

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

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TO: Budget and Finance Committee
FROM: Budget and Legislative Analyst 
SUBJECT: December 6, 2019 Budget and Finance Committee Meeting

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Item 3 File 19-1140	Department: Civil Service Commission (CSC) Office of Labor Standards Enforcement (OLSE)
EXECUTIVE SUMMARY	
<p>Legislative Objectives</p> <ul style="list-style-type: none"> • The proposed resolution would fix prevailing wage rates for employees of businesses having City contracts that (1) perform public works and improvement projects, (2) perform janitorial or window cleaning services, (3) work in public off-street parking lots, garages, or storage facilities for vehicles on property owned or leased by the City, (4) engage in theatrical or technical services related to the presentation of shows on property owned or leased by the City, (5) haul solid waste, (6) perform moving services at facilities owned or leased by the City, and (7) perform exhibit, display or trade show work at special events in the City, (8) work in broadcast services on City property, (9) drive, load, or unload commercial vehicles on City property in connection with shows or special events, (10) perform security guard services, and (11) perform motor bus services. <p>Key Points</p> <ul style="list-style-type: none"> • The proposed resolution would establish the following changes to prevailing wage rates: (1) construction employees would receive wage rates that vary by classification, from no increase to an increase of \$4.49 per hour; (2) janitorial employees would receive a wage rate increase depending on classification ranging from \$0.32 to \$0.50 per hour, and window cleaners would receive a wage rate increase of \$0.65 per hour; (3) garage and parking lot employees would receive no wage rate increase; (4) theatrical employees would receive a wage rate increase depending on classification from \$1.16 to \$2.29 per hour; (5) solid waste haulers would receive a wage rate increase depending on classification ranging from \$1.27 to \$1.59 per hour; (6) employees performing moving services would receive a wage rate increase depending on classification from \$0.75 to \$0.76 per hour; (7) employees performing trade show work would receive a wage rate increase depending on classification ranging from \$1.10 to \$1.21 per hour; (8) broadcast employees would receive a wage rate increase depending on classification from \$0.51 to \$2.62 per hour, (9) loaders and unloaders would receive a wage rate increase of \$1.00 per hour, (10) security guards would receive a wage rate increase of \$0.50 per hour, and (11) motor bus drivers would receive no wage rate increase. <p>Fiscal Impact</p> <ul style="list-style-type: none"> • Potential increased costs to the City depend on future City contractor bids and the extent to which City contractors increase the bids submitted to the City to pay for the costs of the increased prevailing wages rates. <p>Recommendation</p> <ul style="list-style-type: none"> • Approval of the proposed resolution is a policy decision for the Board of Supervisors. 	

MANDATE STATEMENT

Charter Section A7.204 requires contractors that have public works or construction contracts with the City to pay employees the highest general prevailing rate of wages for similar work in private employment. The Charter allows the Board of Supervisors to exempt payment of the prevailing wage for wages paid under public works or construction contracts between the City and non-profit organizations that provide workforce development services.

Administrative Code Sections 6.22(E)(3) and 21C.7(c)(1) require the Board of Supervisors to annually set prevailing wage rates for employees of businesses having City contracts. Table 1 below identifies the (a) specific Administrative Code Sections, (b) the dates each Administrative Code Section was last amended by the Board of Supervisors, and (c) the types of City contracts, leases, and/or operating agreements in which the businesses are required to pay prevailing wages.

Table 1: List of City Contractors Required to pay the Annual Prevailing Wage

Administrative Code	Date of Most Recent Amendment	Type of Contract
Section 6.22 (E)	May 19, 2011	Public works or construction
Section 21C.1	January 7, 2011	Motor bus services
Section 21C.2	May 28, 2014	Janitorial and window cleaning services
Section 21C.3	May 28, 2014	Public off-street parking lots, garages and vehicle storage facilities
Section 21C.4	February 2, 2012	Theatrical performances
Section 21C.5	February 2, 2012	Solid waste hauling services
Section 21C.6	February 2, 2012	Moving services
Section 21C.8	June 19, 2014	Trade show and special event work
Section 21C.9	February 10, 2016	Broadcast service workers on City property
Section 21C.10	October 14, 2016	Loading, unloading and driving commercial vehicles on City property
Section 21C.11	October 28, 2016	Security guard services in City contracts and for events on City property

