

File No. 201363

Committee Item No. 5

Board Item No. _____

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Budget & Finance Committee

Date December 16, 2020

Board of Supervisors Meeting

Date _____

Cmte Board

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Completed by: Linda Wong

Date December 11, 2020

Completed by: Linda Wong

Date _____



San Francisco Department of Public Health

Grant Colfax, MD
Director of Health

City and County of San Francisco
London N. Breed
Mayor

December 8, 2020

Honorable Supervisor Sandra Fewer
Budget and Finance Committee Chair
Board of Supervisors
1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco, CA 94102

Linda Wong, Clerk
Board of Supervisors
1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco, CA 94102

RE: Release of Budget and Finance Committee Reserve

In accordance with the provisions of the Adopted Budget and Appropriation Ordinance 165-20 for the fiscal year ending June 30, 2021 and the fiscal year ending June 30, 2022, I am hereby requesting the release of the Budget and Finance Committee reserve in the amount of \$30,300,000 for FY 2020-21 appropriated for the implementation of key Behavioral Health initiatives to support the City's most vulnerable. These funds were placed on Committee reserve pending a detailed spending plan from the Department of Public Health.

The Adopted FY 2020-2021 and 2021-2022 Budget included Our City, Our Homes (Proposition C) funding in DPH's budget to support critical new Behavioral Health initiatives and the first phase of Mental Health SF, our re-envisioning of our Behavioral Health System of Care. Key initiatives include implementing and expanding the new Street Crisis Response Team, increasing treatment bed capacity, improving care coordination and expanding case management slots and expanding the hours of our Behavioral Health Access Center (BHAC) and Pharmacy at 1380 Howard to evenings and weekends to increase access to care and medications, including low threshold buprenorphine. The proposed spending plan for FY 2020-21 is attached to this request.

If you need any additional information to allow for the release of these reserves, please contact Jenny Louie, Acting Chief Financial Officer at jenny.louie@sfdph.org. Thank you in advance for your consideration.

Sincerely,

A handwritten signature in blue ink, appearing to read "Grant Colfax".

Grant Colfax, MD
Director of Health

DPH will go before the Board of Supervisors to request the release of reserve funding for FY2020-21 to begin implementation of these vital initiatives.

Principle	Initiative Title	FY 20-21
Meet people where they are	Establish Street Crisis Response Teams and Ensure Immediate Access to Urgent Care Services	7.2
Make it easier to access care	Expand Intensive Case Management and Care Coordination	4.2
	Provide 24/7 Access (and Transportation Services) to Assessment, Diagnosis, Medication Evaluation, Urgent Care Services and/or Referrals	9.8
Provide more locations for treatment and respite	Expand Mental Health and Substance Use Treatment Beds	4.0
Total Budget (including estimated twenty percent Operations & Implementation Support):		30.3

<p>Items 5 & 6 Files 20-1363 & 20-1378</p>	<p>Department: Public Health and Homelessness & Supportive Housing</p>
<p>EXECUTIVE SUMMARY</p>	
<p style="text-align: center;">Legislative Objectives</p> <ul style="list-style-type: none"> • <u>File 20-1363</u>: is a hearing to consider the release of \$30.3 million for the Department of Public Health (DPH) on Budget & Finance Committee Reserve. • <u>File 20-1378</u>: is a hearing to consider the release of \$64.2 million for the Department of Homelessness & Supportive Housing (HSH) on Budget & Finance Committee Reserve. <p style="text-align: center;">Key Points</p> <ul style="list-style-type: none"> • Proposition C, the Additional Business Tax to Fund Homeless Services, passed by 61 percent of voters in November 2018. The validity of the tax was subject to litigation, however that has been resolved in favor of the City. The resolution of the litigation allows for these monies to be spent, which have been collected but retained on Budget & Finance Committee Reserve, pending a spending plan. • Proposition C (November 2018) required the Board of Supervisors to establish the Our City, Our Home oversight committee to make recommendations to the Board and Mayor related to the use of these funds. The final recommendations for FY 2020-21 will be available on December 15, 2020. <p style="text-align: center;">Fiscal Impact</p> <ul style="list-style-type: none"> • The DPH \$30.3 million spending plan for FY 2020-21 includes: Street Crisis Response & Urgent Care (\$7.2 million), Intensive Case Management (\$4.2 million), Behavioral Health Center & Pharmacy 24/7 Access (\$9.8 million), Expanded Mental Health and Substance Use Treatment Beds (\$4 million), and administrative support (\$5.1 million). • The HSH \$64.2 million spending plan includes affordable housing subsidies, housing provider compensation, and additional HSH staffing (\$32.9 million), congregate shelter, Safe Sleeping Villages, and shelter provider compensation (\$25.9 million), and rental assistance and prevention provider compensation (\$5.5 million). • The DPH and HSH release of reserve requests total \$94.4 million of the \$393 million Proposition C (November 2018) funds on Budget & Finance Committee Reserve for FY 2020-21. If the proposed release of reserves is approved, \$68.1 for the DPH and \$231.1 million for HSH would remain on Budget & Finance Committee Reserve in FY 2020-21 and would be available for future appropriation for authorized purposes. • Going forward, the Controller projects Proposition C (November 2018) will provide approximately \$340 million annually starting in FY 2021-22. <p style="text-align: center;">Recommendation</p> <ul style="list-style-type: none"> • Approve both requests for release of funding from Budget & Finance Committee Reserve. 	

