

BUDGET AND APPROPRIATIONS COMMITTEE CITY AND COUNTY OF SAN FRANCISCO

MEETING MINUTES - DRAFT

Thursday, June 22, 2023 - 10:00 AM

City Hall, Legislative Chamber, Room 250

Recessed Meeting

Members: Connie Chan, Rafael Mandelman, Ahsha Safai, Hillary Ronen, Shamann Walton

Clerk: Brent Jalipa

(415) 554-7712 ~ brent.jalipa@sfgov.org

Angela Calvillo, Clerk of the Board

BOARD COMMITTEES

Committee Membership

Budget and Appropriations Committee

Supervisors Chan, Mandelman, Safai, Ronen, Walton

Budget and Finance Committee

Supervisors Chan, Mandelman, Safai

Government Audit and Oversight Committee

Supervisors Preston, Stefani, Chan

Homelessness and Behavioral Health Select Committee

Supervisors Ronen, Mandelman, Walton

Land Use and Transportation Committee

Supervisors Melgar, Preston, Peskin

Public Safety and Neighborhood Services Committee

Supervisors Stefani, Engardio, Dorsey

Rules Committee

Supervisors Dorsey, Walton, Safai

Meeting Days

Wednesday

1:30 PM

Wednesday

10:00 AM

1st and 3rd Thursday

10:00 AM

2nd and 4th Friday

10:00 AM

Monday

1:30 PM

2nd and 4th Thursday

10:00 AM

Monday

10:00 AM

First-named Supervisor is Chair, Second-named Supervisor is Vice-Chair of the Committee.

Members Present: Connie Chan, Rafael Mandelman, Ahsha Safai, Hillary Ronen, and Shamann Walton

The Budget and Appropriations Committee met in a recessed session, in-person with remote access and public comment via telephone, on June 22, 2023, with Chair Connie Chan presiding. Chair Chan called the meeting to order at 10:09 am.

Remote Access to Information and Participation

The Board of Supervisors (www.sfbos.org) and its committees convene hybrid meetings that allow in-person attendance, in-person public comment (prioritized before remote public comment), remote access (watch: www.sfgovtv.org), and remote public comment via teleconference (<https://sfbos.org/remote-meeting-call>). Members of the public may also submit their comments by email to the Clerk listed above; all comments received will be made a part of the official record.

ROLL CALL AND ANNOUNCEMENTS

On the call of the roll, Chair Chan, Vice Chair Mandelman, and Members Ronen, Safai, and Walton were noted present. A quorum was present.

COMMUNICATIONS

Brent Jalipa, Budget and Appropriations Committee Clerk, instructed members of the public, that when general public comment is called, to contribute live comments in-person or by dialing the telephone number published on the agenda and scrolling across the screen. Clerk Jalipa further announced that in-person public comment will be taken before remote public comment is called.

*(Those who are providing public comment remotely must dial *3 to be added to the remote queue to speak. Written comments may be submitted through email (brent.jalipa@sfgov.org) or the U.S. Postal Service at City Hall, 1 Dr. Carlton B. Goodlett Place, Room 244, San Francisco, CA 94102.)*

AGENDA CHANGES

There were no agenda changes.

REGULAR AGENDA

Chair Chan requested File Nos. 230644 and 230645 be called together.

Chair Chan recessed the meeting at 1:01 p.m. and reconvened at 1:24 p.m.

230644 [Budget and Appropriation Ordinance for Departments - FYs 2023-2024 and 2024-2025]

Sponsor: Mayor

Budget and Appropriation Ordinance appropriating all estimated receipts and all estimated expenditures for Departments of the City and County of San Francisco as of June 1, 2023, for the Fiscal Years (FYs) ending June 30, 2024, and June 30, 2025.
(Fiscal Impact)

