members in the factories and these employers that are creating local middle class jobs.

For over one hundred years the Carpenters Union has been delivering the highest quality construction of all types to the citizens of San Francisco and we will continue to do so with our factory built housing.

The Carpenters Union urges the City not to entertain this false, misleading and illegal proposed ordinance.

Sincerely,

Jay Bradshaw
Director of Organizing
Northern Carpenters Regional Council

NORTHERN CALIFORNIA
CARPENTERS
REGIONAL COUNCIL

February 6, 2018

President London Breed
Supervisor, District 5
City & County of San Francisco
1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco, CA 94102-4689

RE: City and County of San Francisco
Housing Code Proposal Disclosure of Factory Built Housing

Dear President Breed:

The Carpenters Union has organized and is the legally certified bargaining representative for the workers at Factory OS and RAD URBAN. Both of these employers are committed to building their products right here in Northern California to help solve our housing crisis including finding solutions for our most vulnerable population, our homeless brothers and sisters.

It has come to our attention that some Supervisors and possibly the Mayor's Office have been working with the San Francisco Building Trades Council on a proposal to amend the Housing Code in relation to Factory Built Housing. We have been given a copy of this draft proposal.

I am writing to identify two of several fundamental flaws in the draft of the above-noted proposed ordinance. The proposed changes in Section 351(c)(12)(a) are defamatory toward the manufacturers of such factory built housing and would be an attempt by the City and County to discourage sale or occupancy of factory-built housing in contravention of the intent of the State Health and Safety Code. The proposed ordinance as drafted would read as follows in relevant part (typeface changes are reproduced to reflect the draft ordinance as currently proposed):

> "Beware. This report describes the current legal use of this property as compiled from records of City Departments. There has been no physical examination of the property itself. This record contains no history of any plumbing or electrical permits. The report makes no representation that the property is in compliance with the law. Any occupancy or use of the property other than that listed as authorized in this report may be illegal and subject to removal or abatement, and should be reviewed with the Planning Department and the Department of Building Inspection. Errors or omissions in this report shall not bind or stop the City from enforcing any and all building and zoning codes against the seller, buyer and any subsequent owner. The preparation or delivery of this report shall not impose any liability on the City for any errors or omissions contained in said report, nor shall the City bear any liability not otherwise imposed by law."
>
> *"Factory-built housing has not been inspected by the Department of Building Inspection and may not meet local construction requirements. Pursuant to Sections 19992 and 19993 of the California Health and Safety Code, the Department has inspected only the installation of the housing to confirm that the location on the*

265 Hegenberger Road | Suite 200 | Oakland, CA 94621-1480
(510) 568-4788 tel | (510) 568-7916 fax | www.norcalcarpenters.org

property, any attachments constructed on site, and connections to utilities meet local requirements."

The statement "This record contains no history of any plumbing or electrical permits" is defamatory. The State Department of Housing and Community Development governs inspections of factory-built housing in the factory and the City is informed of such inspection upon delivery at the site by either the Insignia of Approval attached to the product, by direct communication from the factory to the City or both. In addition, all on site construction and the installation of factory-built housing is subject to inspection by the local building department. The City's failure to put the certificate or a record of the Insignia of Approval in the building inspection file is not a defense to defamation.

This is also an attempt to communicate to potential owners or occupants that the housing is substandard. This is simply untrue as the housing will be built in accordance with Section 19960 et seq. of the State Health and Safety Code. The City's clear intent is to dissuade people from purchasing or occupying such housing. By doing so, the City risks defaming the manufacturer and violating Section 19960 et seq. of the Health and Safety Code.

On behalf of the proud Carpenters working at Factory OS and RAD Urban we see any ordinance along these lines as an attack on the unionized sector of this industry.

We will take all legal actions at our disposal to defend these workers who have freely chosen our Union to represent them and the employers who are creating middle class union jobs right here in Northern California. It is our hope that the City of San Francisco does not partner with the San Francisco Building Trades Council in their attack on our Union in an industry where they have not organized one worker.

We urge you to join us in building more affordable housing and creating good union jobs!

