


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

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November 1, 2019

TO: Budget and Finance Committee

FROM: Budget and Legislative Analyst 

SUBJECT: November 6, 2019 Budget and Finance Committee Meeting

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Item 2 File 19-1001	Department: Department of Emergency Management
EXECUTIVE SUMMARY	
<p style="text-align: center;">Legislative Objectives</p> <ul style="list-style-type: none"> • The proposed resolution would approve the First Amendment to the Department of Emergency Management’s Purchase and Installation Agreement with Motorola to (a) increase the spending authority by \$33 million, from \$48 million to a total not-to-exceed amount of \$81 million, and (b) extend the end date by 7.5 years from June 30, 2021 through December 31, 2029. <p style="text-align: center;">Key Points</p> <ul style="list-style-type: none"> • In October 2016, the Board of Supervisors approved a new Purchase and Installation Agreement with Motorola following a competitive solicitation. The agreement was for a term from October 28, 2016 through June 30, 2021 and a not to exceed amount of \$48 million. The contract allowed the City to continue replacing its emergency communication radios and communication infrastructure. • According to the Department of Emergency Management, \$3.98 million of spending authority remains on the original agreement and the City has replaced all of its radios since 2016. <p style="text-align: center;">Fiscal Impact</p> <ul style="list-style-type: none"> • The proposed First Amendment sets prices and quantities for radios and related equipment, totaling \$32,221,531. These prices are based on discounts of 15 percent to 60 percent from Motorola’s retail prices. • The proposed First Amendment would provide for purchase of 10,885 radios and accessories to replace the 10,316 radios previously purchased by the City, plus a 5.5% growth factor. Radios have a lifespan of 5 – 8 years and therefore the City’s current radios will need to be replaced over the proposed extended term. The Department is requesting an increase not-to-exceed amount of \$33 million in order to preserve the price discounts over the term of the agreement in the event that the City needs to increase purchases. • Actual estimated spending under the proposed first amendment between FY 2021-22 and FY 2028-29 is \$20,809,850 <p style="text-align: center;">Policy Consideration</p> <ul style="list-style-type: none"> • Because the existing agreement does not provide for extensions in the term and because the increase in the agreement amount exceeds the estimated sending by City departments, we recommend that the Board of Supervisors request the Controller to include the Purchase and Installation Agreement in the City Services Auditor’s Audit Division’s contract audit program. <p style="text-align: center;">Recommendations</p> <ol style="list-style-type: none"> 1. Amend the proposed resolution to request the Controller to include the Purchase and Installation Agreement between Emergency Management and Motorola in the City Services Auditor’s Audit Division’s contract audit program. 2. Approve the proposed resolution as amended. 	

MANDATE STATEMENT

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

BACKGROUND

Radio Replacement Project

The Committee on Information Technology's FY 2013-14 Five Year Information Communications Technology Plan (ICT Plan), which was approved by the Board of Supervisors, recommended that the City replace its radio communication system. In April 2019 the Board of Supervisors approved the ICT Plan for FY 2019-20 to FY 2023-24, which recommended \$7.5 million in General Fund funding for FY 2019-20 for the Radio Replacement Project, the ongoing effort to upgrade and consolidate all of the City's public safety and public service radio systems into one comprehensive communication network. According to the Budget and Legislative Analyst report to the October 16, 2016 Budget and Finance Committee the total estimated project cost for the Radio Replacement Project was \$105,946,396.¹

Current Radio Contracts with Motorola

The Board of Supervisors originally approved a 10-year agreement with Motorola Solutions, Inc. (Motorola) to purchase radios and related equipment from 1997 to 2007. Although the Department of Technology conducted a competitive solicitation process, Motorola was the only respondent. The original agreement was extended by 10 years to 2017.

In October 2016, the Board of Supervisors approved a new Purchase and Installation Agreement with Motorola following a competitive solicitation. The agreement was for a term from October 28, 2016 through June 30, 2021 and a not to exceed amount of \$48 million, of which approximately \$35 million was expected to be financed.² The \$48 million was expected to be used for: (a) replacing and/or upgrading 9,910 radios; (b) replacing and/or upgrading equipment at nine dispatch locations; and (c) replacing equipment at eight radio sites and adding two new sites at San Bruno Jail and Bayview/Hunters Point. The Board of Supervisors approved a separate Maintenance and Support Agreement with Motorola with a term through November 1, 2035 and a not to exceed amount of \$28 million to maintain the equipment purchased from Motorola.

¹ The total project costs include \$11.2 million in appropriations through FY 2016-17, the total not to exceed amounts of the Purchase and Installation Agreement (\$48 million) and the Maintenance and Support Agreement (\$28 million), and other costs of implementation, including funding for positions to manage the project (\$17.6 million).

² Financing occurred through a lease-purchase agreement through the State of California's Department of General Services Golden State Financial Marketplace Program. Payments are expected to occur through FY 2026-27.

Purchases on the Current Motorola Contract

Table 1 below shows the current actual spending on the City's Purchase and Installation Agreement with Motorola.

Table 1: Actual Spending on Motorola Purchase and Installation Agreement

Total Not to Exceed Amount	\$48,000,000
Actual Spending Through FY 2018-19	(\$42,517,093)
Additional Known Spending in FY 2019-20	(\$1,500,000)
Remaining Contract Authority Through June 2021	\$3,982,907

Source: Department of Emergency Management

According to Ms. Michelle Geddes, the City's Radio Replacement Project Manager at the Department of Emergency Management ("Emergency Management"), the remaining \$3.98 million of contract spending authority will be used to complete planned equipment purchases for non-City agencies, for additional infrastructure improvements, and enhancements to the security of the City's radio network.³ The total spending for these remaining initiatives amounts to \$4.56 million or approximately \$580,323 more than the remaining contract spending authority. Accord to Ms. Geddes, the Department of Emergency Management has not finalized the priority of these remaining projects.