Heard in Committee. Speakers: Jay Xu, Director (Asian Art Museum); Dan Goncher and Christine Martin (Office of the Budget and Legislative Analyst); Jason Seifer (Fine Arts Museum); Donna D'Cruz (War Memorial); Maria Su, Director (Department of Children, Youth, and Their Families); Kimberly Ellis, Director (Department on the Status of Women); Sheryl Davis, Executive Director (Human Rights Commission); Antonio Guerra (Recreation and Park Department); Ralph Remington (Arts Commission); Grant Colfax, Director (Department of Public Health); Trent Rhorer, Executive Director (Human Services Agency); Anna Duning, Budget Director (Mayor's Office of Public Policy and Finance); Ben Rosenfield, City Controller (Office of the Controller); Jose Cisneros, Treasurer-Tax Collector (Office of the Treasurer-Tax Collector); Patrick O'Riordan, Director, and Alex Koskinen (Department of Building Inspection); Gigi Whitley (Department of Homelessness and Supportive Housing); Pau Crego, Executive Director (Office of Transgender Initiatives); Ingrid Mezquita, Executive Director (Department of Early Childhood); Charles Sheehan (Department of Environment); Sarah Dennis-Phillips, Executive Director (Office of Economic and Workforce Development); provided an overview and responded to questions raised throughout the discussion.

230645 [Annual Salary Ordinance - FYs 2023-2024 and 2024-2025]

Sponsor: Mayor

Annual Salary Ordinance enumerating positions in the Annual Budget and Appropriation Ordinance for the Fiscal Years (FYs) ending June 30, 2024, and June 30, 2025, continuing, creating, or establishing these positions; enumerating and including therein all positions created by Charter or State law for which compensations are paid from City and County funds and appropriated in the Annual Appropriation Ordinance; authorizing appointments or continuation of appointments thereto; specifying and fixing the compensations and work schedules thereof; and authorizing appointments to temporary positions and fixing compensations therefore.

(Fiscal Impact)

Heard in Committee. Speakers: Jay Xu, Director (Asian Art Museum); Dan Goncher and Christine Martin (Office of the Budget and Legislative Analyst); Jason Seifer (Fine Arts Museum); Donna D'Cruz (War Memorial); Maria Su, Director (Department of Children, Youth, and Their Families); Kimberly Ellis, Director (Department on the Status of Women); Sheryl Davis, Executive Director (Human Rights Commission); Antonio Guerra (Recreation and Park Department); Ralph Remington (Arts Commission); Grant Colfax, Director (Department of Public Health); Trent Rhorer, Executive Director (Human Services Agency); Anna Duning, Budget Director (Mayor's Office of Public Policy and Finance); Ben Rosenfield, City Controller (Office of the Controller); Jose Cisneros, Treasurer-Tax Collector (Office of the Treasurer-Tax Collector); Patrick O'Riordan, Director, and Alex Koskinen (Department of Building Inspection); Gigi Whitley (Department of Homelessness and Supportive Housing); Pau Crego, Executive Director (Office of Transgender Initiatives); Ingrid Mezquita, Executive Director (Department of Early Childhood); Charles Sheehan (Department of Environment); Sarah Dennis-Phillips, Executive Director (Office of Economic and Workforce Development); provided an overview and responded to questions raised throughout the discussion.

230312 [Public Works, Administrative Codes - Curbside Shared Spaces Permit and License Fees]

Sponsor: Safai

Ordinance amending the Public Works and Administrative Code to eliminate permit fees for Curbside Shared Spaces and increase the gross receipts threshold from \$2,000,000 to \$2,500,000 for reductions to annual Curbside Shared Spaces license fees; and affirming the Planning Department's determination under the California Environmental Quality Act.
(Fiscal Impact)

Heard in Committee. Speakers: Anna Duning, Budget Director (Mayor's Office of Public Policy and Finance); Anne Pearson (Office of the City Attorney); provided an overview and responded to questions raised throughout the discussion.

