

<p>Item 4 File 23-0872</p>	<p>Department: Homelessness and Supportive Housing</p>
<p>EXECUTIVE SUMMARY</p>	
<p style="text-align: center;">Legislative Objectives</p> <ul style="list-style-type: none"> • The proposed resolution would approve the second amendment to the City’s grant agreement with Five Keys Schools and Programs (Five Keys) for operation of the Bayshore Navigation Center, increasing the agreement’s not-to-exceed amount by \$15,155,893 to a revised not-to-exceed amount of \$25,071,113 and extending the grant term by 33 months through June 2026. <p style="text-align: center;">Key Points</p> <ul style="list-style-type: none"> • The Bayshore Navigation Center is located at 125 Bayshore Boulevard and serves adults 18 and older, who are experiencing homelessness and are referred through the City’s centralized placement system. • On January 1, 2021, the City entered into a new grant agreement with Five Keys to operate the Bayshore Navigation Center. The agreement had a not-to-exceed amount of \$9,915,220 and an 18-month term ending June 30, 2023. On July 1, 2023, the parties amended the agreement, extending the term by three months until September 30, 2023 but did not change the not-to-exceed amount. • In FY 2022-23, the Bayshore Navigation Center served 342 unique clients according to HSH staff. Average occupancy from January to June of 2023 was 95.7 percent. Program monitoring for FY 2022-23 indicates that Five Keys met the grant agreement’s service and outcome objectives. <p style="text-align: center;">Fiscal Impact</p> <ul style="list-style-type: none"> • Annual expenditures under the proposed amendment total \$4,680,771 which is \$215,835 (4.8 percent) than actual FY 2022-23 expenditures. This reflects implementation of the City’s nonprofit cost of doing business increases and increases in spending for a subcontract with Bayview Hunters Point Foundation to implement HSH’s wage equity and increased case management staffing. • Funding sources for the extended term include \$1,500,000 per year in state funding through the Homeless Housing, Assistance and Prevention program with General Fund revenues providing the remaining \$3,180,770 in proposed annual funding. <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

Current Grant Agreement

On January 1, 2021, the City entered into a new grant agreement with Five Keys Schools and Programs (Five Keys) to operate the Bayshore Navigation Center, providing temporary shelter, case management, linkage to the supportive housing system and other services to guests experiencing homelessness. The agreement had a not-to-exceed amount of \$9,915,220, which included a \$818,688 contingency, and an 18-month term ending June 30, 2023. On July 1, 2023, the parties amended the agreement, extending the term by three months until September 30, 2023. The amended agreement reduced the contingency from \$818,688 to \$248,012 but did not change the not-to-exceed amount.

Bayshore Navigation Center

The Bayshore Navigation Center is located at 125 Bayshore Boulevard and serves adults 18 and older, who are experiencing homelessness and are referred through the City's centralized placement system. In FY 2022-23, the Bayshore Navigation Center served 342 unique clients according to HSH staff. Average occupancy from January to June of 2023 was 95.7 percent. The agreement requires Five Keys to provide shelter services to 128 guests at any given time unless the City requires the grantee to serve fewer guests to maintain health and safety. According to HSH staff, capacity was reduced during the COVID-19 pandemic to accommodate six feet of space between beds based on public health guidance, and capacity increased to 128 beds in July 2023.

System of Care

The City's navigation centers are intended to provide low-barrier temporary shelter to unhoused individuals, as well as linkage to supportive services. As of August 29, 2023, Navigation Centers had a capacity of 1,072 beds/units. The City's 2022 homeless population was 7,754, of whom 4,397 people were unsheltered and 3,357 were sheltered, as measured by the Point-in-Time count.

Selection of Provider

HSH selected Five Keys based on authorities outlined in Chapter 21B of the Administrative Code, which allows HSH to award homeless service contracts without a competitive procurement process to expeditiously address the homelessness crisis. This code section sunsets in March 2024 or if the Point-in-Time Count falls below 5,250. According to HSH staff, the department selected Five Keys for these services based on the organization's experience, past performance,

and ability to provide services in a timely manner. Five Keys has operated the Bayshore Navigation Center since it opened in 2018 and also operates the Embarcadero SAFE Navigation Center (File 23-0226).

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would approve the second amendment to the City's grant agreement with Five Keys for operation of the Bayshore Navigation Center, increasing the agreement's not-to-exceed amount by \$15,155,893 to a revised not-to-exceed amount of \$25,071,113 and extending the grant term by 33 months through June 2026. The resolution would also authorize HSH to make future immaterial amendments.

