

**CITY AND COUNTY OF SAN FRANCISCO**

**BOARD OF SUPERVISORS**

**BUDGET AND LEGISLATIVE ANALYST**

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May 29, 2020

**TO:** Budget and Finance Committee

**FROM:** Budget and Legislative Analyst



**SUBJECT:** June 3, 2020 Budget and Finance Committee Meeting

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<p><b>Item 1</b> <b>Files 20-0444</b></p>	<p><b>Department:</b> <b>Office of the Treasurer &amp; Tax Collector</b></p>
<p><b>EXECUTIVE SUMMARY</b></p>	
<p style="text-align: center;"><b>Legislative Objectives</b></p> <ul style="list-style-type: none"> <li>• The proposed resolution would approve a second amendment to the Software as a Service Agreement contract between the Office of the Treasurer &amp; Tax Collector and CityBase, Inc, to (1) exercise the first of the three two-year extension options for a total term of April 17, 2018, through April 16, 2023, and (2) increase the contract amount by \$27,400,000 from \$9,600,000 for a total amount not to exceed \$37,000,000.</li> </ul> <p style="text-align: center;"><b>Key Points</b></p> <ul style="list-style-type: none"> <li>• In April 2018, the Office of the Treasurer &amp; Tax Collector awarded a new contract to CityBase for (1) a three-year term of April 17, 2018 through April 16, 2021, for an initial not to exceed amount of \$9,600,000 and, (2) three two-year options to extend the term of the contract for a total of six additional years. Because the contract was less than \$10 million and less than 10 years, the contract did not require Board of Supervisors’ approval.</li> <li>• Under the proposed contract, services will be used to assist City departments and agencies with online payment acceptance through the web, and the acceptance of in-person transactions through a computer, or via a Customer Service Representative interface. In addition, certain City departments engaged in unique service and payment processing may utilize the services of CityBase for customized services and payment portals.</li> <li>• The Office of the Treasurer &amp; Tax Collector states that the requested increased amount and contract extension are related to the increase in online payments transactions as more City departments are utilizing the payment platform and receiving more payments through digital transactions. In addition, more taxpayers are also paying taxes and permit fees online.</li> </ul> <p style="text-align: center;"><b>Fiscal Impact</b></p> <ul style="list-style-type: none"> <li>• The proposed resolution would increase the not-to-exceed amount of the contract by \$27,400,000 from \$9,600,000 for a total amount not to exceed \$37,000,000. The sources of funds primarily consist of card fees paid by residents, as well as fees for processing payments paid by departments.</li> </ul> <p style="text-align: center;"><b>Policy Consideration</b></p> <ul style="list-style-type: none"> <li>• The Office of the Treasurer &amp; Tax Collector anticipates some countervailing trends because of the impact of the COVID-19 health crisis. Some departments will see transactions decrease. For example, total charges for MTA and Port are down by 60 percent in April 2020. Conversely, DBI is implementing additional payments online but there is currently limited data to document the impact in terms of increased volume and the associated fees. In addition, some departments may be interested in expanding their online presence and bringing additional types of payments online as a result of contingency plans to protect both City staff and constituents during the COVID-19 health crisis.</li> </ul> <p style="text-align: center;"><b>Recommendation</b></p> <ul style="list-style-type: none"> <li>• Approve the proposed resolution.</li> </ul>	

**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 Office of the Treasurer & Tax Collector selected CityBase, Inc. (CityBase) after issuing a competitive request for proposals (RFP) in August 2017 to provide the City with an online payment platform to enable the majority of City departments and agencies to accept payment via online credit card, debit, Automated Clearing House (ACH) and e-check. CityBase was one of 11 vendors who submitted a proposal and had the highest-ranking score of 86 points out of a total of 100. The contract term specified in the RFP is five years with two additional two-year options to extend the term for four years, for a total of nine years.

In April 2018, the Office of the Treasurer & Tax Collector awarded a new contract to CityBase for (1) a three-year term of April 17, 2018 through April 16, 2021, for an initial not to exceed amount of \$9,600,000 and, (2) three two-year options to extend the term of the contract for a total of six additional years. Because the contract was less than \$10 million and less than 10 years, the contract did not require Board of Supervisors' approval.

**DETAILS OF PROPOSED LEGISLATION**

The proposed resolution would approve a second amendment to the Software as a Service Agreement contract between the Office of the Treasurer & Tax Collector and CityBase, Inc, to (1) exercise the first of the three two-year extension options for a total term of April 17, 2018, through April 16, 2023, and (2) increase the contract amount by \$27,400,000 from \$9,600,000 for a total amount not to exceed \$37,000,000.

**Services Provided**

Under the proposed contract, services will be used to assist City departments and agencies with online payment acceptance through the web, and the acceptance of in-person transactions through a computer, or via a Customer Service Representative interface. In addition, certain City departments engaged in unique service and payment processing may utilize the services of CityBase for customized services and payment portals. The CityBase payment platform has been integrated into all underlying systems of record, billing, and other source systems, and payments and digital services configured to meet City requirements for 16 departments.

According to Mr. Eric Manke, Policy and Communications Manager at the Office of the Treasurer & Tax Collector, the requested increased amount and contract extension are directly related to the increase in online payments transactions as more City departments are utilizing the payment platform and receiving more payments through digital transactions. In addition, Mr. Manke

states that more taxpayers are also paying taxes and permit fees online. When comparing the number of transactions between the second quarter of FY 2019 and the second quarter of FY 2020, the number of transactions increased by approximately 15 percent from 720 million to 850 million. According to Mr. Manke, the increase in transactions reflect the increased adoption of the platform as departments focus on enhancing accessibility of city services. Since the initial transition to CityBase, the following revenue streams have been added: (1) all parking meters for the Municipal Transportation Agency (MTA) and the Port; (2) Department of Public Health (DPH) EPIC payments at all clinics and the General Hospital; (3) DPH Refuse Liens program<sup>1</sup>; and (4) additional Department of Building Inspection (DBI) permits. Platform integrations that are currently in development include the Permit Center<sup>2</sup>, County Clerk, and Office of the Assessor Recorder. A platform integration with the Office of the Chief Medical Examiner is also planned but has not yet started. New platform integrations under discussion include DPH's HealthSpace initiative, the Mayor's Office on Disability, and the Board of Appeals.

