

CITY AND COUNTY OF SAN FRANCISCO

BOARD OF SUPERVISORS

BUDGET AND LEGISLATIVE ANALYST

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December 30, 2021

TO: Budget and Finance Committee

FROM: Budget and Legislative Analyst



SUBJECT: January 5, 2022 Budget and Finance Committee Meeting

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<p>Item 1 File 21-1164</p>	<p>Department: Department of Public Health (DPH)</p>
<p>EXECUTIVE SUMMARY</p>	
<p style="text-align: center;">Legislative Objectives</p> <ul style="list-style-type: none"> • The proposed resolution would approve Amendment No. 2 to the Community Health Engagement program administration and support services contract between the Department of Public Health (DPH) and the San Francisco Public Health Foundation (SFPHF), increasing the amount by \$10,668,262, for a total not to exceed \$20,027,567. <p style="text-align: center;">Key Points</p> <ul style="list-style-type: none"> • DPH’s Community Health Engagement program supports and promotes community-wide health and well-being, as well as community capacity building efforts through non-profit subcontractors. In 2019, DPH issued a Request for Proposals (RFP) to award a contract to one of five pre-qualified vendors to provide as needed project-based support services for the Community Health Engagement program. SFPHF was deemed the highest scoring responsive and responsible proposer and was awarded a contract for a term of five years, from January 2020 through December 2024, and an amount not to exceed \$3,061,930. In November 2020, DPH executed Amendment No. 1 to the contract, increasing the not-to-exceed amount by \$6,297,375, for a total not to exceed \$9,359,305, due to unanticipated COVID-19 program expenditures. • Under the contract, SFPHF provides program administration and support services for various public health programs. The contract budget includes passthrough payments to subcontractors performing on the ground services, as well as overhead costs for SFPHF’s administrative function. SFPHF currently administers contracts for 23 community-based organizations. Programs include Community Health Engagement, violence prevention, Vision Zero program to reduce traffic collisions and fatalities, Community and Home Injury Prevention Program for Seniors (CHIPPS), Hepatitis C prevention and treatment services, COVID-19 testing and treatment services, and HIV services. <p style="text-align: center;">Fiscal Impact</p> <ul style="list-style-type: none"> • The proposed Amendment No. 2 would increase the not-to-exceed amount of the SFPHF contract by \$10,668,262, for a total not to exceed \$20,027,567. Approximately 18 percent of contract expenditures are funded by City sources, and approximately 82 percent are funded by State and Federal funds. <p style="text-align: center;">Recommendation</p> <ul style="list-style-type: none"> • Approve the proposed resolution. 	

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's (DPH) Community Health Engagement program supports and promotes community-wide health and well-being, as well as community capacity building efforts through non-profit subcontractors. In October 2017, DPH issued a Request for Qualifications (RFQ) to identify qualified contractors to provide as needed project-based support services for the Community Health Engagement program. The RFQ advertised for a contract term of up to eight years, but did not specify a maximum contract amount, noting that funding would be based on the availability of funds for each project. DPH received seven responses and a scoring panel evaluated and scored them, as shown in Exhibit 1 below.¹

Exhibit 1: Respondents and Scores from RFQ

Vendor	Score (Minimum 75 Points for Qualification)
San Francisco Public Health Foundation	93
San Francisco Study Center	92
HealthRIGHT 360	92
Public Health Foundation Enterprises, Inc. dba Heluna Health	90
Public Consulting Group, Inc.	82
Protiviti, Inc.	37
Ricoh USA, Inc.	32

Source: DPH

Five vendors were deemed to be qualified, meeting the minimum score of 75: (i) San Francisco Public Health Foundation; (ii) San Francisco Study Center; (iii) HealthRIGHT 360; (iv) Public Health Foundation Enterprises, Inc. dba Heluna Health; and (v) Public Consulting Group, Inc. In October 2019, DPH issued an abbreviated Request for Proposals (RFP) to award a contract to one of the five pre-qualified vendors. Three of the five pre-qualified vendors responded to the RFP and a different panel reviewed and scored them, as shown in Exhibit 2 below.²

¹ The scoring panel consisted of a DPH Laguna Honda Hospital and Rehabilitation Center Manager, a DPH Population Health Division Health Program Coordinator, and a DPH Community Oriented Primary Care Health Program Coordinator.

² The scoring panel consisted of a DPH Contract Development and Technical Assistant, a Department of Children, Youth, and their Families (DCYF) Health and Nutrition Services Coordinator, and an Office of Economic and Workforce Development (OEWD) Senior Community Development Specialist.

Exhibit 2: Proposals and Scores from RFP

Proposer	Average Score
San Francisco Public Health Foundation	86.33
San Francisco Study Center	85.00
Public Health Foundation Enterprises, Inc. dba Heluna Health	83.00

Source: DPH

San Francisco Public Health Foundation (SFPHF) was deemed the highest scoring responsive and responsible proposer and was awarded a contact.

In January 2020, DPH executed a contract with SFPHF for a term of five years, from January 2020 through December 2024, and an amount not to exceed \$3,061,930. In November 2020, DPH executed Amendment No. 1 to the contract, increasing the not-to-exceed amount by \$6,297,375, for a total not to exceed \$9,359,305, with no change to the contract term. Neither the original contract nor Amendment No. 1 required Board of Supervisors approval because the contract did not exceed 10 years or \$10 million. According to Nora Macias, DPH Contract Analyst, the contract increases in Amendment No. 1 and the proposed Amendment No. 2 were needed because of COVID-19 program expenditures, which were not anticipated at the time the original contract was executed.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would approve Amendment No. 2 to the contract between DPH and SFPHF, increasing the contract amount by \$10,668,262, for a total not to exceed \$20,027,567. Amendment No. 2 would not change other material terms of the contract.

In the contract, SFPHF provides program administration and support services for various public health programs. The contract budget includes passthrough payments to subcontractors performing on the ground services, as well as overhead costs for SFPHF's administrative function. Programs administered by SFPHF include Community Health Engagement, violence prevention, Vision Zero program to reduce traffic collisions and fatalities, Community and Home Injury Prevention Program for Seniors (CHIPPS), Hepatitis C prevention and treatment services, COVID-19 testing and treatment services, and HIV services. SFPHF's responsibilities include issuance of an RFP for community-based organizations (already completed), management of subcontractors, program administration of subcontractors, capacity building and program support of subcontractors, and issuance of quarterly summary reports.

SFPHF currently administers contracts for 23 community-based organizations. The subcontractors for the various Community Health Engagement projects are CARECEN, Chinatown Community Development Center, Collective Impact, Curry Senior Center, Family Connection Center, Glide Foundation, Rebuilding Together SF, San Francisco AIDS Foundation, SF Community Health Centers, Senior and Disability Action, St. James Infirmary, Tenderloin Community Benefit Center, and Walk SF Foundation. The subcontractors for COVID-19 programs are Booker T. Washington Community Services, Chinese Hospital, Family and Child Empowerment Services, Mission Language and Vocational School, Mission Neighborhood Health Center, Rafiki Coalition, San Francisco AIDS Foundation, SF Community Health Centers, Southwest Community

Corporation, and YMCA Urban Services. SFPHF receives a five percent administrative fee for COVID-19 funding and a 10 percent administrative fee for non-COVID-19 funding, for an average fee of approximately 5.7 percent.