Member Safai, seconded by Chair Chan, moved that this Ordinance be **AMENDED, AN AMENDMENT OF THE WHOLE BEARING NEW TITLE**, on Page 1, Lines 3-8, to read 'Ordinance amending the Public Works Code to eliminate permit fees for a Curbside Shared Spaces permit approved before June 30, 2025; amending the Administrative Code to increase the gross receipts threshold from \$2,000,000 to \$2,500,000 for reductions to annual Curbside Shared Spaces permit and license fees; and affirming the Planning Department's determination under the California Environmental Quality Act.'; on Page 3, Lines 22-23, by replacing 'Eliminating permit fees' with 'Temporarily waiving permit fees'; on Page 4, Line 3, by adding 'This temporary waiver would expire on June 30, 2025.' after 'permittees.'; on Page 5, Line 23, through Page 6, Line 15, by adding '(t) Temporary Curbside Parklet Fee Waiver. For any Curbside Shared Space Permit approved before June 30, 2025, including any Parklet Permittee or pandemic Shared Spaces Permittee that seeks to convert to a Curbside Shared Space Permit, the following fees shall apply: (i) Public Parklet fees: (A) No permit fee; (B) Annual license fee of \$100 per parking space. (ii) Movable Commercial Parklet fees: (A) No permit fee; (B) Annual license fee of \$1,500 per parking space. (iii) Fixed Commercial Parklet fees: (A) No permit fee; (B) Annual license fee of \$2,000 per parking space. (iv) Sunset. Subsection (t) of Section 2.1.1 shall expire by operation of law on June 30, 2025, unless the duration of the subsection has been extended by ordinance effective on or before that date. Upon expiration, the City Attorney shall cause subsection (t) to be removed from the Public Works Code.'; on Page 9, Lines 23-22, by adding 'A Parklet Permittee or pandemic Shared Spaces Permittee that seeks to convert to a Curbside Shared Space Permit shall be eligible for the permit fee waivers set forth in Public Works Code Section 2.1.1(t).' and by making other conforming and clarifying amendments. The motion carried by the following vote:

Ayes: 5 - Chan, Mandelman, Safai, Ronen, Walton

230658 [Building Code - Increase Fees]

Sponsor: Mayor

Ordinance amending the Building Code to increase fees charged by the Department of Building Inspection by 15%; and affirming the Planning Department's determination under the California Environmental Quality Act.
(6/9/23 - Pending further review for Economic Impact)

Heard in Committee. Speakers: Alex Koskinen (Department of Building Inspection); Anne Pearson (Office of the City Attorney); Anna Duning, Budget Director (Mayor's Office of Public Policy and Finance); provided an overview and responded to questions raised throughout the discussion.

*Chair Chan, seconded by Supervisor Ronen, moved that this Ordinance be **RECOMMENDED** to the Board of Supervisors meeting of July 11, 2023. Before the vote was taken, Chair Chan withdrew this motion to recommend.*

230664 [Business and Tax Regulations Code - Waiver of Permit, License, and Business Registration Fees for Certain Small Businesses]

Sponsors: Mayor; Ronen, Engardio, Dorsey and Mandelman

Ordinance amending the Business and Tax Regulations Code to waive, retroactively to July 1, 2023, certain first-year permit, license, and business registration fees for specified small businesses that newly form or that open a new location; and refunding any waived fees that have been paid to the City.

(Fiscal Impact)

Heard in Committee. Speakers: None.

230657 [Funding Reallocation - Our City, Our Home Homelessness Gross Receipts Tax - Services to Prevent Homelessness - \$60,000,000]

Sponsor: Mayor

Ordinance reallocating approximately \$60,000,000 in unencumbered revenues from the Our City, Our Home Fund to allow the City to use revenues from the Homelessness Gross Receipts Tax for certain types of services to prevent homelessness; and finding that the reallocation is necessary to achieve purposes of the Our City, Our Home Fund pursuant to Business and Tax Regulations Code, Section 2811.

(Pursuant to Business and Tax Code, Section 2811, the Board of Supervisors may amend Article 28 by ordinance, by a two-thirds vote and only to further the overall findings and intent of Proposition C.)