BACKGROUND

Businesses that have contracts with the City, lease City property, or have permits for or other access to temporary use of City property must pay prevailing wage rates to employees. “Prevailing wages” are usually based on rates specified in collective bargaining agreements for comparable classifications in the geographic area. Businesses having contracts, leases, or permits with the City must pay the prevailing wage rate, even if the employees of the specific business are not covered by a collective bargaining agreement.

Each year, the Board of Supervisors is required to establish the prevailing wage rates for workers engaged in construction, janitorial, parking, theatrical, motor bus, solid waste hauling, moving, trade show, security guard, broadcast services, and loading unloading and driving commercial vehicles on City property.

To assist the Board of Supervisors in determining the prevailing wage rates, the Civil Service Commission is required to furnish the Board of Supervisors, on or before the first Monday of November of each year, relevant prevailing wage rate data. The Civil Service Commission submitted the report to the Board of Supervisors on November 4, 2019.

Administrative Code Section 6.22(E) states that the Board of Supervisors is not limited to the data submitted by the Civil Service Commission to determine the prevailing wage rates for public works construction, but may consider other information on the subject as the Board of Supervisors deems appropriate. If the Board of Supervisors does not adopt the prevailing wage rates, the wage rates established by the California Department of Industrial Relations for the year will be adopted.

The Civil Service Commission's relevant prevailing wage rate data provided to the Board of Supervisors is based on a survey by the City's Office of Labor Standards Enforcement and includes collective bargaining agreements that have recently been negotiated.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would fix prevailing wage rates for employees of private businesses having the following contracts, leases, or operating agreements with the City or perform services on City property:

- Public works and improvement project contracts,
- Janitorial services contracts,
- Public off-street parking lots, garages, or storage facilities for vehicles on property owned or leased by the City,
- Theatrical or technical services related for shows on property owned or leased by the City,
- Hauling of solid waste generated by the City in the course of City operations,
- Moving services under City contracts at facilities owned or leased by the City,
- Exhibit, display or trade work show services at a special event on City-owned property,
- Broadcast services on City property,
- Loading, unloading, and driving of commercial vehicles on City property in connection with shows or special events,
- Security guard services, and
- Motor bus services.

The Administrative Code requires that the Civil Service Commission provide prevailing wage data to the Board of Supervisors that includes both the basic hourly wage rate and the hourly rate of each fringe benefit, including medical and retirement benefits.

- Prevailing wage rates for various crafts and labor classifications under public works projects are established by the California Department of Industrial Relations, usually based on collective bargaining agreements that cover the employees performing the relevant craft or type of work in San Francisco.
- Prevailing wage rates for contracts for other services and classifications covered by the Administrative Code, as recommended by the Civil Service Commission, are based on the collective bargaining agreements that cover work performed in San Francisco between employers and the respective labor unions.

Attachment I to this report provides an alphabetical list of all crafts covered by the City's prevailing wage rate requirements.

FISCAL IMPACT

Attachment II to this report, prepared by the Budget and Legislative Analyst, summarizes (a) the types of contracts, leases, or operating agreements required to pay prevailing wages, (b) the respective collective bargaining agreements and labor unions, (c) the amount of the hourly wage rate increases in 2020 as compared to 2019, (d) the amount of the hourly fringe benefit rate increases in 2020 as compared to 2019, and (e) the proposed prevailing hourly wage rates.¹

Potential impact on the costs of future contractor bids

Under the proposed resolution, private businesses that have contracts with the City, and perform public works construction, janitorial services, parking, theatrical, moving, solid waste hauling services, trade show work, broadcasting services, loading and unloading, security guard services, and motor bus services in San Francisco, would be required to pay their employees at least the prevailing wage rates as shown in Attachment II of the report. Increases in the prevailing wage rates could result in increased costs of future City contracts. However, any increased contract costs to the City as a result of the proposed prevailing wage rates are dependent on future City contractors' bids, and the extent to which such higher wage rates result in higher bids submitted by City contractors. Therefore, such potential increased costs to the City cannot be estimated at this time.

