

BOARD of SUPERVISORS



City Hall
1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco 94102-4689
Tel. No. 554-5184
Fax No. 554-5163
TDD/TTY No. 554-5227

MEMORANDUM

BUDGET AND FINANCE COMMITTEE

SAN FRANCISCO BOARD OF SUPERVISORS

TO: Supervisor Malia Cohen, Chair
Budget and Finance Committee

FROM: Linda Wong, Assistant Clerk

DATE: February 2, 2018

SUBJECT: **COMMITTEE REPORT, BOARD MEETING**
Tuesday, February 6, 2018

The following file should be presented as a **COMMITTEE REPORT** at the Board meeting on Tuesday, February 6, 2018, at 2:00 p.m. This item was acted upon at the Committee Meeting on Thursday, February 1, 2018, at 10:00 a.m., by the votes indicated.

Item No. 12 File No. 171287

Resolution authorizing the Director of the Real Estate Department to negotiate with the California Department of Transportation (Caltrans) for the purpose of executing purchase and sale or lease agreements to provide homeless services on Caltrans property to protect the health safety and welfare of people experiencing homelessness.

RECOMMENDED AS COMMITTEE REPORT

Vote: Supervisor Malia Cohen - Aye
Supervisor Sandra Lee Fewer - Aye
Supervisor Catherine Stefani - Aye

c: Board of Supervisors
Angela Calvillo, Clerk of the Board
Jon Givner, Deputy City Attorney
Alisa Somera, Legislative Deputy Director

File No. 171287

Committee Item No. 3
Board Item No. 12

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Budget & Finance Committee

Date February 1, 2018

Board of Supervisors Meeting

Date February 6, 2018

Cmte Board

- | | | |
|-------------------------------------|-------------------------------------|--|
| <input type="checkbox"/> | <input type="checkbox"/> | Motion |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Resolution |
| <input type="checkbox"/> | <input type="checkbox"/> | Ordinance |
| <input type="checkbox"/> | <input type="checkbox"/> | Legislative Digest |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Budget and Legislative Analyst Report |
| <input type="checkbox"/> | <input type="checkbox"/> | Youth Commission Report |
| <input type="checkbox"/> | <input type="checkbox"/> | Introduction Form |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Department/Agency Cover Letter and/or Report |
| <input type="checkbox"/> | <input type="checkbox"/> | MOU |
| <input type="checkbox"/> | <input type="checkbox"/> | Grant Information Form |
| <input type="checkbox"/> | <input type="checkbox"/> | Grant Budget |
| <input type="checkbox"/> | <input type="checkbox"/> | Subcontract Budget |
| <input type="checkbox"/> | <input type="checkbox"/> | Contract/Agreement |
| <input type="checkbox"/> | <input type="checkbox"/> | Form 126 – Ethics Commission |
| <input type="checkbox"/> | <input type="checkbox"/> | Award Letter |
| <input type="checkbox"/> | <input type="checkbox"/> | Application |
| <input type="checkbox"/> | <input type="checkbox"/> | Public Correspondence |

OTHER (Use back side if additional space is needed)

- | | | |
|--------------------------|-------------------------------------|--------------------------------|
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | <u>PowerPoint presentation</u> |
| <input type="checkbox"/> | <input type="checkbox"/> | _____ |
| <input type="checkbox"/> | <input type="checkbox"/> | _____ |
| <input type="checkbox"/> | <input type="checkbox"/> | _____ |
| <input type="checkbox"/> | <input type="checkbox"/> | _____ |
| <input type="checkbox"/> | <input type="checkbox"/> | _____ |
| <input type="checkbox"/> | <input type="checkbox"/> | _____ |
| <input type="checkbox"/> | <input type="checkbox"/> | _____ |
| <input type="checkbox"/> | <input type="checkbox"/> | _____ |
| <input type="checkbox"/> | <input type="checkbox"/> | _____ |
| <input type="checkbox"/> | <input type="checkbox"/> | _____ |

Completed by: Linda Wong Date January 26, 2018
Completed by: Linda Wong Date February 2, 2018

1 [Negotiate Purchase and Sale or Lease Agreements - California Department of Transportation
2 (Caltrans) - Homeless Services on Caltrans Property]

3 **Resolution authorizing the Director of the Real Estate Department to negotiate with the**
4 **California Department of Transportation (Caltrans) for the purpose executing purchase**
5 **and sale or lease agreements to provide homeless services on Caltrans property to**
6 **protect the health safety and welfare of people experiencing homelessness.**

7
8 WHEREAS, Cities across California are experiencing outbreaks of Hepatitis A among
9 people experiencing homelessness, especially among people living in encampments; and

10 WHEREAS, The Hepatitis outbreak has, thus far been concentrated in San Diego, Los
11 Angeles, and Santa Cruz, as of November 10, 2017, there were 649 reported cases of
12 Hepatitis A in California, 417 hospitalizations and 21 deaths; and

13 WHEREAS, According to the January 2017 Homeless Point in Time and the Homeless
14 Youth Count and Survey, 7,499 people are currently experiencing homelessness in San
15 Francisco, 58% of whom were unsheltered, and 18% of whom are under the age of 25 years,
16 and 32% of whom are over the age of 51 years with deteriorating physical and mental health;
17 and

18 WHEREAS, To date 311 has received over 40,000 calls from residents with concerns
19 about street encampments and additional 36,000 calls from residents with concerns related to
20 homelessness. Between 2016 and 2017, 311 encampment reports increased by 49% and
21 reports of concerns related to homelessness increased by 19%; and

22 WHEREAS, A proliferation of trash, graffiti, used hypodermic needles and other
23 sources of blight continues to collect under and along the perimeters of San Francisco
24 freeways; and

1 WHEREAS, In Fiscal year 2016-2017 Public Works removed 698 tons of garbage ,
2 picked up 121,600 hypodermic needles, and responded to over 15,000 requests for sidewalk
3 steam cleaning due to feces and urine all in the public right of way; and