According to Michelle Ruggels, DPH Business Office Director, each subcontractor has a workplan specific to the goals of their programmatic area, with a DPH program lead assigned to each. SFPHF monitors compliance with each subcontractor's workplan deliverables and compliance with standard business practices, such as timely invoice submission, on a monthly basis. SFPHF shares these reports with DPH staff to ensure subcontractors are meeting expectations.

FISCAL IMPACT

The proposed resolution would increase the not-to-exceed amount of the SFPHF contract by \$10,668,262, for a total not to exceed \$20,027,567. The sources and uses of funds by year are shown in Exhibit 3 below.

Exhibit 3: Sources and Uses of Funds by Year

Sources	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	Total
General Fund	\$49,417	\$577,329	\$745,050	\$640,383	\$640,383	\$2,652,562
CDC Grant	21,875	25,000	999,763	25,000	25,000	1,096,638
FEMA Reimbursement	0	3,573,564	9,430,050	0	0	13,003,614
State Funding	0	1,130,406	0	0	0	1,130,406
General Fund-Addback ³	0	125,000	0	0	0	125,000
Dream Keeper's Initiative ⁴	0	111,069	188,931	0	0	300,000
OEWD Work Order ⁵	0	0	175,000	0	0	175,000
<i>Subtotal</i>	<i>\$71,292</i>	<i>\$5,542,368</i>	<i>\$11,538,794</i>	<i>\$665,383</i>	<i>\$665,383</i>	<i>\$18,483,220</i>
Contingency (12%)	0	0	1,384,655	79,846	79,846	1,544,347
Total Sources	\$71,292	\$5,542,368	\$12,923,449	\$745,229	\$745,229	\$20,027,567
Uses	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	Total
Community Health Engagement- Various	\$39,000	\$554,413	\$620,050	\$615,383	\$615,383	\$2,444,229
Hepatitis C Programs	32,292	178,322	345,000	50,000	50,000	655,614
COVID-19 Programs	0	4,809,633	10,398,744	0	0	15,208,377
OEWD Work Order	0	0	175,000	0	0	175,000
<i>Subtotal</i>	<i>\$71,292</i>	<i>\$5,542,368</i>	<i>\$11,538,794</i>	<i>\$665,383</i>	<i>\$665,383</i>	<i>\$18,483,220</i>
Contingency (12%)	0	0	1,384,655	79,846	79,846	1,544,347
Total Uses	\$71,292	\$5,542,368	\$12,923,449	\$745,229	\$745,229	\$20,027,567

Source: DPH

In developing the budget for the proposed Amendment No. 2, DPH has reduced the not-to-exceed amount of the contract by approximately \$1,179,463, reflecting actual contract

³ The Board of Supervisors addback funded COVID-19 testing provided by FACES SF Bayview Health.

⁴ The Dream Keepers Initiative redirects funding from the Police Department budget to provide services benefiting the African American community.

⁵ The OEWD work order, funded by the City's General Fund, supports the District 5 Community Resource Hub.

expenditures to date. A 12 percent contingency for expenditures starting in FY 2021-22 is included to account for unanticipated expenditures. According to Drew Murrell, DPH Deputy Finance Officer, DPH has not yet received anticipated reimbursements from the Federal Emergency Management Agency (FEMA) due to the timing of invoices.

RECOMMENDATION

Approve the proposed resolution.

Item 2 File 21-1165	Department: Public Health
EXECUTIVE SUMMARY	
<p style="text-align: center;">Legislative Objectives</p> <ul style="list-style-type: none"> • The proposed resolution would approve Amendment No. 2 to the behavioral health services contract between the Department of Public Health (DPH) and Helios Healthcare, LLC, extending the term by six years and six months through June 2028, and increasing the not-to-exceed amount by \$18,239,925, from \$9,664,400 to \$27,904,325. <p style="text-align: center;">Key Points</p> <ul style="list-style-type: none"> • In 2017, DPH issued a Request for Proposals to select a vendor to provide psychiatric care to adults and/or older adults in a locked licensed facility, Skilled Nursing Facility, and/or Mental Health Rehabilitation Center within the Bay Area. Helios Healthcare, which operates the Idylwood Care Center in Sunnyvale, was deemed the highest scoring proposer and was awarded a contract for a term of three years, from July 2018 through June 2021, and an amount not to exceed \$8,400,000. In June 2021, DPH executed Amendment No. 1 to the contract, extending the term by six months through December 2021, and increasing the not-to-exceed amount by \$1,264,400, for a total not to exceed \$9,664,400. • Under the contract, Helios Healthcare operates Idylwood Care Center, a Skilled Nursing Facility in Sunnyvale, on behalf of DPH. Idylwood Care Center serves individuals who have a combination of medical and behavioral health issues. The facility primarily admits San Francisco residents directly from acute psychiatric inpatient units or jail. All referrals must have been approved for a locked psychiatric Skilled Nursing Facility level of care. After conducting an initial assessment and treatment plan, Idylwood psychiatrists conduct monthly assessments on each patient to determine level of functioning, response to medication, and discharge potential. <p style="text-align: center;">Fiscal Impact</p> <ul style="list-style-type: none"> • The proposed resolution would increase the not-to-exceed amount of the contract by \$18,239,925, for a total not to exceed \$27,904,325. • Annual projected expenditures of \$2,620,000 are based on an average client population of 37 and an average daily billing rate of \$193.51 in FY 2020-21. A 12 percent contingency is included to cover future rate increases. The contract is funded by State Realignment funds. <p style="text-align: center;">Recommendation</p> <ul style="list-style-type: none"> • Approve the proposed resolution. 	

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

In November 2017, the Department of Public Health (DPH) issued a Request for Proposals (RFP) to select a vendor to provide psychiatric care to adults and/or older adults in a locked licensed facility, Skilled Nursing Facility, and/or Mental Health Rehabilitation Center within the Bay Area. DPH received two proposals and a six-member panel evaluated and scored them, as shown in Exhibit 1 below.¹

Exhibit 1: Proposals and Scores from RFP

Proposer	Proposal Score (out of 100)	Financial Management Capacity & Fiscal Integrity (out of 30)	Total Score (out of 130)
Helios Healthcare	76.92	26.00	102.92
Canyon Manor	70.83	26.00	96.83

Source: DPH

Helios Healthcare, LLC, which operates the Idylwood Care Center in Sunnyvale, was deemed the highest scoring responsive and responsible proposer and was awarded a contract. In May 2018, DPH executed a contract with Helios Healthcare for a term of three years, from July 2018 through June 2021, and an amount not to exceed \$8,400,000, with one option to extend the term by seven years through June 2028. In June 2021, DPH executed Amendment No. 1 to the contract, extending the term by six months through December 2021, and increasing the not-to-exceed amount by \$1,264,400, for a total not to exceed \$9,664,400.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would approve Amendment No. 2 to the contract between DPH and Helios Healthcare, extending the term by six years and six months through June 2028, and increasing the not-to-exceed amount by \$18,239,925, from \$9,664,400 to \$27,904,325. Other contract terms would not change. The resolution approving Amendment No. 2, beginning on January 1, 2022, was introduced on November 16, 2021, but will not be calendared at the Board of Supervisors until January 11, 2022.