RECOMMENDATION

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

¹ The 2019 prevailing wage rates for janitorial services, window cleaning, parking attendants, solid waste hauling, security guard services, and motorbus services included holiday pay as a fringe benefit in the chart. According to Mr. Benjamin Weber, Office of Labor Standards Enforcement, holiday pay has been removed from the 2020 prevailing wage charts because they are difficult to accurately represent as an annualized hourly rate. Holiday pay is still required. As workers may begin or cease employment at different times of the year, they may not be entitled to holiday pay for holidays that landed outside of their period of employment. Workers typically receive regular pay if they do not work on a paid holiday and overtime or double-time pay if they do work on a paid holiday. For consistency purposes, holiday pay has been removed from the 2019 wage rate totals shown in Attachment II.

List of the Crafts Covered by Prevailing Wage Requirements

Asbestos Removal Worker (Laborer)	Parking and Highway Improvement Painter (Painter)
Asbestos Worker, Heat and Frost Insulator	Parking Lot and Garage Workers
Boilermaker-Blacksmith	Pile Driver (Carpenter)
Broadcast Services Workers	Pile Driver (Operating Engineer - Building Construction)
Brick Tender	Pile Driver (Operating Engineer - Heavy and Highway Work)
Bricklayer, Blocklayer	Plaster Tender
Building/Construction Inspector	Plasterer
Carpenter and Related Trades	Plumber
Carpet, Linoleum	Roofer
Cement Mason	Security Guards
Dredger (Operating Engineer)	Sheet Metal Worker (HVAC)
Drywall Installer (Carpenter)	Slurry Seal Worker
Electrical Utility Lineman	Solid Waste Hauling Workers
Electrician	Stator Rewinder
Elevator Constructor	Steel Erector and Fabricator (Operating Engineer - Heavy & Highway Work)
Field Surveyor	Steel Erector and Fabricator (Operating Engineer - Building Construction)
Furniture Movers and Related Classifications	Teamster
Glazier	Telecommunications Technician
Iron Worker	Telephone Installation Worker
Janitorial Services Worker	Terrazzo Finisher
Janitorial Window Cleaner Workers	Terrazzo Worker
Laborer	Theatrical Workers
Landscape Maintenance Laborer	Tile Finisher
Light Fixture Maintenance	Tile Setter
Loaders and Unloaders	Trade Show and Special Event Workers
Marble Finisher	Traffic Control/Lane Closure (Laborer)
Marble Mason	Tree Maintenance (Laborer)
Metal Roofing Systems Installer	Tree Trimmer (High Voltage Line Clearance)
Modular Furniture Installer (Carpenter)	Tree Trimmer (Line Clearance)
Motor Bus Driver	Tunnel Worker (Laborer)
Moving Services	Tunnel/Underground (Operating Engineer)
Operating Engineer	Water Well Driller
Operating Engineer (Building Construction)	
Operating Engineer (Heavy and Highway Work)	
Painter	