### **Performance Monitoring**

As part of the proposed CityBase contract, the Office of the Treasurer & Tax Collector tracks feature requests, bugs and new integrations. According to Mr. Manke, the technology underlying the hosted payment platform processing transactions has been stable (i.e. no outages stopping payments for the entire platform), and therefore a Service Level Agreement (SLA) has not been triggered because of downtime. The SLA measures whether there are times when constituents cannot process payments because the service is unavailable.

### **FISCAL IMPACT**

The proposed resolution would increase the not-to-exceed amount of the contract by \$27,400,000 from \$9,600,000 for a total amount not to exceed \$37,000,000. The sources and uses of funds for the proposed CityBase contract are shown in Table 1 below.

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<sup>1</sup> Pursuant to article 6, section 291.1 of the San Francisco Health Code, the owner of any dwelling or commercial property shall subscribe to and pay for adequate refuse collection service rendered to such dwelling or commercial property by a collector and shall provide at a location accessible to the collector for an adequate container or containers for deposit of refuse of such capacity as the Director of Public Works may prescribe. Failure to comply with these requirements may result in the City paying all costs for the services rendered and placing a lien on the real property with additional recording fee, administrative, and interest charges.

<sup>2</sup> This is a cross-departmental initiative to build an integrated Permit Center (49 South Van Ness) for a one-stop permitting where residents and businesses will be able to apply for construction, special events, and business permits.

**Table 1. Sources and Uses of Funds for Proposed CityBase Contract**

Sources of Funds	Actual and Projected <sup>3,4</sup>		Proposed			Total
	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	
<b>Fees Paid by Constituents<sup>5</sup></b>	\$2,690,046	\$2,760,007	\$2,760,007	\$2,760,007	\$2,389,590	\$13,359,659
Administrative Services	2,090	11,332	12,268	12,268	12,123	50,081
Art Commission	46	11	11	11	7	86
Board of Supervisors	-	9	10	10	10	39
City Planning	129	299	325	325	276	1,354
Building Inspection	329	619	670	670	527	2,814
Emergency Management	-	2	2	2	2	8
Public Health	421	11,118	12,034	12,034	11,996	47,602
Public Works	208	409	443	443	377	1,879
Economic & Workforce	4	11	12	12	11	51
Ethics	5	9	9	9	8	40
Fire	49	56	61	61	46	275
Health Service System	39,483	37,261	40,335	40,335	33,839	191,254
SFMTA	44,051	2,810,480	3,919,375	3,919,375	3,266,146	13,959,427
Permit Center	-	106,943	1,283,322	1,283,322	1,069,435	3,743,021
Port	-	142,578	225,718	225,718	188,099	782,113
Recreation & Park	8	20	22	22	18	91
Treasurer/ Tax Collector	48,965	58,817	63,669	63,669	50,877	285,997
<i>Subtotal (Fees Paid by Constituents and Departments)</i>	<i>\$2,825,835</i>	<i>\$5,939,981</i>	<i>\$8,318,293</i>	<i>\$8,318,293</i>	<i>\$7,023,387</i>	<i>\$32,425,790</i>
Administrative Services	72,000	97,000	78,825	72,000	-	319,825
Public Health	-	12,000	22,000	22,000	-	56,000
Health Service System	-	3,000	-	-	-	3,000
TTX	208,475	41,325	-	-	-	249,800
<i>Subtotal (Other)</i>	<i>\$280,475</i>	<i>\$153,325</i>	<i>\$100,825</i>	<i>\$94,000</i>	<i>-</i>	<i>\$628,625</i>
<b>Subtotal (All Fees and Other)</b>	<b>\$3,106,310</b>	<b>\$6,093,306</b>	<b>\$8,419,118</b>	<b>\$8,412,293</b>	<b>\$7,023,387</b>	<b>\$33,054,415</b>
Contingency (10.67%) <sup>6</sup>						3,945,585
<b>Total Sources</b>	<b>\$3,106,310</b>	<b>\$6,093,306</b>	<b>\$8,419,118</b>	<b>\$8,412,293</b>	<b>\$7,023,387</b>	<b>\$37,000,000</b>

<sup>3</sup> Actual revenues in FY 2019-20 are for payments incurred from July 2019 – April 2020.

<sup>4</sup> Projected revenues in FY 2019-20 from May 2020 – June 2020.

<sup>5</sup> These are constituent card fees paid by taxpayers.

<sup>6</sup> According to Mr. Manke, the contingency percentage is based on a growth in departments' online payments of approximately 11 percent. Mr. Manke states that because costs are driven by constituents adopting this payment channel rather than determined directly by the City, this is a projection of costs rather than a hard commitment to CityBase.

Uses of Funds	Actual and Projected		Proposed			Total
	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	
Card Service Fee - Constituents <sup>7</sup>	\$2,690,046	\$2,760,007	\$2,760,007	\$2,760,007	\$2,389,590	\$13,359,659
Card Service Fee - CCSF <sup>8</sup>	85,444	116,662	126,287	126,287	107,871	562,550
Chargeback & Return Check Fee <sup>9</sup>	12,915	10,825	11,718	11,718	9,161	56,336
E-check Fee <sup>10</sup>	37,430	50,783	54,973	54,973	44,358	242,517
Parking Meter Fee <sup>11</sup>	-	2,894,761	4,081,987	4,081,987	3,402,972	14,461,706
Permit Center <sup>12</sup>	-	106,943	1,283,322	1,283,322	1,069,435	3,743,021
<b>Subtotal (Fees)</b>	<b>\$2,825,835</b>	<b>\$5,939,982</b>	<b>\$8,318,293</b>	<b>\$8,318,293</b>	<b>\$7,023,387</b>	<b>\$32,425,790</b>
Development <sup>13</sup>	208,475	47,325	6,825	-	-	262,625
License Fee <sup>14</sup>	72,000	106,000	94,000	94,000	-	366,000
<b>Subtotal (Other)</b>	<b>\$280,475</b>	<b>\$153,325</b>	<b>\$100,825</b>	<b>\$94,000</b>	<b>-</b>	<b>\$628,625</b>
<b>Subtotal (All Fees and Other)</b>	<b>\$3,106,310</b>	<b>\$ 6,093,307</b>	<b>\$8,419,118</b>	<b>\$8,412,293</b>	<b>\$7,023,387</b>	<b>\$33,054,415</b>
Contingency (10.67%)						3,945,585
<b>Total Uses</b>	<b>\$3,106,310</b>	<b>\$ 6,093,307</b>	<b>\$8,419,118</b>	<b>\$8,412,293</b>	<b>\$7,023,387</b>	<b>\$37,000,000</b>

Source: Office of the Treasurer & Tax Collector

<sup>7</sup> These are the credit card processing fees which City taxpayers pay directly to CityBase as a service fee for taxes, fines, court costs and other government services.