Under the contract, Helios Healthcare operates Idylwood Care Center, a Skilled Nursing Facility in Sunnyvale, on behalf of DPH. Idylwood Care Center serves individuals who have a combination of medical and behavioral health issues. The facility primarily admits San Francisco residents

¹ The scoring panel consisted of a Director from Community Payee Partnership, a behavioral health private practitioner, a Program Manager from the Department of Aging and Adult Services, a Program Director from Baker Places, a Program Director from the Progress Foundation, and Transitions Placement Coordinator from DPH.

directly from acute psychiatric inpatient units or jail. All referrals must have been approved for a locked psychiatric Skilled Nursing Facility level of care. After conducting an initial assessment and treatment plan, Idylwood psychiatrists conduct monthly assessments on each patient to determine level of functioning, response to medication, and discharge potential.

Helios Healthcare’s contract objective is to not return more than three San Francisco residents each month to Psychiatric Emergency Services (PES). According to Michelle Ruggels, DPH Business Office Director, Helios sends an average of 0.25 patients to PES each month.²

FISCAL IMPACT

The proposed Amendment No. 2 would increase the not-to-exceed amount of the contract by \$18,239,925, for a total not to exceed \$27,904,325. Actual and projected contract expenditures are shown in Exhibit 2 below.

Exhibit 2: Actual and Projected Contract Expenditures

Fiscal Year	Expenditures
FY 2018-19 (Actual)	\$2,493,515
FY 2019-20 (Actual)	2,462,764
FY 2020-21 (Actual)	2,564,446
<i>Subtotal, Actual Expenditures</i>	<i>\$7,520,725</i>
FY 2021-22 (Projected)	2,620,000
FY 2022-23 (Projected)	2,620,000
FY 2023-24 (Projected)	2,620,000
FY 2024-25 (Projected)	2,620,000
FY 2025-26 (Projected)	2,620,000
FY 2026-27 (Projected)	2,620,000
FY 2027-28 (Projected)	2,620,000
<i>Subtotal, Projected Expenditures</i>	<i>\$18,340,000</i>
<i>Subtotal, Actual & Projected Expenditures</i>	<i>\$25,860,725</i>
Contingency (12% from 1/1/22-6/30/28)	2,043,600
Total Not-to-Exceed	\$27,904,325

Source: DPH

According to Director Ruggels, the annual projected expenditures of \$2,620,000 are based on an average client population of 37 and an average daily billing rate of \$193.51 in FY 2020-21. Using this average client population, the average daily billing rate increases to \$206.14 in FY 2021-22.³ According to Director Ruggels, the 12 percent contingency would be used to cover rate increases if annual expenditures exceed \$2,620,000. The contract is funded by State Realignment funds.

RECOMMENDATION

Approve the resolution.

² This metric tracks patients who need psychiatric emergency care, rather than patients discharged from Idylwood.
³ The FY 2020-21 average daily rate of \$193.51 is the weighted average of 29 clients billed at \$140 per day (Neuro Behavioral Skill Nursing Facility Rate), five clients billed at \$383 per day (One to One Care with Two 8-Hour Shifts), and three clients billed at \$511 per day (One to One Care with Three 8-Hour Shifts). For FY 2021-22, these daily rates increase to \$140, \$396, and \$529, respectively. The client population and service levels fluctuate.

<p>Item 3 File 21-1166</p>	<p>Department: Department of Public Health (DPH)</p>
<p>EXECUTIVE SUMMARY</p>	
<p style="text-align: center;">Legislative Objectives</p> <ul style="list-style-type: none"> The proposed resolution would approve Amendment No. 2 to the uncompensated care reimbursement recovery services contract between the Department of Public Health (DPH) and Health Advocates, LLC, extending the term by two years through December 2023, and increasing the not-to-exceed amount by \$3,304,915, for a total not to exceed \$21,319,461. <p style="text-align: center;">Key Points</p> <ul style="list-style-type: none"> DPH uses contract services to assist with Medi-Cal reimbursement for uninsured patients. In 2013, DPH issued a Request for Proposals (RFP) for uncompensated care reimbursement recovery services. Health Advocates was deemed the highest scoring proposer and was awarded a four-year contract, from January 2014 through December 2017, with an amount not to exceed \$6,300,390. In 2018, the Board of Supervisors retroactively approved Amendment No. 1 to the contract, extending the term by four years through December 2021 and increasing the not-to-exceed amount to \$18,014,546. Contract services include screening patients for Medi-Cal eligibility and assisting patients with applications, billing Medi-Cal for DPH services, and representing patients during Medi-Cal appeals. Services are performed both onsite and offsite. The proposed Amendment No. 2 would not change the scope of services for the contract. <p style="text-align: center;">Fiscal Impact</p> <ul style="list-style-type: none"> The proposed Amendment No. 2 would increase the not-to-exceed amount of the contract by \$3,304,915, for a total not to exceed \$21,319,461. Based on actual and projected contract expenditures, the Budget and Legislative Analyst recommends reducing the not-to-exceed amount of the contract by \$1,219,461, for a total not to exceed \$20,100,000. DPH anticipates receiving approximately \$21,600,000 in annual Medi-Cal reimbursements, or approximately \$43,200,000 over the two-year term of the contract extension. Estimated net revenues to DPH over the two-year extension term are approximately \$37,918,815. <p style="text-align: center;">Recommendations</p> <ul style="list-style-type: none"> Amend the proposed to reduce the not-to-exceed amount of the contract by \$1,219,461, for a total not-to-exceed amount of \$20,100,000. Approve the proposed resolution as amended. 	

MANDATE STATEMENT

City Charter Section 9.118(a) states that contracts entered into by a department, board, or commission that (i) have anticipated revenues of \$1 million or more, or (ii) have anticipated revenues of \$1 million or more and require modifications, are subject to Board of Supervisors approval.

BACKGROUND

The Department of Public Health (DPH) uses contract services to assist with Medi-Cal reimbursement for uninsured patients. Services include screening patients for Medi-Cal eligibility and assisting patients with applications, billing Medi-Cal for DPH services, and representing patients during Medi-Cal appeals. Services are performed both onsite and offsite.

In 2013, DPH issued a Request for Proposals (RFP) for uncompensated care reimbursement recovery services. Health Advocates, which had contracted with DPH for uncompensated care reimbursement recovery services since 2001, was deemed the highest scoring responsive and responsible proposer and was awarded a contract. In March 2014, the Board of Supervisors approved a contract with Health Advocates for a four-year term from January 2014 through December 2017 and an amount not to exceed \$6,300,390 (File 13-1240). In November 2018, the Board of Supervisors retroactively approved Amendment No. 1 to the contract, extending the contract by four years through December 2021, and increasing the not-to-exceed amount to \$18,014,546 (File 18-0971).