Type of Contract, Lease, or Operating Agreement	Collective Bargaining Agreement and/or Labor Union	Hourly Wage Rate Increase/ Decrease in 2020 compared to 2019	Hourly Fringe Benefits Rate Increase/ Decrease in 2020 compared to 2019	Proposed Prevailing Wage Rates (Hourly Wage Rate + Hourly Fringe Benefit Rate)
Public Works and Construction	California Department of Industrial Relations	Varies by classification, ranging from a no change for certain marble finishers, marble masons, taper cleaners, terrazzo finishers, terrazzo workers, water well drillers, pump installers, and helpers to an increase of \$4.49 per hour for glaziers. ¹	Varies by classification, ranging from no change for certain marble finishers, marble masons, taper cleaners, terrazzo finishers, terrazzo workers, water well drillers, pump installers, and helpers to an increase of \$5.16 for plaster tenders.	Varies by classification: ·The low wage rate increases from \$15.50 to \$16.50 per hour for water well driller helpers. ·The high wage is increases from \$114.44 to \$117.70 per hour for plumbers, steamfitters, and air conditioning and refrigeration/HVAC service workers.
Janitorial Services Contract	Collective bargaining agreement between the San Francisco Maintenance Contractors Association and the Service Employees International Union, Building Services Employees Union, Local 1877, Division 87.	Varies by classification, from an increase of \$0.32 per hour to an increase of \$0.50 per hour.	Varies by classification, from a decrease of \$1.65 per hour to an increase of \$0.20 per hour.	Varies by classification: -The low wage increases from \$24.36 per hour to \$27.25 per hour. -The high wage increases from \$33.08 per hour to \$33.78 per hour.
Window Services Contract	Collective bargaining agreement between the San Francisco Window Cleaning Contractors Association and Window Cleaners Union – Service Employees International Union Local 1877, AFL-CIO	An increase of \$0.65 per hour.	An increase of \$0.42 per hour.	Varies by classification: -The low wage increases from \$38.05 per hour to \$39.12 per hour. -The high wage increases from \$39.59 per hour to \$40.66 per hour.
Public Off-Street Garage Attendants	Collective Bargaining Agreement between New South Parking California and Teamsters Automotive and Allied Workers, Local 665, covering parking employees at San Francisco International Airport.	No changes.	No changes.	Varies by classification: -The low wage remains at \$19.02 per hour. -The high wage remains at \$36.89 per hour.

¹ The tables shown in the OLSE report, as provided from the California Department of Industrial Relations (DIR), indicate a basic hourly rate decrease of \$2.41 for plaster tenders. The DIR reallocated this pay from the hourly wage to vacation/holiday pay. Workers in this classification will receive a net increase of \$2.75 in total hourly rate in 2020.

Type of Contract, Lease, or Operating Agreement	Collective Bargaining Agreement and/or Labor Union	Hourly Wage Rate Increase/ Decrease in 2020 compared to 2019	Hourly Fringe Benefits Rate Increase/ Decrease in 2020 compared to 2019	Proposed Prevailing Wage Rates (Hourly Wage Rate + Hourly Fringe Benefit Rate)
Theatrical Services	2016 Project Collective Bargaining Agreement - International Alliance of Theatrical Stage Employees, Local 16, and Moving Picture Technicians, Artists and Allied Crafts, and Canada Local 16	Varies by classification, from an increase of \$1.16 per hour to an increase of \$2.29 per hour.	Varies by classification, from an increase of \$0.49 per hour to an increase of \$0.96 per hour.	Varies by classification: -The low wage increases from \$54.79 per hour to \$56.44 per hour. -The high wage increases from \$108.39 per hour to \$111.64 per hour.
Solid Waste Hauling	Collective Bargaining Agreement between Recology Sunset & Recology Golden Gate and Sanitary Truck Drivers and Helpers Union Local 350, IBT	Varies by classification, from an increase of \$1.27 per hour to an increase of \$1.59 per hour.	An increase of \$0.95 per hour. (Does not include vacation benefits which vary based on length of employment)	Varies by classification: -The low wage rate increases from \$67.26 to \$67.57 per hour. -The high wage rate increases from \$79.85 to \$82.48 per hour.
Moving Services	Collective Bargaining Agreement between the Northern California employers and the Northern California Regional Council of Carpenters and the Carpenters 46 Northern California Counties Conference Board.	Varies by classification, from an increase of \$0.75 per hour to an increase of \$0.76 per hour.	An Increase of \$0.02 per hour.	Varies by classification: -The low wage rate increases from \$33.85 to \$34.63 per hour. -The high wage rate increases from \$34.12 to \$34.89 per hour
Trade Shows	Collective Bargaining Agreement, between the Convention Services Employer and Allied Trades District Council 36 on behalf of Sign Display and Allied Crafts Local Union 510	Varies by classification from an increase of \$1.10 per hour to an increase of \$1.21 per hour.	Varies by classification from an increase of \$0.92 per hour to an increase of \$0.94 per hour.	Varies by classification: -The low wage increases from \$67.02 to \$69.04 per hour. -The high wage increases from \$71.51 to \$73.66 per hour.
Broadcast service workers	Agreement between MIRA Mobile Television Inc. and KELLEYCORE d/b/a SAMMCO, and the International Alliance of Theatrical Stage Employees, Moving Picture Technicians, Artists, and Allied Crafts, AFL-CIO, CLC, and Local 119/ Bay Area Freelance Association	Varies by classification, from an increase of \$0.51 per hour to an increase of \$2.62 per hour.	Varies by classification, from an increase of \$0.47 per hour to an increase of \$0.57 per hour.	Varies by classification: -The low wage increases from \$27.82 per hour to \$28.80 per hour. -The high wage increases from \$101.78 per hour to \$104.97 per hour.