<sup>8</sup> According to Mr. Manke, some departments choose to absorb the cost of processing credit cards. In addition, some services such as parking are not entitled to pass along the service fees. For services which can be offered by non-governmental organizations, the City is also not allowed to pass on the service fee by card brands such as Visa and Mastercard.

<sup>9</sup> According to Mr. Manke, some transactions appear successful but subsequently are rejected. Consequently, the payment networks flag a problem and charge the City for the costs they incur. This is standard practice and is consistent with other City merchant processing agreements, such as the City's First Data contract and the City's Bank of America Merchant Services agreement. Chargebacks occur when a cardholder states the charge is not legitimate. Examples include when cardholders claim the charge was fraudulent, or they did not receive the goods or services promised. Return Check Fees occur when banks reject the payment request. Typical reasons include an incorrect submitted account number or the account had insufficient funds.

<sup>10</sup> These costs are incurred when processing echecks. The City offers echecks as a free service to residents. While this service is offered at no cost to residents, the City incurs fees (29 cents per transaction) to process these, and this line item reflects the aggregation of those costs.

<sup>11</sup> According to Mr. Manke, the department has negotiated special pricing for MTA and Port's parking meters, and therefore these costs are tracked separately.

<sup>12</sup> This is a cross-departmental initiative (49 South Van Ness) with its own budget and therefore these costs are tracked separately.

<sup>13</sup> These are development costs for technical work to have online payment pages secure and integrated with other City websites.

<sup>14</sup> According to Mr. Manke, some departments do not have the technical expertise or staff to build their own websites and need special software to make building forms and the associated workflow easier. This includes paying CityBase for additional software licenses so departments can streamline their processes and accept online payments when they are not able to build this functionality.

**POLICY CONSIDERATION**

According to Mr. Manke, the Office of the Treasurer & Tax Collector anticipates some countervailing trends because of the impact of the COVID-19 health crisis. Mr. Manke states that some departments will see transactions decrease. For example, total charges for MTA and Port are down by 60 percent in April 2020. Conversely, DBI is implementing additional payments online. However, because their soft launch was recently on May 4, 2020, there is currently limited data to document the impact in terms of increased volume and the associated fees. In addition, according to Mr. Manke, some departments that already accept online payments may be interested in expanding their online presence and bringing additional types of payments online as a result of contingency plans to protect both City staff and constituents during the COVID-19 health crisis. Mr. Manke states that the cost model for the proposed contract is based on historical actuals; consequently, while the departments' actions may shift based on recent events, the Office of the Treasurer & Tax Collector projects that the overall proposed contract amount will remain realistic.

**RECOMMENDATION**

Approve the proposed resolution.

<p><b>Item 3</b> <b>Files 20-0370</b></p>	<p><b>Department:</b> <b>Department of Public Health</b></p>
<p><b>EXECUTIVE SUMMARY</b></p>	
<p style="text-align: center;"><b>Legislative Objectives</b></p> <ul style="list-style-type: none"> <li>• The proposed resolution would approve Amendment No. 3 to the contract between the Department of Public Health (DPH) and San Francisco AIDS Foundation for an HIV prevention program, increasing the total contract amount by \$6,507,312 for a total not to exceed amount of \$42,115,471 over the total term of 10 years (July 2016 - June 2026).</li> </ul> <p style="text-align: center;"><b>Key Points</b></p> <ul style="list-style-type: none"> <li>• San Francisco AIDS Foundation was awarded the contract in 2016 for an amount not to exceed \$4,976,830 for two years, July 1, 2016 - June 30, 2018, with the option to renew the contract for a period of one year each year through June 30, 2026. The contract has been modified twice, increasing the contract not to exceed amount to \$35,608,159 and extending the term through June 2026.</li> <li>• The San Francisco AIDS Foundation is the lead agency on the contract and partners with community organizations to provide syringe access and disposal services to help reduce syringe sharing and lower the risk of transmission of HIV and other communicable diseases. This includes providing sterile injection equipment, health education, HIV and hepatitis C testing, and collection of disposed needles.</li> <li>• The proposed resolution expands funding and services for syringe clean-up through the Syringe Sweeps Program across the city, focusing on priority neighborhoods, hot spots, and encampments, and a work order with the San Francisco War Memorial Veterans Building.</li> </ul> <p style="text-align: center;"><b>Fiscal Impact</b></p> <ul style="list-style-type: none"> <li>• The Department has spent or projects to spend \$13,129,672 on services under the contract with the AIDS Foundation in FY 2016-17 through FY 2019-20. The Department projects new expenditures in FY 2020-21 through FY 2025-26 of \$28,985,799, including a 12 percent contingency, for a total of contract not to exceed amount over ten years of \$42,115,471. The majority of the \$6,507,312 in increased funding will go toward the Syringe Sweeps Program (\$5,523,378), which is a Mayoral Enhancement that started in FY 2019-20.</li> </ul> <p style="text-align: center;"><b>Policy Consideration</b></p> <ul style="list-style-type: none"> <li>• This contract is funded through the General Fund. The Controller and Mayor’s Budget Office project a FY 2019-20 shortfall in the General Fund budget of \$246.2 million, which is projected to increase to \$753.9 million in FY 2020-21. The Mayor’s Budget Office presented the Mayor’s Budget Instructions to the Board of Supervisors on May 18, 2020, which provided for a 10 percent reduction in City departments’ General Fund budgets; services to vulnerable and underserved populations are given priority for funding.</li> </ul> <p style="text-align: center;"><b>Recommendation</b></p> <ul style="list-style-type: none"> <li>• Approval of the proposed resolution is a policy matter for the Board of Supervisors.</li> </ul>	



**MANDATE STATEMENT**

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

**BACKGROUND**

The Department of Public Health (DPH) issued a Request for Proposals (RFP) for an HIV prevention program with citywide syringe access and disposal services in March 2016. The San Francisco AIDS Foundation was the only vendor to respond with a Letter of Intent to submit a proposal. DPH, per the terms of the RFP, directly negotiated with the AIDS Foundation rather than continue a formal solicitation process. The AIDS Foundation is the lead agency on the contract and partners with Homeless Youth Alliance, Drug Users Union, Glide and St James Infirmary to provide services. As the lead agency, the AIDS Foundation is responsible for coordinating services, mapping locations, centralizing and distributing supplies, and holding regular meetings with partners to coordinate and problem solve.

