

**CITY AND COUNTY OF SAN FRANCISCO**

**BOARD OF SUPERVISORS**

**BUDGET AND LEGISLATIVE ANALYST**

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June 5, 2023

**TO:** Budget and Finance Committee

**FROM:** Budget and Legislative Analyst



**SUBJECT:** June 9, 2023 Special Budget and Finance Committee Meeting

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<p><b>Item 1</b> <b>File 23-0541</b></p>	<p><b>Department:</b> Port Commission (Port)</p>
<p><b>EXECUTIVE SUMMARY</b></p>	
<p style="text-align: center;"><b>Legislative Objectives</b></p> <ul style="list-style-type: none"> <li>• The proposed resolution would approve a lease between the Port of San Francisco (Port) and the Young Men’s Christian Association of San Francisco (YMCA SF) for Building 49 at Pier 70 to develop a community wellness facility, a retail aquatics center and food and beverage space for a term of ten years with options to extend, for a total possible lease term of 34 years and 11 months.</li> </ul> <p style="text-align: center;"><b>Key Points</b></p> <ul style="list-style-type: none"> <li>• In 2021, the Port conducted a competitive Request for Proposals (RFP) process to select a partner to develop and operate Building 49 located within Crane Cove Park at 701 Illinois Street, which is currently vacant.</li> <li>• A five-member scoring panel including community leaders, experts from key disciplines, and Port staff conducted a review and scoring of the two proposals submitted and conducted oral interviews for the two applicants. YMCA SF scored higher than the other applicant, and the scoring panel recommended them to develop the property.</li> <li>• YMCA SF is solely responsible for required tenant improvements estimated to cost \$5.2 million. The Port will provide up to 11 months of rent abatement during the construction of tenant improvements, as the building is unusable until the improvements are complete.</li> <li>• YMCA SF will also perform seismic improvements and structural upgrades estimated to cost \$1.36 million within 24 months after the Port issues the building permit. The Port will share these additional structural improvement costs through rent credits equal to 50 percent of the actual costs of the seismic strengthening and structural improvement work or \$500,000, whichever is less.</li> </ul> <p style="text-align: center;"><b>Fiscal Impact</b></p> <ul style="list-style-type: none"> <li>• Over the initial 10-year lease term, the Port expects to receive \$288,827 in rent from YMCA SF, which is the base rent owed, net of the expected seismic credit and ongoing credit for maintenance of the publicly accessible restrooms. This does not include any percentage rent generated by gross revenues of for-profit subtenants, which would result in additional revenues to the Port if gross revenues sufficiently offset base rent allocated to each subtenant.</li> </ul> <p style="text-align: center;"><b>Recommendation</b></p> <ul style="list-style-type: none"> <li>• Approve the proposed resolution.</li> </ul>	

**MANDATE STATEMENT**

City Charter Section 9.118(c) states that any lease, modification, amendment, or termination of a lease that had an initial term of ten years or more, including options to extend, or that had anticipated revenues of \$1 million or more is subject to Board of Supervisors approval.

**BACKGROUND**

In 2021, the Port of San Francisco (“Port”) conducted a competitive Request for Proposals (“RFP”) process to select a partner to develop and operate Building 49 located within Crane Cove Park at 701 Illinois Street, which is currently vacant.

In Summer 2021, a five-member scoring panel including community leaders, experts from key disciplines, and Port staff conducted a review and scoring of the two proposals submitted and conducted oral interviews for the two applicants.<sup>1</sup> The Young Men’s Christian Association of San Francisco (YMCA SF) scored higher than the other applicant, and the scoring panel recommended them to develop the property. Building 49 includes a rentable building area of 6,817 square feet. Use of the adjacent outdoor space within Crane Park is covered through a separate license agreement, as discussed below.

**DETAILS OF PROPOSED LEGISLATION**

The proposed resolution would approve a lease between the Port and YMCA SF for Building 49 at Pier 70 to develop a community wellness facility, a retail aquatics center and food and beverage space for an initial term of ten years with four, five-year options to extend, and two, two-year options to extend, for a total possible lease term of 34 years and up to 11 months of construction. The proposed resolution would also approve a fee-waiver for a companion license agreement for use of the outdoor, adjacent space.

YMCA SF would be the primary tenant of the lease, with two subtenants. Dogpatch Paddle, a human-powered boating (such as stand-up paddle boards and kayaks) business and club, would occupy approximately 2,289 square feet of the water-facing east side of the facility and offer lessons, rentals, classes, youth programs, and a retail store. Daily Driver, a community-oriented,

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<sup>1</sup> The scoring panel included: a Bay Area Water Trail Planner, a Property Manager in the Port’s Real Estate & Development Division, the Director of Sustainable Design for an environmental consulting firm, a Port Advisory Group Member and Bayview Resident, and a Project Manager from the SF Office of Community Investment and Infrastructure. YMCA was the high scorer receiving 462/650 points compared to the other applicant (City Kayak) which received 347/650 points.

female-owned bagel business would be the second subtenant and would occupy 455 square feet of the space providing grab-and-go food and beverage service. Key lease terms are summarized in Exhibit 1 below.