(Fiscal Impact)

Heard in Committee. Speakers: Gigi Whitley (Department of Homelessness and Supportive Housing); provided an overview and responded to questions raised throughout the discussion. Sherilyn Adams, Director (Larkin Street Youth Services); Hope Kamer (Compass Family Services); Jennifer Friedenbach (Coalition on Homelessness); Marnie Regen (Larkin Street Youth Services); Aurora Gonzalez; Speaker; Luis; Liz, Miguel Carrera, Dejan Joy, Yessica Hernandez, Julian Highsmith (Coalition on Homelessness); Rachel Stoltzfus, Suguey Ruiz, Holly Hsu, Monica Steptoe (Homeless Prenatal Program); Dara Wald; Andrew; Rachel Inouye; Jennifer Duncan (Community Forward); Karin Adams (Homeless Youth Alliance); Charles Deffarges (Episcopal Community Services); Renata Tenor (Third Street Youth Services) spoke in opposition to the hearing matter.

230675 [Homelessness and Supportive Housing Fund - FYs 2023-2024 and 2024-2025 Expenditure Plan]

Sponsor: Mayor

Resolution approving the Fiscal Years (FYs) 2023-2024 and 2024-2025 Expenditure Plan for the Department of Homelessness and Supportive Housing Fund.

Heard in Committee. Speakers: None.

Chair Chan requested File Nos. 230680 and 230681 be called together.

SPECIAL MEETING OF THE BOARD OF SUPERVISORS

Supervisor Preston was noted present at 3:10 p.m. and Supervisor Melgar was noted present at 3:41 p.m.; thereby constituting a quorum of the Board of Supervisors. A special meeting of the Board of Supervisors was convened at 3:10 p.m.; although, the meeting was conducted in all respects as a committee meeting for items on the agenda and any substantive decisions constitute a recommendation of the committee and not action taken by the board.

Present: Supervisors Chan, Mandelman, Safai, Ronen, Walton, Preston, and Melgar.

230680 [Grant Agreement Amendment - San Francisco Tourism Improvement District Management Corporation - Downtown Welcome Ambassador Program - Not to exceed \$21,377,000]

Sponsor: Mayor

Resolution approving Amendment No. 5 to a grant agreement between the Office of Economic and Workforce Development and the San Francisco Tourism Improvement District Management Corporation, for management of the Downtown Welcome Ambassador Program; to increase the grant amount by \$5,150,000 for a total not to exceed amount of \$21,377,000 and to increase the term for one year and eight months for a new term from July 1, 2021, through June 30, 2025; effective upon approval of this Resolution; and to authorize the Director of the Office of Economic and Workforce Development to enter into amendments or modifications to the contract prior to its final execution by all parties that do not materially increase the obligations or liabilities to the City and are necessary to effectuate the purposes of the contract. (Department of Economic and Workforce Development) (Fiscal Impact)

Heard in Committee. Speakers: Sarah Dennis-Phillips, Executive Director (Office of Economic and Workforce Development); Mary Ellen Carroll, Director (Department of Emergency Management); Supervisor Dean Preston (Board of Supervisors); provided an overview and responded to questions raised throughout the discussion. Tom Meden; Chris Hoffman, Ron Minoli, Thomas Little (Welcome Ambassadors); Louie Hammonds (Urban Alchemy); Speaker; Michael; spoke in support of the hearing matter. Speaker; spoke on various concerns relating to the hearing matter.

230681 [Grant Agreement Amendment - Mid-Market Foundation - Mid-Market/Tenderloin Community-Based Safety Program - Not to Exceed \$61,090,570]

Sponsor: Mayor

Resolution approving Amendment No. 3 to a grant agreement between the Office of Economic and Workforce Development and Mid-Market Foundation, for management of the Mid-Market /Tenderloin Community-Based Safety Program; to increase the grant amount by \$31,000,000 for a total not to exceed amount of \$61,090,570 and to extend the term from October 15, 2023, for a total period of July 1, 2022, through June 30, 2025; effective upon approval of this Resolution; and to authorize the Director of the Office of Economic and Workforce Development to enter into amendments or modifications to the contract prior to its final execution by all parties that do not materially increase the obligations or liabilities to the City and are necessary to effectuate the purposes of the contract. (Fiscal Impact)

Heard in Committee. Speakers: Sarah Dennis-Phillips, Executive Director (Office of Economic and Workforce Development); Mary Ellen Carroll, Director (Department of Emergency Management); Supervisor Dean Preston (Board of Supervisors); provided an overview and responded to questions raised throughout the discussion. Tom Meden; Chris Hoffman, Ron Minoli, Thomas Little (Welcome Ambassadors); Louie Hammonds (Urban Alchemy); Speaker; Michael; spoke in support of the Hearing matter. Speaker; spoke on various concerns relating to the hearing matter.