The contract expires December 31, 2021. DPH and Health Advocates have agreed to extend the term by two years through December 2023, which is the maximum contract term length authorized under the RFP.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would approve Amendment No. 2 to the uncompensated care reimbursement recovery services contract between DPH and Health Advocates, extending the term by two years through December 2023, and increasing the not-to-exceed amount by \$3,304,915, for a total not to exceed \$21,319,461. The proposed Amendment No. 2 would not make any other material changes to the contract.

The proposed resolution was submitted to the Board of Supervisors on November 8, 2021, but due to delays in calendaring, the resolution approving the contract amendment will not be calendared for approval by the Board of Supervisors until January 11, 2022, which is after the amendment start date of January 1, 2021.

Performance Targets

According to Stephanie Hon, DPH Contract Analyst, the contract sets a target for Medi-Cal reimbursement of at least 1,900 bed days per year. Health Advocates has consistently exceeded this target.

FISCAL IMPACT**Amendment No. 2 Annual Volume and Expenditures**

The proposed Amendment No. 2 would increase the not-to-exceed amount of the Health Advocates contract by \$3,304,915, for a total not to exceed \$21,319,451. Under the contract, Health Advocates is paid a fixed fee for each type of service. The fees increase by approximately three percent per year. Total estimated fee payments by DPH to Health Advocates over the extension term are shown in Exhibit 1 below.

Exhibit 1: Estimated Fee Payments to Health Advocates over Extension Term

Service Category	Annual Volume ^a	2022 Billing Rate	2022 Payments	2023 Billing Rate	2023 Payments	Total Payments
Acute Care Screening	230	\$2,154	\$495,420	\$2,218	\$510,140	\$1,005,560
Acute Care Fair Hearing/ Appeal	325	2,782	904,150	2,865	931,125	1,835,275
Psychiatric Screening	250	2,782	695,500	2,865	716,250	1,411,750
Psychiatric Fair Hearing/ Appeal	10	3,165	31,650	3,260	32,600	64,250
Acute Care Follow-Up	100	1,520	152,000	1,566	156,600	308,600
Fair Hearing Follow-Up	50	1,900	95,000	1,957	97,850	192,850
Outpatient Emergency Screening/ Follow-Up	150	1,520	228,000	1,566	234,900	462,900
Total	1,115		\$2,601,720		\$2,679,465	\$5,281,185

Source: DPH, Proposed Contract Amendment No. 2

^a DPH estimates 1,115 accounts will be referred to Medi-Cal each year. Each account has a varying number of bed days based on the length of stay. As noted above, DPH set an annual target of 1,900 reimbursed bed days.

According to the Budget and Legislative Analyst report to the November 1, 2018 Budget and Finance Committee meeting, the total estimated annual volume of referrals to Medi-Cal under Amendment No. 1 was 1,477 or approximately 25 percent more than estimated annual volume of referrals to Medi-Cal under Amendment No. 2 of 1,115. According to Patient Access Manager Jenine Smith, the decrease in annual referral volume is due to the temporary halt of outpatient Emergency Department referrals, Covid-19 related healthcare program extensions and allowances, and continued Medi-Cal expansion to additional populations.

Medi-Cal Collections

According to the Budget and Legislative Analyst report to the November 1, 2018 Budget and Finance Committee meeting, the total estimated Medi-Cal collections in calendar year (CY) 2018 through CY 2021 were \$40 million. According to Patient Access Manager Smith, per Health Advocates Quarterly Reports, actual Medi-Cal collections were estimated at \$66,979,090¹ offset

¹ According to DPH, the Health Advocates Quarterly Report uses a “proxy” to estimate reimbursement value, incorporating assumptions for (a) accounts eligible for federal Medicaid expansion for adults ages 19 to 65 based on modified adjusted gross income, and (b) reductions due to denied days (inpatient days for less than acute services) and administrative days (inpatient days waiting for placement in another facility or program).

by contract expenditures in CY 2018 through CY 2021 of \$9,133,915², for net collections of \$57,845,175.

According to Contract Analyst Hon, actual contract expenditures to date total \$14,077,749. DPH estimates approximately \$130,000 in projected expenditures through the remainder of the existing contract, for total projected expenditures of approximately \$14,207,749 through December 2021. Allowing for a contingency of 10 percent, the Budget and Legislative Analyst estimates approximately \$20,017,053 in total contract expenditures through December 2023, as shown in Exhibit 2 below.

Exhibit 2: Actual and Projected Contract Expenditures

Actual Expenditures to Date	\$14,077,749
Projected Expenditures through December 2021	130,000
Actual and Projected Expenditures through December 2021	\$14,207,749
Projected Expenditures through December 2023	5,281,185
Contingency (10%)	528,119
Total Projected Expenditures	\$20,017,053

Source: DPH, BLA Calculations

Based on actual and projected contract expenditures, and to provide an additional buffer beyond the contingency, the Budget and Legislative Analyst recommends amending the proposed resolution to reduce the not-to-exceed amount of the contract by \$1,219,461, for a total not to exceed \$20,100,000.

According to Contract Analyst Hon, DPH anticipates receiving approximately \$21,600,000 in annual Medi-Cal reimbursements, or approximately \$43,200,000 over the two-year term of the contract extension. Therefore, net revenues to DPH over the two-year extension term are approximately \$37,918,815.

RECOMMENDATIONS

1. Amend the proposed resolution to reduce the not-to-exceed amount of the contract by \$1,219,461, for a total not-to-exceed amount of \$20,100,000.
2. Approve the resolution as amended.

² Total actual and projected contract expenditures in CY 2014 through CY 2021 are \$14,207,749 (shown in Exhibit 2) of which \$9,133,915 were incurred in CY 2018 through CY 2021.