#### *No-Fee License for Use of Outdoor Space*

The Port Commission will execute a separate non-exclusive, revocable license agreement with the YMCA SF that would grant access for use of the outdoor space in Crane Cove Park adjacent to Building 49 at no extra cost.

#### **Exhibit 1: Key Terms of Proposed Lease**

Premises	Building 49 including 6,817 rentable square feet (4,073 for YMCA community facility, 2,289 SF for aquatics center, and 455 square feet for food and beverage space)
Initial Term	10 Years, 11 months <sup>2</sup>
Options to Extend	Four 5-Year options, followed by two, 2-Year options to extend
Initial Base Rent	\$92,809.80 annual (\$7,734.15 monthly)
Rent per Square Foot	\$13.61/rentable square foot per year, or \$1.13/rentable square foot per month
Base Rent Adjustments	3% annual increase during initial term. Adjusted by CPI during extension term.
Percentage Rent	6% of gross revenues generated by each for-profit subtenant less the subtenant's share of the Base Rent, unless 6% of gross revenues falls below the subtenant's share of the Base Rent
Security Deposit	\$15,486
Required Tenant Improvements	Tenant is required to contribute at least \$5.0 million to the improvements of Building 49, not including the seismic improvements described below. Tenant is solely responsible for these improvements and costs and must complete the initial improvements within 24 months of final approval of the building permit for the initial improvements.

<sup>2</sup> The initial term expires 10 years after the rent commencement date. The Port will provide a maximum of 11 months of rent abatement during the construction of tenant improvements, as the building is unusable until the improvements are complete.

Seismic Improvements and Rent Credit	Tenant will perform seismic improvements and structural upgrades, estimated to cost approximately \$1.36 million within 24 months after the Port issues the building permit. The Port will share these costs through rent credits equal to the lesser of: (a) 50% of the actual costs of the seismic strengthening and structural improvement work, or (b) \$500,000. <sup>3</sup>
Construction Rent Abatement	Port will provide up to 11 months (330 days) of rent abatement during the construction of the Tenant Improvements.
Public Restrooms Rent Credit	Tenant shall receive a \$2,000 reduction in base rent each month (\$24,000 annually) in exchange for operating and maintaining the public restrooms, subject to an annual 3% escalation factor
Maintenance and Repair	Sole responsibility of the tenant
Connection to Existing Power Line	The Port will allow the Tenant to connect to the existing power line, currently provided to Building 49, if the Tenant does not install their own direct power line. Tenant will pay an annual capacity charge (\$16,361) plus actual costs charged by SFPUC (to be paid directly to SFPUC by Tenant) to supply the power, subject to an annual 3% escalation factor for any capacity charge aspect.

Source: Proposed Lease

### *Base Rent*

Under Section 23.30 of the Administrative Code, an appraisal of fair market rent is not required if rent is less than \$45 per square foot per year. According to Port staff, base rent of \$13.62 per square foot per year was determined based on the highest rate offered under a competitive solicitation, effectively setting the fair market rent. The base rent indirectly acknowledges the sizable contribution required by the Tenant to occupy (not less than \$5.0 million) according to Port staff. The Port will provide up to 11 months of rent abatement during the construction of tenant improvements, as the building is unusable until the improvements are complete. If the for-profit subtenants generate sufficient revenues, the Port will also receive a share of gross revenues (percentage rent), as described in Exhibit 1 above.

<sup>3</sup> The proposed lease states that the seismic rent credits would not exceed the *greater* of 50% of the actual costs of the seismic strengthening and structural improvement work or \$500,000, but Port staff report that this will be clarified in the final version to state rent credits will be equal to the *lesser* of the two amounts, i.e., the seismic rent credits will not exceed \$500,000.

*Tenant Improvements & Seismic Upgrades*

YMCA SF is solely responsible for required tenant improvements estimated to cost \$5.2 million as of April 2023, subject to escalations over time. Under the lease, the tenant improvements will include: 1) improvements to operate fitness and exercise areas, 2) infrastructure improvements to support the food and beverage retail, as well as the water sports retail shop, 3) electrical, HVAC, water and sewer facilities, and 4) improvements to the building's exterior. According to Port staff, construction is expected to begin in July 2023.

YMCA SF will also perform seismic improvements and structural upgrades estimated to cost \$1.36 million within 24 months after the Port issues the building permit. The Port will share these additional structural improvement costs through rent credits equal to the lesser of: (a) 50 percent of the actual costs of the seismic strengthening and structural improvement work, or (b) \$500,000.

*Changes from Proposal*

A memo from the Port Executive Director to the Port Commission dated April 21, 2023 highlighted three changes reflected in the proposed lease agreement that were not in the YMCA SF proposal, including: (1) the Seismic Rent Credit to partially offset the costs of seismic improvements that were unanticipated, (2) monthly rent credits to offset the costs of operating and maintaining the public restrooms, and (3) a 15 percent reduction to starting Base Rent in exchange for three percent annual escalation of base rent.

