

CITY AND COUNTY OF SAN FRANCISCO

BOARD OF SUPERVISORS

BUDGET AND LEGISLATIVE ANALYST

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TO: Budget and Finance Committee

FROM: Budget and Legislative Analyst



SUBJECT: January 25, 2023 Budget and Finance Committee Meeting

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<p>Item 1 File 22-0876</p>	<p>Departments: Children, Youth and Their Families Emergency Management Public Works Municipal Transportation Agency</p>
<p>EXECUTIVE SUMMARY</p>	
<p>Legislative Objectives</p> <ul style="list-style-type: none"> • The proposed ordinance appropriates \$370,174 as follows: (1) \$292,674 from District 7 General City Responsibility to the Department of Children, Youth, and their Families (\$128,000), Department of Emergency Management (\$50,000), and Department of Public Works (\$114,674) for District 7 Participatory Budgeting projects; and (2) \$77,500 from the San Francisco Municipal Transportation Agency to Vision Zero projects in District 7. <p>Key Points</p> <ul style="list-style-type: none"> • Participatory Budgeting is a process that gives community members the opportunity to provide input on how to spend a portion of the City budget. For FY 2022-23, District 7 residents were invited to submit project proposals prior to the April 15, 2022 deadline. <p>Fiscal Impact</p> <ul style="list-style-type: none"> • The proposed ordinance re-appropriates funding set-aside for District 7 participatory budgeting. <p>Recommendation</p> <ul style="list-style-type: none"> • Approve the proposed ordinance. 	

MANDATE STATEMENT

City Charter Section 9.105 states that amendments to the Annual Appropriations Ordinance, after the Controller certifies the availability of funds, are subject to Board of Supervisors approval by ordinance.

BACKGROUND

Participatory Budgeting is a process that gives community members the opportunity to provide input on how to spend a portion of the City budget. Supervisorial District 7 has participated in the participatory budgeting process in previous years with projects ranging in cost from \$5,000 to \$25,000.

For FY 2022-23, District 7 residents were invited to submit project proposals prior to the April 15, 2022 deadline. A Participatory Budget Community Review Committee evaluates the feasibility and strength of the proposals, and the highest scoring proposals are then placed on the ballot. 11 projects were on the ballot for FY 2022-23. District 7 residents aged 16 and up could vote online from June 13 through June 27, 2022 on which community projects to fund. Projects that receive a minimum of 400 votes are chosen to be awarded funding. In FY 2021-22, \$229,630 was re-allocated to projects as part of the District 7 Participatory Budgeting process (File 21-0936).

DETAILS OF PROPOSED LEGISLATION

The proposed ordinance appropriates \$370,174 as follows: (1) \$292,674 from District 7 General City Responsibility to the Department of Children, Youth, and their Families (\$128,000), Department of Emergency Management (\$50,000), and Department of Public Works (\$114,674) for District 7 Participatory Budgeting projects; and (2) \$77,500 from the San Francisco Municipal Transportation Agency to Vision Zero projects in District 7.

Exhibit 1 below shows a list of nine projects receiving grants.