Sincerely,

Jay Bradshaw
Director of Organizing

JB:jgp

From:	Board of Supervisors, (BOS)
To:	BOS-Supervisors
Subject:	FW: In support of West Portal Transit Only Lanes
Date:	Thursday, May 30, 2019 12:45:00 PM

From: Cliff Bargar <cliff.bargar@gmail.com>
Sent: Tuesday, May 21, 2019 7:51 AM
To: MTABoard@sfmta.com
Cc: info@sftransitriders.org; Board of Supervisors, (BOS) <board.of.supervisors@sfgov.org>
Subject: In support of West Portal Transit Only Lanes

> This message is from outside the City email system. Do not open links or attachments from untrusted sources.

Dear Directors of the SFMTA,

I'm writing to you as a San Francisco resident who primarily gets around our City on foot, by bike, and by transit, to ask you to put Muni riders first at West Portal. We need to actively reapportion our road space to make our streets safer and more effective for Muni riders, pedestrians, and people riding bikes/scooters/etc., even if a few people in cars are mildly inconvenienced. Adding a transit only lane at West Portal is a no brainer for helping improve Muni's reliability, giving meaningful relief to our neighbors who rely on Muni today while also helping encourage more people to get out of their cars.

I would like to remind the members of the MTA Board that just last week our Board of Supervisors, acting as the SFCTA, passed a resolution stating that "the Transportation Authority hereby urges the SFMTA to prioritize traffic
safety over traffic flow and parking when designing for street improvements." Adding a transit only lane here seems like a no brainer.

Thank you,
Cliff Bargar
Connecticut Street

From:	Board of Supervisors, (BOS)
To:	BOS-Supervisors
Subject:	FW: Transit only lanes
Date:	Thursday, May 30, 2019 12:01:00 PM

-----Original Message-----
From: Turner, Jesse <Jesse.Turner@ucsf.edu>
Sent: Thursday, May 16, 2019 9:48 PM
To: Board of Supervisors, (BOS) <board.of.supervisors@sfgov.org>
Subject: Transit only lanes

This message is from outside the City email system. Do not open links or attachments from untrusted sources.

Please, keep expanding our transit only lanes. Also, please do not allow for-profit companies to use them.

Best, JT

From:	Board of Supervisors, (BOS)
To:	BOS-Supervisors
Subject:	FW: Transit only lanes
Date:	Thursday, May 30, 2019 12:01:13 PM

-----Original Message-----
From: Turner, Jesse <Jesse.Turner@ucsf.edu>
Sent: Thursday, May 16, 2019 9:48 PM
To: Board of Supervisors, (BOS) <board.of.supervisors@sfgov.org>
Subject: Transit only lanes

This message is from outside the City email system. Do not open links or attachments from untrusted sources.

Please, keep expanding our transit only lanes. Also, please do not allow for-profit companies to use them.

Best, JT

From: Board of Supervisors, (BOS)
To: BOS-Supervisors; Carroll, John (BOS)
Subject: FW: Juvenile Hall
Date: Thursday, May 30, 2019 12:00:00 PM

-----Original Message-----
From: Norm Honbo <normhonbo@gmail.com>
Sent: Wednesday, May 15, 2019 8:49 PM
To: Board of Supervisors, (BOS) <board.of.supervisors@sfgov.org>
Cc: Yee, Norman (BOS) <norman.yee@sfgov.org>
Subject: Juvenile Hall

This message is from outside the City email system. Do not open links or attachments from untrusted sources.

Re: Ordinance File #190392

Dear Supervisors,
As a concerned resident of San Francisco, I do not see how you can make a decision about closing Juvenile Hall without waiting for the Recommendations of Mayor Breed's Panel regarding the future of this necessary facility. There is no real substitute to the existing services at the Juvenile Hall nor any credible replacement to what presently exists. It is foolish to close this facility before we do have alternatives that can provide the same quality of service and care that should be provided.

Please table this vote until the Panel has made it’s Report and Recommendations.
Sincerely
Norman Honbo

184 Los Palmos Dr.
San Francisco, CA 94127

From:	Board of Supervisors, (BOS)
To:	BOS-Supervisors; Carroll, John (BOS)
Subject:	FW: Juvenile Hall
Date:	Thursday, May 30, 2019 12:00:56 PM

-----Original Message-----
From: Norm Honbo <normhonbo@gmail.com>
Sent: Wednesday, May 15, 2019 8:49 PM
To: Board of Supervisors, (BOS) <board.of.supervisors@sfgov.org>
Cc: Yee, Norman (BOS) <norman.yee@sfgov.org>
Subject: Juvenile Hall

This message is from outside the City email system. Do not open links or attachments from untrusted sources.