4 WHEREAS, Trends for this data have significantly increased in the current fiscal year;
5 and

6 WHEREAS, Caltrans plays an important role in helping to responsibly and
7 compassionately find a resolution to the street homelessness to ensure the safe usage of their
8 properties; and

9 WHEREAS, Caltrans controls a number of leasable sites and land for purchase under
10 freeways and adjacent to freeways that could be accessed by the City for the use as
11 temporary shelters or navigation centers that collectively have the potential to remove
12 hundreds of people off the streets and into shelter and eventually to supportive housing; and

13 WHEREAS, The City has long been interested in the acquisition of or lease of Caltrans
14 Property for public use and use as temporary shelters; and

15 WHEREAS, The City looks forward to partnering with Caltrans on an expedited
16 process that will allow the City to access properties under or adjacent to San Francisco
17 freeways; now, therefore, be it

18 RESOLVED, The Board of Supervisors approves and authorizes the Director of
19 Department of Real Estate to enter into direct negotiations with Caltrans officials for the
20 purpose of determining acquisition or lease terms of properties controlled by Caltrans
21 underneath or adjacent to San Francisco Freeways; and, be it

22 FURTHER RESOLVED, That the Director of the Real Estate Department shall provide
23 a copy of the contract to the Clerk of the Board for ultimate consideration and ratification by
24 the Board of Supervisors.

Item 3
File 17-1287

Department:
Real Estate Division

EXECUTIVE SUMMARY

Legislative Objectives

- The proposed resolution authorizes the Director of the Real Estate Division to negotiate with the California Department of Transportation (Caltrans) to execute lease agreements for Navigation Center sites

Key Points

- Two Caltrans sites are currently being considered by the City for lease and/or purchase: (1) 5th and Bryant Streets; and (2) Division Circle at 224-242 South Van Ness Avenue. The two sites would be used by the Department of Homelessness and Supportive Housing to operate two Navigation Centers.
- The proposed Navigation Center at the intersection of 5th and Bryant Streets would consist of a complex of modular trailer buildings that would be purchased and installed on-site to house/serve approximately 80 persons, and is slated to open in the Spring of 2018. The proposed Navigation Center at the Division Circle would provide an initial large tensile structure shelter to house/serve approximately 125 persons, and is slated to open in the Spring of 2018.

Fiscal Impact

- Initial construction costs at 5th and Bryant Streets are \$4.2 million, and at Division Circle are \$3.7 million, totaling \$7.9 million. According to the Department, these costs are reasonable even though the sites will not be permanent because the City does not have lease costs for these two sites, which have rents of \$12 per year per site in accordance with the California Government Code.
- Annual operating costs are estimated to be approximately \$3.2 million at 5th and Bryant Street and \$4.7 million at Division Circle or \$7.9 million for both Navigation Centers. Sources of funds to pay initial construction and annual operating costs include (a) \$12 million in the Department of Homelessness and Supportive Housing's FY 2017-18 and FY 2018-19 budgets, and (b) a \$10 million grant from the California Department of Housing and Community Development.

Policy Consideration

- If the three Navigation Centers at 125 Bayshore Boulevard (File 17-1288, pending before the Board of Supervisors), 5th and Bryant Streets, and Division Circle are completed, an additional 333 temporary and emergency beds would be added to the existing 1,553 beds, for a total of 1,886 temporary and emergency beds, 686 of which would come from temporary Navigation Centers. These new beds would be offset by the closure of three existing Navigation Centers: 1950 Mission Street and 1515 South Van Ness are scheduled to close in 2018, and the Civic Center is scheduled to close in 2019. .

Recommendation

- Approve the proposed resolution.

MANDATE STATEMENT

City Administrative Code Section 23.26 provides that the Director of Real Estate has the authority to enter into leases with the City as the tenant, that are on a year-to-year basis or shorter and less than \$15,000 per month. Longer term and more expensive leases are subject to the Board of Supervisors approval. City Administrative Code Section 23.3 also requires (1) Board of Supervisors approval of the purchase of real property by the City, including (2) an appraisal for the purchase of property exceeding \$10,000 in fair market value and an appraisal review for the purchase of property exceeding \$200,000 in fair market value.

BACKGROUND

The Board of Supervisors adopted an ordinance in March 2016, declaring the existence of a shelter crisis in San Francisco (File 16-0223), and reaffirmed these findings in May 2017 (File 17-0467). The City's 2017 Point-in-Time count estimated approximately 7,500 people are experiencing homelessness on any given night in San Francisco. The City has added approximately 350 Navigation Center beds over the past 2.5 years and 300 new permanent supportive housing units over the past year.

On December 12, 2017, the Board of Supervisors approved a resolution declaring a homeless shelter emergency, authorizing Public Works and the Department of Homelessness and Supportive Housing (HSH) to waive certain Administrative Code provisions in order to construct, improve or repair facilities and to provide services for persons experiencing homelessness (File 17-1256). This resolution is scheduled to sunset when a permanent emergency ordinance is enacted or on February 15, 2018, whichever comes first. An ordinance authorizing Public Works, the Department of Homelessness and Supportive Housing, and the Department of Public Health to enter into contracts for shelters and Navigation Center sites without competitive bidding and other municipal code requirements was introduced to the Board of Supervisors on January 9, 2018 (File 18-0032).

DETAILS OF PROPOSED LEGISLATION

The proposed resolution authorizes the Director of the Real Estate Division to negotiate with Caltrans for the purpose of executing purchase and sale or lease agreements to provide homeless services on Caltrans property to protect the health safety and welfare of people experiencing homelessness.

Under the proposed resolution, the Director of Real Estate would be authorized to enter into direct negotiations with Caltrans officials for the acquisition or lease of properties that are controlled by Caltrans underneath or adjacent to City freeways. If the negotiations are successful, the Director of Real Estate would then provide a copy of the contract to the Clerk of the Board within 30 days of the execution of the agreement for consideration and potential ratification by the Board of Supervisors.