According to Ms. Geddes, the City has replaced all of its radios since 2016. As shown in Table 2 below, the City and non-City agencies purchased 7,438 radios from the existing Purchase and Installation Agreement with Motorola since October 2016 in addition to 2,878 radios purchased from the City's previous agreement with Motorola.

Table 2: Motorola Radio Purchases Since 2016

	Total
Radios as of October 2016	10,153
Purchased from Prior Agreement	2,878
Purchased from Current Agreement	7,438
Purchased since October 2016	10,316

Source: Department of Emergency Management

According to Emergency Management, the total number of radios increased from 10,153 in October 2016 to 10,316 in October 2019 due to higher than projected purchases by the Airport.

³ Under the original agreement, the non-City agencies (San Francisco State University, State Department of Corrections and Rehabilitation, San Francisco Unified School District, University of California at San Francisco, U.S. Marshalls, Veteran's Administration, and Water Emergency Transportation Agency) were to pay \$2.9 million for radios and equipment.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would approve the First Amendment to the Department of Emergency Management's Purchase and Installation Agreement with Motorola to (a) increase the spending authority by \$33 million, from \$48 million to a total not-to-exceed amount of \$81 million, and (b) extend the end date by 7.5 years from June 30, 2021 through December 31, 2029.

FISCAL IMPACT

The proposed First Amendment sets prices and quantities for radios and related equipment, totaling \$32,221,531, as shown in Table 3 below. According to documentation provided by the Department of Emergency Management, these prices are based on discounts of 15 percent to 60 percent from Motorola's retail prices.

Table 3: Uses of Additional Spending Authority in Proposed First Amendment

Equipment	Quantity	Price	Tax	Total Cost
Radios	10,885	\$26,546,958	\$2,654,696	\$29,201,654
Batteries	24,000	\$1,789,200	\$178,920	\$1,968,120
Charging stations	1,217	\$618,305	\$61,831	\$680,136
Microphones	4,950	\$337,838	\$33,784	\$371,621
Total	41,052	\$29,292,301	\$2,929,230	\$32,221,531

Source: Department of Emergency Management

The proposed First Amendment would provide for purchase of 10,885 radios to replace the 10,316 radios previously purchased by City departments and non-City agencies (see Table 2 above), plus an additional 5.5 percent to allow for an increase in the number of radios that may be needed during the term of the agreement. According to Ms. Geddes, radios have a lifespan of 5 – 8 years and therefore the City's current radios will need to be replaced over the proposed extended term.

Actual estimated spending under the proposed first amendment between FY 2021-22 and FY 2028-29 is \$20,809,850, as shown in Table 4 below, or \$12,190,150 less than the increase in the agreement amount of \$33,000,000.

Table 4: Expected Spending Related to Proposed First Amendment, FY 2020-21 to FY 2028-29

	Purchase Price	Tax	Total
Administrative Services	\$301,482	\$25,626	\$327,108
Adult Probation	324,044	27,544	351,588
Airport	12,489	1,062	13,551
Building Inspection	57,761	4,910	62,671
Controller's Office	335,446	28,513	363,959
District Attorney	342,191	29,086	371,277
Emergency Management	960,459	81,639	1,042,098
Fire Department	1,312,901	111,597	1,424,498
Homelessness & Supportive Housing	253,115	21,515	274,630
Human Service Agency	2,328,100	197,889	2,525,989
Juvenile Probation	68,689	5,839	74,528
Library	23,284	1,979	25,263
Police Department	102,774	8,736	111,510
Port	108,396	9,214	117,609
Public Health	5,465,179	464,540	5,929,719
Public Utilities Commission	320,153	27,213	347,366
Public Works	128,012	10,881	138,893
Recreation and Park	402,769	34,235	437,004
SFMTA	281,945	23,965	305,910
Sheriff's Department	2,388,637	203,034	2,591,672
Technology	2,243,032	190,658	2,433,690
Subtotal City Departments	\$17,760,858	\$1,509,673	\$19,270,531
California Academy of Sciences	111,815	9,504	121,320
Unified School District	302,857	25,743	328,600
Private Ambulance Companies	1,004,055	85,345	1,089,400
Subtotal Non-City Agencies^a	\$1,418,728	\$120,592	\$1,539,320
Total	\$19,179,586	\$1,630,265	\$20,809,850

Source: Department of Emergency Management

^a The Motorola Purchase and Installation Agreement allows the Department of Emergency Management to purchase on behalf of other City Departments as well as other parties, including private ambulance companies operating within San Francisco, the United School District, and the California Academy of Sciences.

According to Ms. Geddes, the Department of Emergency Management is requesting an increase in the agreement not-to-exceed amount of \$33 million, rather than the expected purchase amount of \$20.8 million, in order to preserve the price discounts over the term of the agreement in the event that the City needs to increase purchases.

According to Ms. Geddes, the Department of Emergency Management is preparing Memoranda of Understanding with City departments to document each department's expected purchases under the proposed first amendment to the agreement with Motorola. Actual City

departments' spending under the Motorola agreement is subject to Board of Supervisors' appropriation approval.

POLICY CONSIDERATION

The existing Purchase and Installation Agreement between Emergency Management and Motorola, which extends through June 30, 2021, does not specify options to extend the agreement term. According to Ms. Geddes, Emergency Management is requesting to extend the agreement to December 2029 and increase the agreement amount by \$33 million in order to access price discounts negotiated in the existing agreement. Although the estimated purchases under the proposed First Amendment of \$20.8 million are \$12.2 million less than the increase in the agreement amount of \$33 million, Ms. Geddes states that the City must commit to radio purchases under the agreement through December 2029 in order to access additional discounts.

Because the existing agreement does not specifically provide for extensions in the agreement term, and because the increase in the agreement amount exceeds the estimated sending by City departments, the Budget and Legislative Analyst recommends that the Board of Supervisors request the Controller to include the Purchase and Installation Agreement between Emergency Management and Motorola in the City Services Auditor's Audit Division's contract audit program.