Re: Ordinance File #190392

Dear Supervisors,
As a concerned resident of San Francisco, I do not see how you can make a decision about closing Juvenile Hall without waiting for the Recommendations of Mayor Breed's Panel regarding the future of this necessary facility. There is no real substitute to the existing services at the Juvenile Hall nor any credible replacement to what presently exists. It is foolish to close this facility before we do have alternatives that can provide the same quality of service and care that should be provided.

Please table this vote until the Panel has made it’s Report and Recommendations.
Sincerely
Norman Honbo

184 Los Palmos Dr.
San Francisco, CA 94127

From: Board of Supervisors, (BOS)
To: BOS-Supervisors
Subject: FW: Rent Relief for Vulnerable Residents
Date: Thursday, May 30, 2019 1:09:00 PM

From: Marie Cartier <marie.e.p.cartier@gmail.com>
Sent: Tuesday, May 21, 2019 9:17 PM
To: Board of Supervisors, (BOS) <board.of.supervisors@sfgov.org>; Breed, Mayor London (MYR) <mayorlondonbreed@sfgov.org>
Cc: Wong, Linda (BOS) <linda.wong@sfgov.org>; Cheungjew, Jennifer (DBI) <jennifer.cheung@sfgov.org>
Subject: Rent Relief for Vulnerable Residents

This message is from outside the City email system. Do not open links or attachments from untrusted sources.

To whom it may concern,

I am writing to you concerning the rents in supportive housing, especially master leased hotels. Many tenants, who are some of the poorest in the city are paying half or more than half of their already limited income towards rent, instead of the 30% of income which is the general guideline under HUD.

We would like to ask that all tenants in supportive housing pay only 30% of their income towards rent, and for funds to be allocated in the budget to ease the burden on owners, operators, and non-profits.

According to a recent sunshine request concerning rental rates, it would cost the city less than $7.5 million per year on top of current spending to readjust all rents in master leased hotels (such as those managed by the Tenderloin Housing Clinic) to 30% of income, and we would like to ask that 30% of income be the universal rent standard for all supportive housing. **As a direct service provider, I strongly believe this measure will create more opportunities for housing among our most vulnerable residents, as well as help housing retention rates.**

Tenants struggle to afford basic necessities such as food, clothing, and phones, and many are living in units with bathrooms down the halls as well as communal kitchens. It is necessary that the 30% standard be applied to all supportive housing.

Please include rent relief for supportive housing tenants in the yearly budget. We are also in support of a resolution pending before the Single Room Occupancy Task Force that calls for such.

Sincerely,
Marie Cartier

District 5

From:	Board of Supervisors, (BOS)
To:	BOS-Supervisors
Subject:	FW: Rent Relief in Supportive Housing
Date:	Thursday, May 30, 2019 1:09:00 PM

From: Harvey Williams <hwilliams@gmail.com>
Sent: Tuesday, May 21, 2019 9:20 PM
To: Board of Supervisors, (BOS) <board.of.supervisors@sfgov.org>; Breed, Mayor London (MYR) <mayorlondonbreed@sfgov.org>
Cc: Cheungjew, Jennifer (DBI) <jennifer.cheung@sfgov.org>; Wong, Linda (BOS) <linda.wong@sfgov.org>
Subject: Rent Relief in Supportive Housing

This message is from outside the City email system. Do not open links or attachments from untrusted sources.

To whom it may concern,

I am writing to you concerning the rents in supportive housing, especially master leased hotels. Many tenants, who are some of the poorest in the city are paying half or more than half of their already limited income towards rent, instead of the 30% of income which is the general guideline under HUD.

We would like to ask that all tenants in supportive housing pay only 30% of their income towards rent, and for funds to be allocated in the budget to ease the burden on owners, operators, and non-profits.

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Tenants struggle to afford basic necessities such as food, clothing, and phones, and many are living in units with bathrooms down the halls as well as communal kitchens. It is necessary that the 30% standard be applied to all supportive housing.

