

Item 3
File 11-0664

Department:
Department of Public Health (DPH)

EXECUTIVE SUMMARY

Legislative Objectives

- The proposed resolution would retroactively authorize a new five-year agreement between the Department of Public Health (DPH) and the San Francisco AIDS Foundation (SFAF) for rent subsidies and related services for people living with HIV/AIDS from July 1, 2011 through June 30, 2016.

Key Points

- The San Francisco AIDS Foundation (SFAF) was established in 1982 and provides a wide variety of HIV related services. The Department of Public Health (DPH) has contracted with the SFAF continuously since 1993 to provide services to People Living With HIV/AIDS (PLWH/A) including rental subsidies, case management and HIV prevention services.
- A two-year sole source agreement, for \$7,874,364 between DPH and SFAF to provide annual rental subsidies for very low income adults with disabling HIV/AIDS and supportive services such as case management information and referral recently expired on June 30, 2011. According Ms. Irene Carmona, DPH entered into a sole source agreement with SFAF to allow time for the Contracts Unit and Housing to solicit the services through a Request For Proposal (RFP) process and this agreement was not approved by the Board of Supervisors, because this initial two-year agreement did not exceed ten years or \$10,000,000.
- The proposed resolution would retroactively authorize a new five-year agreement between DPH and SFAF from July 1, 2011 through June 30, 2016 for a total of \$19,685,910. According to Jacquie Hale, on July 29, 2010, DPH issued a RFP and received only one Letter of Intent (LOI) from SFAF; because DPH only received the one LOI from SFAF, and SFAF was a current DPH vendor in good standing, DPH issued an Invitation to Negotiate to SFAF
- The proposed agreement includes one option to extend the term for a subsequent five years from July 1, 2016 through June 30, 2021, or a total term of ten years. The five-year option would be subject to separate, future approval by the Board of Supervisors.

Fiscal Impacts

- The proposed resolution would authorize DPH to enter into the subject five-year agreement at an estimated cost of \$19,685,910 to the City's General Fund.
- \$3,515,341 is budgeted each year for the SFAF Rental Subsidy and supportive services program, or a total of \$17,576,705. In addition, \$2,109,205 is included as a contingency amount that SFAF cannot use without approval by DPH and the Board of Supervisors of a modification to the agreement and is only to be used in the event funds become available to DPH to enhance the current services that are outlined in a contract; if no funds become available, the dollars are not encumbered and remain as a contingency amount only.

- The estimated average annual cost for the new 5-year agreement is \$3,937,182 (including contingency amounts), which is the same as the average annual cost under the recently expired two-year \$7,874,364 agreement.

Recommendation

- Approve the proposed resolution.

MANDATE STATEMENT AND BACKGROUND

Mandate Statement

In accordance with City Charter Section 9.118(a), the amendment of any contract or agreement which is anticipated to exceed \$1,000,000 in revenue is subject to Board of Supervisors approval.

Background

The San Francisco AIDS Foundation (SFAF), a non-profit organization, was established in 1982 and provides a wide variety of HIV related services. The San Francisco Department of Public Health (DPH) has contracted with the SFAF continuously since 1993 to provide services to People Living With HIV/AIDS (PLWH/A) and those at risk. SFAF provides services ranging from case management of rental subsidies to HIV prevention services.

According to Mr. Wolfgang Stüwe, Project Manager, Department of Public Health / Housing and Urban Health, the goal of the Rental Subsidy program is to provide monthly financial assistance in the form of rental subsidies to clients with disabling HIV or AIDS to help them search, obtain and maintain stable, safe, and affordable housing. The Rental Subsidy program targets very low income residents of San Francisco with a diagnosis of AIDS or disabling HIV, who are homeless or at risk of homelessness.

This specific SFAF agreement funds DPH's Rental Subsidy program for PLWH/A, that provides a variety of subsidies and services, depending on individual client needs and specific eligibility requirements. Clients in the program contribute 30 percent of the individual's or family's adjusted gross income. The subsidized rental amount provided from the program is the difference between the client's rent contribution and the client's actual rent, subject to a capped maximum Fair Market Rent which is determined by the U.S. Department of Housing and Urban Development. The client is responsible for the difference, if any between the maximum Fair Market Rent and the actual rent for his or her housing.

DPH entered into a two-year sole source \$7,874,364 agreement with SFAF effective July 1, 2009, which expired on June 30, 2011 to provide annual rental subsidies for very low income adults with disabling HIV/AIDS and supportive services such as case management information and referral. According Ms. Irene Carmona, Chief of Contracts Management Unit of DPH, DPH entered into a sole source agreement with SFAF to allow time to solicit the services through a

Request For Proposal (RFP) process. Ms. Carmona advises that this agreement was not approved by the Board of Supervisors, because this initial two-year agreement did not exceed ten years or \$10,000,000.

Competitive Process for Proposed Agreement

On July 29, 2010, DPH issued a Request for Proposal (RFP), and received only one Letter of Intent (LOI) from SFAF. According to Ms. Carmona, the RFP notice was (a) distributed to all individuals on the DPH RFP Outreach List and to the unions and (b) published on the DPH website and on the Purchaser/Office of Contract Administration website. According to Jacquie Hale, Director of Office of Contract Management and Compliance of DPH, because DPH only received the one LOI from SFAF to provide these services, and SFAF was a current DPH vendor in good standing, DPH issued an Invitation to Negotiate to SFAF to provide rental subsidies and supportive services for very low income adults with disabling HIV/AIDS under a new five-year agreement.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would approve a new five-year agreement between DPH and the San Francisco Aids Foundation, a non-profit organization, to fund DPH's Rental Subsidy Program for PLWH/A, to provide a variety of subsidies and services, depending on specific client needs and eligibility requirements.