Two Caltrans sites are currently being considered by the City for lease and/or purchase:

- (1) 5th and Bryant Streets; and
- (2) Division Circle at 224-242 South Van Ness Avenue.

The two sites would be used by the Department of Homelessness and Supportive Housing to operate two Navigation Centers¹. According to Mr. Updike, both of these sites are currently awaiting the City Planning Department's determinations for California Environmental Quality Act (CEQA) approvals. Depending on negotiations with Caltrans, lease and construction could commence as early as February 2018. Construction of facilities is estimated to take four to five months, or approximately to July 2018.

5th and Bryant Streets

The proposed Navigation Center at the intersection of 5th and Bryant Streets would consist of a complex of modular trailer buildings that would be purchased and installed on-site to serve as dormitories, restrooms, showers, laundry, community room and offices to serve persons experiencing homelessness. As shown in Attachment 1, provided by Mr. Edgar Lopez, Public Works Deputy Director, the proposed 5th and Bryant Street site is 21,550 square feet, with the trailers comprising 7,520 square feet or 35 percent of the property. This Navigation Center is estimated to house/serve approximately 80 persons and is slated to open in the Spring of 2018.

Division Circle

The proposed Navigation Center at the Division Circle at 224-242 South Van Ness Avenue site would provide an initial large tensile structure that includes a dormitory, showers, restroom, laundry, community/dining room and offices to serve persons experiencing homelessness. As shown in Attachment 2, provided by Mr. Lopez, the proposed Division Circle site includes 60,000 square feet with tent sites comprising 13,500 square feet or approximately 23 percent of the property. This Navigation Center is estimated to house/serve approximately 125 persons and is slated to open in the Spring of 2018. While the site would initially include portable shower and restroom facilities, Public Works plans to install modular shower and restroom facilities and underground utility connections.

FISCAL IMPACT

Lease Costs

Section 104.16 of the California Streets and Highway Code (recently amended via AB 857) provides that any airspace under a freeway or real property acquired for highway purposes in the City and County of San Francisco (City), that is not excess property, shall be offered for lease on a right of first refusal to the City for purposes of an emergency shelter or feeding program or for park, recreational or open space purposes. If for emergency shelter or feeding program, the lease cost is \$1 per month. As noted above, the Director of Real Estate has the authority to enter into leases for the City as tenant that are on a year-to-year basis or shorter and less than \$15,000 per month. Therefore, if Real Estate is able to negotiate a successful lease with

¹ Navigation centers provide shelter and services to homeless individuals. Navigation centers differ from traditional shelters in that they have few barriers to entry and provide intensive case management to assist individuals in accessing appropriate services.

Caltrans for use as an emergency shelter or feeding program, the cost to the City would be \$1 per month per parcel, or \$12 per year per parcel.

According to Mr. Updike, the proposed leases between the City and Caltrans for the 5th and Bryant Street and Division Circle sites would be annual self-renewing leases for up to several years at the City's option.

Site Development Costs

Based on information provided by Mr. Lopez, the costs to develop each of the two proposed sites are shown in the Table below.

Table: Estimated Costs to Immediately Develop Two Proposed Homeless Shelter Sites

	5 th and Bryant	Division Circle	Total
Site preparation and construction	\$755,000	\$600,000	\$1,355,000
Dormitory Tent includes slab, HVAC & electric	-	975,000	975,000
Community Room/Services Tent slab, HVAC & electric	-	700,000	700,000
Permanent utilities	420,000	-	420,000
Temporary electrical power	139,500	-	139,500
Lease of portable restrooms, showers, generator (6 mos.)	-	252,000	252,000
Purchase of modular buildings	<u>1,420,000</u>	-	<u>1,420,000</u>
Subtotal Construction	2,734,500	2,527,000	5,261,500
Construction contingency (10%)	<u>273,450</u>	<u>252,700</u>	<u>526,150</u>
Construction Total	3,007,950	2,779,700	5,787,650
Design, engineering, oversight and fees (15%)	451,193	416,955	868,148
Furniture, fixtures and equipment (FF&E)	<u>350,000</u>	<u>200,000</u>	<u>550,000</u>
Project Subtotal	3,809,143	3,396,655	7,205,798
Project Contingency Reserve (10%)	<u>380,914</u>	<u>339,666</u>	<u>720,580</u>
Total Project Costs	\$4,190,057	\$3,736,321	\$7,926,378

Source: Public Works

Division Circle Construction Costs

Public Works will lease portable restrooms, showers, and generator for six months for the Division Circle site, as shown in the Table above, during which time Public Works will install modular shower and restroom buildings and complete construction of underground utilities. The initial construction costs for Division Circle in FY 2017-18 are \$3,736,321. Public Works estimates additional costs of \$870,293 to install modular shower and restroom buildings and underground utilities, for total estimated costs of \$4,606,613.

Reuse of Modular Structures

The City may lease the 5th and Bryant Street and Division Circle sites from Caltrans for up to several years at the City's option as noted above. According to Mr. Updike, the modular trailers, tents and some of the fixtures and equipment may be reused at other sites.

Sources of Funds

The Department of Homelessness and Supportive Housing's FY 2017-18 includes \$4,000,000 and FY 2018-19 budget includes \$8,000,000, totaling \$12,000,000, for new navigation or resource centers, which will be a source of funds for the estimated construction costs for the 5th and Bryant Street and Division Circle sites of \$7,926,378 (see Table above). In addition, legislation to accept a \$10 million grant from the California Department of Housing and Community Development for the expansion of Navigation Centers is pending before the Board of Supervisors (File 18-0055).

Ongoing Operating Costs

The two proposed Navigation Centers at 5th and Bryant Streets and the Division Circle at 246 South Van Ness Avenue would be operated by non-profit providers. Based on operating costs at existing Navigation Centers in the City, Ms. Gigi Whitley, HSH Deputy Director for Administration and Finance, estimates that annual costs to operate the centers, including security, meals, and client services, would be approximately \$3.2 million at 5th and Bryant Streets, and \$4.7 million at Division Circle, or \$7.9 million for both centers.