Exhibit 1: Projects Awarded Grants

Project Name	Grant Award	Project Description
<i>Department of Children, Youth, and their Families (DCYF)</i>		
Sloat Community Sports Hub	\$25,000	Funding for a sports hub, which according to DCYF, is a space/place or a group of sports organizations that provide opportunities for youth to access sports-specific programming. These funds will support physical and sports activities at Commodore Sloat Elementary School. According to DCYF, the funds will be directly transferred to the San Francisco Unified School District (SFUSD) for implementation. DCYF states that all funds have been transferred, and services will benefit the entire school.
YMCA Teen Workforce Development Program	58,000	Funding for the IT Bookman Year-Round Program at Stonestown YMCA to support training teens to enter the workforce. According to DCYF, these funds will be allocated to Stonestown YMCA for program implementation. According to DCYF, this program includes six weeks of on-the-job training and a work placement within a youth development program (e.g. swim program, summer program). The program will serve 45 high school students.
Aptos Middle School Community Space, Garden and Emergency Hub	45,000	Funding for Aptos Middle School to create a space for communication and congregation for emergency preparedness. The funds will help support creating a community space, garden and emergency hub. According to DCYF, an emergency hub is a centralized location (Aptos Middle School in this case) where the community can gather and have access to emergency resources and services. DCYF states that these funds will be directly transferred to SFUSD for implementation. According to DCYF, the school has not identified a target number served since these funds have not been allocated yet.
<i>Department of Emergency Management (DEM)</i>		
Neighborhoods/Strong Block Program in District 7	50,000	Funding for Neighborhoods (neighborhood block parties) as part of the Strong Block Program ¹ , which uses block parties to establish a team of volunteers that can be activated during emergency, disaster and/or shelter-in-place events. According to DEM, the vendor to manage the program has not been selected as of this writing. After the proposed ordinance is approved, the department will conduct a Request for Qualifications (RFQ) to select the vendor for these funds. The vendor will then work with community members to finalize the scope of work, which includes determining the number of block parties to occur in FY 2022-23. The block parties will be held for the entire District 7. Vendor responsibilities include managing application and

¹ The Strong Block Program is part of the Neighborhood Empowerment Network, a program of the City Administrator's Office that aims to create and deploy tools and resources to build community resilience and engagement on emergency preparedness and management strategies.

		<p>permitting processes for the block parties, procuring and designing documents and supplies for the block parties, hosting trainings on disaster and emergency preparedness and managing the contract budget and invoices.</p>
<p>Department of Public Works (DPW)</p>		
Public Space Parklet on Monterey Business Corridor in Sunnyside	49,674	<p>Funding for sidewalk demolition, construction and planting for a new public space parklet on the Monterey Business Corridor in District 7's Sunnyside neighborhood. According to DPW, final cost estimates are not available because the scope of work has not been finalized yet (such as the bench style and planter sizing).</p>
Refuse Bins in Lakeside Village	50,000	<p>Funding to procure at least 15 city refuse cans with remaining funding available for maintenance and repair needs. According to the Department of Public Works (DPW), each Renaissance-style city can cost \$1,988 (\$1,218 for the unit, \$700 for additional doors and locks, \$15 for additional keys, and \$55 for additional liner with stencil), with installation costs by DPW's Sheet Metal Shop at \$949 per can. DPW states that locations are determined using Public Works' standard city can rubric (priority given to transit stops, schools, parks, libraries, and places of gathering), a geographic assessment of areas of need in the target neighborhood (Lakeside Village), 311 service request data, and community input as described and requested in the initial community application submitted to the District 7 office.</p>
Supplies for Monthly Volunteer Trash Pickup and Graffiti Cleanup in District 7	15,000	<p>Funding to procure additional trash bags, hand pickers, etc. for support of volunteer trash pickup and graffiti cleanup. According to DPW, the goal of this funding is to support volunteer cleaning efforts by providing them the tools they need to perform regular volunteer cleanups and offering supplies beyond Public Works' standard volunteer kit limits. While the extent of the funding is reliant on conditions and needs at the time of cleaning, DPW states that they anticipate community members will be able to gather weekly to volunteer their time and clean the public right-of-way in their neighborhood. The target location is within the West Portal commercial corridor. According to DPW, this funding and the volunteer efforts will supplement but not impact Public Works' baseline services, which include illegal dumping and litter collection as well as public graffiti abatement.</p>
<p>SF Municipal Transportation Agency (SFMTA)</p>		
Upgrade Intersection at Yerba Buena Ave and Miraloma Drive	37,500	<p>Funding to upgrade the intersection at Yerba Buena Ave and Miraloma Drive to increase safety of pedestrians and drivers, decrease the speed of vehicles and improve the flow of traffic. Improvements will include upgrades to southbound stop signs, a crosswalk and a redesign of the median island. In addition, the striping and pavement markings will be refreshed. Finally, SFMTA will conduct an assessment to determine if a Rectangular Rapid Flashing Beacon (RRFB) is suitable and feasible at the intersection. In addition, according to SFMTA, the assessment will</p>

