

City and County of San Francisco **Recovery Plan**

State and Local Fiscal Recovery Funds

2021 Report

City and County of San Francisco
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GENERAL OVERVIEW

Executive Summary

Unique among California cities, San Francisco as a charter city and county provides the services of both a city and a county. Public services include police, fire and public safety; public health, mental health and other social services; jails, and juvenile justice; public works, streets, and transportation, including a port and airport; construction and maintenance of all public buildings and facilities; water, sewer, and power services; parks and recreation; libraries and cultural facilities and events; zoning and planning, and many others. Under its original charter, the City committed to a policy of municipal ownership of utilities. The City's utilities and enterprises have expanded over the years and include the San Francisco International Airport, the Port of San Francisco, the Public Utilities Commission (which includes the Water Enterprise, the Wastewater Enterprise and the Hetch Hetchy Water and Power Project), the Municipal Transportation Agency ("MTA") (which operates the San Francisco Municipal Railway or "Muni" and the Department of Parking and Traffic ("DPT"), including the Parking Authority and its five public parking garages), and the City-owned hospitals (San Francisco General and Laguna Honda).

The COVID-19 pandemic, which began in March 2020, ended the longest period of economic expansion in U.S. history. Within the first month, over 20 million jobs were lost across the country – equal to nearly all the jobs gained during the preceding ten years. In the San Francisco metro division, the job losses were not as severe, but according to data from the Quarterly Census of Employment and Wages by the Bureau of Labor Statistics, the City lost more than 115,000 jobs at the height of the crisis in April 2020. At that time, the city's unemployment rate rose to 13 percent from 2.2 percent in two months. While employment in San Francisco has generally tracked broader trends in the national and state economies, the City has experienced economic shifts from the pandemic which other parts of California, and other large cities in the U.S., have not experienced to nearly the same degree. In particular, the City's tourism, small business, and office sectors face structural challenges to recovery.

The economic impact of the COVID-19 pandemic and recession is reflected in the City's actual and forecasted revenue declines during Fiscal Years (FY) 2019-20, 2020-21, and beyond. Local taxes, rents and concessions, and charges for services experienced major declines, as emergency public health measures dampened economic activity; residents migrated away from densely populated urban areas; and tourists, business travelers and in-commuters stopped visiting the City due to travel restrictions, fear of COVID and businesses' work-from-home policies. Although the City has experienced almost across-the-board revenue declines, hotel tax provides a striking example of the pandemic's impact. San Francisco's hotel tax totaled \$414.3 million in FY 2018-19 but declined to \$281.6 million (32% less than prior year) in FY 2019-20. Preliminary FY 2020-21 hotel tax results of \$42.2 million are 85% below prior year and are not projected to recover to pre-pandemic levels until FY 2025-26.

Uses of Funds

Due to the severity and scale of revenue loss, the City intends to use all \$624,817,342 of State and Local Fiscal Recovery Funds (SLFRF) on Revenue Replacement, toward the Provision of Government Services (Expenditure Category 6.1). Half of the funds will be recognized and spent in each fiscal year, FY 2020-21 and FY 2021-22, as assumed in the City's March Five Year Financial Plan update and adopted two-year budget for FY 2021-22 and FY 2022-23, both approved by the Mayor and Board of Supervisors.

The City and County of San Francisco calculates its January 1, 2020 through December 31, 2020 revenue loss to be \$1,780,709,161, well above its first allocation of \$312,408,671. The City's base year general revenue is \$9,484,593,120, reflecting July 1, 2018 through June 30, 2019 (FY 2018-19) revenue. Assuming a 4.1% average annual growth rate, the City's counterfactual revenue for January 1, 2020 through December 31, 2020 is \$10,073,834,208. Subtracting the actual from the counterfactual revenue results in \$1,780,709,161 of revenue loss. As the City begins an anticipated multi-year economic recovery, revenue loss for the January 1, 2021 through December 31, 2021 period is expected to be lower than for 2020 yet still exceed the Spring 2022 allocation of \$312,408,671.