Please include rent relief for supportive housing tenants in the yearly budget. We are also in support of a resolution pending before the Single Room Occupancy Task Force that calls for such.

Sincerely,
Harvey Williams
D4 Resident
hwilliams@gmail.com

650-353-0225
1490 28th Ave 94122

From:	Board of Supervisors, (BOS)
To:	BOS-Supervisors
Subject:	FW: Supportive housing rent relief
Date:	Thursday, May 30, 2019 1:09:00 PM

From: Ryan Varick <rvarick@gmail.com>
Sent: Wednesday, May 22, 2019 8:09 AM
To: Board of Supervisors, (BOS) <board.of.supervisors@sfgov.org>; Breed, Mayor London (MYR) <mayorlondonbreed@sfgov.org>
Cc: Cheungjew, Jennifer (DBI) <jennifer.cheung@sfgov.org>; Wong, Linda (BOS) <linda.wong@sfgov.org>
Subject: Supportive housing rent relief

This message is from outside the City email system. Do not open links or attachments from untrusted sources.

To whom it may concern,

100% agree with and support this. Take the $7.5 million from one of millionaires or billionaires who make SF so hostile to the poor if funding is a big deal:

> I am writing to you concerning the rents in supportive housing, especially master leased hotels. Many tenants, who are some of the poorest in the city are paying half or more than half of their already limited income towards rent, instead of the 30% of income which is the general guideline under HUD.
>
> We would like to ask that all tenants in supportive housing pay only 30% of their income towards rent, and for funds to be allocated in the budget to ease the burden on owners, operators, and non-profits.
>
> According to a recent sunshine request concerning rental rates, it would cost the city less than $7.5 million per year on top of current spending to readjust all rents in master leased hotels (such as those managed by the Tenderloin Housing Clinic) to 30% of income, and we would like to ask that 30% of income be the universal rent standard for all supportive housing.
>
> Tenants struggle to afford basic necessities such as food, clothing, and phones, and many are living in units with bathrooms down the halls as well as communal kitchens. It is necessary that the 30% standard be applied to all supportive housing.
>
> Please include rent relief for supportive housing tenants in the yearly budget. We are also in support of a resolution pending before the Single Room Occupancy Task Force that calls for such.

Sincerely,
Ryan Varick
District 3 (on California St.)

From:	Board of Supervisors, (BOS)
To:	BOS-Supervisors
Subject:	FW: Pedestrian Safety - Vision Zero - Common Sense Signage
Date:	Thursday, May 30, 2019 12:03:00 PM

From: Corey <clurban@aol.com>
Sent: Friday, May 17, 2019 12:03 PM
To: Fewer, Sandra (BOS) <sandra.fewer@sfgov.org>
Cc: Board of Supervisors, (BOS) <board.of.supervisors@sfgov.org>; sfmta@public.govdelivery.com; mtaboard@sfmta.com; Breed, Mayor London (MYR) <mayorlondonbreed@sfgov.org>; Peskin, Aaron (BOS) <aaron.peskin@sfgov.org>
Subject: Pedestrian Safety - Vision Zero - Common Sense Signage

This message is from outside the City email system. Do not open links or attachments from untrusted sources.

One of the first things I learned in life is to look both ways before crossing a street and to make eye contact with a driver before doing so to be certain the driver sees me.

In San Francisco, pedestrians OFTEN walk into the street without looking first. If you drive in SF you know this to be fact.

The photo of the sign attached is from a true progressive city, Nashville Tennessee, and was taken a few days ago. Nashville is actually proactive in trying to make Vision Zero a reality. San Francisco does nothing but blame vehicle drivers for pedestrians being hit. Millions of dollars being spent to reconfigure streets when a low cost, simple, logical common sense approach can be taken.

How about SF Public schools teaching grade school kids to look both ways before crossing the street and to make eye contact? The teaching and signage attached would have an IMMEDIATE impact on reducing pedestrian accidents in San Francisco!

Thank you for taking the time to read this email.