Under the proposed amended grant, Five Keys would continue to provide the following services to 128 guests at any given time (unless the City requires fewer guests to be served to maintain health and safety):

- **Support services**, including intake, assessments of guest needs, engagement with guests to promote placement stability and connection to services, case management, assistance to obtain Medi-Cal, CalFresh, and County Adult Assistance Program benefits if eligible, wellness checks. Support groups, referrals and services coordination, and exit planning for guests preparing to leave the shelter; and
- **Emergency shelter services**, including reservation coordination, provision of safe and clean sleeping accommodations, provision of two meals per day on average, access to toilets and showers and other amenities, and other services.

Performance Monitoring

On June 30, 2023, following a site visit, HSH staff completed Program Monitoring for the Five Keys' operation of the Bayshore Navigation Center. According to the report, the grantee met all service and outcome objectives of the grant. However, capacity of the navigation center in June 2023 was 83 beds, which is lower than what is required under the agreement (128 beds, unless reduced by the City to maintain health and safety). According to HSH staff, capacity was reduced during the COVID-19 pandemic to accommodate six feet of space between beds based on public health guidance, and capacity increased to 128 beds in July 2023.

Program monitoring for FY 2022-23 indicates that Five Keys met the grant agreement's service and outcome objectives. However, the report noted that staff had not been entering Case Management Assessment forms into an online database and requested that Five Keys complete these assessments by August 15, 2023. Five Keys subsequently met this deadline according to HSH staff. The performance monitoring report did not require additional corrective actions and noted that the 10 case files reviewed were well organized and included other forms such as intake, case notes, service plans, and supervisor review forms.

Fiscal Monitoring

On July 14, 2022, Department of Children Youth and Their Families compliance staff informed Five Keys that a citywide fiscal and compliance monitoring review produced no findings. As part

of the review, staff reviewed 16 City contracts with the organization, including eight HSH contracts.

FISCAL IMPACT

The proposed resolution would approve an amendment increasing the agreement's not-to-exceed amount by \$15,155,893 to a revised not-to-exceed amount of \$25,071,113. Annual expenditures under the proposed amendment total \$4,680,771, of which \$2,954,381 (63.1 percent) are salary and benefits expenditures for 39.06 full-time equivalent (FTE) positions. The proposed budget also includes \$921,622 per year in other expenses, including \$212,255 in FY 2023-24 ongoing cost of doing business increases for Five Keys and \$709,367 for subcontracted therapist, supervisor and case manager services provided by the Bayview Hunters Point Foundation. Exhibit 1 below shows a breakdown of annual budgeted expenditures.

Exhibit 1: Proposed Annual Expenditures Under Contract Amendment, FY 2023-24

Item	Amount
Salaries & Benefits	\$2,954,381
Operating Expense	402,002
<i>Subtotal</i>	<i>\$3,356,383</i>
Indirect Cost (12%)	402,766
Other Expenses	921,622
Total Annual Expenditures	\$4,680,771

Source: Proposed amendment

Exhibit 2 below shows actual and budgeted expenditures by year.

Exhibit 2: Actual and Budgeted Expenditures

Year	Amount
1/1/2021 – 6/30/2021 (Actual)	\$1,439,367
7/1/2021 – 6/30/2022 (Actual)	3,014,571
7/1/2022 - 6/30/2023 (Actual)	4,464,936
<i>Subtotal, Actual Spending</i>	<i>\$8,918,874</i>
7/1/2023 - 6/30/2024 (Actual & Proposed)	4,680,771
7/1/2024 - 6/30/2025 (Proposed)	4,680,771
7/1/2025 - 6/30/2026 (Proposed)	4,680,771
<i>Subtotal, Projected</i>	<i>\$14,042,313</i>
Contingency (15% of Projected)	\$2,109,926
Total Not to Exceed Amount	\$25,071,113

Source: Proposed amendment

Annual budgeted expenditures during the extension period are \$215,835 (4.8 percent) greater for the proposed extension period than actual FY 2022-23 expenditures. This reflects implementation of the City's nonprofit cost of doing business increases and increases in spending for the subcontract with Bayview Hunters Point Foundation to implement HSH's wage equity and increased case management staffing, offset by decreases in indirect costs.

Funding Sources

Proposed funding sources for the extended term include \$1,500,000 per year in state funding through the Homeless Housing, Assistance and Prevention program; General Fund revenues provide the remaining \$3,180,770 in proposed annual funding.

Actual Spending

Actual spending under the existing contract totaled \$8.9 million through June 2023 with \$1.0 million (10 percent) of the existing contract amount remaining for expenditures through September 2023 according to HSH.

RECOMMENDATION

Approve the proposed resolution.