Type of Contract, Lease, or Operating Agreement	Collective Bargaining Agreement and/or Labor Union	Hourly Wage Rate Increase/ Decrease in 2020 compared to 2019	Hourly Fringe Benefits Rate Increase/ Decrease in 2020 compared to 2019	Proposed Prevailing Wage Rates (Hourly Wage Rate + Hourly Fringe Benefit Rate)
Loaders and Unloaders	Collective Bargaining Agreement between Freeman Exposition Inc., GES/Global Experience Specialists, Curtin Convention & Exposition Services, Inc., and all other signatory employers within the greater San Francisco Bay Area and Teamsters Local 2785, Local 287 and Local 70	An increase of \$1.00 per hour.	Varies by classification, from an increase of \$0.60 per hour to an increase of \$0.61 per hour.	Varies by classification: -The low wage increases from \$62.69 per hour to \$64.30 per hour. -The high wage increases from \$63.83 per hour to \$65.43 per hour.
Security Guard Services	Collective Bargaining Agreement between Security Employers and Services Employees International Union, United Services Workers West	An increase of \$0.50 per hour.	Varies by classification, from an increase of \$0.01 per hour to an increase of \$0.33 per hour.	Varies by classification: -The low wage increases from \$20.26 per hour to \$20.41 per hour. -The high wage increases from \$20.62 per hour to \$21.45 per hour.
Motor Bus Services	Collective Bargaining Agreement between Bauer's Intelligent Transportation, Inc. and Teamsters Local Union No. 665	No changes.	No changes.	Varies by classification: -The low wage remains at \$25.44 per hour. -The high wage remains at \$33.90 per hour.

<p>Item 4 File 19-1148</p>	<p>Department Public Health</p>
<p>EXECUTIVE SUMMARY</p>	
<p style="text-align: center;">Legislative Objectives</p> <ul style="list-style-type: none"> • The proposed ordinance amends the Administrative Code to establish Mental Health SF, designed to increase access to mental health and substance use disorder treatment, including psychiatric medications. <p style="text-align: center;">Key Points</p> <ul style="list-style-type: none"> • Mental Health SF would increase access to mental health and substance use disorder services for San Francisco residents 18 years or older who have a diagnosed mental illness or substance use disorder, and are homeless, uninsured, enrolled in Medi-Cal, or released from jail and waiting for enrollment in Med-Cal. • The proposed ordinance requires new services, including (1) a 24-hour Mental Health Services Center to assess incoming patients’ care needs and provide urgent mental health care; (2) Office of Coordinated Care to maintain an inventory of mental health programs funded by the City and provide case management to individuals accessing services; (3) Crisis Response Street Team to engage persons on the street who are experiencing a mental health or substance use related crisis and connecting them with services; (4) expanding current mental health and substance use disorder service levels offered by the Department of Public Health, including residential treatment centers, secure inpatient hospitalization, and transitional residential treatment beds; and (5) Office of Private Health Insurance Accountability to assist residents in obtaining mental health care through their private insurance policies. • The proposed ordinance would require an annual Implementation Plan be approved by the Board of Supervisors each year, and establish an Implementation Working Group to develop recommendations on implementation of proposed new and expanded services. <p style="text-align: center;">Fiscal Impact</p> <ul style="list-style-type: none"> • The Department of Public Health’s preliminary estimated costs for Mental Health SF implementation are \$8.8 million in one-time costs and from \$102 million to \$178 million in ongoing costs. Actual costs will depend on program design, service levels, and funding, all of which would be subject to approval by the Board of Supervisors. • Under the proposed ordinance, the new services would not be required until (1) the City’s total budget has increased by 13 percent from the prior fiscal year; (2) voters approved a new or modified tax sufficient to cover the new service requirements; or (3) the Board of Supervisors appropriates General Fund monies to fund the new service requirements. The new service requirements would expire on September 1, 2026. • The cost of providing the proposed new services would be partially offset through fees and insurance reimbursements. In addition, File 19-0695, currently pending before the Board of Supervisors, would increase the City’s gross receipts tax for to pay for the new service requirements in this proposed ordinance. The new tax would require voter approval. <p style="text-align: center;">Recommendation</p> <ul style="list-style-type: none"> • Approval of the proposed ordinance is a policy matter for the Board of Supervisors. 	