The initial contract authorized an amount not to exceed \$4,976,830 for two years, July 1, 2016 - June 30, 2018, with the option to renew the contract for a period of one year each year through June 30, 2026. The contract has been modified twice, increasing the contract not-to-exceed amount to \$35,608,159 and extending the term through June 2026, as shown in Table 1 below.

**Table 1. San Francisco AIDS Foundation Syringe Access and Disposal Contract Modifications**

No.	Date	Description	Updated Not-to-Exceed Amount
1	10/1/2017	Extended the contract for an additional year: July 1, 2018 - June 30, 2019.	\$9,839,487
2	2/1/2019	Extended the contract for seven years: July 1, 2019 – June 30, 2026 for a total term of 10 years (July 1, 2016 – June 30, 2026).	\$35,608,159

Source: February 2020 Proposed Modification

**DETAILS OF PROPOSED LEGISLATION**

The proposed resolution approves a third modification to the contract with the AIDS Foundation, increasing the not-too-exceed amount by \$6,507,312 from \$35,608,159 to \$42,115,471. This additional funding reflects add-back of General Fund support to provide syringe clean-up services through the Syringe Sweeps Program.

**Services Provided**

Through this contract, the AIDS Foundation and its partners provide syringe access and disposal services to help reduce syringe sharing and lower the risk of transmission of HIV and other communicable diseases. This includes providing sterile injection equipment, health education, HIV and hepatitis C testing, and collection of disposed needles. Syringe disposal services include 24-hour disposal kiosks and the Syringe Pick-up crew that provides syringe collection and disposal services 7 days a week from 7am-7pm through a text message system.

Amendment No. 3 continues citywide syringe access and disposal services, including the Homeless Youth Alliance (HYA) wrap around program, which targets services to young adults; and, services at the Harm Reduction Center, which provides a physical space for clients to drop in, receive education on overdose prevention, harm reduction counseling, crisis intervention, etc., and link to HIV and HCV testing and care.

Amendment No. 3 outlines expanded funding and services for syringe clean-up through the Syringe Sweeps Program across the city and specifically at the San Francisco War Memorial Veterans Building. The additional funding for the Syringe Sweeps Program and War Memorial Work Order will support a total of 9.775 FTEs for syringe clean up and management services, focusing on priority neighborhoods, hot spots, and encampments. The work order with the War Memorial will including managing the syringe disposal boxes in the city building as well as performing clean-up outside around the building property.

**Performance Monitoring**

The FY 2018-19 Monitoring Report for the HIV Syringe Access & Disposal and Harm Reduction Center components of the contract, indicate that the overall program was rated “4 – Commendable/Exceeds Standards.” Table 2 below summarizes the contract performance objectives and performance to date for the Syringe Access & Disposal and Harm Reduction Center components of the contract.

**Table 2. San Francisco AIDS Foundation Syringe Access and Disposal Contract Performance**

Performance Objective	Most Recent Reporting Year	Objective Description	Performance
1	FY 2018-19	Syringe Access Collaborative/San Francisco AIDS Foundation will report on the percentage of HIV tests among people who inject drugs.	3 percent (453/18,197)
2	FY 2018-19	Syringe Access Collaborative/San Francisco AIDS Foundation will report on linkage to care rates among newly diagnosed people who inject drugs, as defined by attending first medical appointment within three months of diagnosis.	75 percent (6/8) linkage to care
3	FY 2018-19	Syringe Access Collaborative/San Francisco AIDS Foundation will report a 70% retention rate among HIV-positive people who inject drugs, retention defined as having had a doctor's appointment, prescription refill, and/or lab work per treatment plan within the past six months.	99 percent (113/114) retention

Source: Department of Public Health

The FY 2018-19 Monitoring Report for the Homeless Youth Alliance (HYA) Wrap Around program, indicates that the overall program was rated “4 – Commendable/Exceeds Standards.” They also received 35 out of 35 points (100%) on program deliverables, achieving 451% of contracted units of services:

- Syringe Sweeps: 600 Contracted; 622 Actual
- Syringes In: 0 Contracted; 461,685 Actual
- Syringes Out: 210,000 Contracted; 486,595 Actual

The monitoring report for the HYA Wrap Around program recommends the development of a program plan to justify the units of services and establish targeted productivity.

Performance monitoring for the Syringe Sweeps and War Memorial elements of the contract are not available yet as they began in FY 2019-20. However, in addition to the objectives listed above in Table 2, the proposed Amendment No. 3 adds an additional objective:

- By the end of each program year, the Syringe Clean-up Team will collect at least 120,000 syringes annually as documented by disposal clean-up logs.

Data from the Department of Public Health indicates that in FY 2018-19, over 318,000 syringes were collected off the streets. From July 2019 – February 2020, over 299,000 syringes were collected as part of street sweeps. Between January and February 2020, 45,839 syringes were collected as part of street sweeps, which accounts for roughly 8.4 percent of all syringes collected during this period.

The Department engaged with the City's Performance Unit in 2019 to enhance standardized data collection and reporting on syringe recovery and disposal efforts and adopt a results-based accountability framework to help identify measures that promote desired outcomes. This process resulted in a series of recommendations, including establishing consistent syringe collection and disposal processes; engaging with waste management vendors to improve reporting; invest in expanded reporting of public perceptions and street and sidewalk inspection data; and, improve use of internal syringe recovery dashboard and use it to develop future external facing information.

## FISCAL IMPACT

Tables 3 below summarizes actual and projected contract spending through FY 2019-20 and budgeted spending through FY 2025-26, including a 12 percent contingency, totaling \$42,115,471.

**Table 3. San Francisco AIDS Foundation Contract Actual, Projected, and Budgeted Expenditures**

<u>Actual and Projected Expenditures</u>	
FY 2016-17 through FY 2019-20	\$13,129,672
<u>Budgeted Expenditures</u>	
FY 2020-21 through FY 2025-26 (proposed Amendment #3)	25,880,178
Contingency (12%)	<u>3,105,621</u>
<b>Total</b>	<b>\$42,115,471</b>

Actuals for 2016-17, 2017-18, and 2018-19; Actuals & Forecasted for 2019-20  
Source: Department of Public Health

Table 4 provides an overview of changes between Amendment No. 2 and No. 3. According to Michelle Ruggels, Director of the Business Office at the Department of Public Health, the majority of the \$6,507,211 increase is going toward the Syringe Sweeps Program (\$5,523,378), which is a Mayoral Enhancement that started in FY 2019-20. Ms. Ruggels advises that future funding, including future Cost of Doing Business increases, continues to be contingent upon Board of Supervisors appropriation approval. If funding is not appropriated, the City's standard contract language states that the City has no obligation to make an appropriation to the contractor.