Item 6 File 21-1167	Department: Office of Contract Administration
EXECUTIVE SUMMARY	
<p>Legislative Objectives</p> <ul style="list-style-type: none"> • The proposed resolution authorizes the Purchaser and Director of the Office of Contract Administration to enter into the Fourth Amendment to the contract with Language Line, increasing the contract amount by \$3,279,000, for a total contract amount of \$13,179,000, and extending the end date by six months to July 31, 2022, for a total contract term of four years from August 1, 2018, through July 31, 2022. All other contract provisions remain unchanged <p>Key Points</p> <ul style="list-style-type: none"> • The Language Line contract is one of five citywide blanket Language Services contracts available to departments if translation cannot be provided by available city employees. Language Line provides a single, toll-free 800 number for all participating City agencies for Telephonic Language Interpretation Services in identified core and frequently used languages 24 hours a day, 365 days per year. • The original contract was awarded in 2018 following a competitive Request for Proposals (RFP). Due to extensive use by City departments, the contract has been amended three times, most recently in July 2021, which extended the term through July 31, 2022 and increased the not to exceed amount to \$9,900,000 • OCA is currently working with the Office of Civic Engagement and Immigrant Affairs on a Request for Proposals to replace the current Language Line contract. The proposed Fourth Amendment will provide OCA staff with time to conclude a new service agreement. <p>Fiscal Impact</p> <ul style="list-style-type: none"> • The increase of \$3,279,000 consists of a base increase (\$1,560,000) and a contingency (\$1,719,000). OCA based the contingency on the total contract amount of \$11,460,000 rather than on the increase of \$1,560,000 for the six-month extension; when the contingency is applied only to the increase for the six-month extension, the total increase in the contract should be \$1,794,000, which is \$1,485,000 less than increase in the resolution of \$3,279,000. • Payments for interpretation services are made at the Departmental level out of monies already authorized by the Board of Supervisors in FY 2021-22 and FY 2022-23. According to OCA, the cost of the requested extension of the contract is already fully budgeted. <p>Recommendations</p> <ul style="list-style-type: none"> • Amend the proposed resolution to provide an increase in the contract not-to-exceed amount of \$1,794,000, from the current amount of \$9,900,000 to \$11,694,000. • Approve the proposed resolution as amended. 	

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

Language Line Inc. is currently under contract with the Office of Contract Administration to provide San Francisco departments with telephonic interpretation services. The contract began in August 1, 2018, and was to run through July 31, 2020. The contract included a provision that provided the City with three options to unilaterally extend the agreement for one year subsequent to expiration.

The Language Line contract is one of five citywide blanket Language Services contracts available to departments if translation cannot be provided by available city employees. The contract was competitively procured, as required by Administrative Code 21.1, through a Request for Proposals (RFP) issued on April 20, 2018. According to Daniel Sanchez, Principal Administrative Analyst of OCA, Language Line was the only responsive proposal that OCA received. Since there was only one proposal, scoring was not conducted, but OCA and its partner agency the Office of Civic Engagement and Immigrant Affairs, reviewed the proposal to make sure the RFP minimum qualifications were satisfied, and that Language Line was able to meet City's needs. The Office of Contract Administration (OCA) awarded Language Line with a two-year initial contract running from August 1, 2018 to July 31, 2020 for a not-to-exceed amount of \$4,000,000.

Due to extensive use by City departments, the contract has been amended three times. Modification No. 1, dated March 2020, increased the contract not to exceed amount by \$1,000,000 to \$5,000,000. Modification No. 2, dated September 2020, increased the not to exceed amount by \$4,500,000 to \$9,500,000 and extended the term to July 31, 2021. Modification No. 3, dated July 2021, extended the term through January 31, 2022 and increased the not to exceed amount by \$400,000 to \$9,900,000. Because the contract amount is less than \$10 million and ten years, the contract and modifications were not subject to Board of Supervisors approval. OCA reports that as of November 30, 2021 contract expenditures are \$9,567,560 and encumbrances are \$296,239, totaling \$9,863,800.

Under the terms of the contract, Language Line provides a single, toll-free 800 number for all participating City agencies for Telephonic Language Interpretation Services in identified core and frequently used languages. These services are expected to be available 24 hours a day, 365 days of the year on an as-needed basis. The contract is intended to enable the City and County to improve its ability to provide "culturally competent" services to limited English proficient

residents, clients, visitors and members of the general public who require immediate interpreter assistance. In addition to telephonic translation services, Language Line is required to offer Remote Video Services, including American Sign Language interpretation, and Direct Response Services.

Performance of the vendor is reviewed quarterly by the Office of Civic Engagement and Immigrant Affairs (“OCEIA”). According to OCA, performance monitoring involves evaluating response patterns, complaints, feedback from department Language Liaisons, and convening regular meetings with vendor account managers during which performance gaps are discussed and resolved. OCEIA also conducts an annual survey of city departments to determine customer satisfaction with the vendor’s services.

As seen in Exhibit 1 below, the Department of Public Health (SFDPH) is by far the heaviest user of telephonic translation services, accounting for 84.4 percent of all translator-assisted calls, and 86.1 percent of total expenses. Other major users include Department of Human Services, 311, SFPD, and SF Unified School District. Based on data provided by OCA, Language Line handles approximately 65 calls per day.

Exhibit 1: Usage, Total and by Department, 8/1/2018 through 11/30/2021

Department	Number of calls	Minutes	Billed	Ave min per call	Rate per minute	Rate per call
SFDPH	778,513	10,930,566	\$8,245,284	14.0	\$0.75	\$10.59
Human Services	40,425	503,145	\$363,915	12.4	\$0.72	\$9.00
311 Calls	24,921	469,544	\$352,319	18.8	\$0.75	\$14.14
SFPD	19,409	284,308	\$207,857	14.6	\$0.73	\$10.71
SFUSD	15,891	222,419	\$205,410	14.0	\$0.92	\$12.93
All Other	43,217	311,384	\$192,776	7.2	\$0.62	\$4.46
Total	922,376	12,721,366	\$9,567,561	13.8	\$0.75	\$10.37

Source: OCA

DETAILS OF PROPOSED LEGISLATION

The proposed resolution authorizes the Purchaser and Director of the Office of Contract Administration to enter into the Fourth Amendment to the contract with Language Line, increasing the contract amount by \$3,279,000, for a total contract amount of \$13,179,000, and extending the end date by six months to July 31, 2022, for a total contract term of four years from August 1, 2018, through July 31, 2022. All other contract provisions remain unchanged.

OCA is currently working with the Office of Civic Engagement and Immigrant Affairs on a Request for Proposals to replace the current Language Line contract. The proposed Fourth Amendment will provide OCA staff with time to issue and conclude a new agreement while ensuring ongoing provision of telephonic translation needs. According to the Office of Contract Administration, the issuance of a new RFP will introduce several modifications, including providing for numerous contracts that will cover many different types of language services, placing greater emphasis on vendors' ability to provide culturally competent and sensitive language services, and ensuring inclusivity in regard to the languages covered.

FISCAL IMPACT

The proposed Fourth Amendment increases the contract not-to-exceed amount by \$3,279,000 from \$9,900,000 to \$13,179,000. The increase of \$3,279,000 consists of a base increase (\$1,560,000) and a contingency (\$1,719,000) as follows:

	Proposed Fourth Amendment	Recommendation	Difference
Current contract	\$9,900,000	\$9,900,000	\$0
Six months @ \$260,000 per month	<u>1,560,000</u>	<u>1,560,000</u>	<u>0</u>
Subtotal	\$11,460,000	\$11,460,000	\$0
Contingency (15%) ^{a,b}	<u>1,719,000</u>	<u>234,000</u>	<u>1,485,000</u>
Total	\$13,179,000	\$11,694,000	\$1,485,000

^a Proposed Fourth Amendment calculates the 15 percent contingency on the total contract amount of \$11,460,000.

^b Recommended contingency is 15 percent of the contract increase of \$1,560,000 for the six-month extension from February 1, 2022 through July 31, 2022.