		include evaluating the need for additional daylighting ² and red zones to improve visibility and the installation of the zones where warranted.
Installation of Pedestrian Refuge Island at Teresita Boulevard and Reposa Way	40,000	Funding to install a pedestrian refuge island at Teresita Boulevard and Reposa Way to prevent pedestrian accidents by aiming to increase the yielding of vehicles to pedestrians. Funding is for construction of a median island at the intersection and for MTA to conduct an analysis to determine the feasibility of placing a flashing beacon (RRFB) at the intersection. In addition, according to MTA, the assessment will include evaluating the need for additional daylighting and red zones to improve visibility and the installation of the zones where warranted.
Total	\$370,174	

Sources: DCYF, DEM, DPW, MTA

FISCAL IMPACT

The proposed ordinance would de-appropriate \$292,674 from District 7 General City Responsibility and \$77,500 from SFMTA and re-appropriate funds to DCYF, DEM, DPW and SFMTA, as shown in Exhibit 2 below.

Exhibit 2: Proposed Appropriation Uses for District 7

Uses	Project Amount	Department Total
Sloat Community Sports Hub	\$25,000	
Teen Workforce Development Program	58,000	
Community Space, Garden and Emergency Hub	45,000	
<i>Subtotal Department of Children, Youth, and their Families</i>		<i>\$128,000</i>
Promote Neighborhood Community Building and Resilience (Neighborhoodfests/Strong Block Program in District 7)	\$50,000	
<i>Subtotal Department of Emergency Management</i>		<i>\$50,000</i>
Public Space Parklet on Monterey Business Corridor in Sunnyside	\$49,674	
Additional Refuse Bins in Lakeside Village	50,000	
Supplies for Monthly Volunteer Trash Pickup and Graffiti Cleanup	15,000	
<i>Subtotal Department of Public Works</i>		<i>\$114,674</i>
Improved Traffic Flow and Pedestrian Safety at Yerba Buena Ave and Miraloma Drive	\$37,500	
Addition of Pedestrian Island at Teresita and Reposa	40,000	
<i>Subtotal Municipal Transportation Agency</i>		<i>\$77,500</i>
Total Uses		\$370,174

Source: Proposed Ordinance

² By converting the parking spaces immediately before a crosswalk into red zones a minimum of 10 feet long, daylighting increases the visibility of pedestrians crossing the street.

RECOMMENDATION

Approve the proposed ordinance.

<p>Item 5 File 22-1184</p>	<p>Department: Department of Public Health (DPH)</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 contract between DPH and Special Service for Groups, Inc for therapeutic and specialty mental health services, extending the term from June 30, 2023 through December 31, 2027 and increasing the not-to-exceed amount by \$21,757,478, for a total not to exceed \$31,730,191. <p style="text-align: center;">Key Points</p> <ul style="list-style-type: none"> • Special Service for Groups (SSG) proposed services under two competitive solicitations for mental health treatment services. SSG was one of 25 providers selected to provide outpatient programming in response to a Request for Proposal (RFP 1-2017) for Children, Youth and Family System of Care Mental Health Outpatient Treatment Services and Optional Specialized Mental Health Treatment Services. In addition, SSG was the only vendor that submitted a response in the category of Family Mosaic Project Occupational Therapy Assessment and Intervention Services and was selected under a Request for Qualifications (RFQ 13-2017) for Mental Health Treatment Support and Training Services. • In July 2018, DPH executed a contract with Special Service for Groups for therapeutic and specialty mental health services for an initial term of four years from July 1, 2018 through June 30, 2022 and an amount not to exceed \$8,083,604. In July 2022, DPH executed the first amendment to the contract and extended the term by one year through June 30, 2023 and increased the contract by \$1,889,109 for a total not to exceed amount of \$9,972,713. • Under the proposed amended contract, Special Service for Groups, Inc. would continue to provide the following programs: (1) Occupational Therapy Training Program (OTTP) – Outpatient, and (2) OTTP Family Mosaic Services. <p style="text-align: center;">Fiscal Impact</p> <ul style="list-style-type: none"> • The contract amount of \$9,972,713 is expected to be fully expended as of December 31, 2022 because the existing contract only included six months of funding for FY 2022-23. The proposed amendment includes the remaining six months of funding for FY 2022-23. • The proposed resolution would increase the not-to-exceed amount of the contract by \$21,757,478, for a total not to exceed \$31,730,191. However, because of a technical error, DPH has requested that the proposed total amount of \$31,730,191 be decreased by \$216,772 for a revised total amount of \$31,513,419. The total contract amount is funded approximately 31 percent by state sources, 42 percent by federal sources, and 27 percent by the City’s General Fund. <p style="text-align: center;">Recommendations</p> <ul style="list-style-type: none"> • Amend the proposed resolution to reduce the requested total not-to-exceed amount by \$216,772, from \$31,730,191 to \$31,513,419. • Approve the proposed resolution, as amended. 	