**Table 4. Proposed Funding Increases for San Francisco AIDS Foundation Contract**

Use	Current Funding	Proposed Funding	Increase	Explanation
Syringe Access & Disposal	\$21,870,049	\$22,260,756	\$390,707	Cost of Doing Business
HYA Wrap Around Program	\$1,664,821	\$1,696,053	\$31,232	Cost of Doing Business
Harm Reduction Center	\$9,228,000	\$9,481,104	\$253,104	Cost of Doing Business
Syringe Sweeps Program		\$5,523,378	\$5,523,378	<ul style="list-style-type: none"> <li>• Mayoral Enhancement starting FY 2019-20 through FY 2025-26.</li> <li>• Annually funds 9.65 FTEs for syringe clean up and management.</li> </ul>
War Memorial Work Order		\$48,559	\$48,559	<ul style="list-style-type: none"> <li>• Work order added for FY 2019-20 through FY 2025-26.</li> <li>• Annually Funds 0.125 FTE for syringe clean up.</li> </ul>
<i>Contingency Adjustment</i>	\$2,845,290	\$3,105,621	\$260,331	
<b>Total</b>	<b>\$35,608,160</b>	<b>\$42,115,471</b>	<b>\$6,507,311</b>	

Source: Department of Public Health

The contract is funded by the General Fund.

## POLICY CONSIDERATION

The Budget Outlook Update (May Joint Report), prepared by the Budget and Legislative Analyst's Office, Mayor's Budget Office, and Controller, projected FY 2019-20 shortfall in the General Fund budget of \$246.2 million due to the impacts of the COVID-19 public health emergency and a slower economic recovery. That shortfall is projected to increase to \$753.9 million in FY 2020-21 and continue into subsequent fiscal years. The Mayor's Budget Office presented the Mayor's Budget Instructions to the Board of Supervisors on May 18, 2020, which provided for a 10 percent reduction in City departments' General Fund budgets; services to vulnerable and underserved populations are given priority for funding.

Because of the projected shortfall in the General Fund, the Budget and Legislative Analyst considers approval of new General Fund monies for the proposed contract modification in FY 2020-21 through FY 2025-26, totaling \$6,507,311 (shown in Table 4 above) to be a policy matter for the Board of Supervisors.

## RECOMMENDATION

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

<b>Item 4</b> <b>Files 20-0395</b>	<b>Department:</b> Public Health
<b>EXECUTIVE SUMMARY</b>	
<p style="text-align: center;"><b>Legislative Objectives</b></p> <ul style="list-style-type: none"> <li>• The proposed resolution would approve the first amendment to an agreement between the Department of Public Health and the San Francisco Public Health Foundation (SFPHF), a non-profit service provider; a) exercising four one-year options to extend the agreement term through June 30, 2026, and b) increasing the total not to exceed amount by \$11,003,367 from \$9,989,672 to \$20,993,039.</li> </ul> <p style="text-align: center;"><b>Key Points</b></p> <ul style="list-style-type: none"> <li>• San Francisco Public Health Foundation was selected following a competitive process in 2019 to provide program administration and support services for programs funded by the Sugary Drinks Distribution Tax. Under the contract between SFPHF and the Department of Public Health, SFPHF issued a Request for Proposals in FY 2019-20 to select and manage 31 community based organizations to provide programs funded by the Tax.</li> </ul> <p style="text-align: center;"><b>Fiscal Impact</b></p> <ul style="list-style-type: none"> <li>• Sources of funds are the Sugary Drinks Distribution Tax, totaling approximately \$21 million over the approximate seven- year contract term from FY 2019-20 through FY 2025-26. Program expenditures include funds allocated to community based organizations and a management fee to SFPHF.</li> </ul> <p style="text-align: center;"><b>Policy Consideration</b></p> <ul style="list-style-type: none"> <li>• The Mayor’s First Supplement to the Emergency Proclamation, issued on March 11, 2020, directed the Controller to develop a policy the City to continue to fund existing agreements with community based organizations that are unable to provide services to the City due to disruptions related to the COVID-19 emergency. Therefore, DPH will continue to cover the full contract amount if the Foundation or the community-based subcontractors are not able to meet their service requirements as a result of the COVIC-19 emergency.</li> </ul> <p style="text-align: center;"><b>Recommendation</b></p> <ul style="list-style-type: none"> <li>• Approve the proposed resolution.</li> </ul>	

## 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

On November 8, 2016, San Francisco voters approved the passage of Proposition V which established a 1 cent per ounce fee on the initial distribution of bottled sugar-sweetened beverages, syrups, or powders within the City and County of San Francisco (City). The Sugary Drinks Distributor Tax (SDDT) is a general excise tax for conducting business within the City, and therefore revenue is deposited into the General Fund.

The stated goal of the SDDT is to “prevent diet-sensitive chronic disease in San Francisco by decreasing sugary drink consumption and using a portion of the resulting tax revenue to increase access to healthy food and tap water, increase physical activity, and implement media campaigns.”

The passage of Proposition V established; a) The SDDT in Business and Tax Regulations Code, and the b) Sugary Drinks Distributor Tax Advisory Committee in the City’s Administrative Code.<sup>1</sup> Tax collection began January 1, 2018.

The Committee makes annual recommendations to the Mayor’s office on how funds should be spent. The Mayor uses these recommendations to allot general funds to City departments and the San Francisco Unified School District (SFUSD); these departments then are responsible for allocating funds to community-based organizations or agency programs according to the original committee recommendations.

On October 19, 2017 the Department of Public Health issued a Request for Qualification (RFQ 36-2017) to competitively procure “As Needed Project Based Support Services” for the Department. This RFQ created a pre-qualified list from which vendors could be selected for future contracts, as needed. Five applicants, including the San Francisco Public Health Foundation (SFPHF) scored at least 75 points (out of a possible 100 points) and were placed on the list, which was valid for two years (January 1, 2018 to December 31, 2019) to select vendors.<sup>2</sup>

On October 3, 2019, the Department solicited proposals from the five pre-qualified vendors for “Category 1 Program Administration and Support Services”. Three of the five vendors responded with proposals, and SFPHF was selected with the highest score.