MANDATE STATEMENT

City Administrative Code Section 3.3(j) 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. The practice of the Board of Supervisors is for the Budget and Finance Committee to approve release of funds placed on reserve by the Committee, without further Board of Supervisors approval.

BACKGROUND

Proposition C (November 2018)

The California Constitution requires two-third voter approval for taxes imposed by a local jurisdiction for special purposes. The California Supreme Court in 2017 (*California Cannabis Coalition v. City of Upland*) ruled that the Constitution provision did not apply to citizen initiatives for the holding of special elections but did not specifically address voter approval requirements.

Proposition C, the Additional Business Tax to Fund Homeless Services, passed by 61 percent of voters in November 2018. The proposition levied a gross receipts tax of 0.175 to 0.69 percent on businesses earning over \$50 million in gross annual receipts. The measure also imposed a tax of 1.5 percent of payroll expenses for certain businesses earning over \$1 billion in gross annual receipts and with administrative offices in San Francisco. The measure designated at least 97 percent of the funding to be used towards homelessness services including permanent supportive housing, rental subsidies, homelessness prevention and other programs. The City may use up to 3 percent of the funds generated to administer the tax.

In June 2019, the San Francisco Superior Court ruled that Proposition C (June 2018) was correctly certified by City officials with 50 percent rather than two-third voter approval, which also applied to Proposition C (November 2018). The California First District Court of Appeals upheld the Superior Court ruling in June 2020, and the California Supreme Court subsequently declined to hear the appeal regarding the validity of the tax imposed by Proposition C (November 2018). The resolution of litigation related to Proposition C (November 2018) allows for the spending of those monies, which have been collected but retained on Controller's Reserve, pending the resolution of the litigation, as well as on Budget & Finance Committee Reserve, pending a spending plan.

Required Spending Allocations

The ordinance requires spending of Proposition C (November 2018) to be allocated among certain program categories:

- At least 50 percent on permanent housing
- At least 25 percent on mental health services for homeless individuals
- Up to 15 percent homeless prevention
- Up to 10 percent on homeless shelters and hygiene

In addition, up to 3 percent of the fund can be spent on administering the Homelessness Gross Receipts Tax. Costs to administer these programs may be included in the programming allocations listed above.

Our City Our Home Committee

Proposition C (November 2018) required the Board of Supervisors to establish the Our City, Our Home oversight committee to make recommendations to the Board and Mayor related to the use of Proposition C (November 2018) funds. The final recommendations for FY 2020-21 will be available on December 15, 2020.

DETAILS OF PROPOSED LEGISLATION

File 20-1363: is a hearing to consider the release of \$30.3 million for the Department of Public Health (DPH) on Budget & Finance Committee Reserve.

File 20-1378: is a hearing to consider the release of \$64.2 million for the Department of Homelessness & Supportive Housing (HSH) on Budget & Finance Committee Reserve.

The purposes of the spending requests are summarized below.

Public Health

Department of Public Health spending is allocated to the following services for homeless individuals:

- Street Crisis Response & Urgent Care (\$7.2 million): Establish six teams jointly with the Fire Department's Emergency Medical Services unit that provide 24/7 non-law enforcement response to behavioral health emergencies on the street and diverts individuals in crisis away from emergency rooms and criminal legal settings into behavioral health treatment. Establish telehealth program and implement and support fifteen additional urgent care beds.
- Intensive Case Management (\$4.2 million): Establish Mental Health SF Office of Coordinated Care with public outreach for services. Provide up to 375 additional case management slots, depending on level of care and client to provider ratios. Training for clinical staff related to clients experiencing homelessness. Create bed inventory system.
- Provide 24/7 Access to Care (\$9.8 million): Expand evening and weekend hours at the Behavioral Health Access Center and Behavioral Health Pharmacy, which provide assessment, triage, linkage services and benefits enrolment on a drop-in basis. The Behavioral Health Pharmacy services include access to low threshold buprenorphine and naloxone. In addition, \$8.5 million in onetime capital Pharmacy and capital improvements to meet increased demand and optimize patient flow at both programs.
- Expand Mental Health and Substance Use Treatment Beds (\$4 million): provide approximately 150 additional treatment beds in residential facilities, including psychiatric skilled nursing, locked subacute beds, adult residential treatment, and Drug Sobering, as recommended by the Departments' June 2020 Bed Optimization report.