MANDATE STATEMENT

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

BACKGROUND

The 2019 San Francisco Community Health Assessment found that nearly one-quarter of San Francisco's adult residents reported the need for mental health or substance use services, and 7 percent reported serious psychological distress.¹ The Community Health Assessment identifies communities most at risk for mental health or substance use disorders, and the type of mental health or substance use disorders that are most prevalent, but does not estimate the number of San Francisco residents needing mental health or substance use services.

According to the Budget and Legislative Analyst's 2018 Performance Audit of the San Francisco Department of Public Health Behavioral Health Services, the Department provides mental health and substance use disorder services to more than 30,000 unique San Francisco residents each year at an annual budgeted cost of approximately \$370 million. The Department of Public Health's budgets for FY 2018-19 and FY 2019-20 added funding for additional behavioral health beds and services.

Major findings in the Budget and Legislative Analyst's 2018 Performance Audit included:

- The need for Intensive Case Management exceeds the available Intensive Case Management Services by 2:1.
- Clients do not consistently access behavioral health services on discharge from psychiatric emergency services.
- Because the Department of Public Health does not consistently track waitlists for behavioral health services, there is limited information on the Department's capacity across its mental health and substance use services.
- The Department of Public Health has the opportunity to increase the number of substance use treatment clients under the Drug Medi-Cal Organized Delivery System pilot program, which began in July 2017.

The 2018 Performance Audit recommended (1) improvements in transitioning clients from intensive case management to less intensive services; (2) increasing intensive case management staffing; (3) improving procedures to ensure that individuals discharged from psychiatric emergency services receive timely referrals, and that outpatient providers are notified prior to discharge; (4) improving waitlist information collection and reporting, including setting up a centralized waitlist database; and (5) reporting on Medi-Cal eligible clients access to substance use treatment.

¹ *San Francisco Community Health Needs Assessment 2019*, prepared by the San Francisco Health Improvement Partnership, which includes representatives from non-profit hospitals and other San Francisco providers. The information reported above is from approximately 2011 through 2016.

DETAILS OF PROPOSED LEGISLATION

The proposed ordinance amends the Administrative Code to establish Mental Health SF, designed to increase access to mental health and substance use disorder treatment, including psychiatric medications.

New Service Requirements for Vulnerable Populations

The proposed ordinance would codify requirements to provide access to mental health services for San Francisco residents² who are at least 18 years old, have a diagnosed mental illness and/or substance use disorder, and who are experiencing homelessness, are uninsured, enrolled in Medi-Cal or Healthy San Francisco, or are awaiting enrollment in Medi-Cal after being released from jail.

According to the Department of Public Health, the target population of the proposed ordinance is approximately 4,000 people. This initial estimate of 4,000 individuals was identified as current high users of psychiatric emergency services, persons with multiple involuntary holds under Section 5150 of the State's Welfare and Institutions Code, and persons existing jail who would benefit from accessing mental health and substance use treatment services but are not routinely doing so.