*Environmental Review*

On April 11, 2022, the San Francisco Planning Department issued a Determination of No Substantial Modification which found that the YMCA SF Building 49 project is within the scope of the project evaluated in the Eastern Neighborhoods EIR and the prior Community Plan Exemption (2015-001314ENV), and no additional environmental review is required.

**FISCAL IMPACT**

Over the initial 10-year lease term, the Port expects to receive \$288,827 in rent from YMCA SF, as shown in Exhibit 2 below. As shown below, the tenant is not expected to pay rent to the Port until the seventh year of the lease due to application of the Seismic Rent Credit. The Seismic Rent Credit is applied annually based on the amount of rent due to the Port until the full \$500,000 credit is applied. This does not include any percentage rent generated by gross revenues of for-profit subtenants, which would result in additional revenues to the Port if gross revenues sufficiently offset base rent allocated to each subtenant. According to Port staff, it is possible the Port could receive a percentage rent during the initial term, but it is difficult to estimate the amount at this time since the profits of the for-profit tenants are unknown.

**Exhibit 2: Annual Rent Paid by YMCA SF**

<b>Lease Year</b>	<b>Monthly Base Rent</b>	<b>Annual Base Rent</b>	<b>Annual Restroom Credit</b>	<b>Rent Before Seismic Rent Credit</b>	<b>Annual Seismic Rent Credit</b>	<b>Total Expected Rent to Port</b>
1	\$7,734	\$92,810	(\$24,000)	\$68,810	(\$68,810)	\$0
2	\$7,966	\$95,594	(\$24,720)	\$70,874	(\$70,874)	\$0
3	\$8,205	\$98,462	(\$25,462)	\$73,000	(\$73,000)	\$0
4	\$8,451	\$101,416	(\$26,225)	\$75,190	(\$75,190)	\$0
5	\$8,705	\$104,458	(\$27,012)	\$77,446	(\$77,446)	\$0
6	\$8,966	\$107,592	(\$27,823)	\$79,769	(\$79,769)	\$0
7	\$9,235	\$110,820	(\$28,657)	\$82,162	(\$54,910)	\$27,252
8	\$9,512	\$114,144	(\$29,517)	\$84,627		\$84,627
9	\$9,797	\$117,569	(\$30,402)	\$87,166		\$87,166
10	\$10,091	\$121,096	(\$31,315)	\$89,781		\$89,781
	<b>Total Rent Paid</b>	<b>\$1,063,960</b>	<b>(\$275,133)</b>	<b>\$788,827</b>	<b>(\$500,000)</b>	<b>\$288,827</b>

Source: Port

According to Port staff, lease revenues will be used to offset expenses incurred by the Port for operations and maintenance as an enterprise agency.

### RECOMMENDATION

Approve the proposed resolution.

<p><b>Item 4</b> <b>File 23-0597</b></p>	<p><b>Department:</b> Public Health</p>
<p><b>EXECUTIVE SUMMARY</b></p>	
<p style="text-align: center;"><b>Legislative Objectives</b></p> <ul style="list-style-type: none"> <li>The proposed resolution would approve the second amendment to the agreement between the Regents of the University of California and the Department of Public Health (DPH) for the provision of behavioral health services for children, youth, and families. The proposed amendment increases the agreement by \$10,233,499 for a total, not-to-exceed amount of \$20,098,073 and extends the term by four years from June 2023 through June 2027.</li> </ul> <p style="text-align: center;"><b>Key Points</b></p> <ul style="list-style-type: none"> <li>In July 2018, following an RFP process, DPH entered into an agreement with the Regents of the University of California to provide mental health services for San Francisco children, youth and families through the University of California San Francisco (UCSF) Children and Adolescent Services (CAS). The contract was for a not-to-exceed amount of \$6,471,862 through June 30, 2022. In July 2022, DPH approved a second amendment to the contract to extend the term by 12 months to June 30, 2023 and increase the not-to-exceed amount to \$9,864,574.</li> <li>Under the contract, CAS provides mental health outpatient treatment services to San Francisco children, youth, and families who have experienced trauma and/or who present with serious emotional or behavioral problems. Services can include individual and family therapy, group therapy, medication management, and education related mental health services.</li> <li>The contract also funds the Fuerte Program, which was included via a single source waiver approval. This is a UCSF designed program serving Latinx youth, ages 12-18, who arrived in the U.S. in the past five years and are enrolled in participating SFUSD schools. Program interventions include outreach and engagement; screening and assessment; service linkage; mental health consultation; and group therapeutic services.</li> </ul> <p style="text-align: center;"><b>Fiscal Impact</b></p> <ul style="list-style-type: none"> <li>Annually, the approximate \$2.4 million contract primarily funds salaries and benefits (84 percent) for both child, adolescent, and family mental health outpatient services as well as the Fuerte Program. Approximately 26 percent of funding is from federal sources; 33 percent from city sources, including City General Fund and workorders with departments; and the remaining 41 percent is funded through state sources.</li> </ul> <p style="text-align: center;"><b>Recommendations</b></p> <ul style="list-style-type: none"> <li>Amend the resolution to reduce the not to exceed amount by \$277,309 from \$20,098,073 to \$19,820,764 to remove FY 2022-23 contingency funds that are no longer needed and approve the proposed resolution as amended.</li> </ul>	