230155 [Business and Tax Regulations Code - Gross Receipts Tax Rate Increase Postponement and Credits for Opening City Location]

Sponsors: Mayor; Engardio

Ordinance amending the Business and Tax Regulations Code to extend through December 31, 2024, the Gross Receipts Tax rates in effect on January 1, 2022, for the business activities of retail trade, certain services, manufacturing, food services, accommodations, and arts, entertainment and recreation, and postpone to January 1, 2025, the imposition of the Gross Receipts Tax rates otherwise set to go into effect beginning January 1, 2023, for those business activities; and to provide for businesses that open a physical location in the City on or after January 1, 2023, through December 31, 2027, and that did not have a physical location in the City for at least three years prior to that opening, an annual Gross Receipts Tax credit equal to 0.45% of the business's San Francisco taxable gross receipts from one or more of the business activities of information, administrative and support services, financial services, insurance, and professional, scientific and technical services, for businesses not engaged in business in the City as an administrative office, or 0.7% of the taxable payroll expense of a business that engages in business in the City as an administrative office, for each of up to three tax years immediately following the tax year in which the business opened the physical location in the City, but no later than the 2028 tax year, and not to exceed \$1,000,000 per tax year.

(Economic Impact)

(Fiscal Impact)

Heard in Committee. Speakers: Lauren Arvanitidis (Office of Economic and Workforce Development); Dan Goncher (Office of the Budget and Legislative Analyst); Ted Egan (Office of the Controller); provided an overview and responded to questions raised throughout the discussion.

Supervisor Preston was noted not present at 3:40 p.m.

Chair Chan requested File Nos. 230660 and 230661 be called together.

ADJOURNMENT OF THE BOARD OF SUPERVISORS

At the hour of 4:22 p.m., Vice Chair Mandelman was noted not present, thereby adjourning the Special Meeting of the Board of Supervisors.

230660 [Business and Tax Regulations Code - Early Care and Education Commercial Rents Tax Sublessor Deduction]

Sponsor: Mayor

Ordinance amending the Business and Tax Regulations Code to allow a sublessor to deduct rent for commercial space the sublessor pays up to the amount of rent the sublessor receives for that space when determining its Early Care and Education Commercial Rents Tax for the tax years 2023 through and including 2029.

(Fiscal Impact)

Heard in Committee. Speakers: Supervisor Myrna Melgar (Board of Supervisors); provided an overview and responded to questions raised throughout the discussion. Naeemah Charles (Children's Council SF); Speaker; Sarah; Speaker; Alex; Virginia Cheung (Wu Yee Children's Services); Praga; Andrew; Jody; Speaker; Maria Luz Torre; Rachel Church; Lili Marquez; spoke in support of the hearing matter.

230661 [Business and Tax Regulations Code - Early Care and Education Commercial Rents Tax Baseline]

Sponsor: Mayor

Ordinance reducing the baseline funding requirements for early care and education programs in Fiscal Years 2023-2024 and 2024-2025, to enable the City to use Early Care and Education Commercial Rents Tax revenues for those programs.
(Fiscal Impact)

Heard in Committee. Speakers: Supervisor Myrna Melgar (Board of Supervisors); provided an overview and responded to questions raised throughout the discussion. Naeemah Charles (Children's Council SF); Speaker; Sarah; Speaker; Alex; Virginia Cheung (Wu Yee Children's Services); Praga; Andrew; Jody; Speaker; Maria Luz Torre; Rachel Church; Lili Marquez; spoke in support of the hearing matter.