Corey Urban
Shell Car Wash
3035 Geary Boulevard
San Francisco, CA 94118
415-752-4171
415-722-8245 (mobile)

Sent from my Verizon, Samsung Galaxy smartphone

From:	Board of Supervisors, (BOS)
To:	BOS-Supervisors
Subject:	FW: Pedestrian Safety - Vision Zero - Common Sense Signage
Date:	Thursday, May 30, 2019 12:03:54 PM

From: Corey <clurban@aol.com>
Sent: Friday, May 17, 2019 12:03 PM
To: Fewer, Sandra (BOS) <sandra.fewer@sfgov.org>
Cc: Board of Supervisors, (BOS) <board.of.supervisors@sfgov.org>; sfmta@public.govdelivery.com; mtaboard@sfmta.com; Breed, Mayor London (MYR) <mayorlondonbreed@sfgov.org>; Peskin, Aaron (BOS) <aaron.peskin@sfgov.org>
Subject: Pedestrian Safety - Vision Zero - Common Sense Signage

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Thank you for taking the time to read this email.

Corey Urban
Shell Car Wash
3035 Geary Boulevard
San Francisco, CA 94118
415-752-4171
415-722-8245 (mobile)

Sent from my Verizon, Samsung Galaxy smartphone

From:	Mchugh, Eileen (BOS)
To:	BOS-Supervisors; BOS-Legislative Aides; Calvillo, Angela (BOS); Somera, Alisa (BOS); Leger, Cheryl (BOS); Young, Victor (BOS); GIVNER, JON (CAT)
Subject:	TIME SENSITIVE - Sunshine Ordinance Task Force Referral
Date:	Wednesday, May 29, 2019 2:25:00 PM
Attachments:	Clerk"s Memo - SOTF File No. 19013.pdf SOTF Letter.pdf

Hello,

Please see the attached memo from the Clerk of the Board regarding the Sunshine Ordinance Task Force (SOTF) referral to the Board of Supervisors regarding SOTF File No. 19013 (Magick Altman against the Police Commission). Please see the Clerk's memo for more information and instructions.

Thank you,

Eileen McHugh
Executive Assistant
Board of Supervisors
1 Dr. Carlton B. Goodlett Place, City Hall, Room 244
San Francisco, CA 94102-4689
Phone: (415) 554-7703 | Fax: (415) 554-5163
eileen.e.mchugh@sfgov.org| www.sfbos.org

BOARD of SUPERVISORS

City Hall
1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco 94102-4689
Tel. No. 554-5184
Fax No. 554-5163
TDD/TTY No. 544-5227

MEMORANDUM

Date: May 29, 2019

To: Members of the Board of Supervisors

From: Angela Calvillo, Clerk of the Board

Subject: SOTF Referral – Complaint No. 19013 – Magick Altman. vs. San Francisco Police Commission

The Sunshine Ordinance Task Force has communicated its findings that the Police Commission is in violation of Section 67.15(b), (c), and (e) of the Sunshine Ordinance and has referred the complaint to the Board of Supervisors for enforcement. Pursuant to Administrative Code Section 67.30(c),

> *The Task Force shall make referrals to a municipal office with enforcement power under this ordinance or under the California Public Records Act and the Brown Act whenever it concludes that any person has violated any provision of this ordinance or the Acts.*

The Board of Supervisors is a municipal office with enforcement authority and upon receipt of such findings, Members of the Board may request a hearing before the Rules Committee to consider the violation and possible action within 60 days of the referral to the Board.

Please notify me in writing by 5:00p.m., Friday, July 26, 2019 if you would like to request a hearing on the matter. If a hearing is not scheduled, the Office of the Clerk of the Board will send a letter to the Sunshine Ordinance Task Force informing them that the matter has been closed.

SUNSHINE ORDINANCE TASK FORCE

City Hall
1 Dr Carlton B. Goodlett Place, Room 244
San Francisco, CA 94102-4689
Tel. No. (415) 554-7724
Fax No. (415) 554-7854
TTD/TTY No. (415) 554-5227

ORDER OF DETERMINATION
May 28, 2019

DATE DECISION ISSUED
April 3, 2019

CASE TITLE – Hearing to review the SF Police Commission's response and actions on February 20, 2019
File No. 19013

FACTS OF THE CASE

The following petition/complaint was filed with the Sunshine Ordinance Task Force (SOTF):

> File No. 19013: Hearing to review the SF Police Commission's response and actions on February 20, 2019, to SOTF Order of Determination regarding File No. 17131 - Magick Altman against the Police Commission.