- Administrative Support (\$5.1 million): The Department assumes administrative implementation and operating support, including services for real estate for site acquisition, development and maintenance, contracts and finance, human resources, as well as data analysts and information technology support to create data systems and dashboards to make data-informed decisions. The Department assumes these services support will cost approximately 20 percent of total service costs (which total \$25.2 million).

Homelessness & Supportive Housing

Department of Homelessness & Supportive Housing proposed spending is allocated among three programs: affordable housing, shelter and hygiene, and homelessness prevention. The adopted budget for HSH in FY 2020-21 includes \$295.6 million of Proposition C (November 2018) funds on Budget & Finance Committee Reserve. According to information provided by the Department, \$87.7 million of those reserved funds have defined uses in the adopted budget and the remaining \$207.4 million were not defined in the adopted budget. The Department is requesting release of \$64 million of the total appropriation of \$295.6 million as follows:

Affordable Housing

- Homekey PSH Services Costs (\$1.2 million): Fund services costs (estimated at \$550/unit/month) for two new permanent Supportive Housing sites at 1000 Sutter Street and 440 Geary Street. The Department notes that FY 2020-21 operating costs are being funded through a State Homekey grant that expires at the end of FY 2021-22. The FY 2020-21 budget included \$1,437,769 in Proposition C (November 2018) funds for operating and services costs for new permanent supportive housing funded to support the Homekey expansion.
- Adult Housing Subsidies (\$10.5 million): Provide 500 24-month housing subsidies for homeless adults staying in Shelter-in Place hotels (prorated for 6 months of the fiscal year) Rental subsidies includes workforce development and case management support.
- Flex Pool Expansion (\$12 million): Provide 600 two-year housing subsidies for seniors or persons who are vulnerable to complications related to COVID-19 (prorated for the fiscal year)
- Transition Age Youth (TAY) Rapid Rehousing (\$2.2 million): Provide 100 36-month housing subsidies with workforce development and case management support for persons under thirty years old (annual prorated cost)
- Housing Providers Compensation (\$6.5 million): Provide one-time compensation bonus for lower-wage frontline workers providing on-site services during COVID-19.
- HSH Operating Costs (\$0.4 million): The Board's Adopted FY20-21 Budget included \$1.4 million in temporary salaries to enable HSH to begin hiring for Proposition C (November 2018) expansion. HSH is requesting release of funds to bring on temporary staff (prorated for the remainder of the year) to help scale rehousing plan, including additional project and programmatic management (one 0931 Manager III and two 1824 Principal Analysts),

implement Proposition C (November 2018) as well as additional information technology staff (one 1054 IS Business Analyst and one 1070 IS Project Manager) to scale its ONE System, data warehouse and other data systems for reporting for rehousing tracking and public dashboards.

Shelter

- Emergency Shelter (\$5.9 million): The FY 2020-21 adopted budget included \$7.02 million in Proposition C (November 2018) funding for the Safe Sleeping program, a 200-bed emergency congregate shelter and an emergency Recreational Vehicle (RV) shelter-in-place site to respond to COVID-19. HSH is requesting \$5.9 million of this \$7.02 million appropriation to be released from reserve. The adopted budget included \$4.565 million in Proposition C (November 2018) funding in FY20-21 for a 145-tent Safe Sleep program.
- Safe Sleeping Villages (\$5 million): Extend Safe Sleeping Villages from April 2021 – June 2021. The Board’s adopted budget assumed Safe Sleeping sites for 145 tents in FY 2020-21. HSH is requesting funds to enable the Covid Command Center to extend five sites until at least the end of June 2021, and open a sixth site at an expanded capacity of a total of 265 tents (120 additional tent capacity).
- Shelter in Place Hotels (\$12.7 million): Funds \$12.7 million of the \$22.7 million estimated cost of HSH’s revised SIP Rehousing proposal, which would continue the program through November 2021, rather than ending June 2021.
- Shelter Providers Compensation (\$2.3 million): Provide one-time compensation bonus for lower-paid frontline workers providing onsite services during COVID-19

Prevention

- Problem Solving Plus with Rental Assistance (\$4.1 million): Provide short-term rental assistance and problem-solving flexible grants, up to \$15,000 per client for up to 250 clients staying temporarily in SIP hotels.
- Prevention Providers Compensation (\$1.3 million): Provide one-time compensation bonus for lower-paid frontline workers providing on-site services during COVID-19.

