

File No. 171279

Committee Item No. 15

Board Item No. _____

COMMITTEE/BOARD OF SUPERVISORS

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Committee: Budget & Finance Committee

Date January 11, 2018

Board of Supervisors Meeting

Date _____

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DEPARTMENT OF
HOMELESSNESS AND
SUPPORTIVE HOUSING

December 1, 2017

Honorable Malia Cohen
Chair, Budget and Finance Committee
San Francisco Board of Supervisors
1 Dr. Carlton B. Goodlett Place
City Hall, Room 244
San Francisco, CA 94102

Subject: Release of Reserve Funds for Furniture, Fixtures and Equipment for the 440 Turk Street Project

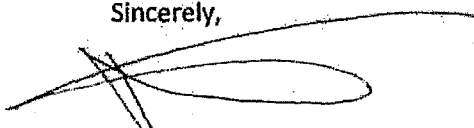
Dear Supervisor Cohen:

The Department of Homelessness and Supportive Housing respectfully requests that the Budget and Finance Committee release the \$1,700,000 placed on the General Fund Reserve during the FY17-19 Budget process for the 440 Turk project (Ordinance No. 156-17). The Committee reserved the funding for furniture, fixtures and equipment (FF&E) for the 440 Turk Street project pending a project plan.

On July 19, 2016, the Board of Supervisors authorized the purchase of real property at 440 Turk Street from the San Francisco Housing Authority for the newly created department (File 16-0652; Resolution 321-16). HSH now proposes to use the 400 Turk Street site as both the Department's headquarters and on the first floor of the building, as a critical access point for people experiencing homelessness. Based on the project budget developed by Public Works, FF&E is estimated to cost \$1,718,000. This estimate is based on cost per square footage using data from recent City office projects as well as FF&E costs at the City's Navigation Centers. FF&E includes expenditures for staff work stations and office furniture, IT and Telephony costs, access point furnishings for clients, washer/dryers and other client access point equipment.

Releasing the reserve funds will ensure a smooth and timely rehabilitation of the site and opening of the 440 Turk Street in the spring 2018.

Sincerely,



Jeff Kositsky
Director
Department of Homelessness and Supportive Housing

CC: Angela Calvillo, Clerk of the Board of Supervisors
Harvey Rose, Board of Supervisors Budget and Legislative Analyst
Ben Rosenfield, Controller
Melissa Whitehouse, Mayor's Budget Director

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<p>Item 15 File1 17-1279</p>	<p>Department: Homelessness and Supportive Housing (HSH)</p>
<p>EXECUTIVE SUMMARY</p>	
<p style="text-align: center;">Legislative Objectives</p>	
<ul style="list-style-type: none"> • The Department of Homelessness and Supportive Housing requests the release of \$1,700,000 in General Fund monies placed by the Board of Supervisors on Budget and Finance Committee Reserve in June 2017, pending a detailed plan for the purchase and renovation of 440 Turk Street, and submission of specific details for the purchase of furniture, fixtures, and equipment. 	
<p style="text-align: center;">Key Points</p>	
<ul style="list-style-type: none"> • The Board of Supervisors approved the purchase of 440 Turk Street from the San Francisco Housing Authority in 2016. The Department of Homelessness and Supportive Housing proposes to use the 440 Turk Street property as both an access point for homeless persons on the first floor and as HSH administrative offices on the second floor. The first floor access point would include offices for 7-10 staff to meet with homeless clients, as well as capacity to serve 30-50 clients who can use the showers, laundry, storage, and restroom facilities. The second floor of 440 Turk Street is proposed to be the administrative offices for 95 staff and three shared workstations. • The Board of Supervisors continued a resolution, declaring an emergency and authorizing the construction of the access point at 440 Turk Street, to the January 9, 2018 Board meeting. The City will purchase 440 Turk Street from the San Francisco Housing Authority once the emergency declaration has been resolved and the timing of the renovation of 440 Turk Street is known. 	
<p style="text-align: center;">Fiscal Impact</p>	
<ul style="list-style-type: none"> • The Department of Homelessness and Supportive Housing’s budget is \$1,718,000 for furniture, fixtures and equipment; the Budget and Legislative Analyst recommends a budget of \$1,309,775, which results in a General Fund savings of \$408,225. The proposed recommended reduction for computers and telephones assumes purchase of 100 new computers at \$1,300 each plus 118 telephones at \$200 each. The other proposed recommended reductions are based on actual recent costs for technology equipment, actual Public Works bid received for furnishings and equipment for 440 Turk Street, and recent City project costs for furniture, fixtures, and equipment for the Office of the Medical Examiner. 	
<p style="text-align: center;">Recommendation</p>	
<ul style="list-style-type: none"> • Reduce the requested release of \$1,700,000 on reserve by \$390,225 to \$1,309,775 and approve the release of \$1,309,775. 	