HEARING ON THE COMPLAINT

On April 3, 2019, the SOTF held a hearing to review the merits of the petition/complaint.

> Chair Wolfe provided a summary of the hearing matter and stated that there was defiance by the Police Commission of the SOTF Order of Determination presented by Magick Altman on February 20, 2019. Chair Wolfe stated that it was the Police Commission that took the action to recess their meeting, change its venue and failed to post the new location properly in violation of Administrative Code (Sunshine Ordinance), Section 6715(b), (c) and (e), by failing to allow members of the public to directly address the Police Commission, failing to uniformly apply time limits for public comment and failure to announce changes to the agenda/change of meeting location as they became known. Chair Wolfe stated SOTF and Ethics Commission has an agreed process for referrals from SOTF for enforcement by Ethics Commission including an investigative arm that could determine Willful Failure under Administration Code Section 67.34 which equates to Official Misconduct. Chair Wolfe suggested that this process be used for only those Police Commissioners that voted in the negative and opposed the motion to accept the SOTF Order of Determination to rescind their vote on the item in question (namely, to approve the Taser Legislation) by the Police Commission. Chair Wolfe stated that if the SOTF looks towards enforcement of the Sunshine Ordinance they may also ask the District Attorney to take action to invalidate the Police Commission decision and force a "do over" of their vote of

February 20, 2019 which was active in in the Police Commission's motion. Chair Wolfe stated that this matter should also be pursued by the Board of Supervisors because the Police Commission willfully defied an SOTF Order of Determination which relates to SOTF's responsibility under the Sunshine Ordinance to report non-compliance of the Sunshine Ordinance, Ralph M. Brown Open Meetings Act and CA Public Records Act.

Member Cannata stated that the SOTF should pursue Administrative Code (Sunshine Ordinance), Sections 67.34 and 67.36, and refer the matter to the Ethics Commission, Board of Supervisors and the District Attorney.

Chair B. Wolfe stated that one letter addressed to each body be drafted and include the same supporting documentation in each letter.

Action: Moved by Member Cannata, seconded by Member Yankee, to refer the matter to the following agencies due to the Police Commission's violations of Administrative Code (Sunshine Ordinance), Section 67.15(b), (c) and (e), by willfully not complying with SOTF Order of Determination regarding File No. 17131, *Magick Altman v. Police Commission:*

- *Ethics Commission* – Seeking enforcement pursuant to Administrative Code (Sunshine Ordinance), Section 67.34 – Willful Failure on Commissioners Damali Taylor, Dion J. Brookter and Robert Hirsch.
- *Board of Supervisors* – Reporting as allowed under Sunshine Ordinance for non-compliance of the Sunshine Ordinance which may lead to sanctions against the Police Commission.
- *District Attorney* – Seeking action to rescind the Police Commission's November 3, 2017 vote due to this non-compliance of state and local open meetings laws to allow the process of their original intention for such rescinding in their February 20, 2019 motion to continue appropriately.

FINDINGS OF FACT AND CONCLUSION OF LAW

Based on the testimony and evidence presented, the SOTF found that the Police Commission violated Administrative Code (Sunshine Ordinance), Sections 67.15(b), (c) and (e).

DECISION AND ORDER OF DETERMINATIONS

On April 3, 2019, Action: Moved by Member Cannata, seconded by Member Yankee, to refer the matter to the following agencies due to the Police Commission's (Commissioners Damali Taylor, Dion J. Brookter and Robert Hirsch) violation of Administrative Code (Sunshine Ordinance), Section 67.15(b), (c) and (e), by willfully not complying with SOTF Order of Determination regarding File No. 17131, *Magick Altman v. Police Commission:*

- *Ethics Commission* – Refers for enforcement pursuant to Administrative Code (Sunshine Ordinance), Sections 67.30(c).
- *Board of Supervisors* – Submits a public report identifying lack of compliance by the Police Commission with the Sunshine Ordinance with recommendations to implement any provisions and authority to assure "compliance with this (Sunshine) ordinance and related California laws by the City or any Department, Office, or Official thereof." Pursuant to Administrative Code Section 67.30(c)
- *District Attorney* – Refers for enforcement with recommendations for action to rescind the Police Commission's February 20, 2019 vote pursuant to Administrative Code Section 67.30(c)

The motion PASSED by the following vote:

Ayes: 8 - Cannata, Yankee, Martin, J. Wolf, Tesfai, LaHood, Hinze, Chair B. Wolfe
Noes: 0 – None
Absent: 3 - Chopra, Hyland and Cate.