According to Daniel Sanchez, the 15 percent contingency is consistent with recently approved OCA contract amendments, including files 21-1003, 21-1004, and 21-1083 that also contained contingency amounts of 15 percent. However, OCA based the 15 percent contingency on the total contract amount of \$11,460,000 rather than on the increase of \$1,560,000 for the six-month extension. When the contingency is applied only to the increase for the six-month extension, the total increase in the contract should be \$1,794,000, which is \$1,485,000 less than increase in the resolution of \$3,279,000. Therefore, we recommend amending the proposed resolution to provide an increase in the not-to-exceed amount of \$1,794,000 from \$9,900,000 to \$11,694,000.

All payments for interpretation services are made at the Departmental level out of monies already authorized by the Board of Supervisors in FY 2021-22 and FY 2022-23.

RECOMMENDATIONS

1. Amend the proposed resolution to provide an increase in the contract not-to-exceed amount of \$1,794,000 from \$9,900,000 to \$11,694,000.
2. Approve the proposed resolution as amended.

Item 7 File 21-1178	Department: Recreation and Parks
EXECUTIVE SUMMARY	
<p>Legislative Objectives</p> <ul style="list-style-type: none"> • The proposed resolution would authorize the Recreation and Parks Department to accept and expend \$500,000 in grant funding from the State Coastal Conservancy Priority Conservation Area Grant Program. • The proposed resolution also approves a twenty-year grant agreement between the City and the State Coastal Conservancy, requiring the City to maintain the improvements over that period. • The grant agreement was signed on December 16, 2021, prior to Board of Supervisors approval. The reason for the early signature is that the Department signed the agreement in anticipation of scheduling the proposed resolution earlier in December. <p>Key Points</p> <ul style="list-style-type: none"> • The proposed grant funding would support construction for the Twin Peaks Improvement Project. Twin Peaks is a highly visited site and the main trails have deteriorated and lead to informal trails that threaten the native habitat. All project work is to be completed by January 30, 2024. <p>Fiscal Impact</p> <ul style="list-style-type: none"> • The grant authorized by the proposed resolution would provide up to \$500,000 in State grant funding which will be used for construction costs. • The grant requires a 2:1 match of funds by the City, or \$1 million, which the Recreation and Parks Department intends to meet through its allocation of 2020 Health and Recovery General Obligation Bond monies. • The proposed grant agreement states that the Recreation and Parks Department commenced work on this project in June 2021. According to Department staff, total project spending to date is \$12,225, leaving \$1,487,775 in remaining expenditures. <p>Recommendations</p> <ul style="list-style-type: none"> • Amend the resolution to state that the Board of Supervisors' approval is retroactive. • Approve the proposed resolution, as amended. 	

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.

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 California State Coastal Conservancy

The California State Coastal Conservancy is a non-regulatory agency that provides technical assistance and grant funding for projects to protect coastal resources and increase opportunities for the public to enjoy the coast. On November 19, 2020, the Conservancy recommended to the Metropolitan Transportation Commission (MTC) that five resource protection and public access projects across Alameda, San Mateo and San Francisco Counties be included in the Priority Conservation Area (PCA) Grant Program.

One of those five projects is the Twin Peaks Improvement Project. The project, originally submitted for state funding by San Francisco Recreation and Parks Department, would improve the trail network and provide signage at Twin Peaks. On May 20, 2021 the Recreation and Parks Commission adopted a resolution recommending that the Board of Supervisors authorize the Department to accept and expend the PCA grant funds.

Twin Peaks

Twin Peaks is the second highest Parks in San Francisco (second to Mt. Davidson) comprised of 64 acres of public land owned by the City and operated by the Recreation and Parks Department. The mission blue butterfly is a federally listed endangered species that still survives on Twin Peaks. According to Recreation and Parks staff, Twin Peaks is a highly visited site and the main trails have deteriorated and lead to informal trails that threaten the native habitat.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would authorize the Recreation and Parks Department to accept and expend \$500,000 in grant funding from the State Coastal Conservancy Priority Conservation Area Grant Program. The funding would support construction for the Twin Peaks Improvement Project, described below. The grant requires the Recreation and Parks Department to provide \$1 million in matching funds (matching ratio amount of two to one). The proposed resolution also approves a twenty-year grant agreement between the City and the State Coastal Conservancy, which requires the City to maintain the improvements over that period.

Project Description

The Twin Peaks Improvement Project will improve two existing trail segments (see Attachment) in order to control erosion, restore native plants, increase public safety and provide interpretive and directional signs at Twin Peaks Open Space. A yet-to-be-selected subcontractor will perform the work, and the Recreation and Parks Department has requested a cost estimate from the Department of Public Works for construction management and document preparation services. The work includes replacing deteriorating wood steps with longer-lasting box steps, eliminating informal trails, providing erosion control measures, regrading and realigning the switchback segment, restoring native plants, and providing wayfinding signage. All project work is to be completed from June 1, 2021 through January 30, 2024.

Retroactive Approval

The Grant Contract between the State Coastal Conservancy and the San Francisco Recreation and Parks Department was signed on December 16, 2021, prior to Board of Supervisors approval. According to Toni Moran, Senior Analyst at the Recreation and Parks Department, the Department signed the agreement in anticipation of scheduling the proposed resolution earlier in December.

FISCAL IMPACT

The grant authorized by the proposed resolution would provide up to \$500,000 in State grant funding which will be used for construction costs. The grant requires a 2:1 match of funds by the City. The Recreation and Parks Department intends to source the \$1 million match through its allocation of 2020 Health and Recovery General Obligation Bond monies. The proposed resolution waives inclusion of indirect project costs only for the \$500,000 in the proposed grant subtotal; however indirect costs and overhead are included in the \$1 million match amount project budget.

Exhibit 1: Sources for Twin Peaks Improvement Project

Source	Amount (\$)
State Bond	426,000
MTC ^a	74,000
<i>Proposed Grant Subtotal</i>	500,000
City Grant Matching Amount ^b	1,000,000
Total Project Funds	\$1,500,000

Source: REC

^a The Priority Conservation Area (PCA) Grant monies consist of \$74,000 provided through a Master Funding Agreement between the Conservancy and Bay Area Metropolitan Transportation Commission (MTC), and a State Bond, Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Bond Act of 2006.