**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****UCSF Child and Adolescent Services**

In July 2018, the Department of Public Health (DPH) entered into an agreement with the Regents of the University of California to provide mental health services for San Francisco children, youth and families through the University of California San Francisco (UCSF) Children and Adolescent Services (CAS). The contract was for a not-to-exceed amount of \$6,471,862 through June 30, 2022. In July 2022, DPH approved a second amendment to the contract to extend the term by 12 months to June 30, 2023 and increase the not-to-exceed amount to \$9,864,574.

**Procurement**

DPH issued a Request for Proposals (RFP) 1-2017 in March 2017. The initial RFP was to procure services for mental health outpatient treatment services, including both individual or group therapies and interventions to support children and youth; and provide Educationally Related Mental Health Services (ERMHS). UCSF CAS was one of eighteen proposals for mental health outpatient treatment services/ERMHS without optional, specialized services. These 18 proposals were reviewed by a panel of six reviewers<sup>1</sup> and awarded points out of a total of 230. UCSF CAS scored 198.17 and was recommended for an award.

**Single Source Waiver for the Fuerte Program**

The Office of Contract Administration granted DPH a sole source waiver in March 2019 to procure services with UCSF for the Fuerte program, which is also included under this contract. The program was developed by UCSF and funded through Mental Health Services Act innovation funds. The waiver was updated in April 2023 to include that funding will be used for a randomized control trial to formally evaluate the impact of the program.

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<sup>1</sup> The reviewers included the Deputy Director of Children, Youth and Families and DPH; the Deputy Director at the San Francisco Department of Children, Youth and their Families, a Child and Adolescent Behavioral Health Program Manager from Contra Costa County Health Services; an SFUSD Supervisor of Psychological Services within the Special Education Services, an SFUSD Supervisor at the Office of Pupil Services, and a Consultant for the Human Services Agency.

**DETAILS OF PROPOSED LEGISLATION**

The proposed resolution would approve the second amendment to the agreement between the Regents of the University of California and DPH for behavioral health services for children, youth, and families. The proposed amendment increases the agreement by \$10,233,499 for a total, not-to-exceed amount of \$20,098,073 and extends the term by four years from June 2023 through June 2027 for a total term of nine years.

**Services***Mental Health Outpatient Treatment Services*

The UCSF's Children and Adolescent program provides assessment, treatment, advocacy, and referral services to San Francisco children, youth, and families who have experienced trauma and/or who present with serious emotional or behavioral problems by making available mental health services that are linguistically and culturally appropriate and evidence informed. Services can include individual and family therapy; group therapy; medication management; Educationally Related Mental Health Services in San Francisco Unified School District (SFUSD) schools; comprehensive psychological evaluation; eating disorder assessment and treatment; collaboration with Foster Care mental health services; training and consultation to systems like SFUSD and DPH that serve children and adolescents that have experienced trauma; and, development and implementation of the Family Mental Health Navigator program, which supports publicly-insured children and families who receive UCSF pediatric primary care and/or specialty mental health treatment at Zuckerberg San Francisco General Hospital (ZSFGH). Children, youth, and families primarily are referred to services through ZSFGH Pediatric Primary Care or other primary and specialty care providers and schools. The agreement provides services for 110 unduplicated clients per year.

*The Fuerte Program*

The Fuerte Program serves newcomer Latinx youth who arrived in the U.S. in the past five years, are between the ages of 12 and 18, and enrolled in participating SFUSD schools. Program interventions include outreach and engagement; screening and assessment; service linkage; mental health consultation; and group therapeutic services.

**Performance Monitoring**

The most recent performance monitoring of CAS and the Fuerte Program were conducted November 2022 and 2021, respectively, for FY 2020-21. Both were conducted as desk audits due to COVID. In addition, an overall monitoring report score for each category of the monitoring report was suspended for FY 2020-21 due to the impact of COVID to service delivery.<sup>2</sup> However,

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<sup>2</sup> DPH monitors contracted programs under four categories and applies an overall score to each category, based on the performance of the items measured within each category. These four categories include: Program Performance, Program Deliverables, Program Compliance and Client Satisfaction. Due to the Covid-19 pandemic, DPH suspended

according to the FY 2020-21 CAS monitoring report, UCSF met 75 percent of its contracted performance objectives and 44.4 percent of its contracted units of service targets while exceeding unduplicated client targets (CAS served 169 unduplicated clients compared to contracted level of 105 clients). The report states that the contractor did not meet unit of service targets due to staff turnover, staff disability leave (including COVID related leave), and challenges recruiting and filling vacancies. DPH reports that in FY 2021-22 CAS served 145 unduplicated clients and met 42.8 percent of its contracted units of service targets largely due to challenges hiring staff as well as decreases in patient engagement in mental health services consistent with national trends, particularly for patients being seen over telehealth. According to DPH staff, the contractor has filled one vacancy and made offers to fill two other positions. In addition, UCSF reports having a higher patient count in FY 2022-23.