For the period March 3, 2021 through June 30, 2021, the City has expended well over \$312,408,671 on the provision of government services across its 56 departments. For ease of financial accounting and reporting, the City has identified General Fund payroll expenditures of \$312,408,671 not claimed from any other source. These expenditures are currently supported by the City's own financial resources; SLFRF funds will enable these critical departments' ongoing operations.

Promoting equitable outcomes

The City's work to address historic issues of inequity in public services and outcomes began before the pandemic, and quickly developed in targeted ways to address the disparate health, economic, and educational outcomes caused by COVID-19.

San Francisco's Black, Latino, API, and Indigenous communities have disproportionately suffered the pandemic's health and economic impacts. As the City builds the foundation for economic recovery, there is an opportunity to build a stronger and more equitable economy—one centering on racial equity and economic justice. Through the Office of Economic and Workforce Development, the City has worked to create programs targeted to communities of color and vulnerable populations who do not have equitable safety nets, and who have been historically excluded from wealth building opportunities. Over \$52.5 million has gone to loan and grant programs to support more than 1,200 small businesses and their employees, and an additional \$17.7 million has gone to aid for workers. San Francisco's Economic Recovery Task Force (ERTF) has also guided the City's efforts to sustain and revive local businesses, mitigate the impacts of COVID-19 on the most vulnerable residents, and build an equitable future. The Task Force's Shared Spaces program promotes safer operations by allowing merchants and community groups to use sidewalks, streets, and other public spaces for a variety of restaurant and retail activities. As of April 2021, the City has issued more than 1,900 shared space permits.

Equity has been a guiding principle of San Francisco's COVID public health response. The COVID Command Center (CCC) worked individually with community leaders, CBOs, local businesses and trusted community partners to design outreach strategies and solutions specifically for each community. Examples include:

- The CCC launched a robust food security program that has delivered more than 2 million bags of groceries and 2 million meals for food insecure San Franciscans;
- Partnerships with community-based organizations representing the Asian American and Pacific Islander, Black/African American, Latinx, LGBTQ+, Faith, Youth, Tenderloin, Bayview and

Excelsior communities to support community-led COVID-19 public education campaigns. These campaign concepts were driven by community input with the CCC providing the graphic design, translation, multimedia production, printing, neighborhood canvassing and advertising support.

- Commitment to Language Access: The CCC maintained a robust translation capacity and translated more than 5,200 documents into 10 languages including the threshold languages of Spanish, Chinese and Filipino. Through the activation more than 130 disaster services workers were deployed as translators.
- Testing, vaccine, and COVID-19 education events are planned and occur during pre-existing community events and celebrations, and known entities for specific communities such as Carnival, Pride, Juneteenth, Lighthouse for the Blind, Slow Streets, and others.

Over the course of the COVID-19 pandemic, CCC tracked virus-related data based on demographics, including race/ethnicity, as well as by neighborhood to identify and mitigate inequities. The City has developed a best-in-class COVID data analysis of demographics of populations served, available at <https://sf.gov/data/covid-19-population-characteristics>.

Before the onset of the COVID-19 pandemic, San Francisco had begun the work to create structures to address historical racial and gender inequities in our community. The City's Office of Racial Equity (ORE) (<https://www.racialequitysf.org/>) was established in July 2019 through Ordinance 188-19 to address the history of structural and institutional racism in San Francisco's delivery of services to the public and the City's own internal practices and systems. ORE has enacted a citywide Racial Equity Framework, to direct Departments of the City and County of San Francisco to develop and implement mandated Racial Equity Action Plans, and to analyze the disparate impacts of pending ordinances, as well as various other policy and reporting functions. In addition, the legislation requires that City departments designate employees as racial equity leaders acting as a liaison to ORE and requires the Department of Human Resources to assess and prioritize racial equity within the City's workforce. Lastly, ORE centers racial equity within the City's budget process, and can make recommendations on funding of departments should certain racial equity metrics not be met.