MANDATE STATEMENT

City Administrative Code Section 3.3(e) states that the Budget and Finance Committee of the Board of Supervisors has jurisdiction over the City's budget and may reserve proposed expenditures to be released at a later date, subject to Budget and Finance Committee approval.

BACKGROUND

In July 2016, the Board of Supervisors authorized the purchase of the building at 440 Turk Street from the San Francisco Housing Authority for \$5,000,000 to serve as an office building for the Department of Homelessness and Supportive Housing (HSH) (File 16-0652). The 440 Turk Street property includes 25,500 square feet of office space on two floors and limited use of 11,932 square feet of parking and storage¹.

The Board of Supervisors appropriated \$1,700,000 in HSH's FY 2017-18 budget to purchase furniture, fixtures, and equipment for 440 Turk Street, and placed these funds on Budget and Finance Committee Reserve pending a detailed plan for the purchase and renovation of 440 Turk Street, and submission of specific details for the purchase of furniture, fixtures, and equipment.

DETAILS OF PROPOSED LEGISLATION

The Department of Homelessness and Supportive Housing requests the release of \$1,700,000 in General Fund monies placed by the Board of Supervisors on Budget and Finance Committee Reserve in June 2017 pending a detailed plan for the purchase and renovation of 440 Turk Street, and submission of specific details for the purchase of furniture, fixtures, and equipment.

Use of 440 Turk Street

HSH proposes to use the 440 Turk Street property as both an access point for homeless persons on the first floor and as HSH administrative offices on the second floor.

According to Ms. Gigi Whitley, HSH Deputy Director for Administration and Finance, HSH will launch a new Coordinated Entry System to organize the City's Homelessness Response System to more efficiently prioritize and direct homeless clients to the appropriate intervention services and resources. The proposed new coordinated entry access point on the first floor at 440 Turk Street would allow people experiencing homelessness to receive coordinated entry and assessment, with referrals for shelter, housing, case management, medical attention and mental health services.

The first floor access point would include offices for 7-10 HSH staff to meet with homeless clients, as well as capacity to serve 30-50 clients who can use the showers, laundry, storage, and restroom facilities. HSH anticipates the first floor at 440 Turk Street would be open up to 12 hours a day, 7 days a week for assessment and referral. However, HSH advises they will finalize

¹ The 440 Turk Street property also includes a residential tower, above the two floors of office space, which would continue to be used for senior and disabled housing by the San Francisco Housing Authority.

the hours of operations as part of selecting a nonprofit provider to operate the access point services.

The second floor of 440 Turk Street is proposed to be the administrative offices for 95 HSH staff and three shared workstations. These HSH offices would be open 7am to 7pm, Monday through Friday. To accommodate all the HSH staff, seven Homeless Outreach staff will continue to be located at 50 Ivy Street and 2712 Mission Street and three Housing Access Team staff will continue to be located with the Human Services Agency (HSA) at 1235 Mission Street.

Purchase and Renovation of 440 Turk Street

The Board of Supervisors continued a resolution, declaring an emergency and authorizing the construction of the access point at 440 Turk Street pursuant to Administrative Code Section 6.60(d) (File 17-1157), to the January 9, 2018 Board meeting. According to Mr. John Updike, Director of Real Estate, the City will purchase 440 Turk Street from the San Francisco Housing Authority once the emergency declaration has been resolved and the timing of the renovation of 440 Turk Street is known.

If the Board approves the emergency declaration, Public Works will oversee the design, construction and management of the proposed renovations to 440 Turk Street on behalf of HSH. According to Mr. Edgar Lopez, Public Works Deputy Director, given the expedited timeframe allowed under emergency declarations, Public Works contacted Pankow Builders, a design-builder that Public Works has worked with in the past and knows can deliver the construction projects in a competent manner, especially within a short time frame. For example, Pankow Builders has previously been awarded City contracts based on being the low bidder for the Veterans Memorial Building seismic upgrade, construction of the new Public Safety Building and the current rebuild of Central Shops.