Chair Chan, seconded by Member Ronen, moved that this Ordinance be **AMENDED, AN AMENDMENT OF THE WHOLE BEARING NEW TITLE**, on Page 1, Line 3, by replacing 'reducing' with 'modifying; on Page 1, Line 22, through Page 2, Line 2, to add 'The intent of Proposition C was to ensure dedicated revenues to increase funding for quality early care and education for San Francisco children under the age of six, and to prevent supplanting existing funding.'; on Page 2, Lines 3-9, to read 'While the voters authorized the Board of Supervisors to amend the measure by ordinance, they did not intend revenues from the Tax to be used to fill other budgeting priorities. The goal of the measure was to establish a dedicated funding source to realize the goals of a universal early care and education system. Under Business and Tax Regulations Code Section 2113, the Board may amend the measure without a supermajority vote or any specific findings.', Line 12-19, by adding 'Despite these investments, there is still a gap in meeting the needs of families of young children and expanding quality early care and education. This requires an ongoing strategy to increase wages and benefits for early care educators; to recruit and retain the workforce; to expand and improve access to child care slots for families up to 200% of Area Median Income, particularly for infants and toddlers; and to develop other measures that support the physical, emotional, and cognitive development of children under six. The City is facing a \$780 million deficit while many of the essential programs that support our most vulnerable communities have been cut by Federal and State emergency funding.'; on Page 2, Line 20, through Page 3, Line 4, to read 'By using interest earned in the Babies and Families First Fund to fund Baseline Programs previously funded from the General Fund, the City can redirect those General Fund monies that would have funded Baseline Programs toward other essential services for children and families, including food access programs. This Ordinance is an extraordinary step that balances the budget without a long-term funding solution for ongoing essential programs. Thus, this approach is a one-time emergency solution that should not be repeated in future years. This Ordinance temporarily modifies the baseline requirements in Business and Tax Regulations Code Section 2112(f) and (g) for Fiscal Years 2023-2024 and 2024-2025 to credit against the Base Amount interest earned in the Babies and Families First Fund.'; and on Page 3, Lines 12-22, by replacing 'reduce the Base Amount, as that term is defined in Section 2103, by \$20,000,000 in Fiscal Year 2023-2024 and by \$10,000,000 in Fiscal Year 2024-2025, and to suspend any growth in the Base Amount in those two fiscal years.' with '(a) Credit against the Base Amount, as that term is defined in Section 2103, interest earned in the Babies and Families First Fund in Fiscal Years 2023-2024 and 2024-2025 and prior Fiscal Years in the amounts of up to \$20,000,000 for Fiscal Year 2023-2024 and up to \$10,000,000 for Fiscal Year 2024-2025. These credits shall not be applied against the Base Amount in any Fiscal Year where the cash balance in the Babies and Families First Fund as of July 1 of that Fiscal Year is less than \$100 million; and (b) In Fiscal Year 2024-2025, not increase the Base Amount, as that term is defined in Section 2103, as required in Section 2112(g) despite any increase in aggregate City discretionary revenues in that fiscal year, unless the City's projected budget deficit for that year at the time of the Joint Report or Update to the Five Year Financial Plan in March 2024 is less than the amount referenced in Section 2112(h) after annual adjustments.' The motion carried by the following vote:

Ayes: 4 - Chan, Safai, Ronen, Walton

Absent: 1 - Mandelman

Supervisor Melgar was noted not present at 4:30 p.m.

Vice Chair Mandelman was noted present at 4:33 p.m.

MEETING RECESSED

Chair Chan, seconded by Member Walton, moved that the undecided items, File Nos. 230644, 230645, 230312, 230658, 230664, 230657, 230675, 230680, 230681, 230155, 230660, and 230661 be considered at the recessed Budget and Appropriations Committee meeting on June 23, 2023. The motion carried by the following vote:

Ayes: 5 - Chan, Mandelman, Safai, Ronen, Walton

Chair Chan, seconded by Vice Chair Mandelman, moved to recess this meeting to June 23, 2023. The motion carried by the following vote:

Ayes: 5 - Chan, Mandelman, Safai, Ronen, Walton

The Budget and Appropriations Committee recessed at the hour of 4:33 p.m.

N.B. The Minutes of this meeting set forth all actions taken by the Budget and Appropriations Committee on the matters stated, but not necessarily in the chronological sequence in which the matters were taken up.