^b The grant matching amount of \$1 million will come from the City's 2020 Health and Recovery Obligation Bond.¹

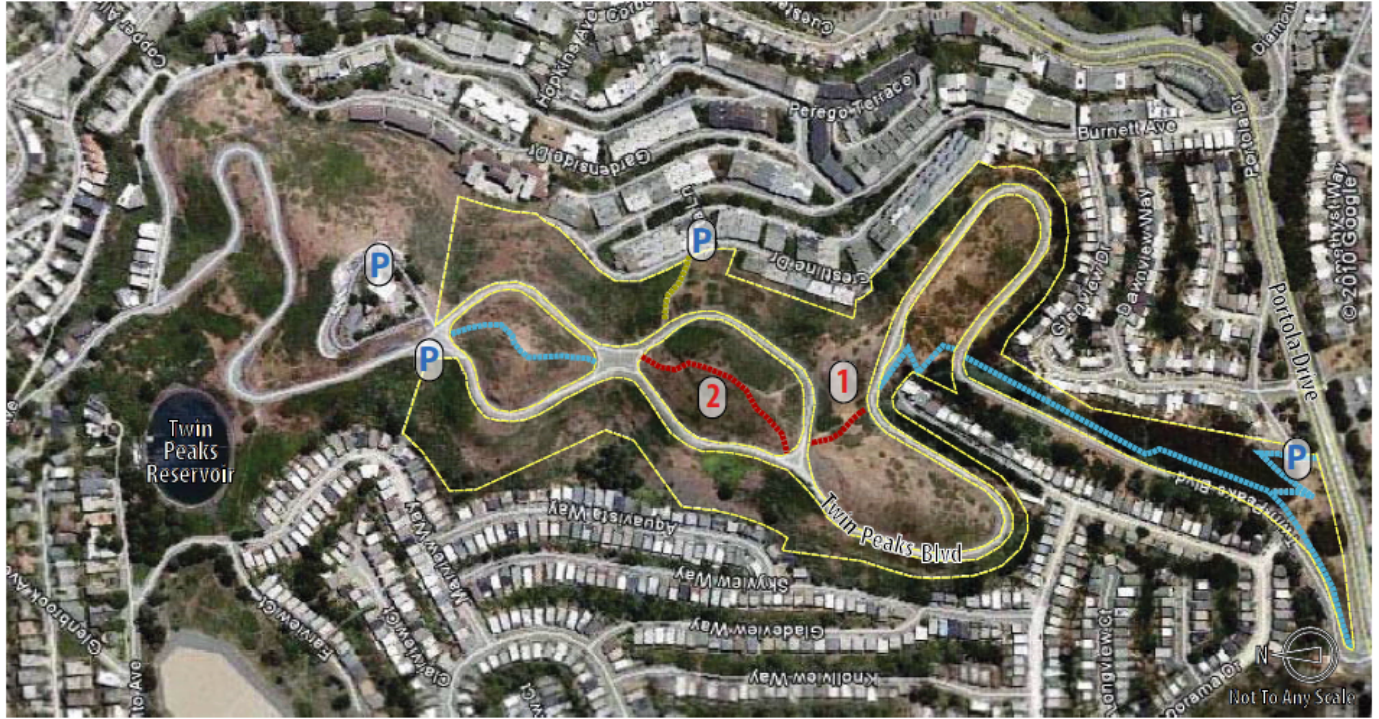
The Recreation and Parks Department will submit a Request for Disbursement from the Conservancy quarterly along with a progress report summarizing work completed and supporting the disbursement request. The final five percent of reimbursement funding will be provided upon project completion. Furthermore, under the agreement the Department will provide any funds beyond those granted that are needed to complete the project.

The proposed grant agreement states that the Recreation and Parks Department commenced work on this project in June 2021. According to Department staff, total project spending to date is \$12,225, leaving \$1,487,775 in remaining expenditures. The City will be responsible for maintenance costs associated with the improvements.

RECOMMENDATION

1. Amend the resolution to state that the Board of Supervisors' approval is retroactive
2. Approve the proposed resolution as amended.

Attachment: Map of Twin Peak Improvement Project Area



**Twin Peaks Creeks-to-Peaks Trail
Conceptual Site Plan**

- Project Trail Segments
- Completed Trail Segments
- Other Existing Trails
- RPD Property Line

1 Segment 5

Realign existing trail to be more sustainable, restore old alignment to open space, replace deteriorating timber steps with box steps, and install wayfinding signage

2 Segment 9

Trail entry improvements including better definition of entry and trailhead sign with map, realign existing trail to be more sustainable, replace deteriorating timber steps with box steps, and install wayfinding signage

P Parking Facilities

There are 4 parking areas in close proximity to the trails, as well as bus access. We anticipate that hikers will also be walking to the site from both the north and the south because of our Creeks to Peaks trail corridor, and because of the site's location on the Bay Area Ridge Trail

Source: Recreation & Parks Department

Item 9 File 21-1306	Department: Homelessness and Supportive Housing (HSH)
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EXECUTIVE SUMMARY

Legislative Objectives

- The proposed resolution would approve a grant agreement between the City and Urban Alchemy to operate a semi-congregate shelter at 711 Post Street, for a total term of February 1, 2022 through June 30, 2024, and for a total not-to-exceed amount of \$18,736,820.

Key Points

- According to HSH, the Department plans issue a Request for Proposals for temporary shelter providers in FY 2022-23 and current temporary shelter agreements are therefore being set through June 2024.
- Under the proposed grant agreement, Urban Alchemy would provide semi-congregate shelter operations and support services at the 123-unit Ansonia Hotel at 711 Post Street to approximately 250 single adults. Urban Alchemy will execute a lease with 711 Post LLC for use of the property as a temporary shelter, the cost of which is funded by the proposed grant agreement.

Fiscal Impact

- The total not to exceed amount of the proposed grant is \$18.7 million, including a \$3.5 million contingency. The annualized cost of the program is \$6.3 million, not including the contingency.
- FY 2021-22 operating expenses of \$2.6 million, which start in February 2022, are funded by Proposition C. The funding sources for the remaining \$12.6 million in budgeted operating expenses have not been identified and will be determined in the next annual appropriation process.

Policy Consideration

- HSH is working to open 2,100 total adult and transitional age youth shelter beds by June 30, 2022. This goal includes the addition of new beds and re-opening of beds that were closed during the pandemic. According to HSH, the Department has opened 1,075 congregate and semi-congregate shelter beds. The proposed 250 beds at 711 Post are part of the pipeline of 2,100 shelter beds HSH is working to open.
- The proposed \$3.5 million contingency is 23 percent of budgeted expenditures and higher than contingency of other HSH service contracts, which typically range from 8 percent to 12 percent. According to HSH, the relatively high contingency amount is to allow for increased capacity of up to 318 total beds in the final year of the grant agreement, if feasible, given the state of the pandemic.

Recommendation

- Approve the proposed resolution.

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

Chapter 21B of the Administrative Code authorizes the Department of Homelessness and Supportive Housing (HSH) to enter into and amend contracts for homeless services without competitive bidding. This waiver is valid until March 2024, or until the Point In Time (PIT) count is at 5,350.¹ In accordance with Chapter 21B, HSH awarded the proposed contract with Urban Alchemy to operate a semi-congregate shelter at 711 Post Street without a competitive solicitation.

