



OFFICE OF THE CONTROLLER
CITY AND COUNTY OF SAN FRANCISCO

Greg Wagner
Controller

ChiaYu Ma
Deputy Controller

MEMORANDUM

TO: Dr. Lena Miller, CEO, Urban Alchemy
Shireen McSpadden, Executive Director, Department of Homelessness and Supportive Housing
Anne Taupier, Executive Director, Office of Economic and Workforce Development
Trent Rhorer, Executive Director, Human Services Agency

FROM: Greg Wagner, Controller

DATE: August 21, 2025

CC: Melek Totah, CFO, Urban Alchemy
Daniel Kaplan, Deputy Director Finance and Administration, Human Services Agency
Gigi Whitley, Chief of Finance and Administration, Homelessness and Supportive Housing
Merrick Pascual, Chief Financial Officer, Office of Economic and Workforce Development
Katie Derrig, Lead Monitor, Department of Homelessness and Supportive Housing
Yazmin Escorcia, Monitor, Office of Economic and Workforce Development
Gary Hong, Monitor, Human Services Agency
Natasha Mihal, City Performance Director
Laura Marshall, Citywide Nonprofit Policy Manager, City Performance
Jontae Clapp, Nonprofit Monitoring Specialist, City Performance

SUBJECT: **Corrective Action Designation –Tier 2 Status – Urban Alchemy**

Citywide Nonprofit Monitoring and Capacity Building Program

In the Fiscal Monitoring Program, City departments perform joint fiscal and compliance monitoring of nonprofit contractors to ensure contractors doing business with the City are stable and in good financial health. When contractors do not meet the fiscal and compliance standards developed by the Controller's Office and City departments, a Citywide Nonprofit Corrective Action Policy¹ guides the City's response. The Controller's Office published an update to the Citywide Nonprofit Corrective Action Policy in December 2024, and we have performed a review of criteria and designations

¹ Corrective Action Policy: <https://www.sf.gov/file/corrective-action-policy>

according to that policy framework. One outcome of the policy includes designating a nonprofit contractor to “Tier 2.”

Purpose and Process of a Tier 2 Designation

The emphasis of a Tier 2 designation is on creating an action plan with milestones to develop sound fiscal and management practices paired with the provision of necessary technical assistance. While a Tier 2 designation cannot be the sole reason for de-funding, City departments may continue to use considerations of a contractor’s financial performance as a factor in future contract award decisions. Additionally, if the nonprofit is unresponsive to technical assistance and remains out of compliance with monitoring requirements, the designation may be heightened to Tier 3, for which de-funding is an option.

The Controller’s Office or funding departments may propose a nonprofit be placed on Tier 2 status based on specific monitoring findings that meet criteria or in cases where the nonprofit’s programmatic, administrative and financial management practices cause significant risk to sustainable service delivery. The Controller’s Office makes a final determination about whether a contractor meets criteria for Tier 2. Once designated, participating departments and the Controller’s Office work with the nonprofit to develop an action plan, and the nonprofit remains on Tier 2 until the milestones and benchmarks developed through the action plan have been met. The Controller’s Office conducts a re-assessment at the end of each fiscal monitoring cycle or may review the nonprofit’s designation at other points in the year based on timelines established in the action plan. The Controller’s Office also includes the nonprofit on a list of nonprofits with a corrective action designation in its annual report released in December.

Tier 2 Designation for Urban Alchemy

In the FY24-25 fiscal monitoring review, Urban Alchemy had two findings where the agency did not meet the City’s financial and administrative standards, including one finding that is criteria for Tier 2 designation. Urban Alchemy was found not in conformance for payroll as Urban Alchemy is required to have a time study since it does not use functional timesheets but has employees who split time among multiple programs. This is the second year in which this is a finding for Urban Alchemy, which is criteria for Tier 2.

Based on FY24-25 monitoring results and concerns raised by funding departments, the Controller’s Office identified the financial and organizational health of Urban Alchemy may be at risk and require further assistance and coordinated oversight by City funders and the Controller’s Office. In consultation with funding departments, the Controller’s Office will designate Urban Alchemy to Tier 2 to address the issues above.

Next Steps

City departments funding Urban Alchemy recognize the value of the services this organization provides to the community and want to ensure it has the tools it needs to maintain these services for years to come. The Tier 2 designation will allow the City to monitor Urban Alchemy as it makes improvements to its financial position and to provide coaching and support to the agency on issues of governance, financial planning, and business model development.

If Urban Alchemy has any supporting materials and documentation that address the identified findings leading to Tier 2 designation, please contact the Controller's Office and provide the supporting documentation no later than Thursday, September 4, 2025. If the organization can provide valid and complete documentation to address the findings that are criteria for Tier 2 designation within the time provided, the Controller's Office will consider this information and may lower or remove the designation. Please contact Jontae Clapp at Jontae.Clapp@sfgov.org and copy Laura Marshall at Laura.Marshall@sfgov.org to provide materials and/or discuss what may be needed.

In the coming weeks, the Controller's Office staff will be in contact to discuss the necessary corrective actions to address the Tier 2 designation. City partners are looking forward to collaborating throughout this process and aiding in its resolution. For more information about the Tier 2 designation and process, please contact Jontae Clapp at Jontae.Clapp@sfgov.org.

Urban Alchemy		
FY24-25 Monitoring Type		Expanded
FY24-25 Funding Departments (participating in joint monitoring)		HSH, OEWD, HSA
Supervisor District		#5 Bilal Mahmood
Total FY24-25 Unresolved Findings		2
Findings Meeting Tier 2 Criteria <i>(orange in table below)</i>		1
Findings Meeting Tier 1 Criteria <i>(blue in table below)</i>		0
FY24-25 Monitoring Results for Urban Alchemy		
Category	Standard	Final Status
Payroll	Timesheets: If employee time is paid by more than one source, it is recorded by funding source or program on timesheets, or tracked separately via time study	Not Yet In Conformance
Audited Financial Statements	In current audit, agency has at least 30 days of operating cash	Not Yet In Conformance