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

In March and September 2017, the Department of Public Health (DPH) issued the following competitive solicitations for mental health treatment services: (1) a Request for Proposal (RFP 1-2017) for Children, Youth and Family System of Care Mental Health Outpatient Treatment Services and Optional Specialized Mental Health Treatment Services in March 2017; and (2) a Request for Qualifications (RFQ 13-2017) for Mental Health Treatment Support and Training Services in September 2017.¹

Special Service for Groups (SSG), a non-profit, proposed services under the RFP 1-2017 for Children, Youth and Family System of Care Mental Health Outpatient Treatment Services and Optional Specialized Mental Health Treatment Services. Overall, SSG was one of 25 providers selected to provide outpatient programming in response to the RFP. An additional three providers that submitted proposals were not selected according to DPH staff.² This RFP specified the maximum term for the awarded contract may not exceed 10 years.

With a score of 94.2 out of 100 points possible in RFQ 13-2017 Mental Health Treatment Support and Training Services, Special Service for Groups ranked fourth out of 11 vendor submissions, and was the only vendor that submitted a response in the category of the Family Mosaic Project Occupational Therapy Assessment and Intervention Services service category. As such, SSG was awarded funding to provide this service. This solicitation specified a maximum term of five years for an awarded contract.

Existing Contract

On July 1, 2018, DPH executed a contract with Special Service for Groups for therapeutic and specialty mental health services for an initial term of four years from July 1, 2018 through June

¹ The evaluation panels consisted of (1) for RFP 1-2017: Maternal, Child and Adolescent Health Coordinator at DPH, a Mental Health Program Manager from Contra Costa County, a Family and Children Services Program Manager from Human Services Agency (HSA), a representative from the San Francisco Unified School District (SFUSD), a Deputy Director at DPH, a Deputy Director at DCYF, a Program Manager at Contra Costa County Health Services, a Supervisor in Special Education Services at SFUSD, a Supervisor in Pupil Services at SFUSD, and a consultant for HSA; (2) for RFQ 13-2017: a Program Director from DPH, a Senior Youth Services Analyst from DCYF, a Council Coordinator from SFUSD, a Program Manager from HSA, a Wellness Coordinator from SFUSD, and a Deputy Probation Officer from the Juvenile Probation Department.

² SSG proposed services specifically in Category 1 for a combined proposal for both Mental Health Outpatient and the specialized Success, Opportunity, Achievement and Resilience (SOAR) programming. Specific to the SOAR programming, SSG was one of seven qualified applicants, but not selected as one of the three vendors to enter into a SOAR programming contract at that time. As such, this contract only includes the Mental Health Outpatient services.