The Fuerte Program was also not scored due to the COVID response. The desk audit found that the program met 100 percent of its contracted performance objectives and 198.5 percent of its contracted units of service target. According to DPH staff, in FY 2021-22 the Fuerte Program served 41 participants, which according to DPH was a low number reflecting employee recruitment challenges during COVID, limitations for trainees to be allowed to deliver on-site services, and decreases in patient engagement, consistent with national trends. DPH advises that these issues have been addressed in FY 2022-23 largely due to successful recruitment efforts and increased attendance rates.

DPH does not monitor the financial condition of UCSF.

## **FISCAL IMPACT**

The proposed Second Amendment would increase the not-to-exceed amount of the contract by \$10,233,499 for a total not to exceed \$20,098,073. Exhibit 1 below shows the sources and uses of the contract during the proposed extension (FY 2023-24 through FY 2026-27).

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overall scoring of each category, but continued to score or collect data pertaining to the items within each category unless the pandemic rendered the item moot, e.g., no data could be collected to measure the item.

**Exhibit 1: Sources and Uses of Contract Extension**

<b>Sources</b>	<b>FY 2023-24</b>	<b>FY 2024-25</b>	<b>FY 2025-26</b>	<b>FY 2026-27</b>	<b>Total</b>
Federal	\$591,878	\$591,878	\$591,878	\$591,878	\$2,367,512
State	954,034	954,034	954,034	954,034	3,816,136
City	692,952	692,952	692,952	692,952	2,771,808
Cost of Doing Business	164,478	260,612	360,591	464,569	1,250,250
<i>Subtotal</i>	<i>\$2,403,342</i>	<i>\$2,499,476</i>	<i>\$2,599,455</i>	<i>\$2,703,433</i>	<i>\$10,205,706</i>
Contingency (12%)	288,401	299,937	311,935	324,412	1,224,685
<b>Total Sources</b>	<b>\$2,691,743</b>	<b>\$2,799,413</b>	<b>\$2,911,390</b>	<b>\$3,027,845</b>	<b>\$11,430,391</b>
<b>Uses</b>	<b>FY 2023-24</b>	<b>FY 2024-25</b>	<b>FY 2025-26</b>	<b>FY 2026-27</b>	<b>Total</b>
Children & Adolescent Services	\$1,794,275	\$1,794,275	\$1,794,275	\$1,794,275	\$7,177,100
Fuerte Program	444,589	444,589	444,589	444,589	1,778,356
Cost of Doing Business	164,478	260,612	360,591	464,569	1,250,250
<i>Subtotal</i>	<i>\$2,403,342</i>	<i>\$2,499,476</i>	<i>\$2,599,455</i>	<i>\$2,703,433</i>	<i>\$10,205,706</i>
Contingency (12%)	288,401	299,937	311,935	324,412	1,224,685
<b>Total Uses</b>	<b>\$2,691,743</b>	<b>\$2,799,413</b>	<b>\$2,911,390</b>	<b>\$3,027,845</b>	<b>\$11,430,391</b>
Actual & Projected Expenditures thru FY 2022-23*					\$8,390,373
FY 2022-23 Contingency					277,309
<b>Total Not-to-Exceed</b>					<b>\$20,098,073</b>

Note: Numbers differ from Appendix B of the proposed amendment because the budget has shifted since introduction of the proposed resolution.

\*Actual expenditures for FY 2022-23 are projected.

Source: DPH

Annually, the approximately \$2.4 million contract primarily funds salaries and benefits (\$1.95 million or 84 percent) for both child, adolescent, and family mental health outpatient services as well as the Fuerte Program. The contract supports 12.0 full time equivalents (FTE) for Children and Adolescent Services and 3.68 FTE for the Fuerte program. The contract also includes a four percent Cost of Doing Business (CODB) increase built into the projected annual budget.

The total not to exceed amount includes \$277,309 for contingency in FY 2022-23, however, according to the Director of DPH's Business Office, this amount of contingency is not needed as the contract year is almost over. We recommend removing the \$277,309 from the total not-to-exceed amount for a revised contract not-to-exceed amount of \$19,820,764.

**Funding Sources**

The contract is funded through a mix of federal, state, and local revenue. Approximately 26 percent of funding is from federal sources; 33 percent from city sources, including City General Fund and workorders with departments; and the remaining 41 percent is funded through state sources, including Mental Health Services Act funding. The Fuerte Program is 100 percent funded through an MHS Innovation grant.