The City has focused its efforts to achieve gender equity through the Department of Status of Women (DOSW), which was established in 1975 by ordinance. The department promotes equitable treatment and fosters the advancement of women and girls throughout San Francisco through policies, legislation, and programs. The Department's major areas of work include eliminating discrimination in all forms; promoting family-friendly, equal-pay, and gender equality policies in the workplace; and reducing family violence.

In addition, to ORE and DOSW's work, the FY 2020-21 and FY2021-22 budget includes additional specific equity initiatives, including:

- **The Dream Keeper Initiative.** A \$120 million investment over two years into the Black and African American community in San Francisco. The goal of the Dream Keeper Initiative is to improve outcomes for San Francisco's Black and African-American youth and their families, and to provide family-based navigation supports to ensure that the needs of all family members are addressed cohesively and comprehensively. With this coordinated approach, the Dream Keeper Initiative aims to break the cycle of poverty and involvement in the criminal justice system for the families in its

programs, and ensure that new investments, including in youth development, economic opportunity, community-led change, arts and culture, workforce, and homeownership are accessible to San Francisco’s families who are most in need. Throughout the past year, the Human Rights Commission has facilitated an extensive community-led process to allocate these funds to six focus areas – economic and workforce development, accountability and systems change, health and wellbeing, housing and homeownership, education, and the arts. The adopted FY 2021-22 and FY 2022-23 budget maintains the commitment to this community by continuing funding at \$60 million in each year.

- **Diversity, Equity, and Inclusion in the City’s Workforce.** This past year, Office of Racial Equity (ORE) worked with all City departments to develop racial equity action plans. These plans outline the City’s vision, goals, and overarching strategies to address structural racism and racial disparities, and advance racial equity. In response to these plans, departments have re-prioritized resources to accommodate equity-focused staff, trainings, and other initiatives. In order to maintain a consistent strategy and progress toward racial equity goals, the adopted FY 2021-22 and FY 2022-23 budget includes centralized investments in the Office of Racial Equity and Department of Human Resources (DHR) to develop and implement a citywide equity approach and work directly with department-based equity staff. Additionally, in order to better understand the experiences of City employees, funding is included to implement a citywide equity climate survey. This survey will support a deeper understanding of what employees need to thrive and feel supported in their work. The survey results will help guide the DHR and ORE coordination of citywide equity governance. Additionally, funding is included for ORE to develop and implement a racial equity training. This training is expected to reach 5,000 City employees each year and will be digitized to reach more employees. This coordinated approach will ensure that all employees are receiving consistent guidance, resources, and support in order to make our workplace more equitable. With a more coordinated, educated, and equitable approach, our City workforce will be able to better serve the San Francisco community.
- **Fees & Fines Reform and the Financial Justice Project.** Each year, the Treasurer’s Office Financial Justice Project, in coordination with the Mayor’s Office, reviews fees and fines paid to the City by San Francisco residents. This year, the fees associated with a variety of Medical Examiner services, obtaining a City ID Card, owner surrender of animal, and dog license late fees have been eliminated, and the costs once paid for by residents are now assumed by the City’s General Fund. Additionally, the Street Artist License Fee assessed by the Arts Commission is being reduced to provide relief to individual artists. In prior years, other fees and fines have been eliminated including library overdue fines.

Community Engagement

The City’s CSLFRF allocations are being used to replace revenues that support the Provision of Government Services (EC6) contained in the City’s budget, as proposed by the Mayor and approved by the Board of Supervisors, using existing community engagement processes, including extensive public Board and Commission hearings, town hall meetings and other outreach with the Mayor and Board of Supervisors, and district-specific participatory budgeting. In addition, the City’s budget website,

sf.gov/topics/budget, centralizes key documents and timelines to help community members learn about and participate in budget decisions.