30, 2022 and an amount not to exceed \$8,083,604. On July 1, 2022, DPH executed the first amendment to the contract and extended the term by one year from July 1, 2022 through June 30, 2023 and added six-months of funding (\$1,889,109) for FY 2022-23 for a total not to exceed amount of \$9,972,713. DPH staff advised that this amendment was executed because in June 2022, DPH was informed that another outpatient services provider (Oakes Children's Center) was closing in July, and therefore the program funding was transferred to this contract with Special Service for Groups under the amended contract. Department staff advised that this allowed the transition of both the existing clients and staffing to continue uninterrupted services for those clients while the Department obtained necessary approvals for the proposed second amendment.³ Because the total contract amount was less than \$10 million and less than 10 years, the original contract and the first amendment did not require Board of Supervisors' approval.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would approve the second amendment to the contract between DPH and Special Service for Groups, Inc for therapeutic and specialty mental health services, extending from June 30, 2023, to December 31, 2027. The proposed resolution also increases the not-to-exceed amount by \$21,757,478, for a total not to exceed \$31,730,191, and authorizes DPH to enter into immaterial amendments to the contract.

Under the proposed amended contract, Special Service for Groups, Inc. would continue to provide the following services:

1. Occupational Therapy Training Program (OTTP) – Outpatient: this program services children and young adults with serious mental health diagnoses to improve their overall functioning in school, their homes and community. All youth are Medi-Cal recipients who need therapeutic services to address significant challenges with functioning. Services include individual and group psychotherapy, case management, and occupational therapy. This program serves 200 clients per year between the ages of five and 21 or up to age 22 if the client is also an Educationally Related Mental Health Services (ERMHS)⁴ client.
2. OTTP Family Mosaic Services: this program targets seriously emotionally disturbed adolescents between the ages of 12 and 21 years who are enrolled in the DPH Family Mosaic Program, which serves youth at risk for out of home placement. Services include occupational therapy assessment and individual and group interventions (such as mental health therapy) focusing on life skills, social skills, and vocational skills.

³ Success, Opportunity, Achievement, Resiliency (SOAR) classroom mental health services were also transferred to Special Service for Groups (under a separate contract) because they were the next highest qualified applicant from RFP1-2017 that was interested in expanding to incorporate these services.

⁴ ERMHS are mental health services for students who qualify for special education.

Special Service for Groups also provided Intensive Supervision & Clinical Services (ISCS)⁵ under the Occupational Therapy Training Program for the first year of the original contract term. However, this program ended in June 2019.⁶

Unduplicated Clients and Staffing

For the OTTP – Outpatient and OTTP Family Mosaic Services programs, DPH estimates that Special Service for Groups annually serves approximately 200 unduplicated clients. The contract funds approximately 25.00 full-time equivalent (FTE) employees for the OTTP Outpatient program, 2.83 FTE employees for the Family Mosaic Program, and 1.80 FTE for indirect administrative positions.

Fiscal and Performance Monitoring

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. During the pandemic, DPH suspended overall scoring of each category, but continued to collect data pertaining to the items within the category unless no data could be collected to measure the item. According to DPH, FY 2021-22 monitoring reports are in progress and have not yet been completed. DPH advises that annual monitoring occurs following the completion of the prior fiscal year.

Although not scored, the FY 2020-21 program monitoring report for the Special Service for Groups OTTP – Outpatient Services indicated that the program met 91.4 percent of its performance objectives and 107.5 percent of its contracted units of service targets, and no corrective action plans were identified. Of the seven performance objectives in the Program Performance category, all but one objective received the maximum points. The provider received a score of 2/Needs Improvement for a performance objective that requires 80 percent of clients to improve on at least 50 percent of their actionable items as measured by an assessment tool. In this case, 51 percent of the 73 clients enrolled in the program improved on at least 50 percent of their actionable items.

Although not scored, the FY 2020-21 program monitoring report for the Special Service for Groups OTTP Family Mosaic Services indicated that the program met 84.9 percent of its contracted units of service target and was exempt of contracted performance objectives.⁷ No corrective action plans were identified.

⁵ This program annually targeted 20 youth involved in the juvenile justice system and provided clinical case management, including mental health assessment and therapy to retain an individual in the least restrictive level of care.

⁶ A solicitation (DCYF 18-2023) was conducted in July 2017 by DCYF for these services. However, Special Service for Groups, an existing DPH provider for this ISCS service, was not selected by DCYF as the highest bidder to continue the program. As a result, this service was funded by a work-order from DCYF as six-month bridge funding to ensure the closure of the program was streamlined and that all client transitions occurred between January 1 through June 30, 2019.