POLICY CONSIDERATION**Department of Homelessness and Supportive Housing Navigation Centers**

The Department of Homelessness and Supportive Housing oversees four operating Navigation Centers: 1515 South Van Ness Avenue, 1950 Mission Street, the Central Waterfront site, and the Civic Center. The Navigation Centers are not permanent sites. According to Ms. Whitley, the Department currently utilizes sites for Navigation Centers on an interim basis, some of which have been designated for other permanent uses such as market rate and affordable housing. The existing four Navigation Center sites have terms of use ranging from approximately nine months for 1515 South Van Ness up to three years and eight months for 1950 Mission Street. According to Ms. Whitley, the Department prefers a mix of short- and long-term Navigation Centers to meet emergency shelter needs, with a preference for sites to be available for at least three years.

According to Ms. Whitley, the estimated tenant improvement costs to the City for the two proposed Navigation Centers at 5th and Bryant Streets and Division Circle, totaling \$7.9 million, are reasonable even though the sites will not be permanent because the City does not have lease costs for these two sites, which have rents of \$12 per year per site.

Total Department of Homelessness and Supportive Housing Navigation Center Beds

If the three Navigation Centers at 125 Bayshore Boulevard (File 17-1288, pending before the Board of Supervisors), 5th and Bryant Streets, and Division Circle are completed, an additional

333 temporary and emergency beds would be added to the existing 1,553 beds, for a total of 1,886 temporary and emergency beds, 686 of which would come from temporary Navigation Centers.

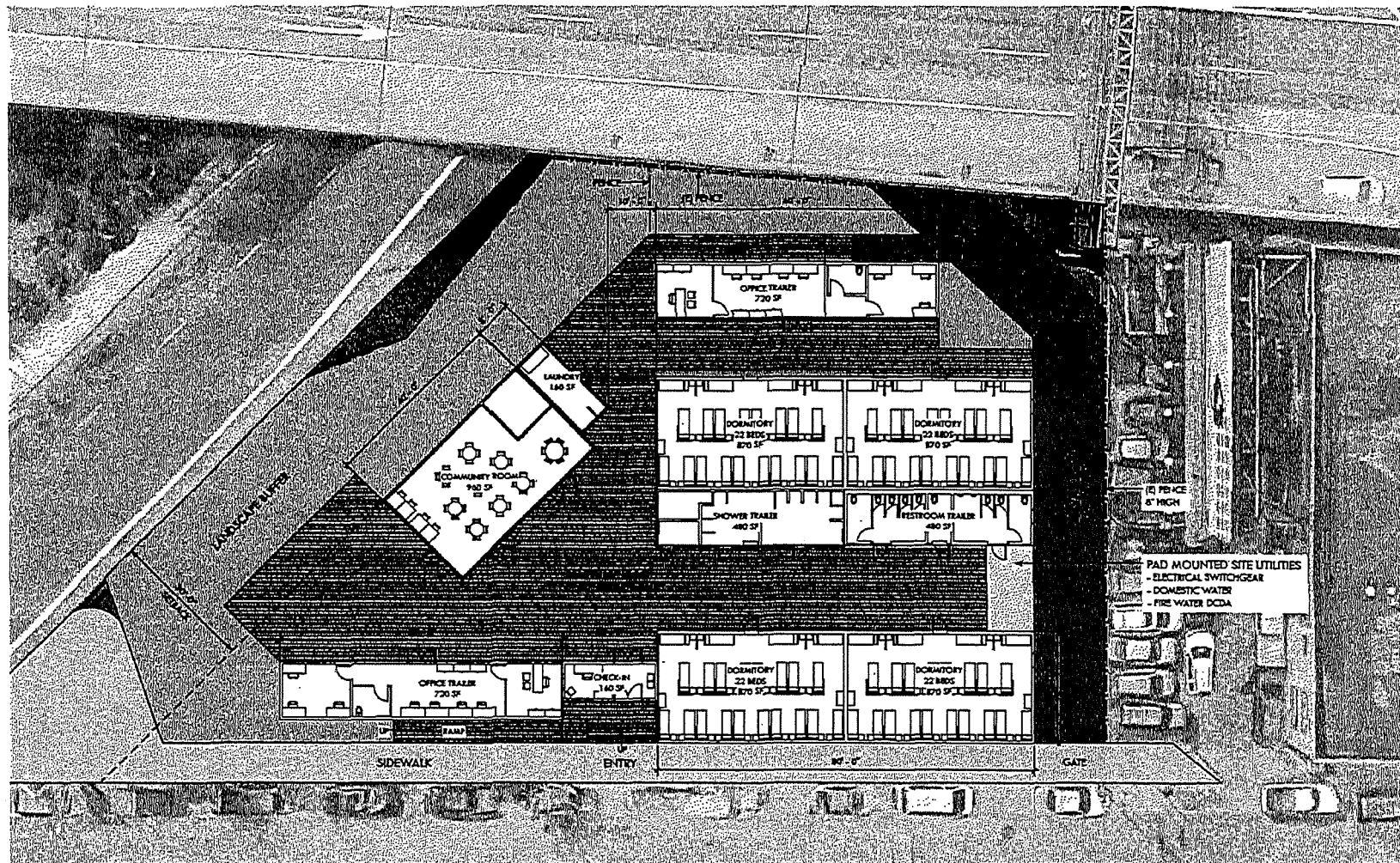
As noted above, the four existing Navigation Centers are temporary. Two Navigation Centers, 1950 Mission Street and 1515 South Van Ness, are scheduled to close in 2018, and a third Navigation Center, Civic Center, is scheduled to close in 2019. The three Navigation Centers currently have a combined 288 temporary and emergency beds. Central Waterfront is scheduled to close by June 2020.