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<sup>1</sup> The Committee has 16 members and the Department of Public Health is tasked with staffing the committee. [https://www.sfdph.org/dph/files/SDDTAC/SDDTAC\\_2020\\_Recommendations\\_and\\_Principles.pdf](https://www.sfdph.org/dph/files/SDDTAC/SDDTAC_2020_Recommendations_and_Principles.pdf)

<sup>2</sup> The San Francisco Public Health Foundation is a non-profit founded in 1988 that works closely with the Department of Public Health and as a fiscal sponsor for community organizations on special public health projects, education, and small programs.

Subsequently, DPH awarded a new contract to SFPHF to provide as-needed, project-based support services under the RFQ's Service Category I, Program Administration and Support Services, for the period of April 1, 2019, through June 30, 2022 with five options for extension through March 2027, for an amount not to exceed \$9,989,672. Because the contract was less than \$10 million and less than 10 years, the contract did not require Board of Supervisors' approval.

## DETAILS OF PROPOSED LEGISLATION

The proposed resolution would approve the first amendment to an agreement between the Department of Public Health and the San Francisco Public Health Foundation (SFPHF), a non-profit service provider; a) exercising four one-year options to extend the agreement term through June 30, 2026, and b) increasing the total not to exceed amount by \$11,003,367 from \$9,989,672 to \$20,993,039. The agreement would have a fifth option to extend the term through March 31, 2027 subject to future Board of Supervisors approval.

### Services Provided

Under this contract, SFPHF is to deliver program administration support services and management for subcontractors who have been selected to provide services to decrease chronic health issues caused by sugary drink consumption. SFPHF is paid a 10 percent administrative fee, with the balance of the funding going towards programmatic costs, which includes direct subcontracting awards, media consultation/campaigns, San Francisco Unified School District (SFUSD) grants to community based organizations, and community engagement activities.

Specifically, according to the Draft Amendment, SFPHF is responsible for:

1. Requests for Proposals (RFP): Issuance of one RFP for community-based organizations, including selection, award and compliance for subcontractors to work towards achieving the goals of the SDDT.
2. Management of Community Based Organizations: Management of 31 community based organizations<sup>3</sup> selected through an RFP process to ensure adherence to City policies and procedures.
3. Program Administration: Management of awarded funds to ensure subcontractors follow Generally Accepted Accounting Principles.
4. Capacity Building/Program Support: Management of quality of service, employment management principles and practices, reporting and invoicing, and ensuring that project timelines, goals and deliverables are met by subcontractors.
5. Supervision of Quarterly Summary Reports: Subcontractor Raimi Associates is to provide program monitoring and evaluation, culminating in annual summary reports.

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<sup>3</sup> Community based organizations listed in Article 4 of the Draft Amendment



### Performance Monitoring

This contract will be measured in two ways: (1) the effectiveness of the SFPHF in providing program administration, and (2) the effectiveness of the project in having successful outcomes. As of May 2020, there is not yet an annual monitoring report for this contract, as FY19-20 is its first full year, and the program monitoring will occur following the end of the fiscal year. Raimi Associates was contracted by SFPHF for January through June, 2020 to conduct an evaluation of the success of the overall program and provide annual and quarterly reports.

Separately, the Sugary Drinks Distributor Tax Advisory Committee submits to the Board of Supervisors and the Mayor a report that evaluates the impact of the SDDT on beverage prices, consumer purchasing behavior, and public health.

### FISCAL IMPACT

Table 1 below summarizes actual and projected sources of funds in FY 2018-19 and FY 2019-20 and budgeted sources in FY 2020-21 through FY 2025-26.

**Table 1: Sources of Funds**

Sources	General Fund - HIV Prevention	SDDT	Children's Baseline	Subtotal	Contingency (12%)	Total
FY 18-19		\$14,182		\$14,182		\$14,182
FY19-20	3,960	2,986,668	2,756,229	5,746,857		5,746,857
Actual & Projected	3,960	3,000,850	2,756,229	5,761,039	0	5,761,039
FY20-21		1,203,000	1,437,000	2,640,000	316,800	2,956,800
FY21-22		1,203,000	1,437,000	2,640,000	316,800	2,956,800
FY22-23		1,040,000	1,040,000	2,080,000	249,600	2,329,600
FY23-24		1,040,000	1,040,000	2,080,000	249,600	2,329,600
FY24-25		1,040,000	1,040,000	2,080,000	249,600	2,329,600
FY25-26		1,040,000	1,040,000	2,080,000	249,600	2,329,600
Budgeted	0	6,566,000	7,034,000	13,600,000	1,632,000	15,232,000
<b>Total</b>	<b>\$3,960</b>	<b>\$9,566,850</b>	<b>\$9,790,229</b>	<b>\$19,361,039</b>	<b>\$1,632,000</b>	<b>\$20,993,039</b>

Source: Draft Amendment, Appendix B Page 4

Table 2 below summarizes actual and projected expenditures in FY 2018-19 and FY 2019-20 and budgeted expenditures in FY 2020-21 through FY 2025-26.

**Table 2: Agreement Expenditures**

<b>Expenditures</b>	<b>Operating Expenses</b>	<b>Management Fee (10%)</b>	<b>Subtotal</b>	<b>Contingency (12%)</b>	<b>Total</b>
FY 18-19	\$12,893	\$1,289	\$14,182		\$14,182
FY19-20	5,224,416	522,441	5,746,857		5,746,857
Actual & Projected	5,237,309	523,730	5,761,039	0	5,761,039
FY20-21	2,399,965	240,035	2,640,000	316,800	2,956,800
FY21-22	2,399,964	240,036	2,640,000	316,800	2,956,800
FY22-23	1,890,910	189,090	2,080,000	249,600	2,329,600
FY23-24	1,890,910	189,090	2,080,000	249,600	2,329,600
FY24-25	1,890,910	189,090	2,080,000	249,600	2,329,600
FY25-26	1,890,910	189,090	2,080,000	249,600	2,329,600
Budgeted	12,363,569	1,236,431	13,600,000	1,632,000	15,232,000
<b>Total</b>	<b>\$17,600,878</b>	<b>\$1,760,161</b>	<b>\$19,361,039</b>	<b>\$1,632,000</b>	<b>\$20,993,039</b>

Source: Draft Amendment, Appendix B Page 4

First year contract funding in FY 2019-20 of \$5.7 million provides for one-time costs to issue the RFP and implement the program. According to Michelle Ruggels, DPH Director of Business Services, the Public Health Foundation has invoiced \$2.6 million for FY 2019-20 to date. Many of the community-based subcontractors are behind in invoicing. The community-based subcontractors submit their invoices to the Public Health Foundation, who in turn submits a monthly invoice to DPH of collective costs.