Bruce Wolfe, Chair
Sunshine Ordinance Task Force

cc. Magick Altman (Petitioner/Complainant)
Commissioner Diana Chiu
District Attorney George Gascon
Norman Yee, President of the Board of Supervisors
Damali Taylor, Dion Jay Brookter, Robert Hirsch and the San Francisco Police Commission (Respondents)

SUNSHINE ORDINANCE TASK FORCE

City Hall
1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco 94102-4689
Tel. No. (415) 554-7724
Fax No. 415) 554-7854
TDD/TTY No. (415) 554-5227

May 28, 2019

Via Hand Delivery

President Norman Yee
And Members of the San Francisco Board of Supervisors
1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco, CA 94102

Re: San Francisco Police Commission hearing of February 20, 2019, and the Order of Determination of the Sunshine Ordinance Task Force, File No. 19013

Dear President Yee and Members of the Board of Supervisors:

Please see the enclosed Sunshine Ordinance Task Force Order of Determination regarding the San Francisco Police Commission hearing of February 20, 2019. The Sunshine Ordinance Task Force found the Police Commission in violation of Administrative Code (Sunshine Ordinance) Sections 67.15(b), (c) and (e), and recommends consideration of willful failure to regard this Order of Determination and is making a referral to the Board of Supervisors per the minutes of the Sunshine Ordinance Task Force April 3, 2019, hearing for enforcement as per Sunshine Ordinance and Ethics Commission rules of such referrals by SOTF.

Very truly yours,

Bruce Wolfe
Chair, Sunshine Ordinance Task Force

BW:cal
Enclosures:

Order of Determination - File No. 17131
Order of Determination - File No. 19013
Police Commission Hearing of February 20, 2019
http://sanfrancisco.granicus.com/player/clip/32472?view id=21
Minutes of Sunshine Ordinance Task Force hearing of April 3, 2019
https://sfgov.org/sunshine/sites/default/files/sotf_040319_minutes.pdf

cc: Angela Calvillo, Clerk of the Board of Supervisors (w/encl.)

SUNSHINE ORDINANCE TASK FORCE

City Hall
1 Dr Carlton B. Goodlett Place, Room 244
San Francisco, CA 94102-4689
Tel. No. (415) 554-7724
Fax No. (415) 554-7854
TTD/TTY No. (415) 554-5227

ORDER OF DETERMINATION
July 18, 2018

DATE ISSUED
June 6, 2018

CASE TITLE – Magick Altman against the Police Commission
(File No. 17131)

FACTS OF THE CASE

The following petition/complaint was filed with the Sunshine Ordinance Task Force (SOTF):

> Complaint filed by Magick Altman against the Police Commission for allegedly violating Administrative Code (Sunshine Ordinance), Sections 67.5, 67.7-1, 67.15 and 67.34, by willfully failing to make meetings open to the public, creating barriers to attendance and failing to allow public comment and to provide adequate public notice.

HEARING ON THE COMPLAINT

On February 27, 2018, the Complaint Committee (Committee) acting in its capacity to hear petitions/complaints heard the matter and referred it to the SOTF for hearing.

> Magick Altman (Petitioner) provided a summary of the complaint and requested the Committee to find a violation. Ms. Altman stated that the Police Commission recessed the meeting, changed meeting rooms and did not inform the public of the change of meeting rooms. Ms. Altman stated that members of the public were provided conflicting information regard the meeting room. Ms. Altman stated that access to City Hall was locked down or stopped for an undetermined period of time which prevented access to the public meeting. Ms. Altman alleged that Police Commissioners had discussions during the recess. Ms. Altman stated that Chief William Scott was allowed additional time to speak while members of the public had the microphone cut off at two minutes.
>
> Sgt. Rachel Kilshaw, Police Commission (Respondent), provided a summary of the department's position. Sgt. Kilshaw stated that the Police Commission recessed their meeting for approximately one hour due to the disorderly conduct of the audience. Sgt. Kilshaw stated that access to City Hall was not allowed for approximately 15 minutes but access to City Hall was allowed well before the