RECOMMENDATION

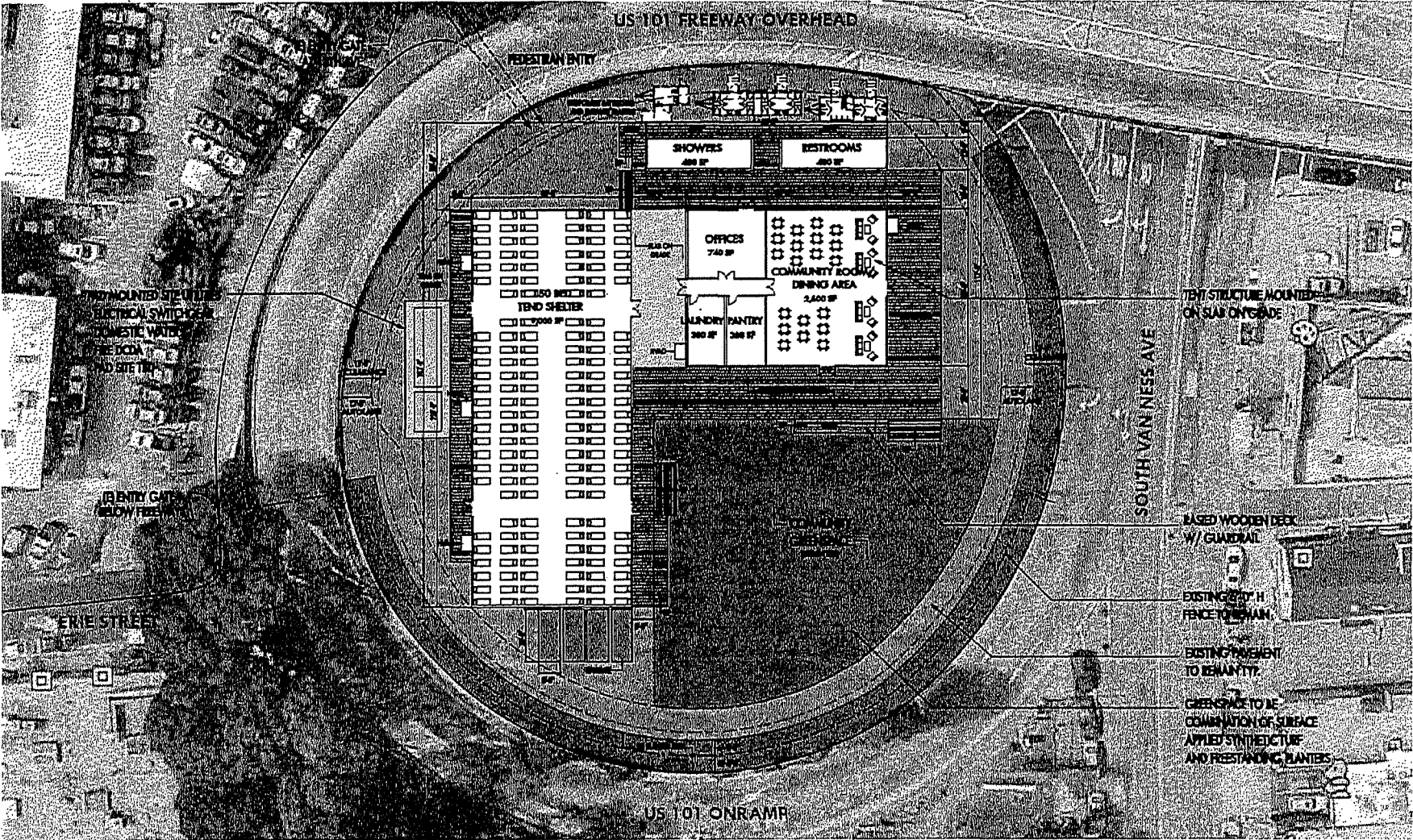
Approve the proposed resolution.

Attachment I: 5th and Bryant Streets Navigation Center Site

14



Attachment II: Division Circle Navigation Center Site



OFFICE OF THE MAYOR
SAN FRANCISCO



EDWIN M. LEE

RECEIVED
12/5/2017 @ 5:35pm
A

TO: Angela Calvillo, Clerk of the Board of Supervisors
FROM: *See* Mayor Edwin M. Lee *[Signature]*
RE: Resolution Authorizing Negotiations with Caltrans to Execute Site Control Agreements
DATE: December 5, 2017

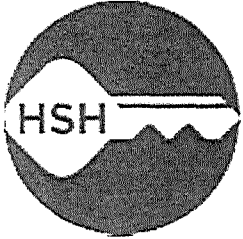
Attached for introduction to the Board of Supervisors is a resolution authorizing the Director of the Real Estate Department to negotiate with The California Department of Transportation (Caltrans) for the purpose of executing purchase and sale or lease agreements to provide homeless services on Caltrans property to protect the health, safety and welfare of people experiencing homelessness.

Please note that this legislation is co-sponsored by Supervisor Sheehy.

I respectfully request that this item be heard at the December 12, 2017 Board of Supervisors meeting on the "Adoption without Committee Reference" portion of the agenda.

Should you have any questions, please contact Mawuli Tugbenyoh (415) 554-5168.

File #171287
Received in Committee
2/1/18
Jno.