RECOMMENDATIONS

1. Amend the proposed resolution to request the Controller to include the Purchase and Installation Agreement between Emergency Management and Motorola in the City Services Auditor's Audit Division's contract audit program.
2. Approve the proposed resolution as amended.

Item 3 File 19-1049	Department: Human Services Agency
EXECUTIVE SUMMARY	
<p style="text-align: center;">Legislative Objectives</p> <ul style="list-style-type: none"> • The proposed resolution would approve the First Amendment to the grant agreement between the City and the Institute on Aging. The resolution increases the amount of the grant by \$770,000, bringing the not-to-exceed amount to \$10,564,736 during the agreement term of July 1, 2019 through June 30, 2021. <p style="text-align: center;">Key Points</p> <ul style="list-style-type: none"> • The Institute on Aging administers the Community Living Fund (CLF) program, a program which provides intensive case management and purchase of services for older adults and adults with disabilities. Services provided through the CLF program aim to reduce unnecessary institutionalization and allow people to remain in their homes or in the community as long as possible with appropriate support. • The Public Guardian Housing Fund is a new pilot program proposed by HSA and the Public Guardian, funded by the Community Living Fund. The Public Guardian Housing Fund would fund individuals' placement in assisted living facilities, supportive housing, or other similar types of housing, providing a subsidy of up to 100% as appropriate based on the individual's financial and functional need. The Public Guardian Housing Fund will first be piloted to approximately 10 participants annually. To be eligible participants must already be conserved by the Public Guardian, and meet the eligibility criteria for the CLF program. <p style="text-align: center;">Fiscal Impact</p> <ul style="list-style-type: none"> • The \$770,000 increase in the grant agreement with the Institute on Aging pays for housing subsidies and the Institute's salaries and administrative costs in FY 2019-20 and FY 2020-21. The pilot Public Guardian Housing program will be paid for using the Community Living Fund, which is funded by annual General Fund appropriations and federal funds <p style="text-align: center;">Recommendation</p> <ul style="list-style-type: none"> • Approve the proposed resolution. 	

MANDATE STATEMENT

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

BACKGROUND

The San Francisco Human Services Agency (HSA) is responsible for providing services to older adults and adults with disabilities through the Department of Aging and Adult Services.

Community Living Fund (CLF)

The Community Living Fund (CLF) provides funds for case management and purchase of services for older adults and adults with disabilities. Services provided through the CLF aim to reduce unnecessary institutionalization and allow people to remain in their homes or in the community for as long as possible with appropriate support. Examples of services that can be purchased through the CLF program are home care, assistive devices, home modifications, basic furnishings, transportation, and translation services. There are approximately 200 people receiving services through the CLF program on a monthly basis.

The Aging and Adult Services Commission approved the Institute on Aging to administer the Community Living Fund program at its meeting on May 1, 2019. The Institute on Aging (IOA) was chosen through a competitive solicitation process in October 2018, and was awarded a grant agreement of \$8,904,306 that runs July 1, 2019 through June 30, 2021. IOA's proposal was found to be fully responsive to the RFP and they were the only bidder. According to Mr. David Kashani, Senior Contract Manager at HSA, the Institute on Aging has been providing CLF services since 2007 and the most recent grant monitoring demonstrates that IOA is meeting their performance targets.¹

The Public Guardian Housing Fund

The Public Guardian Housing Fund is a new pilot program proposed by HSA and the Public Guardian.² The Public Guardian Housing Fund would fund individuals' placement in assisted living facilities, supportive housing, or other similar types of housing. The Public Guardian Housing Fund would be available for individuals who are conserved by the Public Guardian who meet both Public Guardian eligibility criteria and CLF eligibility criteria, including:

- Resident of San Francisco;
- 18 years or older;

¹ Performance targets include delivering sufficient units of services, data quality and reporting standards, retaining qualified staff, and delivering consistent outcomes for clients.

² Under California Probate Code, the Superior Court can appoint the Public Guardian to serve as conservator to individuals who have physical and mental (such as dementia) limitations that make them unable to handle basic personal and financial needs.

- Institutionalized or at risk of becoming institutionalized³;
- At or below an income level of 300% of federal poverty;
- Assets of \$6,000 or less; and
- Willing and able to live in the community with appropriate support

The Public Guardian serves approximately 350 people on a monthly basis. The initial pilot would be available to approximately ten individuals annually during the two year pilot; the Public Guardian has identified ten individuals who are conserved by the Public Guardian who are in need of housing funds.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would approve the First Amendment to the grant agreement between the City and the Institute on Aging. The resolution increases the amount of the grant by \$770,000, bringing the not-to-exceed amount to \$10,564,736 during the agreement term of July 1, 2019 through June 30, 2021.

FISCAL IMPACT

The proposed \$770,000 will allow the Institute on Aging to pilot the Public Guardian Housing Fund program. Table 1, below, shows the budget for the Public Guardian Housing Fund pilot.

Table 1: Public Guardian Housing Fund Budget

Expenditure	FY 2019-20	FY 2020-21	Total
Salaries and Benefits	\$17,500	\$27,037	\$44,537
Operating expenses	\$22,198	\$12,661	\$34,859
Indirect expenses (15%)	\$5,954	\$5,954	\$11,908
Housing Subsidies	\$304,348	\$304,348	\$608,696
Contingency (10%)	\$35,000	\$35,000	\$70,000
Total	\$385,000	\$385,000	\$770,000

Source: Human Services Agency

The pilot Public Guardian Housing program will be paid for using the Community Living Fund, which is funded by annual General Fund appropriations and federal funds.⁴

The Institute on Aging provides program administration and case management support to both programs, and they intend to use the same case managers and administrative staff to support both programs. According to Ms. Fanny Lapitan, HSA Program Analyst, staff costs related to administering this pilot 0.1 FTE Case Manager, 0.1 FTE Procurement Manager, and 0.05 FTE Clinical Supervisor, which together comprise the salary and benefits cost in Table 1 above.