## RECOMMENDATIONS

1. Amend the resolution to reduce the not to exceed amount by \$277,309 from \$20,098,073 to \$19,820,764.
2. Approve the proposed resolution as amended.

<b>Item 5</b> <b>File 23-0598</b>	<b>Department:</b> Public Health
<b>EXECUTIVE SUMMARY</b>	
<p style="text-align: center;"><b>Legislative Objectives</b></p> <ul style="list-style-type: none"> <li>• The proposed resolution would retroactively approve the Second Amendment between the Regents of the University of California and the Department of Public Health (DPH) to increase the agreement by \$5,208,598 to a total not-to-exceed amount of \$14,647,481, and to extend the term of the grant agreement from December 31, 2022 to June 30, 2028 for a total term agreement of July 1, 2018 through June 30, 2028.</li> </ul> <p style="text-align: center;"><b>Key Points</b></p> <ul style="list-style-type: none"> <li>• DPH entered into this contract following one Request for Proposals and one Request for Qualifications. The contract was originally entered into beginning July 1, 2018 for a term through December 31, 2021 and then was amended to extend the term of the contract another year to December 31, 2022. UCSF's Infant Parent Program (IPP) is the service provider under the contract.</li> <li>• The contract is being retroactively approved as the most recent agreement expired December 31, 2022. According to DPH staff, UCSF raised concerns with the contracting language that delayed processing UCSF contracts. This has been resolved and DPH received the signed agreement on April 27, 2023.</li> <li>• The contract funds mental health services for infants, young children, and their families as well as training and support for early childhood programs. There are three primary programs funded through the contract: (1) Day Care Consultants, which provides mental health consultation and direct mental health services to children ages 0 to 5 in childcare programs, homeless shelters, substance abuse residential treatment and family resource centers in San Francisco; (2) the Spring Project, which provides mental health services to pregnant people and infants (pre and postnatal) and infants; and Psychotherapy Services, which offers home-based mental health services to children ages 0 to 5 and their caregivers.</li> </ul> <p style="text-align: center;"><b>Fiscal Impact</b></p> <ul style="list-style-type: none"> <li>• Annual contract costs are approximately \$2.3 million through FY 2023-24 but then decrease to \$0.9 million because the Day Care Consultants program will be transferred to the Department of Early Childhood in July 2024 and the Spring Project services will be re-procured.</li> <li>• Of the total not to exceed amount, approximately 14 percent is federal sources, 21 percent is state sources, and 65 percent is funded through city sources</li> </ul> <p style="text-align: center;"><b>Recommendation</b></p> <ul style="list-style-type: none"> <li>• Approve the proposed resolution.</li> </ul>	

**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**

This contract was entered into between the Regents of the University of California on behalf of the San Francisco Campus UC San Francisco General Hospital Clinical Practice Group and the Department of Public Health (DPH), to provide mental health related services for young children, parents, and families as well as training and support for programs. The contract was originally entered into beginning July 1, 2018 for a term through December 31, 2021 and then was amended to extend the term of the contract another year to December 31, 2022. The mental health services provided under this contract are supplied by the University of California San Francisco's (UCSF's) Infant Parent Program (IPP).

**Procurement**

DPH procured the mental health treatment services covered under this contract through a Request for Qualifications (RFQ) issued in 2018 and a Request for Proposals (RFP) issued in 2017.

RFP 1-2017 was issued in March 2017 to procure services for mental health outpatient treatment services, including both individual or group therapies and interventions to support children and youth; and provide Educationally Related Mental Health Services (ERMHS). The RFP also had options for proposers to also provide specialized mental health treatment services from three specific models/interventions.<sup>1</sup> There were 28 agencies that applied; seven of which also applied for the optional specialized services. UCSF IPP was one of eighteen proposals for mental health outpatient treatment services/ERMHS without optional, specialized services. These 18 proposals were reviewed by a panel of six reviewers<sup>2</sup> and awarded points out of a total of 230. UCSF IPP scored 213.17, which was ranked first out of these 18 proposals, and they were recommended for selection among a pool of 25 agencies.

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<sup>1</sup> The three specialized services included: (1) Success, Opportunity, Achievement, Resiliency (SOAR) Classroom Mental Health Services; (2) Classroom Educational Enrichment Program (CEEP); and (3) Therapeutic Behavioral Services (TBS).

<sup>2</sup> The reviewers included the Deputy Director of Children, Youth and Families and DPH; the Deputy Director at the San Francisco Department of Children, Youth and their Families, a Child and Adolescent Behavioral Health Program Manager from Contra Costa County Health Services; an SFUSD Supervisor of Psychological Services within the Special Education Services, an SFUSD Supervisor at the Office of Pupil Services, and a Consultant for the Human Services Agency.