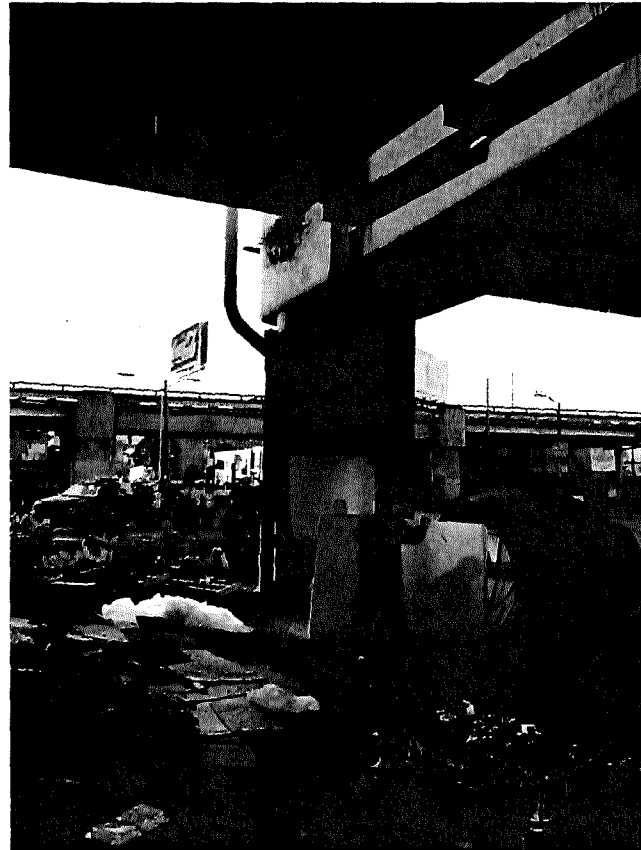
DEPARTMENT OF
HOMELESSNESS AND
SUPPORTIVE HOUSING

Collaboration with Caltrans to Develop Homeless Service Site

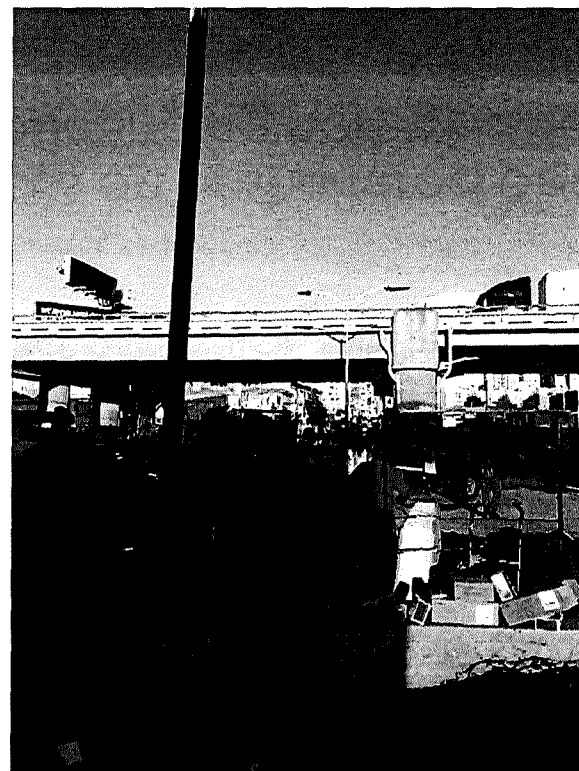
Budget and Finance Committee
February 1, 2018

Resolution Authorization

- Authorizes the Director of the Department of Real Estate to negotiate with Caltrans to utilize Caltrans owned sites as Navigation Centers
- AB 857 enables Caltrans to lease property to SF for homeless services for \$1 per month.



Homelessness on Caltrans Properties



Caltrans Sites Identified for Use as Navigation Centers

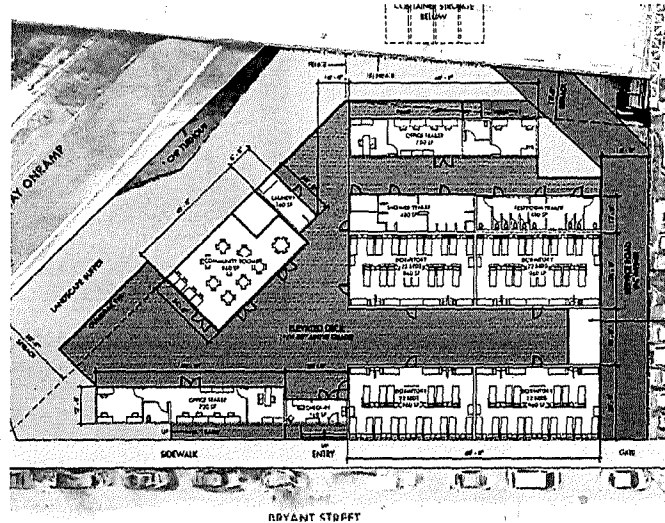
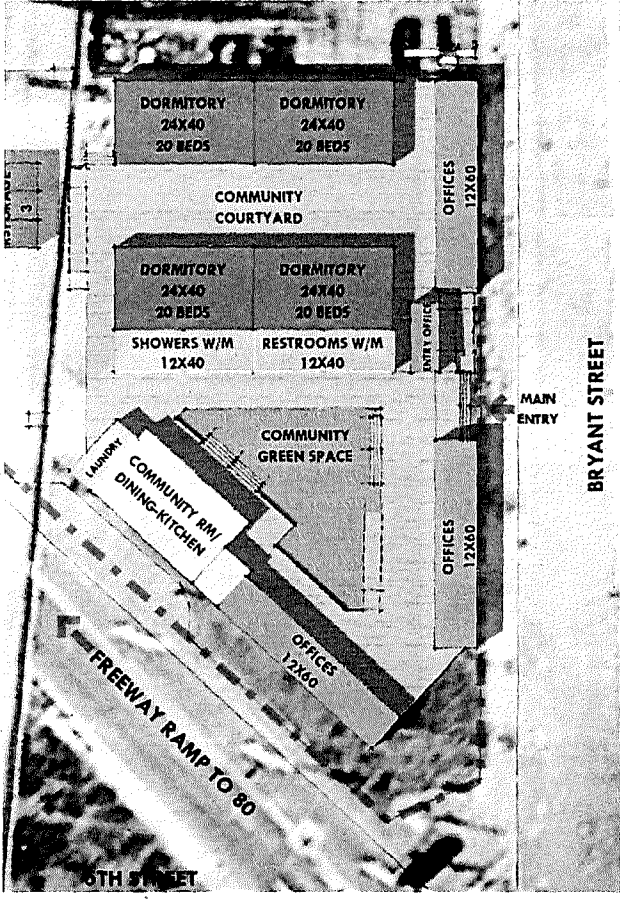
Division Circle