³ Institutionalization refers to residing in a state-licensed facility, including skilled nursing facilities and hospital settings.

⁴ The Community Living Fund was established by the Board of Supervisors in 2006 (File 06-0793). Appropriations to the fund may only be used for the Department of Aging and Adult Services programming related to housing needs, as specified in Section 10.100-12 of the Administrative Code.

Operating expenses include property rental, staff training, temporary salaries for accounting staff, technology, and office supplies. Indirect costs are based on an overhead recovery rate of 15 percent.

The pilot Public Guardian Housing Fund will offer housing subsidies totaling \$304,348 per year for FY 2019-20 and FY 2020-21. According to Ms. Lapitan, the proposed subsidy amount is based on ten clients per month at an average subsidy of \$2,500 per month, or approximately \$500,000 through FY 2020-21.⁵ According to Ms. Lapitan, the remaining \$108,686 in the PG Housing Fund (\$608,686 - \$500,000 = \$108,686) would be used for one-time moving and house-related costs. The \$2,500 monthly subsidy cost is based on current subsidies of current CLF clients.⁶ The budget for this pilot includes a 10 percent contingency, or \$70,000, to fund higher than expected subsidy costs. Any remaining funds from the first fiscal year will be reallocated to the second fiscal year of the pilot.

RECOMMENDATION

Approve the proposed resolution

⁵ 10 clients x 20 months x \$2,500 = \$500,000. Twenty months from November 2019 through June 2021.

⁶ According to Ms. Lapitan, CLF clients' housing subsidy average \$2,900; however the Public Guardian Housing Fund pilot's housing placements are expected to occur in smaller facilities, which tend to charge lower rates than the average CLF placement facility.

Item 4 File 19-0995	Department: General Services Agency - City Administrator's Office (CAO)
EXECUTIVE SUMMARY	
<p style="text-align: center;">Legislative Objectives</p> <ul style="list-style-type: none"> • The proposed resolution would approve the First Amendment to the contract between the Risk Management Division (Risk Management) and Alliant Insurance Services, Inc., increasing the not-to-exceed amount by \$39,500,000, for a total not to exceed \$74,000,000, and extending the contract by two years, through June 30, 2022. <p style="text-align: center;">Key Points</p> <ul style="list-style-type: none"> • Risk Management uses insurance brokerage services to purchase insurance for City departments, including property, liability, and other forms of third-party insurance. These brokers are responsible for assisting the City's Risk Management Division in evaluating City departments' insurance needs and assuring that City departments have the appropriate level of insurance coverage. • In March 2016, Risk Management issued a Request for Qualifications (RFQ) for insurance brokerage and risk management services and selected Alliant Insurance Services, Inc. for a contract. In May 2017, the Board of Supervisors approved a contract with Alliant for a term of three years, from July 2017 through June 2020, with three two-year options to extend through June 2026, and an amount not to exceed \$34,500,000. • The proposed resolution would approve the First Amendment to the contract with Alliant, extending the contract through June 2022 and increasing the not-to-exceed amount to \$74,000,000. While the contract would expire June 2022, as the contract allows for extensions in two-year increments, the not-to-exceed amount covers projected expenditures through June 2023. Risk Management may extend the contract administratively at a later date, to cover expenditures for FY 2022-23, without increasing the not-to-exceed amount. <p style="text-align: center;">Fiscal Impact</p> <ul style="list-style-type: none"> • The proposed First Amendment increases the not-to-exceed amount of the contract by \$39,500,000, for a total not to exceed \$74,000,000. While the actual premium amounts are not yet known, the budget covers projected premium increases resulting from expected increases to the City's total insured value, due to new construction, updated appraisals of existing properties, and increased underwriter requirements. • The funding for premiums is paid through work orders from the various City departments for which the insurance is being procured. <p style="text-align: center;">Recommendation</p> <ul style="list-style-type: none"> • Approve the proposed resolution. 	

MANDATE STATEMENT

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

BACKGROUND

The City Administrator's Office's Risk Management Division (Risk Management) uses insurance brokerage services to purchase insurance for City departments, including property, liability, and other forms of third-party insurance. These brokers are responsible for assisting the City's Risk Management Division in evaluating City departments' insurance needs and assuring that City departments have the appropriate level of insurance coverage.

In March 2016, Risk Management issued a Request for Qualifications (RFQ) for insurance brokerage and risk management services and established a prequalified list of service providers. Risk Management selected Alliant Insurance Services, Inc., which had been the City's service provider since July 2011, to provide these services based on the RFQ process. In May 2017, the Board of Supervisors approved a contract with Alliant for a term of three years, from July 2017 through June 2020, at an amount not to exceed \$34,500,000, with three two-year options to extend through June 2026 (File 17-0341, Resolution 222-17).

In 2018, Risk Management issued another RFQ for insurance brokerage and risk management services and again deemed Alliant to meet the minimum requirements. According to Mr. Peter Goldstein, Risk Management Deputy Director, the City Attorney's Office has recommended conducting new RFQs every two to three years, as Risk Management maintains insurance contracts with several brokers. As noted above, the current contract expires June 30, 2020, and Risk Management proposes exercising the first two-year extension option through June 30, 2022.