FISCAL IMPACT

Table 1 below shows the DPH and HSH requests to release funds from Budget & Finance Committee reserve in FY 2020-21. All spending is planned to occur in FY 2020-21.

Table 1: Requested Release of Reserve Amounts, FY 2020-21

Program	Amount
<u>Public Health</u>	
Street Crisis Response & Urgent Care	7,200,000
Intensive Case Management	4,200,000
Provide 24/7 Access to Care	9,800,000
Expand Mental Health and Substance Use Treatment Beds	4,000,000
Administrative Support	5,100,000
Subtotal, Public Health	30,300,000
<u>Homelessness & Supportive Housing</u>	
<i>Affordable Housing</i>	
Homekey PSH Services	1,245,000
Adult Housing Subsidies	10,500,000
Flex Pool Expansion (Seniors)	12,000,000
TAY Rapid Rehousing	2,200,000
Housing Providers Compensation	6,500,000
HSH Operating Costs	400,000
Subtotal, Affordable Housing	32,845,000
<i>Shelter</i>	
Emergency Shelter	5,900,000
Safe Sleeping Villages	5,000,000
Shelter in Place Hotels	12,700,000
Shelter Providers Compensation	2,300,000
Subtotal, Shelter	25,900,000
<i>Prevention</i>	
Problem Solving with Rental Assistance	4,125,000
Prevention Providers Compensation	1,330,000
Subtotal, Prevention	5,455,000
Subtotal, Homelessness & Supportive Housing	64,200,000
Total Release of Reserve Request	94,500,000

Source: DPH & HSH

As shown above, the DPH and HSH release of reserve requests total \$94.5 million. According to the FY 2020-21 and FY 2021-22 Annual Appropriation Ordinance, Proposition C (November 2018) funds on Budget & Finance Committee Reserve total \$393 million in FY 2020-21 and \$160.1 million in FY 2021-22. If the proposed release of reserves is approved, \$68.1 for the Department of Public Health and \$231.1 million for Department of Homelessness & Supportive Housing would remain on Budget & Finance Committee Reserve in FY 2020-21 and would be available for future appropriation for authorized purposes.

Proposition C (November 2018) collections total \$591 million, which includes \$394 million in FY 2020-21 and \$197 million in FY 2019-20. Going forward, the Controller projects Proposition C (November 2018) will provide approximately \$340 million annually starting in FY 2021-22.

RECOMMENDATION

Approve both requests for release funding from Budget & Finance Committee Reserve.



**PRESIDENT NORMAN YEE
BUDGET CHAIR SANDRA LEE FEWER**

MEMORANDUM

DATE: December 10, 2020

TO: Angela Calvillo, Clerk of the Board of Supervisors

FROM: President Norman Yee and Budget Chair Sandra Lee Fewer

CC: Honorable Members of the Board of Supervisors
Legislative Aides
Administrative Aides
Anne Pearson, Office of the City Attorney
Ben Rosenfield, City Controller
Budget & Legislative Analyst's Office
Mayor's Office
City Departments

SUBJECT: Special Budget and Finance Committee Meeting – Wednesday, December 16, 2020

Dear Madam Clerk:

It has come to our attention that there are several time-sensitive budgetary items that need action prior to the new year, including the release of funds from the Budget & Finance Committee reserve.

Pursuant to Administrative Code 2.8, there will be a Special Budget & Finance Committee meeting scheduled on Wednesday, December 16, 2020 at 10:00 A.M. to hear these matters. We appreciate the Budget & Finance Committee Members and Department staff for being available to fulfill this official business.

Below are the items that will be heard at this Special Budget & Finance Committee meeting:

- **201361** – Hearing - Release of Reserved Funds - Office of Early Care and Education - Economic Recovery - \$42,000,000
- **200876** - Home Detention Electronic Monitoring Program Rules and Regulations and Program Administrator's Evidence of Financial Responsibility - FY2020-2021

- **200933** - Contract Amendment - Cross Country Staffing, Inc. - Registry Services - Not to Exceed \$41,200,000
- **201260** - Fee and Tax Relief for Certain Businesses
- **201363** - Hearing - Release of Reserved Funds - Department of Public Health - Implementation of Key Behavioral Health Initiatives - \$30,300,000
- **201378** - Hearing - Release of Reserved Funds - Department of Homelessness and Supportive Housing - Implementation of Homelessness Recovery Plan - \$64,200,000

Thank you,



Supervisor Norman Yee
President, Board of Supervisors



Supervisor Sandra Lee Fewer
Chair, Budget and Finance Committee