### **POLICY CONSIDERATION**

The Mayor's First Supplement to the Emergency Proclamation, issued on March 11, 2020, directed the Controller to develop a policy for the City to continue to fund existing agreements with community based organizations that are unable to provide services to the City due to disruptions related to the COVID-19 emergency. Therefore, DPH will continue to cover the full contract amount if the Foundation or the community-based subcontractors are not able to meet their service requirements as a result of the COVID-19 emergency.

### **RECOMMENDATION**

Approve the proposed resolution.

<p><b>Item 8</b> <b>Files 20-0376</b></p>	<p><b>Department:</b> <b>San Francisco International Airport (Airport)</b></p>
<p><b>EXECUTIVE SUMMARY</b></p>	
<p style="text-align: center;"><b>Legislative Objectives</b></p> <ul style="list-style-type: none"> <li>• The proposed resolution would authorize the San Francisco Airport Commission to (1) accept and expend grants in an amount not to exceed \$7,777,039, and any additional amounts up to 15 percent of the original grant that may be offered from the Federal Aviation Administration for the continuation and expansion of the Noise Insulation Program, for the period of October 1, 2019 through September 30, 2024, contingent on receipt by the Airport Commission of one or more grant offers from the Federal Aviation Administration, and (2) commit to providing an estimated \$5,000,000 in local matching funds.</li> </ul> <p style="text-align: center;"><b>Key Points</b></p> <ul style="list-style-type: none"> <li>• In October 2017, the Airport Commission approved the implementation of the Replacement and Second Chance Initiative, which provides for the replacement of failed noise insulation of properties, and the acoustic treatment of properties not previously insulated because owners did not participate in the Noise Insulation Program in previous phases.</li> <li>• The Noise Insulation Program grant funds will be used to provide for the noise insulation of properties to minimize the impact of aircraft noise in neighboring communities. The scope of work includes outreach and analysis to confirm each property’s eligibility, acoustical testing, and design and construction of noise insulation improvements. The properties will be considered for the program if located inside the current 65-decibel Noise Exposure Map (NEM) developed by the Airport and accepted by the FAA or are part of contiguous neighborhoods adjacent to the NEM. As of May 2020, it is estimated that approximately 85 to 105 of 568 potentially eligible properties will be included in the 2020-2024 phase of the Noise Insulation Program. These properties are in Millbrae, San Bruno, Daly City, and South San Francisco.</li> </ul> <p style="text-align: center;"><b>Fiscal Impact</b></p> <ul style="list-style-type: none"> <li>• The total budget for the Noise Insulation Program grant project is \$12,777,039. The Federal Aviation Administration grant will fund \$5,221,631, and the CARES Act Supplemental Grant Funding will fund \$2,555,408, for a total of \$7,777,039. In addition, the Airport will fund \$5,000,000 of the total project costs. The source of the local matching funds is General Airport Revenue Bonds as part of the Airport Capital Improvement Plan.</li> </ul> <p style="text-align: center;"><b>Policy Consideration</b></p> <ul style="list-style-type: none"> <li>• The Airport states that the FAA has indicated that COVID-19 has not impacted the grant program and funding, grant timelines or milestones. The Noise Insulation Program is proceeding as scheduled, and the Airport does not anticipate COVID-19 to have an impact on the scope of work or the program.</li> </ul> <p style="text-align: center;"><b>Recommendation</b></p> <ul style="list-style-type: none"> <li>• Approve the proposed resolution.</li> </ul>	

**MANDATE STATEMENT**

City Administrative Code Section 10.170-1 states that accepting Federal, State, or third-party grant funds in the amount of \$100,000 or more, including any City matching funds required by the grant, is subject to Board of Supervisors approval.

**BACKGROUND**

In October 2017, the Airport Commission approved the implementation of the Replacement and Second Chance Initiative, which provides for the replacement of failed noise insulation of properties, and the acoustic treatment of properties not previously insulated because owners did not participate in the Noise Insulation Program in previous phases. In May 2020, the Airport Commission authorized the acceptance and expenditure of Federal Fiscal Year 2020 Federal Aviation Administration (FAA) Airport Improvement Program (AIP)<sup>1</sup> grant funds for the continuation and expansion of the Airport’s Noise Insulation Program in the anticipated amount of \$10,300,000, which was later modified to \$7,777,039 to reflect a more realistic estimate of the funds that would be provided by the Federal Aviation Administration. Subsequent phases of the program will be planned with future grants.

Under the Noise Insulation Program, properties are considered if they are located within the minimum thresholds (defined as 65 decibels Community Noise Equivalent Level) on the Noise Exposure Map or are part of contiguous neighborhoods partially within certain areas around the Airport. The Airport has identified approximately 568 potential properties that could be eligible for noise insulation work. For planning purposes, the Airport is assuming approximately 85 to 105 of these 568 properties will be included in the 2020-2024 phase of the proposed grant.<sup>2</sup>

**DETAILS OF PROPOSED LEGISLATION**

The proposed resolution would authorize the San Francisco Airport Commission to (1) accept and expend grants in an amount not to exceed \$7,777,039, and any additional amounts up to 15 percent of the original grant that may be offered from the Federal Aviation Administration for the continuation and expansion of the Noise Insulation Program, for the period of October 1, 2019 through September 30, 2024, contingent on receipt by the Airport Commission of one or more grant offers from the Federal Aviation Administration, and (2) commit to providing an estimated \$5,000,000 in local matching funds.

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<sup>1</sup> The Airport Improvement Program (AIP) provides grants to public agencies — and, in some cases, to private owners and entities — for the planning and development of public-use airports that are included in the National Plan of Integrated Airport Systems (NPIAS).

<sup>2</sup> According to Ms. Tzvete Katchakova, Senior Financial Grant Analyst at the Airport, between the early 1980s and early 2000s, more than 15,200 properties were insulated under the Noise Insulation Program. In the most recent phases (between 2008 and 2019), the Noise Insulation Program has included insulation of 67 properties.

The Airport Commission approved acceptance of the proposed grant in May 2020. Although the grant period began at the beginning of the federal fiscal year on October 1, 2019, according to Ms. Tzvete Katchakova, Senior Financial Grant Analyst at the Airport, the actual grant start date is anticipated in June 2020.