- 125 bed facility
- Using tensile structures
- Focus on unsheltered people experiencing homelessness
- Mission focused project
- \$1 per month lease

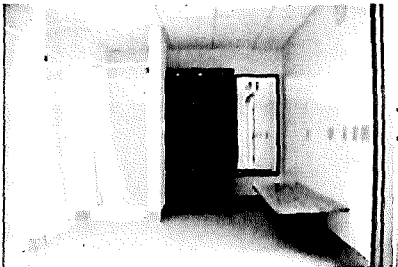
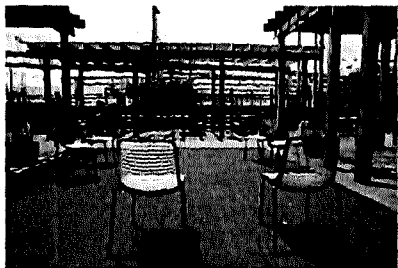
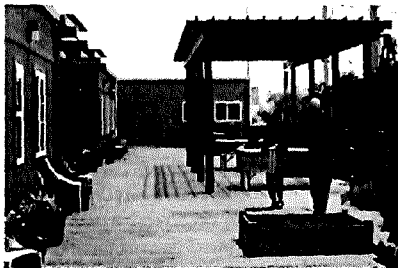
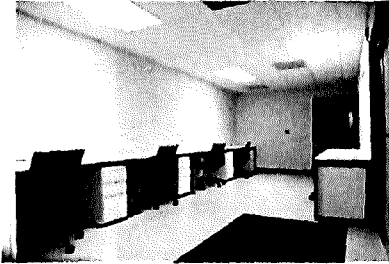
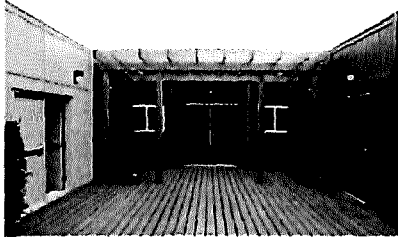
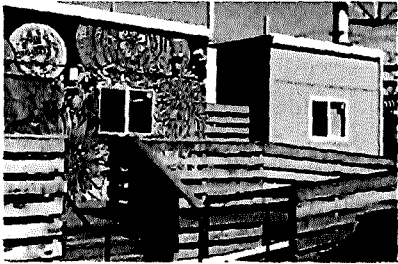
5th and Bryant St

- 80 bed facility
- Using modular trailers
- Focus on unsheltered people experiencing homelessness
- Includes a designated space for women
- \$1 per month lease

5th and Bryant

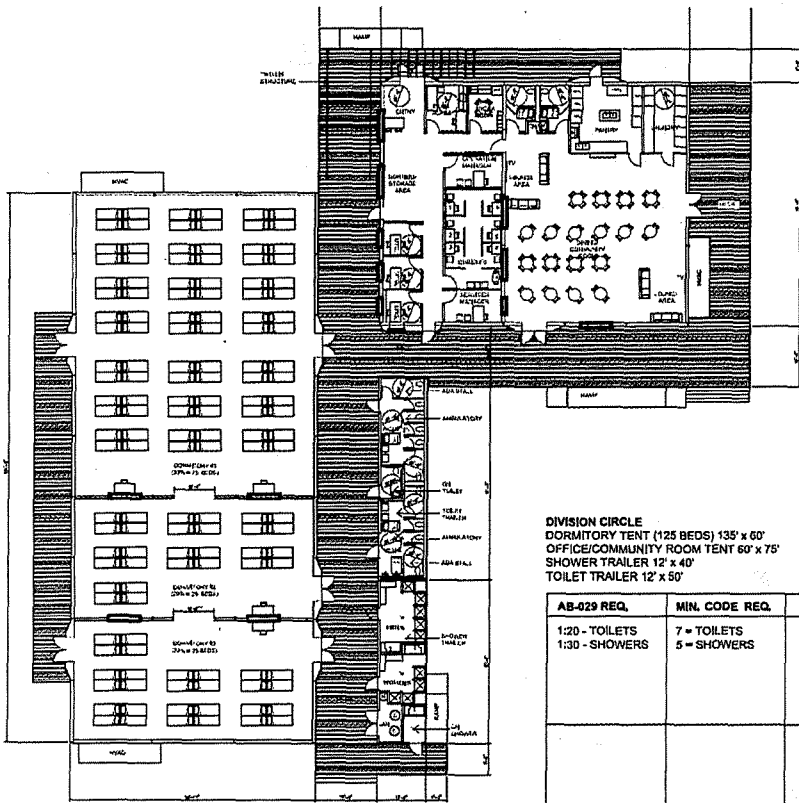


5th and Bryant



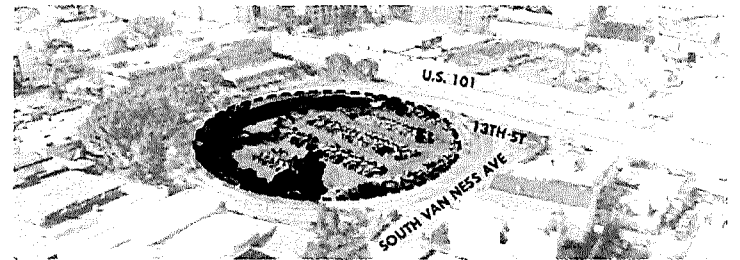
- Images from the Navigation Center at Central Waterfront.
- This site uses similar trailers to those that will be used at 5th and Bryant.