Most of the City's operating departments are governed not only by elected officials – the Mayor and 11-member Board of Supervisors -- but also by appointed Boards, Commissions, and other oversight bodies, each of which holds public meetings with opportunities for public comment on the departments proposed budget submission. Since the COVID-19 pandemic, these meetings have been conducted remotely, through the City's two public access channels on television and streaming on the internet. A selection of key departments governed by commission includes: the Department of Public Health; the Human Services Agency; Fire Department; Police Department; Public Library; Department of Recreation and Parks; Department of Children, Youth and Families; San Francisco International Airport; Port of San Francisco; Public Utilities Commission; Municipal Transportation Agency Commission; Arts Commission; Juvenile Probation Department; among others.

The City's budget development process sets overall policies and priorities for the City and includes active community outreach and opportunities for feedback. Departments submit their budgets to the Mayor's Office in February of each year, after working through their respective commission and board processes. From March through May, the Mayor's Office analyzes each budget proposal, examining policy and service implication. Concurrently, the Mayor conducts budget outreach with community members to obtain feedback on budget priorities. Mayor's office staff conduct a comprehensive outreach process to understand the budget priorities of San Francisco's communities; for the budget for FY 2021-22 and FY 2022-23, the Mayor and her office hosted a public meeting to obtain input on budget priorities and two town hall meetings. The Mayor also met with dozens of community groups and stakeholders to understand community members' neighborhood and citywide priorities for the upcoming budget. All San Franciscans have an opportunity to share their budget feedback and priorities by emailing the Mayor's Office of Public Policy and Finance. Feedback from these various forums is used to make decisions about the upcoming budget. After the Mayor presents a balanced two-year budget proposal in June to the Board of Supervisors, the Board of Supervisors' Budget and Appropriations Committee holds public hearings on the budget in June, including opportunities for public comment.

Labor Practices

This section is not applicable for jurisdictions using funds for Revenue Replacement (EC6).

Use of Evidence

This section is not applicable to the City and County of San Francisco because the Provision of Government Services (EC 6) is not an evidence-based intervention or project.

Table of Expenses by Expenditure Category

Category		Cumulative expenditures to date (\$)	Amount spent since last Recovery Plan
1	Expenditure Category: Public Health		
1.1	COVID-19 Vaccination		
1.2	COVID-19 Testing		
1.3	COVID-19 Contact Tracing		
1.4	Prevention in Congregate Settings (Nursing Homes, Prisons/Jails, Dense Work Sites, Schools, etc.)		
1.5	Personal Protective Equipment		
1.6	Medical Expenses (including Alternative Care Facilities)		
1.7	Capital Investments or Physical Plant Changes to Public Facilities that respond to the COVID-19 public health emergency		
1.8	Other COVID-19 Public Health Expenses (including Communications, Enforcement, Isolation/Quarantine)		
1.9	Payroll Costs for Public Health, Safety, and Other Public Sector Staff Responding to COVID-19		
1.10	Mental Health Services		
1.11	Substance Use Services		
1.12	Other Public Health Services		
2	Expenditure Category: Negative Economic Impacts		
2.1	Household Assistance: Food Programs		
2.2	Household Assistance: Rent, Mortgage, and Utility Aid		
2.3	Household Assistance: Cash Transfers		
2.4	Household Assistance: Internet Access Programs		
2.5	Household Assistance: Eviction Prevention		
2.6	Unemployment Benefits or Cash Assistance to Unemployed Workers		
2.7	Job Training Assistance (e.g., Sectoral job-training, Subsidized Employment, Employment Supports or Incentives)		
2.8	Contributions to UI Trust Funds*		
2.9	Small Business Economic Assistance (General)		
2.10	Aid to nonprofit organizations		
2.11	Aid to Tourism, Travel, or Hospitality		
2.12	Aid to Other Impacted Industries		
2.13	Other Economic Support		
2.14	Rehiring Public Sector Staff		