The new service requirements are summarized below.

Mental Health Services Center

The proposed ordinance would require the creation a Mental Health Services Center in a building owned or leased by the City and staffed by employees of the Department of Public Health. The Mental Health Services Center would require 24/7 staffing levels sufficient to "minimize" wait times, be able to assess incoming patients' care needs, prescribe and fill medication, provide urgent mental health care for patients at or near psychiatric crisis, and provide transportation for patients from the General Hospital Psychiatric Emergency Services or and the County jails to the Mental Health Service Center.

Office of Coordinated Care

The proposed ordinance would establish the Office of Coordinated Care staffed by City employees. The responsibilities would include: keeping an active inventory of the capacity of all mental health programs operated or funded by the City; providing case management to individuals accessing services, including ongoing assistance with compliance with treatment plans; coordinating with Psychiatric Emergency Services and Jail Health Services; and overseeing data collection and reporting.

Crisis Response Street Team

The proposed ordinance would establish a Crisis Outreach Team under the supervision of the Department of Public Health. The Crisis Response Street Team would be responsible for

² Residency is defined in Administrative Code Section 95.2, which states persons who have lived in the City for at least fifteen days and can demonstrate proof of residency via documentation described in Administrative Code Section 95.2(c)(1)(B).

engaging persons on the street who are experiencing a mental health or substance use related crisis and connecting them with services. According to the Department of Public Health, the Crisis Response Street Team would complement the existing Homeless Outreach Team by engaging persons on the street experiencing crisis regardless of whether they are housed and would be available at all times.

Increasing Capacity for Mental Health and Substance Use Services

The intent of the proposed ordinance is to ensure accessible, affordable and coordinated treatment to populations described above. To achieve this, the proposed ordinance would require expanding current service levels offered by the Department of Public Health, including: residential treatment centers, secure inpatient hospitalization, transitional and residential treatment beds. Actual service expansions will be based on recommendations from the Implementation Working Group, discussed below.

Office of Private Health Insurance Accountability

Under the proposed ordinance, the City would establish the Office of Private Health Insurance Accountability ~~within the Department of Public Health~~ to assist San Francisco residents in obtaining mental health care through their private insurance policies, collect and analyze data on patients' ability to do so, and advise potential patients regarding existing services provided by the City.

Implementation Plan

The proposed ordinance would require the Department of Public Health to develop an annual Implementation Plan beginning on February 1, 2021 detailing the proposed new mental health and substance use services and related housing needs, costs of the proposed new services, methods of funding the proposed new services, and prioritization of the proposed new services to the extent the programs are constrained by available funding. The Implementation Plan would have to be approved by the Board of Supervisors each year.

In addition, the Department of Public Health would submit a report to the Board of Supervisors every six months regarding the operations, program outcomes, spending, and revenues of the proposed Mental Health SF services.

Implementation Working Group

The proposed ordinance would also establish an Implementation Working Group to develop recommendations on the implementation of Mental Health SF, including service levels for case management and program expansion, and ongoing effectiveness of the new services described above. The Implementation Working Group will also evaluate staffing levels of City funded mental health and substance use treatment programs and make recommendations on how to achieve appropriate staffing in programs with persistent vacancies as well as increasing permanent supportive housing for patients who are stabilized. Under the proposed ordinance, the Implementation Working Group would provide an annual progress report beginning no later than October 1, 2020 to the Board of Supervisors, Mayor, and Director of Health and make recommendations on the implementation of the proposed new services to those policy makers

no later than June 1, 2021. Membership of the Implementation Working Group is detailed in Attachment 1. The Implementation Working Group would dissolve on September 1, 2026.

Term of New Service Requirements

Under the proposed ordinance, the new services would not be required until one of the following conditions is met:

1. The City's total budget has increased by 13 percent from the prior fiscal year, as certified by the Controller
2. Voters approved a new or modified tax sufficient to cover the new service requirements, as certified by the Controller
3. The Board of Supervisors approves an appropriation ordinance with sufficient General Fund monies to fund the new service requirements.