Police Commission reconvened. Sgt. Kilshaw stated that the Sheriff's Department made the decision to stop access to City Hall at their sole discretion with no input from the Police Commission. Sgt. Kilshaw stated that their City Attorney representative advised the Police Commission to move the meeting from Room 250 (Legislative Chamber) to Room 400 as the members of the public in the Chamber would not come to order or allow the meeting to continue. Sgt. Kilshaw stated that notices of the hearing room change were posted outside the meeting room and that the Sheriff's Deputies announced the room change but acknowledged that the Police Commission did not make an announcement themselves. Sgt. Kilshaw stated that Chief William Scott was an invited guest speaker and is therefore not subject to time limitations applied to public commenters. Sgt. Kilshaw stated that all members of the public were allowed to speak for two minutes. Sgt. Kilshaw stated that members of the public could view the meeting in the overflow room if parties could not enter the meeting room. A question and answer period occurred. Parties were provided an opportunity for rebuttal.

The Committee requested that the Police Commission provide witnesses or statements regarding the time City Hall access was closed and who made the decision. Information regarding the policy or procedures to changing rooms mid meeting was also requested. The Committee requested the Petitioner to provide witnesses or statements regarding the experiences of the public, their lack of accurate information and inability to enter City Hall.

The Committee reviewed the proposed violations and suggested that the following Administrative Code Sections to be applicable to the complaint:

67.15(b) – An opportunity for each member of the public to address the body shall be provide.
67.15(c) – Public Comment time limits shall be applied uniformly to members of the public.
67.15(e) – Any agenda changes or continuance shall be announced by the presiding officer of a policy body as soon as the change becomes known to such presiding officer.

On June 6, 2018, the SOTF held a hearing to review the recommendation from Committee and/or to review the merits of the petition/complaint.

Magick Altman (Petitioner) provided a summary of the complaint and requested the Committee to find a violation. Ms. Altman stated that members of the public were not given equal time to speak. Ms. Altman said the Police Commission recessed the meeting, changed meeting rooms and did not advise the public of the new meeting location. Ms. Altman also stated that members of the public who were outside City Hall were not permitted admission to the building. Raphael Becauze, Alexander Post, Gilbert Bernstein, Jeremey Miller, Victor Picazo and Karen Fleishman provided a summary of their experiences at the

November 3, 2017, Police Commission meeting and spoke in support of the Petitioner.

Sgt. Rachel Killshaw, Police Department (Respondent), provided a summary of the department's position. Sgt. Killshaw stated that the Police Commission and the Sherriff's Department have provided written statements and documents responsive to the SOTF's requests. Sgt. Killshaw also stated that the Sherriff's Department was responsible for the decision to close access to City Hall, not the Police Commission. Sgt. Killshaw stated that staff from the Police Commission posted a notice of changed of meeting room on the door to inform the public of the change of venue. There were no speakers who spoke in support of the Respondent.

A question and answer period occurred. The parties were provided an opportunity for rebuttals.

The SOTF opined that the Police Commission could have done more to inform the public of the meeting room change due to the confusion of the situation.

FINDINGS OF FACT AND CONCLUSION OF LAW

Based on the testimony and evidence presented the SOTF found that the Police Commission violated Administrative Code (Sunshine Ordinance), Sections 67.15(b), (c) and (e).

ORDER OF DETERMINATION

Member Tesfai, seconded by Member Hinze, moved to find that the Police Commission violated Administrative Code, Sections 67.15(b), (c) and (e), by failing to allow members of the public to directly address the Police Commission, failing to uniformly apply time limits for public comment and failure to announce changes to the agenda/change of meeting location as they became known.

The motion PASSED by the following vote:

Ayes: 7 – J. Wolf, Tesfai, Cannata, Fischer, Hinze, Hyland and B. Wolfe
Noes: 0 – None

Bruce Wolfe, Chair
Sunshine Ordinance Task Force

c. Magick Altman (Petitioner/Complainant)
Sgt. Rachel Killshaw, Police Commission (Respondent)