Division Circle

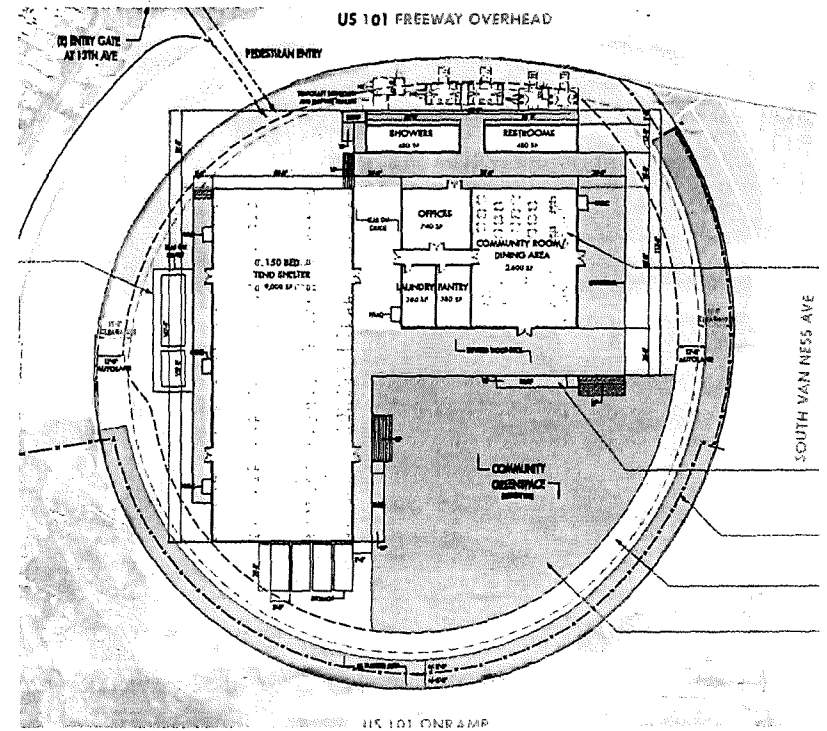
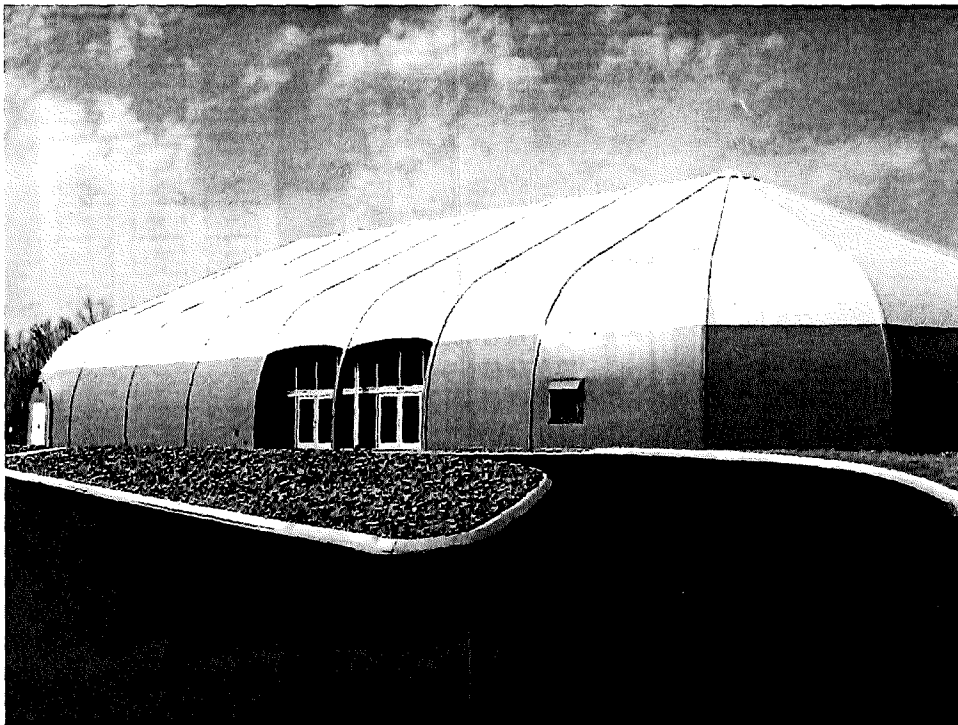


DIVISION CIRCLE
 DORMITORY TENT (125 BEDS) 135' x 60'
 OFFICE/COMMUNITY ROOM TENT 60' x 75'
 SHOWER TRAILER 12' x 40'
 TOILET TRAILER 12' x 50'

AB-029 REQ.	MIN. CODE REQ.	1515 S. VAN NESS	DIVISION CIRCLE
1:20 - TOILETS 1:30 - SHOWERS	7 - TOILETS 5 - SHOWERS	10 - TOILETS 8 - SHOWERS	4 = WOMEN TOILETS 2 = ADA WOMEN 2 = MEN TOILETS 2 = ADA MEN 2 = URINALS 1 = ADA GN TOILET
			4 = WOMEN SHOWER 1 = ADA SHOWER 5 = MEN SHOWER 1 = ADA SHOWER 1 = ADA GN SHOWER



Division Circle



Member, Board of Supervisors
District 10




City and County of San Francisco

MALIA COHEN
馬莉亞郭嫻

DATE: January 29, 2018

TO: Angela Calvillo
Clerk of the Board of Supervisors


FROM: Supervisor Cohen 
Chairperson

RE: Budget & Finance Committee
COMMITTEE REPORT

Pursuant to Board Rule 4.20, as Chair of the Budget and Finance Committee, I have deemed the following matter is of an urgent nature and request it be considered by the full Board on Tuesday, February 6, 2018 as a Committee Report:

3. File No. 171287 - Negotiate Purchase and Sale or Lease Agreements - California Department of Transportation (Caltrans) - Homeless Services on Caltrans Property

This matter will be heard in the Budget & Finance Committee on February 1, 2018, at 10:00 am.


2018 JAN 30 AM 10:31
BOARD OF SUPERVISORS
SAN FRANCISCO