According to Mr. Lopez, Public Works is now negotiating with Pankow Builders based on these previous project costs. Under the proposed contract, Pankow Builders will act as the general contractor and competitively bid subcontractor trade packages (electrical, mechanical, painting, carpeting, etc.) to complete the tenant improvements. If approved, Public Works intends to enter into an agreement with Pankow Builders in January 2018, and to immediately commence construction.

Sources of Funds for Purchase and Renovation of 440 Turk Street

The budget for the purchase and renovation and 440 Turk Street, and for the purchase of furniture, fixture, and equipment is \$12,868,100. Sources of funds include Public Health General Obligation Bond proceeds and General Fund, as shown in Table 1 below.

Table 1: 440 Turk Street Purchase and Renovation Budget

Sources	
2016 Public Health General Obligation Bonds (previously appropriated)	\$4,850,000
Future Sale of Public Health General Obligation Bonds	2,225,000
General Fund Appropriation (File 17-1154)	4,093,100
General Fund Release of Reserves (File 17-1279)	<u>1,700,000</u>
Total Sources	\$12,868,100
Uses	
Purchase of 440 Turk Street	\$5,000,000
Renovation and Construction	6,168,100
Furniture, Fixtures and Equipment	<u>1,700,000</u>
Total Uses	\$12,868,100

General Obligation Bonds

Because the first floor of 440 Turk Street will be used as an access point for homeless individuals, Public Works determined that 55 percent of the purchase and renovation costs could be funded by proceeds from the Public Health General Obligation bonds. Previously appropriated bond proceeds (\$4,850,000) and proceeds from bonds proposed to be issued in 2018 (\$2,225,000) are eligible as a source of funds.

General Fund

The Board of Supervisors previously appropriated General Fund monies to fund a lease for HSH administrative offices on 9th Street. Because HSH will now occupy 440 Turk Street rather than 9th Street for administrative offices, the Department has requested re-appropriation of \$4,093,100 to fund the purchase and renovation of 440 Turk Street. An ordinance approving the re-appropriation of \$4,093,100 is pending before the Board of Supervisors (File 17-1154).

FISCAL IMPACT

The Board of Supervisors appropriated \$1,700,000 in HSH's FY 2017-18 budget and placed these funds on Budget and Finance Committee Reserve, pending details on the use of these funds for furniture, fixtures, and equipment for 440 Turk Street.

Table 2 below details HSH's budget of \$1,718,000 for furniture, fixtures and equipment, and the Budget and Legislative Analyst's proposed recommended budget of \$1,309,775, which results in a General Fund savings of \$408,225. The proposed recommended reduction for computers and telephones assumes purchase of 100 new computers at \$1,300 each plus 118 telephones at \$200 each. The other proposed recommended reductions are based on actual recent costs for technology equipment, actual Public Works bid received for furnishings and equipment for 440

Turk Street, and recent City project costs for furniture, fixtures, and equipment for the Office of the Medical Examiner.

Table 2: Furniture, Fixtures and Equipment Costs for 440 Turk Street

	Requested	Recommended	Savings
Workstations	\$413,000	\$413,000	\$0
Telephone / data wiring & installation	144,550	144,550	0
Computers and telephones	413,000	153,600	259,400
Commercial grade washers and dryers in laundry	50,000	50,000	0
Meeting rooms (with audio/visual)	120,000	95,000	25,000
Access Point furniture (with audio visual)	225,000	225,000	0
Server, data room racks, network equipment	200,000	150,000	50,000
Moving and relocation costs	55,200	30,000	25,200
Subtotal	\$1,620,750	\$1,261,150	\$359,600
Escalation (6%)	97,250	48,625	48,625
Total	\$1,718,000	\$1,309,775	\$408,225

However, given that only \$1,700,000 (not \$1,718,000) is currently on reserve for FF&E, the requested release of reserve should be reduced by \$390,225, and release the recommended \$1,309,775.

RECOMMENDATION

Reduce the requested release of \$1,700,000 on reserve by \$390,225 to \$1,309,775 and approve the release of \$1,309,775.