Category		Cumulative expenditures to date (\$)	Amount spent since last Recovery Plan
3	Expenditure Category: Services to Disproportionately Impacted Communities		
3.1	Education Assistance: Early Learning		
3.2	Education Assistance: Aid to High-Poverty Districts		
3.3	Education Assistance: Academic Services		
3.4	Education Assistance: Social, Emotional, and Mental Health Services		
3.5	Education Assistance: Other		
3.6	Healthy Childhood Environments: Child Care		
3.7	Healthy Childhood Environments: Home Visiting		
3.8	Healthy Childhood Environments: Services to Foster Youth or Families Involved in Child Welfare System		
3.9.	Healthy Childhood Environments: Other		
3.10	Housing Support: Affordable Housing		
3.11	Housing Support: Services for Unhoused persons		
3.12	Housing Support: Other Housing Assistance		
3.13	Social Determinants of Health: Other		
3.14	Social Determinants of Health: Community Health Workers or Benefits Navigators		
3.15	Social Determinants of Health: Lead Remediation		
3.16	Social Determinants of Health: Community Violence Interventions		
4	Expenditure Category: Premium Pay		
4.1	Public Sector Employees		
4.2	Private Sector: Grants to other employers		
5	Expenditure Category: Infrastructure		
5.1	Clean Water: Centralized wastewater treatment		
5.2	Clean Water: Centralized wastewater collection and conveyance		
5.3	Clean Water: Decentralized wastewater		
5.4	Clean Water: Combined sewer overflows		
5.5	Clean Water: Other sewer infrastructure		
5.6	Clean Water: Stormwater		
5.7	Clean Water: Energy conservation		
5.8	Clean Water: Water conservation		
5.9	Clean Water: Nonpoint source		
5.10	Drinking water: Treatment		
5.11	Drinking water: Transmission & distribution		

Category		Cumulative expenditures to date (\$)	Amount spent since last Recovery Plan
5.12	Drinking water: Transmission & distribution: lead remediation		
5.13	Drinking water: Source		
5.14	Drinking water: Storage		
5.15	Drinking water: Other water infrastructure		
5.16	Broadband: "Last Mile" projects		
5.17	Broadband: Other projects		
6	Expenditure Category: Revenue Replacement		
6.1	Provision of Government Services	312,408,671	
7	Administrative and Other		
7.1	Administrative Expenses		
7.2	Evaluation and data analysis		
7.3	Transfers to Other Units of Government		
7.4	Transfers to Nonentitlement Units (States and Territories only)		

Project Inventory

The project inventory and performance report is not applicable to the City and County of San Francisco because the Provision of Government Services (EC 6) is not a project.

Generally, the City measures and reports its performance centrally through the City Services Auditor (CSA). CSA was created in the Office of the Controller through an amendment to the Charter of the City and County of San Francisco that voters approved in 2003. Charter Appendix F grants CSA broad authority, which includes reporting on the level and effectiveness of San Francisco’s public services and benchmark the City to other public agencies and jurisdictions, and conducting financial and performance audits of city departments, contractors, and functions to assess efficiency and effectiveness of processes and services. The City’s performance group publishes its work through:

- scorecards (<https://sfgov.org/scorecards/>)
- benchmarking studies (i.e., <https://sfcontroller.org/sites/default/files/Documents/Auditing/HSH%20Staffing%20Analysis%20May%202019%20Final.pdf>)
- the Mayor’s Budget Book (<https://sfmayor.org/sites/default/files/FY22%20and%20FY23%20Budget%20Book%20Final%20for%20Web.pdf>),
- and an annual workplan and report (<https://sfcontroller.org/sites/default/files/Documents/Auditing/CSA%20Workplan%20FY21-22%2007.01.21.pdf>).