Urban Alchemy is a San Francisco-based non-profit founded in 2018. As of December 30, 2021, Urban Alchemy currently operates under five other HSH contracts serving adults experiencing homelessness in the City: Services at Shelter in Place Hotel Site 5, Safe Sleep at Fulton, Safe Sleep at 33 Gough, Safe Sleep at 180 Jones, and a Vehicle Triage Center on Carrol Street. All five contracts are under the \$10 million threshold that would require Board of Supervisors approval. HSH reports that Urban Alchemy has been successful in operating all contracts and furthermore, is able to begin services at the new 711 Post St. location in a timely manner.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would approve a grant agreement between the City and Urban Alchemy to operate a semi-congregate shelter for approximately 250 adults experiencing homelessness at 711 Post Street, for a total term of February 1, 2022 through June 30, 2024, and for a total not-to-exceed amount of \$18,736,820. The proposed not-to-exceed amount includes a contingency of 23 percent, or \$3,503,633. The proposed resolution would also affirm the Planning Department's determination that the temporary shelter operation is not subject to the California Environmental Quality Act (CEQA) and is consistent with the City's General Plan and policy priorities of Planning Code Section 101.1.²

¹ The 5,350 threshold figure below the most recent 2019 point in time count of 8,035. The point in time count is regularly conducted every two years, but the 2021 effort did not occur due to COVID. The next full count is anticipated for 2022, with figures expected to be available in June 2022.

² According to the Planning Department, under Assembly Bill 101, the proposed shelter at 711 Post Street does not require environmental review under California Environmental Quality Act (CEQA) because it meets the use by right criteria of being a low barrier navigation center located in a mixed-use zoning area.

Services Provided

Under the proposed grant agreement, Urban Alchemy would provide semi-congregate shelter operations and support services at the 123-unit Ansonia Hotel at 711 Post Street to approximately 250 single adults. Guests must be referred to the program by the City-approved shelter referral systems and processes. Under the agreement, the number of guests served may vary to account for COVID-19 social distancing protocol. Urban Alchemy would provide onsite shelter operations and support services, and obtain and manage other vendors for laundry, meals, and internet.

The program is part of HSH's emergency response to both street homelessness and COVID-19 to quickly open additional non-congregate/semi-congregate shelter beds while congregate shelter is at lower COVID-19 capacity, and as an alternative to outside Safe Sleep sites during the colder months. (See Policy Consideration below)

Reporting Requirements

According to Appendix A of the proposed grant agreement, Urban Alchemy is to provide monthly Shelter Community Meetings (at least 60 percent of guests are to attend), a quarterly resident survey (at least 50 percent of guests are to complete the survey and 75 percent of those shall rate the services as good or excellent), and a complaints process for residents, provide intake and orientation to all guests, turnover beds within 24 hours, refer all guests to employment benefits and other eligible services, and offer assessment for other HSH services (Problem Solving & Coordinated Entry) within one-week of placement

Urban Alchemy is to use various City data systems to maintain current and former guest lists and their relevant associated information, including the ONE (Online Navigation and Entry) System and RTZ, which are systems that record client information through the system of care.

Program Monitoring

HSH will review supporting documentation from Urban Alchemy including monthly and annual invoice review, program monitoring and fiscal and compliance monitoring, and tracking alignment with the aforementioned service objectives.

FISCAL IMPACT

Exhibit 1 below summarizes the sources and uses of the proposed contract spending.

Exhibit 1: Sources and Uses of Proposed Grant Program Funding

Sources	Amount
Proposition C	\$2,638,981
Other Revenues	12,594,207
Total Sources	\$15,233,188
Uses	
Salary & Benefits	\$7,611,320
Operating Expenses	1,346,409
Subtotal, Operating Expenses	\$8,957,729
Indirect Cost (15%)	1,343,659
Lease and Other Expenses	4,918,800
Capital Expenditures	13,000
Total Uses	\$15,233,188
Contingency (23%)	\$3,503,633
Total Not To Exceed	\$18,736,820

Source: HSH

Note: Operating Expenses include Utilities, Office Supplies, Building Maintenance Supplies and Repair, Insurance, Staff Training, Client Supplies, Internet, and Uniforms. Other Expenses include Rental of Property and subcontracted Laundry Services. "Other Revenues" refers to funding sources that have not yet been determined.

As shown above, the proposed grant would provide \$15,233,188 of funding to the emergency shelter at 711 Post Street from February 1, 2022 through June 30, 2024, a term of two years and five months. According to HSH, the Department plans issue a Request for Proposals for temporary shelter providers in FY 2022-23 and current temporary shelter agreements are therefore being set through June 2024.

FY 2021-22 expenses from February 1, 2022 through June 30, 2022 are covered by Proposition C, the Gross Receipts Tax for Homelessness Services.³ The funding sources for the remaining two years of operations have not been identified and will be determined in the next annual appropriation process.

The annualized cost of the proposed temporary shelter is \$6.3 million, not including the contingency amount.

Rental of Property

711 Post Street was formerly run as a youth hostel but is no longer active. No tenants remain at the site and the property is vacant. The property owner is "711 Post LLC." Under the proposed grant agreement, Urban Alchemy will execute a lease with 711 Post LLC for use of the property as a temporary shelter. HSH reports that having the operator hold the lease allows for the

³ According to HSH, current years costs are sourced specifically from the Proposition C Safe Sleep budget, reallocated from the expected winddown one of the Safe Sleep sites closing in early 2022.

operator to provide building maintenance and facilities support and pay rent directly with the property owner. This also allows for direct communication between the operator and building owner when issues arise with the property so they can be immediately addressed. The proposed grant agreement provides for maintenance and facilities management staff.

According to the grant agreement, Urban Alchemy's lease for 711 Post Street has annual lease cost of \$1,976,400 (approximately \$53.74 per square foot for 36,780 square feet). According to HSH, the cost is based on \$1,400 per month for 48 rooms with private bathrooms and \$1,300 per month for 75 rooms without bathrooms. The City did not attempt to purchase the building, however, according to HSH staff, the lease agreement provides the City a First Right of Offer to Purchase.

Payment for Services

Urban Alchemy will submit invoices and supporting documentation to HSH on a monthly basis and be reimbursed only for actual costs incurred.

Program Cost

The annual cost of the proposed grant agreement is \$6.3 million for 250 beds, or approximately \$69 per bed per night, not including meals. Based on other reporting, this is less than the cost of a Safe Sleeping site (\$190 per night, as shown in our report for File 20-1187), a Vehicle Triage parking spot (\$105 per night, per the February 2021 Controller's Office Vehicle Triage Center Evaluation), and a Navigation Center bed (\$87 per night, based on information in our report for File 19-0418).

POLICY CONSIDERATION

Shelter System

As part of the Mayor's Homelessness Recovery Plan, HSH is working to open 2,100 total adult and transitional age youth shelter beds by June 30, 2022. This goal includes the addition of new beds and re-opening of shelter and navigation center beds that were closed during the pandemic. According to HSH data, the Department has opened 1,075 congregate and semi-congregate shelter beds. The 250 beds at 711 Post are part of the pipeline of 2,100 shelter beds HSH is working to open or reopen.

Contingency

As shown above, the proposed grant budget includes a \$3.5 million or 23 percent contingency, which is higher than the contingencies in other HSH services contracts, which typically range for 8 percent to 12 percent. According to HSH, the relatively high contingency amount is to allow for increased capacity of up to 318 total beds in the final year of the grant agreement, if feasible, given the state of the pandemic.

RECOMMENDATION

Approve the proposed resolution.