The term of the new five-year agreement between DPH and SFAF would commence retroactively on July 1, 2011 through June 30, 2016. The proposed resolution includes an option to extend the term another five years from July 1, 2016 through June 30, 2021, or a total term of ten years. The five-year option would be subject to separate future Board of Supervisors approval.

Under the proposed agreement, the services that SFAF would provide, include but are not limited to:

- Timely monthly subsidy payments for 398 clients;
- A minimum of annual rent certifications or whenever income changes are reported;
- Housing Quality Inspections to ensure safe and sanitary living conditions before a subsidy will be issued;
- Verification of AIDS or Disabling HIV diagnosis;
- Collaboration with the AIDS Housing Waitlist;
- Reporting into the State of California AIDS Regional Information and Evaluation System (ARIES);

- Referral to Case Management and other services;
- Maintaining a Fictitious Business name¹ to ensure client confidentiality; and
- Assisting in Housing Searches for clients who are homeless.

FISCAL IMPACTS

The proposed resolution would authorize a new five-year agreement at an estimated cost of \$19,685,910 with an average annual cost of \$3,937,182 (including contingency amounts), to be fully funded by the City's General Fund. The \$3,937,182 average annual cost for the new 5-year agreement is the same as the average annual cost under the recently expired two-year \$7,874,364 agreement. According to Mr. Stüwe the services that would be provided under the proposed agreement are comparable to the services provided in the recently expired two-year agreement.

However, of the total \$19,685,910, an average of \$3,515,341 is actually budgeted each year for the program, totaling \$17,576,705. An additional \$2,109,205 is included as a contingency amount, for a total of \$19,685,910. According Ms. Carmona, this additional \$2,109,205 contingency is not to be used by SFAF as part of the annual allocation, without approval by DPH and the Board of Supervisors of a modification to the agreement. Ms. Carmona advises that the contingency is allocated to all DPH contracts and is generally set at 12 percent of the awarded funds. A contingency amount of \$2,109,205 is included that SFAF cannot use without approval by DPH and the Board of Supervisors of a modification to the agreement and is only to be used in the event funds become available to DPH to enhance the current services that are outlined in a contract; if no funds become available, the dollars are not encumbered and remain as a contingency amount only.

As shown in Table 1 below, DPH calculated the estimated annual cost of the agreement of \$3,515,314 by assuming that SFAF will provide a total of 145,270 resident days of housing for 398 clients. The Units of Service (UOS) commitment is based on (a) 40,150 resident days of subsidized rent for 110 shallow rental clients at a cost of \$12.54 a day, (b) 8,395 resident days for 23 partial rental clients at a cost of \$14.33 a day, and (c) 96,725 resident days of standard subsidized rent for 265 clients at a cost of \$29.89 a day.² The proposed subsidy calculations per month of subsidy per client for this agreement are based on historical income and subsidy payments made in previous agreement years.

¹ DPH advises that having SFAF maintain and use a Fictitious Business name ensures client confidentiality.

² **Shallow Rental Subsidy:** Provides monthly rental subsidies to HIV clients of San Francisco's Centers of Excellence, St. Mary's Medical Center, and clients aging out of Larkin Street Youth Services.

Partial Rental Subsidy: Provides monthly rental subsidies to people with disabling HIV or AIDS who are in stable housing but who are imminently homeless because 50 percent or more of their income is paid in rent.

Standard Rental Subsidy: Provides monthly rental subsidies to people with disabling HIV or AIDS.

Table 1: Annual Cost of Subsidy and Services

| | Number of Clients | Cost per Units of Service | Total Units of Service per Year | Total Expenses per Year |
|------------------------------------|--------------------------|----------------------------------|--|--------------------------------|
| Shallow Rental Clients | 110 | \$12.54 | 40,150 | \$2,891,507 |
| Partial Rental Clients | 23 | \$14.33 | 8,395 | \$503,498 |
| Standard Subsidized Rental Clients | 265 | \$29.89 | 96,725 | \$120,336 |
| Total | | | 145,270 | \$3,515,341 |

Under the proposed agreement, SFAF is to provide four case managers and 0.75 Triage Assistant positions for the 398 clients that will be served, such that each case manager will carry an average caseload of approximately 100 clients.

As noted above, the proposed resolution would approve the subject agreement between DPH and SFAF for a five-year term retroactive to July 1, 2011 through June 30, 2016. According to Ms. Jacquie Hale, Director of Office of Contract Management and Compliance, DPH submitted the proposed resolution to the Board of Supervisors on May 13, 2011 believing that would be adequate time to approve the agreement prior to July 1, 2011.

The proposed resolution includes an option to extend the term another five years from July 1, 2016 through June 30, 2021, or a total term of ten years. As previously noted, the five year option would be subject to separate, future Board of Supervisors approval.

RECOMMENDATION

Approve the proposed resolution.