DETAILS OF PROPOSED LEGISLATION

The City Administrator's Office will submit an amended resolution to the November 6, 2019 Budget and Finance Committee meeting to approve the First Amendment to the contract with Alliant, increasing the not-to-exceed amount by \$39,500,000, for a total not to exceed \$74,000,000, and extending the contract by two years, through June 30, 2022. Our report is based on the City Administrator's Office's proposed amended resolution.¹

Risk Management and Alliant have agreed on a rate structure for the next three fiscal years, FY 2020-21, FY 2021-22, and FY 2022-23. However, the contract allows for extending the term in two-year increments, and the First Amendment only extends the contract through June 2022. If the Board of Supervisors were to approve the proposed First Amendment, Risk Management

¹ File 19-0995 states that the First Amendment would increase the contract's not-to-exceed amount to \$74,000,000 but not change the expiration date of June 30, 2020. The proposed amended resolution makes the correction that the First Amendment would exercise the first option to extend through June 30, 2022.

would be able to extend the contract administratively at a later date, to cover expenditures for FY 2022-23, without increasing the not-to-exceed amount.

FISCAL IMPACT

The proposed First Amendment would increase the not-to-exceed amount of the contract by \$39,500,000, for a total not to exceed \$74,000,000. According to Mr. Goldstein, Risk Management will have expended approximately \$25,300,000 of the original \$34,500,000 not-to-exceed amount, leaving approximately \$9,200,000 in remaining contract authority.

The premium payment for FY 2019-20 was approximately \$12,200,000. According to Mr. Goldstein, premiums are projected to increase 10 percent annually in FY 2020-21 and FY 2021-22 and five percent in FY 2022-23, assuming no increases to the City's total insured value. However, due to new facilities nearing construction completion, updated appraisals of existing facilities, and underwriter requirements that insured values reflect increasing construction costs in the region, the City's total insured value will likely increase over the next three years. According to Mr. Goldstein, an additional \$5,000,000 is needed to cover premium increases due to increases in the City's total insured value. The projected expenditures are shown in Table 1 below.

Table 1: Projected Expenditures of Alliant Contract Extension

	FY 2020-21	FY 2021-22	FY 2022-23	Total
Baseline Insurance Premiums	\$13,420,000	\$14,762,000	\$15,500,100	\$43,682,100
Premium Increases from Increases in Total Insured Value	1,500,000	1,750,000	1,750,000	5,000,000
Total Expenditures	\$14,920,000	\$16,512,000	\$17,250,100	\$48,682,100
Amount Available in Existing Contract Authority				(9,200,000)
Net Amount Needed				\$39,482,100

According to Mr. Matt Hansen, Risk Management Director, the actual premium amounts are unknown until shortly before payments are due by July 1 of each year. The City would make the final premium payment for FY 2022-23, estimated to be \$17,250,100 by June 30, 2022, the final date of the contract extension. While the final payment would be made by June 30, 2022, insurance coverage extends through June 30, 2023.

The funding for premiums is paid through work orders from the various City departments for which the insurance is being procured. According to Mr. Hansen, Alliant is only a passthrough broker that sells insurance across the global market. Premium costs would be nearly identical if sold through other prequalified insurance brokers.

RECOMMENDATION

Approve the proposed resolution.

Item 5 File 19-0996	Department: Administrative Services
EXECUTIVE SUMMARY	
<p style="text-align: center;">Legislative Objectives</p> <ul style="list-style-type: none"> • The proposed resolution would approve the First Amendment to the City’s Memorandum of Understanding (MOU) with Sunset Scavenger Company (Recology Sunset Scavenger), Golden Gate Disposal & Recycling Company (Recology Golden Gate), and Recology San Francisco. The proposed resolution would increase the Agreement’s total not to exceed amount from \$40 million to \$48 million. <p style="text-align: center;">Key Points</p> <ul style="list-style-type: none"> • The City’s current MOU with Recology has a term from December 2014 through November 2020 and a not to exceed spending authority of \$40 million. The current MOU with Recology, like those before it, received a sole source waiver from the Office of Contract Administration because Recology has been the only entity permitted to collect refuse in San Francisco since 1932 (Section 290 of the Health Code). • Rates for refuse collection are set during rate processes conducted by SF Public Works and subject to appeal to the Refuse Rate Board, which consists of the City Administrator, the Controller, and the SF Public Utilities Commission Manager. The City’s refuse collection costs increased at least 12 percent annually. • Based on data provided by the Office of Contract Administration, the City has spent or encumbered \$39,990,731 of the \$40,000,000 not to exceed amount of the MOU. <p style="text-align: center;">Fiscal Impact</p> <ul style="list-style-type: none"> • The proposed resolution would authorize an additional \$8 million in spending authority. According to Mr. Daniel Sanchez, Purchaser at the Office of Contract Administration, the additional \$8 million is required for City departments to pay their refuse collection bills for the remaining portion of FY 2019-20. <p style="text-align: center;">Recommendation</p> <ul style="list-style-type: none"> • Approve the proposed resolution. 	

MANDATE STATEMENT

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

BACKGROUND

Current Memorandum of Understanding with Recology

In December 2014, the Board of Supervisors approved a Memorandum of Understanding (MOU) between the City and Recology San Francisco and its subsidiaries, Recology Golden Gate and Recology Sunset Scavenger, for refuse collection for City facilities. The MOU has a term from December 2014 through November 2020 and a not to exceed spending authority of \$40 million. The current MOU with Recology, like those before it, received a sole source waiver from the Office of Contract Administration because Recology has been the only entity permitted to collect refuse in San Francisco since 1932 (Section 290 of the Health Code).

Rates for refuse collection are set during rate processes conducted by SF Public Works and subject to appeal to the Refuse Rate Board, which consists of the City Administrator, the Controller, and the SF Public Utilities Commission General Manager. Table 1 below shows the City's annual spending 2015 – 2018. As shown below, refuse collection costs increased at least 12 percent annually.