Lastly, RFQ 16-2018 for Early Childhood Mental Health Consultation Initiative (ECMHCI) was issued by DPH in May 2018 to identify a list of pre-qualified consultants to (1) provide citywide high quality, evidence-informed consultation, early intervention, behavioral health treatment and training services to early care and education staff, young children, and their families City designated Preschool for All and Early Learning Scholarship Early Care and Education Center sites in San Francisco; (2) Participate in capacity building activities; and (3) provide early childhood mental health consultation services in five specialty service areas.<sup>3</sup> UCSF IPP was recommended for selection for both main consultation services as well as the specialized services based on application review by a panel of six reviewers as well as an interview conducted by five panelists.<sup>4</sup>

## DETAILS OF PROPOSED LEGISLATION

The proposed resolution retroactively approves the Second Amendment between the Regents of the University of California and DPH to increase the agreement by \$5,208,598 from \$9,438,883 to a total not-to-exceed amount of \$14,647,481, and to extend the term of the grant agreement from December 31, 2022 to June 30, 2028 for a total term agreement of July 1, 2018 through June 30, 2028. The contract is being retroactively approved as the most recent agreement expired December 31, 2022. According to DPH staff, UCSF raised concerns with the contracting language that delayed processing UCSF contracts.<sup>5</sup> This has been resolved and DPH received the signed agreement on April 27, 2023.

### Services

This contract funds mental health services for infants, young children, and their families. There are three primary programs funded through the contract: Day Care Consultants, Spring Project, and Psychotherapy Services.<sup>6</sup> These programs are described in greater detail below.

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<sup>3</sup> These specialty areas include: DPH Substance Use Disorder (SUD) Residential and Outpatient Treatment Programs; Domestic Violence and Family Shelter Sites; Family Child Care Quality Network (FCCQN) Licensed Family Child Care Homes; San Francisco Family Resource Center (FRC) Initiative sites; San Francisco Unified School District (SFUSD) Early Education Schools and Preschool Special Education Service sites.

<sup>4</sup> The application was reviewed by a staff person at the Office of Early Care and Education at HSA; the Lead Coordinator for Early Childhood Mental Health Consultation Initiative with DPH; The Executive Director of First Five San Francisco; the Chief of SFUSD's Early Education Department; a Senior Analyst with Our Children Our Families Council; and a Senior Data and Evaluation Analyst at DCYF. The Interview was conducted by a three of application reviewers in addition to a Deputy Director of DCYF and a Program Officer at First Five San Francisco.

<sup>5</sup> According to DPH, UCSF did not agree to the City's data sharing requirements on other contracts and therefore all UCSF contracts. Although the data sharing issue was not relevant for the proposed contract, it was nevertheless delayed.

<sup>6</sup> In year one of the contract (FY 2018-19) services included the Clinical Supervision Academy, which provided training and learning communities for DPH clinical supervisors on the impact of trauma and issues of power, privilege, and equity. In year two (FY 2019-20) services included Maternal, Child and Adolescent Health Clinical Supervision-Parent Training program. These two programs were only funded in those two years and will not be funded in future program years. Combined, these programs were \$36,998 of the contract's funding.



*Day Care Consultants*

The Day Care Consultants program provides mental health consultation and direct mental health services to children ages 0-5 in childcare programs, homeless shelters, substance abuse residential treatment and family resource centers in San Francisco. The Daycare Consultants program will support approximately 200 children and 430 staff across 32 childcare programs, eight family resource centers, six homeless shelters, and four residential substance abuse treatment centers. Program services include mental health consultation services for providers; early intervention and direct clinical services; and linkage, coordination, and case management for staff and families. These services and the associated funding will be transferred to the Department of Early Childhood beginning on July 1, 2024.<sup>7</sup> (2,464 clients per year)

*Spring Project*

The Spring Project serves high risk pregnant people and new parents from the transition from pregnancy to parenthood, providing direct mental health services and consultation. The program operates at the pre- and postnatal medical care clinics at Zuckerberg San Francisco General Hospital. The program targets participants of all ethnicities and populations with a focus on serving the Latinx community. The program serves approximately 35 pregnant people and 20 infants with early interventions, mental health, and consultation services. In addition, the program supports 15 health care professionals with consultation services. This project will be subject to a new DPH RFP for Early Childhood Mental Health Consultation Initiative that will begin on July 1, 2024. (60 clients per year)

*Psychotherapy Services*

The third component of services provided under the contract are home-based mental health services to children ages 0 to 5 and their caregivers with the goal of maintaining or restoring their child's development to a typical trajectory. These services target children age 3 or younger and their families or pregnant women who are low-income and have serious mental health needs affecting their child's development; children age 0-5 and their caregivers who reside or previously resided in a homeless shelter or transitional housing or a residential substance abuse treatment program with a diagnosable mental health problem; and children 0-5 who are enrolled in childcare or family resource centers receiving mental health consultation and are identified for direct treatment. (70 clients per year)

**Performance Monitoring**

The most recent performance monitoring for these services was conducted in November 2022 (Psychotherapy Services) and 2021 (Day Care Consultants and Spring Project), for FY 2020-21. All