~~The new service requirements would expire and be deleted from the Administrative Code on September 1, 2026.~~

FISCAL IMPACT

Potential Program Costs

Table 1 below summarizes the Department of Public Health's estimated range of potential costs for providing the proposed new services described above; the actual costs will vary greatly depending on program models, service levels and funding. According to Ms. Jenny Louie, Budget Director for the Department of Public Health cost estimates assume a phased in approach for supporting the target population and that individuals will ultimately transition to less intensive services over time.

Table 1: Potential Costs for Mental Health SF

New Service	One-time	Low Scenario Estimate of Costs	High Scenario Estimate Annual Cost
Mental Health Services Center	\$8,000,000	\$18,000,000	\$22,000,000
Office of Coordinated Care	TBD	\$20,000,000	\$35,000,000
Crisis Response Street Team	\$800,000	\$4,000,000	\$6,000,000
Expanding Mental Health and Substance Use Treatment	TBD	\$40,000,000	\$85,000,000
Office of Private Health Insurance Accountability	TBD	TBD	TBD
Administrative and Support Costs	TBD	\$20,000,000	\$30,000,000
Total	\$8,800,000	\$102,000,000	\$178,000,000

Source: Department of Public Health

Notes: Administrative Costs refers to estimated costs related to executive staff, rent, facilities, human resources, finance and billing, security, compliance, materials, and program management and supervision. Estimated one-time costs for the Mental Health Services Center are based on preliminary estimates of expanding the existing Behavioral Health Access Center at 1380 Howard Street. Estimated one-time costs for the Crisis Response Street Team are based on estimated new vehicle purchases and information technology purchases to enhance patient

access. Ongoing costs for programs vary primarily based on preliminary estimates for required new staff. Costs in Table 1 do not include permanent supportive housing.

As shown above, the Department of Public Health's preliminary costs for the proposed new services are approximately \$8.8 million in one-time costs and range from \$102 million to \$178 million in ongoing costs. One-time costs for the Office of Coordinated Care, expanding existing treatment services, and administration of the Mental Health SF program are unknown at this time, as are costs related to the Office of Private Health Insurance Accountability.

Under the proposed ordinance, the actual new services to be offered by Mental Health SF would be subject to annual approval by the Board of Supervisors (see Implementation Plan above). Appropriations to fund the new services are also subject to approval by the Board of Supervisors.

Cost Cap

If the annual cost of the required new services in the proposed ordinance exceed \$150 million in any given year, the Implementation Working Group would be required to develop recommendations on how to reduce the scope of the required new services so that the annual cost is below this threshold, which would adjusted by the consumer price index annually.

Revenue Offsets

The cost of providing the proposed new services would be partially offset through fees and insurance reimbursements. In addition, File 19-0695, currently pending before the Board of Supervisors, would increase the City's gross receipts tax for to pay for the new service requirements in this proposed ordinance. The new tax would require voter approval.

Fees

The proposed ordinance would allow the Director of Health to set a fee schedule for patients to pay for Mental Health SF services. Fees for households without private insurance and with income less than 500 percent the Federal Poverty Level³ would be based on ability to pay.

Insurance Reimbursements

A portion of costs the proposed new services are reimbursable by Medi-Cal and private insurance.

RECOMMENDATION

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

³ The 2019 Federal Poverty Level for a family of four is \$25,750; 500% of that number is \$128,750.

Attachment

Seat	Board Appointed (6)	Mayor Appointed (5)	Qualification
1	X		Healthcare worker advocate
2	X		Has a mental health and/or substance use condition and has used City services
3		X	Has a mental health and/or substance use condition and has used City services 11/21/2019
4		X	First responder
5	X		Substance use treatment provider
6	X		Mental health or substance use treatment provider for criminal justice patients
7	X		Behavioral health specialist that treats transitional aged youth
8		X	Experience in managing residential treatment program
9		X	DPH employee with experience treating persons diagnosed with both mental health and substance use
10	X		Experience providing supportive housing services
11		X	DPH employee with experience in health system or hospital administration