### **Services Provided**

The Noise Insulation Program grant funds will be used to provide for the noise insulation of properties to minimize the impact of aircraft noise in neighboring communities. The scope of work includes outreach and analysis to confirm each property's eligibility, acoustical testing, and design and construction of noise insulation improvements. The properties will be considered for the program if located inside the current 65-decibel Noise Exposure Map (NEM) developed by the Airport and accepted by the FAA or are part of contiguous neighborhoods adjacent to the NEM. As of May 2020, it is estimated that approximately 85 to 105 of 568 potentially eligible properties will be included in the 2020-2024 phase of the Noise Insulation Program. These properties are in Millbrae, San Bruno, Daly City, and South San Francisco. Owners of the uninsulated properties will have their properties acoustically treated to reduce the interior noise level by five decibels or more.

### **Matching Funds**

The FAA's AIP grant program reimburses up to 80 percent of the allowable noise insulation related project costs. However, according to Ms. Katchakova, because the AIP grant funds are awarded on a discretionary basis, the FAA has indicated that \$5,000,000 of discretionary funds will not be available. Consequently, the Airport will need to provide local matching funds of \$5,000,000. In addition, the federal Coronavirus Aid, Relief, and Economic Security (CARES) Act funding will reimburse 20 percent of noise insulation related project costs. The CARES Act provides \$10 billion in economic relief funds for eligible U.S. airports affected by the COVID-19 outbreak, an upper respiratory tract illness. The CARES Act funding for airports includes two components: (1) formula-based grant funding for any purpose for which airport revenues may lawfully be used (Relief Funding); and (2) supplemental discretionary grants to increase the federal share of Federal Fiscal Year 2020 AIP grant-funded projects to 100 percent (Supplemental Grant Funding). There is no local match required for either type of CARES Act funds. Based on FAA's calculation of the statutory formula under the CARES Act, the Airport expects to receive \$254,780,449 of Relief Funding.<sup>3</sup> A resolution authorizing the Airport to accept these funds is pending before the Board of Supervisors (File 20-0543).

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<sup>3</sup> As a requirement for receiving CARES Act funds, the City and County of San Francisco, as sponsor of the Airport, must continue to employ, through December 31, 2020, at least 90 percent of the number of individuals employed (after making adjustments for retirements or voluntary employee separations) at the Airport as of March 27, 2020, the enactment date of the CARES Act.

**Performance Monitoring**

AIP grants are subject to compliance with standard reporting and monitoring requirements, such as annual financial and quarterly performance reports for the duration of the grant. Data collection and quarterly reporting requirements for the grant project include reporting on the following:

- 1) Acoustical testing plan;
- 2) Initial survey of properties;
- 3) Policies and procedures manual;
- 4) Evaluation of older properties (per Section 106 of the National Historic Preservation Act);
- 5) Acoustical testing before noise insulation;
- 6) Outreach to owners of eligible properties;
- 7) Architectural surveys/plans and specifications;
- 8) Construction contractor selection; and
- 9) Construction of noise insulation improvements

According to performance reports from February 27, 2017 through April 18, 2020 for the 2016-2020 AIP grant, objectives were achieved, and a final construction close-out report was completed on March 23, 2020 and submitted to the FAA on April 7, 2020.

**FISCAL IMPACT**

The total budget for the Noise Insulation Program grant project is \$12,777,039. The FAA AIP grant will fund \$5,221,631, and the CARES Act Supplemental Grant Funding<sup>4</sup> will fund \$2,555,408, for a total of \$7,777,039 in grant funding. In addition, the Airport will fund \$5,000,000 of the total project costs. The source of the local matching funds is General Airport Revenue Bonds as part of the Airport Capital Improvement Plan. Table 1 below summarizes grant funding for the Noise Insulation Program project.

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<sup>4</sup> The second component of the CARES Act increases the federal share of Federal Fiscal Year 2020 AIP grant-funded projects to 100 percent (Supplemental Grant Funding). The Supplemental Grant Funding of \$2,555,408 is separate from and in addition to the \$254,780,449 of Relief Funding.

**Table 1. Noise Insulation Program Project Budget Estimate**

Cost Category	Description	FAA AIP Grant Funds	CARES Act Supplemental Grant Funding	Airport/Local Match Funds	Total Project Cost
Architectural Engineering Basic Fees	Pre-design process (including architectural, mechanical, electrical, and hazmat surveys), permit research, preparation and review of existing conditions report, preparation of 100 percent contract documents and cost estimates, bid award and contractor selection	\$1,015,299	\$496,876	\$972,205	\$2,484,380
Other Architectural Engineering Basic Fees	Windshield survey, acoustical test plan update, homeowners' outreach, acoustical testing, county assessors records research, coordination with owners for execution of avigation easements and agreements	\$490,673	\$240,130	\$469,847	\$1,200,650
Project Inspection Fees	Submittals and shop drawings review, cost proposals request, daily construction inspections, substantial and final inspections, closeout documents review and preparation, as-built plans review, construction reports	\$740,519	\$362,402	\$709,088	\$1,812,009
Construction Cost	Construction costs for noise insulation of properties	\$2,975,140	\$1,456,000	\$2,848,860	\$7,280,000
<b>Total Project Cost</b>		<b>\$5,221,631</b>	<b>\$2,555,408</b>	<b>\$5,000,000</b>	<b>\$12,777,039</b>

Source: May 2020 Noise Insulation Program (2020-2024 Phase) Grant Budget

According to Ms. Katchakova, approximately \$20,000 of necessary preliminary work has been expended towards the project on planning costs. No grant funds have been encumbered or expended. If the grant is approved by the Board of Supervisors and awarded, eligible planning costs incurred before the grant award may be submitted to the FAA for reimbursement. The Airport does not anticipate incurring any ongoing costs once the project is complete and grant funds expire.

### **POLICY CONSIDERATION**

The Airport's projected revenue shortfall due to COVID-19 and reduced air travel is estimated by the Controller and Mayor's Budget Office to be from \$190 to \$220 million in FY2019-20. According to Ms. Ronda Chu, Capital Finance Director at the Airport, other sources of funds are available to offset reductions in operating revenues, including \$254.8 million in CARES Act funds, \$530 million in Passenger Facility Fund balance, and \$500 million in Commercial Paper authority. According to Ms. Katchakova, the FAA has indicated that COVID-19 has not impacted the AIP

grant program and funding, grant timelines or milestones. The Noise Insulation Program is proceeding as scheduled, and the Airport does not anticipate COVID-19 to have an impact on the scope of work or the program.

**RECOMMENDATION**

Approve the proposed resolution.