Table 1: Actual Spending on Recology MOU, 2015 – 2018

Calendar Year	Average Monthly Spending	Annual Change
2015	\$487,559	n/a
2016	\$546,164	12%
2017	\$618,765	13%
2018	\$704,964	14%
2019 (through August)	\$788,317	12%

Source: Office of Contract Administration

Based on data provided by the Office of Contract Administration, the City has spent or encumbered \$39,990,731 of the \$40,000,000 not to exceed amount of the MOU.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would approve the First Amendment to the City's Memorandum of Understanding with Sunset Scavenger Company (Recology Sunset Scavenger), Golden Gate Disposal & Recycling Company (Recology Golden Gate), and Recology San Francisco. The proposed resolution would increase the Agreement's total not to exceed amount by \$8 million from \$40 million to \$48 million. Refuse collection includes all recyclables, compostable and landfill-bound trash.

FISCAL IMPACT

The proposed resolution would authorize an additional \$8 million in spending authority. According to Mr. Daniel Sanchez, Purchaser at the Office of Contract Administration, the additional \$8 million is required for City departments to pay their refuse collection bills for the remaining portion of FY 2019-20. According to Mr. Sanchez, refuse collection rates have risen faster than anticipated in 2014, when the Board of Supervisors approved the current MOU with Recology.

According to Mr. Sanchez, the Office of Contract Administration is planning to prepare a new Memorandum of Understanding with Recology that begins in FY 2020-21.

RECOMMENDATION

Approve the proposed resolution.

Items 7 and 8 Files 19-1070 and 19-1071	Departments: Police, Sheriff, District Attorney
EXECUTIVE SUMMARY	
<p style="text-align: center;">Legislative Objectives</p> <ul style="list-style-type: none"> • File 19-1070 is an ordinance appropriating \$2,938,842 from the General Reserve in FY 2019-20 to provide funding for the Sheriff’s Department, Police Department, and the District Attorney to implement the terms of the Buffin settlement agreement. File 19-1071 is an ordinance amending the Annual Salary Ordinance to add four new positions to the District Attorney’s Office (2.0 FTE in FY 2019-20), and one new position to the Sheriff’s Department (0.5 FTE in FY 2019-20). <p style="text-align: center;">Key Points</p> <ul style="list-style-type: none"> • Plaintiffs Riana Buffin and Crystal Patterson recently reached a settlement agreement with the Sheriff’s Department in the case of Buffin et al. versus Sheriff Vicki Hennessy in her official capacity as Sheriff. The ordinance approving the settlement agreement is pending before the Board of Supervisors. The settlement agreement (1) restricts use of the existing bail schedule for arrested individuals in determining the length of pre-arrestment detention; (2) requires release of certain detainees within 18 hours from the time of booking; and (3) requires additional funding to the San Francisco Pretrial Diversion Project for its work related to own recognizance releases known as Own Recognizance Project. <p style="text-align: center;">Fiscal Impact</p> <ul style="list-style-type: none"> • In order to implement the Buffin settlement agreement from January 2020 through June 2020: (1) the Sheriff’s Department has requested increased overtime for additional staffing in County Jail #1, an administrative position to manage data requirements, and increased funding to the San Francisco Pretrial Diversion Project; (2) the District Attorney’s Office has requested four new positions to provide evening and weekend coverage; and (3) the Police Department has requested overtime to provide police sergeant coverage at seven of the busiest police stations. • The Controller’s Office will evaluate the impact of the Buffin settlement agreement on workload for these departments. <p style="text-align: center;">Recommendations</p> <ul style="list-style-type: none"> • Amend the proposed ordinance (File 19-1070) to reduce the appropriation by \$746,973 from \$2,938,842 to \$2,191,869, as shown in Table 4 below. • Amend the proposed ordinance (File 19-1071) to approve the five new positions (2.5 FTE in FY 2019-20) as limited tenure for 18 months from January 1, 2020 through June 30, 2021, including (a) one 1823 Senior Administrative Analyst (0.5 FTE in FY 2019-20) at the Sheriff’s Department; and (b) two 8177 Attorney positions (1.0 FTE in FY 2019-20) and two 8133 Victim/Witness Investigator III positions (1.0 FTE in FY 2019-20) at the District Attorney’s Office. • Approve the proposed ordinances as amended. 	

MANDATE STATEMENT

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

City Charter Section 2.105 states that the Board of Supervisors shall act only by written ordinance or resolution.

Administrative Code Section 2.1-1 states that the Board of Supervisors shall determine the maximum number of each class of employment in each of the various departments and offices of the City and County, and shall fix rates and schedules of compensation.

BACKGROUND

Plaintiffs Riana Buffin and Crystal Patterson recently reached a settlement agreement with the Sheriff's Department in the case of Buffin et al. versus Sheriff Vicki Hennessy in her official capacity as Sheriff. The ordinance approving the settlement agreement is pending before the Board of Supervisors. The settlement has three main terms: (1) prohibiting the Sheriff from using the existing bail schedule for arrested individuals and from using any similar policy that determines the existence or length of pre-arraignment detention based on an arrestee's ability to pay; (2) requiring the Sheriff to release certain arrestees within 18 hours from the time of booking under certain circumstances; and (3) conditioning the settlement on the City providing additional funding to the community-based organization San Francisco Pretrial Diversion Project for its work related to own recognizance releases known as Own Recognizance Project.

As part of the 18-hour time limit for holding an arrested individual, the settlement puts in place additional time-limited processes and workload requirements for entities involved in the criminal justice system in order to determine when an own recognizance release is appropriate, as explained below.

- The Own Recognizance Project of the San Francisco Pretrial Diversion Project would be required to do an own recognizance workup for all *eligible* arrested individuals; that is, all arrestees booked on offenses not enumerated in California Penal Code Section 1270.1(a), which lists "serious or violent felonies". This workup would include completion of a Public Safety Assessment—a standardized assessment tool that produces risk scores for the likelihood to commit a new crime, likelihood to commit a new violent crime, and likelihood of failure to appear in court—along with all other portions of the own recognizance workup reasonably available. The Own Recognizance Project would be required to submit its release recommendation to the San Francisco Superior Court within eight hours from the time of booking. The new eight-hour timeframe for preparing an own recognizance workup would require the Police Department to prepare and submit its incident report to the Own Recognizance Project within eight hours—down from the current timeframe of 48 hours. The District Attorney's Office would also need to review release recommendations prepared by the Own Recognizance Project within eight hours.