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<sup>7</sup> Effective July 1, 2024, all of the funding for ECMHCI services delivered in childcare settings will be transferred to the Department of Early Childhood, representing all of the funding currently provided to DPH via workorder. The Department of Early Childhood will be conducting its own solicitation to continue programming. Of the total funding for ECMHCI services, approximately 15 percent of the funding is DPH funding. The DPH funding, or approximately \$255,000 will remain with DPH and will be part of a DPH solicitation to continue ECMHCI services in treatment sites, and shelters, which will remain the responsibility of DPH.

three were conducted as desk audits and not site visits. In addition, monitoring reports typically results in a composite score from 1 (unacceptable) – 4 (exceeds standards), but scoring was suspended for FY 2020-21 due to COVID. FY 2021-22 program monitoring is in progress, but DPH provided client counts based on billing for that year, as summarized below.

- The Day Care Consultants performance monitoring report indicates that in FY 2020-21 the program met its contracted objective and units of service targets. During this year, the program pivoted to telehealth services. In FY 2021-22, DPH reports that Day Care Consultants served 6,852 clients, and achieved their performance objectives.
- The Spring Project met 40 percent of its contracted performance objectives and 73.3 percent of its contracted units of services in FY 2020-21. In FY 2021-22, DPH reports that the Spring Project served 92 clients and 23 infants directly out of a contract target of 60 clients. The total number of clients who benefited due to consultation provided to their medical doctors was 934.
- Psychotherapy Services met 83.1 percent of its contracted performance objectives and 68.4 percent of its contracted units of service target in FY 2020-21. In FY 2021-22, DPH reports that this program served 59 clients out of a contracted 70 clients.

DPH does not monitor the financial condition of UCSF.

#### **FISCAL IMPACT**

The proposed Second Amendment would increase the contract's not-to-exceed amount by \$5,208,598 from a current amount of \$9,438,883 to a total not-to-exceed amount of \$14,647,481. Exhibit 1 provides a summary of sources and uses of funds.

**Exhibit 1: Estimated Sources and Uses of Funds**

<b>Sources</b>	<b>FY 2023-24</b>	<b>FY 2024-25</b>	<b>FY 2025-26</b>	<b>FY 2026-27</b>	<b>FY 2027-28</b>	<b>Total</b>
Federal	\$199,356	\$199,356	\$199,356	\$199,356	\$199,356	\$996,780
State	383,725	185,076	185,076	185,076	185,076	1,124,029
City	1,347,430	269,331	269,331	269,331	269,331	2,424,754
Cost of Doing Business	111,363	141,968	173,797	206,899	241,326	875,352
<i>Subtotal</i>	<i>\$2,041,874</i>	<i>\$795,731</i>	<i>\$827,560</i>	<i>\$860,662</i>	<i>\$895,089</i>	<i>\$5,420,915</i>
Contingency (12%)	245,025	95,488	99,307	103,279	107,411	650,510
<b>Total Sources</b>	<b>\$2,286,898</b>	<b>\$891,218</b>	<b>\$926,867</b>	<b>\$963,942</b>	<b>\$1,002,499</b>	<b>\$6,071,425</b>
<b>Uses</b>	<b>FY 2023-24</b>	<b>FY 2024-25</b>	<b>FY 2025-26</b>	<b>FY 2026-27</b>	<b>FY 2027-28</b>	<b>Total</b>
Day Care Consultants	\$1,222,378					\$1,222,378
Spring Project	82,373					82,373
Psychotherapy Services	625,760	653,763	653,763	653,763	653,763	3,240,812
Cost of Doing Business	111,363	141,968	173,797	206,899	241,326	875,352
<i>Subtotal</i>	<i>\$2,041,874</i>	<i>\$795,731</i>	<i>\$827,560</i>	<i>\$860,662</i>	<i>\$895,089</i>	<i>\$5,420,915</i>
Contingency (12%)	245,025	95,488	99,307	103,279	107,411	650,510
<b>Total Uses</b>	<b>\$2,286,898</b>	<b>\$891,218</b>	<b>\$926,867</b>	<b>\$963,942</b>	<b>\$1,002,499</b>	<b>\$6,071,425</b>
Actual & Projected Expenditures thru FY 2022-23						\$8,576,056
<b>Total Not-to-Exceed</b>						<b>\$14,647,481</b>

Source: DPH

Annual contract costs decrease after FY 2023-24 from \$2.3 million to \$0.9 million due to transfer of the Day Care Consultants program to DEC and re-procurement of the Spring Project service.

The contract is funded through a mix of federal, state, and local revenue. Of the total not to exceed amount, approximately 14 percent is federal sources, 21 percent is state sources, and 65 percent is funded through city sources, which includes General Fund, workorders and funding from the Human Services Agency, Department of Children Youth and their Families, and the Children First Commission with the Department of Early Childhood.

### RECOMMENDATION

Approve the proposed resolution.