- If the Superior Court does not render a timely release decision and the Public Safety Assessment court report does not indicate that a release is not recommended, then the Sheriff would be required to release the arrested individual at 18 hours from the time of booking.
- Two parties—a law enforcement officer and representatives of the arrested individual—may each seek adjustments to the 18-hour time limit for rendering an own recognizance release determination. Working in coordination with the District Attorney’s Office, a sheriff’s deputy or police officer who (1) has reasonable cause to believe that an arrestee may not appear at arraignment or poses a threat to public safety, or (2) expects that specific information not yet provided will be delivered within the next 12 hours and will probably provide a reasonable cause to believe that an arrestee may not appear at arraignment or poses a threat to public safety may file a declaration under penalty of perjury within the 18-hour period that would—without further judicial action—extend the 18-hour period by an additional 12 hours. Alternatively, the arrested individual, their attorney, a friend, or family member would have the right to submit an application seeking a faster judicial decision than the 18-hour timeline. Further, the arrested individual, their attorney, a friend, or family member would also have the right to submit an application seeking an own recognizance release prior to arraignment for offenses enumerated in California Penal Code Section 1270.1(a), including a serious felony (as defined in California Penal Code Section 1192.7(c)), a violent felony (as defined in California Penal Code Section 667.5(c)), and other specified offenses. The District Attorney’s Office would need to review and respond to these own recognizance release applications submitted by arrested individuals or their representatives, either for faster judicial action or for consideration for an own recognizance release for offenses enumerated in California Penal Code Section 1270.1(a).

Finally, the settlement terms provide for 18 months of court monitoring in order to ensure Sheriff’s Department compliance with the new requirements. As part of this monitoring, the Sheriff’s Department would be required to gather data regarding time of arraignment for all arrestees and to submit comprehensive data reports every three months for the duration of the 18-month period.

DETAILS OF PROPOSED LEGISLATION

File 19-1070: Supplemental Appropriation Ordinance

The proposed ordinance would appropriate \$2,938,842 General Fund from the General Reserve¹ in FY 2019-20 to provide funding for the Police Department, Sheriff’s Department, and the District Attorney to implement the terms of the Buffin settlement agreement, as shown in Table 1 below.

¹ The current balance of the General Reserve is \$156.7 million, of which \$28.9 million is the minimum reserve amount set by Administrative Code Section 10.60(b).

Table 1: Sources and Uses of Funds

Source of Funds	Amount
General Reserve	\$2,938,842
Total Sources	\$2,938,842
Uses of Funds	
<i>Sheriff's Department</i>	
Overtime	\$456,460
Permanent Salaries	59,318
Fringe Benefits	24,892
Community-Based Organization Services	<u>836,838</u>
Subtotal, Sheriff's Department	\$1,377,508
<i>Police Department</i>	
Overtime	\$1,234,868
IT Software & Professional Services	<u>2,000</u>
Subtotal, Police Department	\$1,236,868
<i>District Attorney</i>	
Permanent Salaries	239,584
Fringe Benefits	<u>84,882</u>
Subtotal, District Attorney	\$324,466
Total Uses	\$2,938,842

Existing Workload Related to Own Recognizance Releases for the Sheriff's Department, Police Department and District Attorney

Sheriff's Department. The Sheriff's Department contracts with the community-based organization San Francisco Pretrial Diversion Project in order to assist eligible arrested individuals to obtain own recognizance releases through its Own Recognizance Project. The contract provides for a timeline and procedure for Own Recognizance Project staff to submit own recognizance workups to the San Francisco Superior Court. Staff from the Own Recognizance Project are to complete their own recognizance workup within 48 hours from the time of a person's booking, including completion of the Public Safety Assessment within 24 hours from the time of booking and submission of a Public Safety Assessment court report providing a release recommendation among four options: no active supervision, minimum supervision, assertive case management, or release not recommended. In FY 2019-20, the contract budget for the San Francisco Pretrial Diversion Project is \$4,471,357, which funds the completion of 2,250 Public Safety Assessment reports quarterly and provides assertive case management to 390 cases and minimum supervision to 720 cases.

Police Department. Police officers currently prepare an incident report—with sign off by a sergeant and a lieutenant within 48 hours of the time of booking and submittal of the report to the Own Recognizance Project. The incident reports are shared via a secure centralized electronic content management system known as Laserfiche, fax, e-mail, or in-person delivery, depending on the availability of transmission methods from police stations.

District Attorney. The District Attorney’s Office currently reviews the own recognizance workups prepared by the Own Recognizance Project to ensure all relevant materials have been made available.

File 19-1071: Annual Salary Ordinance Amendment

The proposed ordinance would amend the Annual Salary Ordinance to add five new positions, equal to 2.5 FTEs for the remainder of FY 2019-20 at the District Attorney and Sheriff’s Department in order to implement the terms of the Buffin settlement, as shown in Table 2 below.

Table 2: Proposed New Positions for the District Attorney and Sheriff’s Department

	Number of Positions	FY 2019-20 FTEs
<i>District Attorney</i>		
8177 Attorney	2	1.00
8133 Victim/Witness Investigator III	2	1.00
<i>Sheriff’s Department</i>		
1823 Senior Administrative Analyst	1	0.50
Total	5	2.50

FISCAL IMPACT

A total of \$2,938,842 General Fund from the General Reserve is requested to implement the terms of the settlement reached between plaintiffs Riana Buffin and Crystal Patterson (and others similarly situated) and the Sheriff’s Department in FY 2019-20.

Sheriff’s Department

The supplemental appropriation ordinance proposes to augment the San Francisco Pretrial Diversion Project community-based organization contract by \$836,838 in FY 2019-20 due to increased workload and faster timelines for preparing own recognizance workups and submitting them to the San Francisco Superior Court. Our review of the Own Recognizance Project proposed budget provided by the Sheriff’s Department indicates that the amount of \$836,838 reflects hiring assumptions for August, September, and October that have not materialized. We therefore recommend reducing the augmentation to \$709,733 in FY 2019-20 to accurately reflect hiring to date, as shown in Table 3 below.

Table 3: FY 2019-20 Proposed Budget and Recommended Modification for San Francisco Pretrial Diversion Project Community-Based Organization Services

	Proposed	Recommended
Salaries & Fringe Benefits	\$570,162	\$463,664
Operating Expenses	59,750	59,750
Sub-Contract Services	79,900	79,900
Equipment	16,700	16,700
Administrative Costs	110,326	89,719
Total	\$836,838	\$709,733
Reduction		(\$127,105)

The proposed 1823 Senior Administrative Analyst position and accompanying salary and fringe benefit funds of \$84,210 appear reasonable to comply with the terms of the Buffin settlement, which require preparation of comprehensive data reports by the Sheriff's Department for the 18-month period of court monitoring. Because of the time-limited nature of this work, we recommend that the 1823 position be approved as a limited-tenure position from January 1, 2020 through June 30, 2021 to correspond with the court monitoring period of 18 months.

The proposed overtime amount of \$456,460 appear reasonable to provide 24 hour/7 day per week sheriff's deputy staffing at County Jail #1 to (a) ensure compliance with court-imposed timelines requiring release of the detainee within 18 hours if certain conditions are met, and (2) file declarations seeking an additional 12 hours' detention under certain circumstances (noted above).

Police Department

The supplemental appropriation ordinance proposes to augment Police Department overtime by \$1,234,868 to provide additional police sergeant staffing at the seven busiest police stations to sign off on incident reports. While we agree that enhanced police sergeant staffing will be needed to meet the court-imposed eight-hour timeline for preparing and submitting incident reports to the Own Recognizance Project and for filing declarations seeking an additional 12 hours under the 18-hour release timeline, we question the amount proposed.

In a 2018 performance audit of the Police Department, our office found that the Department did not sufficiently control the use of overtime; according to the Police Department, the Department has implemented procedures to better manage overtime and is continuing to monitor overtime. The Police Department's overtime budget in FY 2019-20 is \$19,392,195, of which \$5,246,035 has been spent to date. Based on actual overtime spending in FY 2019-20, we recommend a reduction in Police Department overtime under the proposed ordinance from \$1,234,868 to \$615,000.

District Attorney

The supplemental appropriation ordinance proposes two 8177 Attorney positions and two 8133 Victim/Witness Investigator III positions (senior paralegals) to address the workload associated with: (1) reviewing Public Safety Assessment court reports; (2) coordinating with the Sheriff’s Department and Police Department in filing declarations seeking an additional 12 hours under the 18-hour release timeline in certain circumstances; and (3) reviewing and responding to own recognizance release applications submitted by arrested individuals or their representatives, either for faster judicial action or for consideration for an own recognizance release for offenses enumerated in California Penal Code Section 1270.1(a). Because the workload associated with tasks 2 and 3 are unknown and difficult to predict, we recommend the four positions be approved as limited tenure for 18 months from January 1, 2020 through June 30, 2021.

SUMMARY

The Board of Supervisors should amend the proposed ordinance (File 19-0994) to reduce the appropriation by \$746,983, from \$2,938,842 to \$2,191,869, as discussed above and shown in Table 4 below.

Table 4: Summary Table of Appropriation Recommendations (File 19-0994)

	Proposed	Recommended	Reduction
<i>Sheriff’s Department</i>			
Overtime	\$456,460	\$456,460	\$0
Permanent Salaries	59,318	59,318	0
Fringe Benefits	24,892	24,892	0
Community-Based Organization Services	<u>836,838</u>	<u>709,733</u>	<u>(127,105)</u>
Subtotal, Sheriff’s Department	\$1,377,508	\$1,250,403	(\$127,105)
<i>Police Department</i>			
Overtime	1,234,868	615,000	(619,868)
IT Software & Professional Services	<u>\$2,000</u>	<u>2,000</u>	<u>0</u>
Subtotal, Police Department	\$1,236,868	\$617,000	(\$619,868)
<i>District Attorney</i>			
Permanent Salaries	239,584	239,584	\$0
Fringe Benefits	84,882	84,882	0
Temporary Salaries	<u>0</u>	<u>0</u>	<u>0</u>
Subtotal, District Attorney	\$324,466	\$324,466	\$0
Total	\$2,938,842	\$2,191,869	(\$746,973)

Buffin Settlement Workload Analysis

Further, the Mayor’s Office has requested that the City Services Auditor in the Controller’s Office evaluate the ongoing workload and accompanying staffing needs associated with implementation of the Buffin settlement for the Sheriff’s Department, Police Department, and

District Attorney. Therefore, in order to ensure the appropriateness of staffing levels, the Board of Supervisors should amend the proposed ordinance to approve the five requested positions, shown in Table 2 above, as limited tenure positions for 18 months pending the City Services Auditor evaluation.

RECOMMENDATIONS

1. Amend the proposed ordinance (File 19-1070) to reduce the appropriation by \$746,973 from \$2,938,842 to \$2,191,869, as shown in Table 4 above.
2. Amend the proposed ordinance (File 19-1071) to approve the five new positions (2.5 FTE in FY 2019-20) as limited tenure for 18 months from January 1, 2020 through June 30, 2021, including (a) one 1823 Senior Administrative Analyst (0.5 FTE in FY 2019-20) at the Sheriff's Department; and (b) two 8177 Attorney positions (1.0 FTE in FY 2019-20) and two 8133 Victim/Witness Investigator III positions (1.0 FTE in FY 2019-20) at the District Attorney's Office.
3. Approve the proposed ordinances as amended.