⁷ According to DPH, treatment services for Family Mosaic Services clients are delivered and tracked by DPH's Family Mosaic Program (FMP) within Behavioral Health Services (BHS) Children Youth and Family (CYF) section. FMP is a State/Federal funded civil service program that provides case management and wrap around services to CYF clients,

The Department of Children, Youth, and their Families (DCYF) reviewed Special Service for Groups' financial documents as part of the FY 2021-22 Citywide Fiscal and Compliance Monitoring process and identified no findings.

FISCAL IMPACT

Actual Expenditures

According to DPH staff, the contract amount of \$9,972,713 is expected to be fully expended as of December 31, 2022 because the existing contract only included six months of funding for FY 2022-23. The proposed amendment includes the remaining six months of funding (\$1,884,579) for FY 2022-23 for a total annual budget of \$3,769,157. Actual expenditures and the proposed increase are shown in Exhibit 1 below.

Exhibit 1: Actual Expenditures and Proposed Increase to Contract Budget

Year	Existing Contract (Actuals through Dec 2022)	Proposed Increase	Total Proposed Amount	Annual Change	Percent Change
FY 2018-19	\$1,092,188		\$1,092,188		
FY 2019-20	1,880,701		1,880,701	788,513 ⁸	72%
FY 2020-21	2,252,084		2,252,084	371,383	20%
FY 2021-22	2,863,161		2,863,161	611,077	27%
FY 2022-23	1,884,579	1,884,579	3,769,157	905,996	32%
FY 2023-24		3,919,924	3,919,924	150,766	4%
FY 2024-25		3,644,993	3,644,993	(274,931) ⁹	-7%
FY 2025-26		3,790,793	3,790,793	145,800	4%
FY 2026-27		3,942,424	3,942,424	151,631	4%
7/1/27 – 12/31/27		2,050,061	2,050,061	157,698 ¹⁰	4%
Subtotal	\$9,972,713	\$19,232,774	\$29,205,487		
Contingency (12%)		2,307,933	2,307,933		
Total	\$9,972,713	\$21,540,706	\$31,513,419		

Source: DPH

Actual expenditures increased through FY 2020-21 while the program ramped up and began spending closer to its annual budget (\$2.2 million in FY 2020-21). Expenditures increased by an

and SSG provides occupational therapy services by contract to FMP clients. DPH reports that the FMP program recently finalized performance measures specific to the occupational therapy services delivered by SSG for FY 2022-23, and measures will be included in future monitoring reports.

⁸ While expenditures appear to have increased by \$788,513 (72%) in FY 2019-20 despite the end of the OTTP ISCS programming (with an annual budget of \$371,266) in June 2019, this is because the vendor was paid an additional \$602,131 in FY2018-19 under an interim contract that overlapped with the existing contract for the first six months of the term, thereby reducing expenditures reflected under this current contract. Expenditures shown in Exhibit 1 show spending on the programs across the interim and current contract.

⁹ Expenditures are projected to decline by \$274,931 due to the discontinuation of Family Mosaic Services, which had a budget of \$399,157 in the prior year.

¹⁰ Increase calculated based on annualized amount of \$4,100,122.

additional 27 percent in FY 2021-22 because the Outpatient contract was expanded by \$460,000 to accept more referrals from the San Francisco Unified School District and the Family Mosaic program was expanded by \$85,000 according to DPH staff.

Proposed Increase

The proposed second amendment would increase the not-to-exceed amount of the contract by \$21,757,478, for a total not-to-exceed \$31,730,191. However, because of a technical error, DPH has requested that the proposed total amount of \$31,730,191 be decreased by \$216,772 for a revised total amount of \$31,513,419.

As shown in Exhibit 1 above, the proposed FY 2022-23 budget of \$3,769,157 reflects an increase of \$905,996 (32 percent) from the prior year due to an increase of \$800,132 for the expansion of services to include former clients of Oakes Children's Center as well as a four percent Cost of Doing Business increase applied to each year of the contract extension. Funding for the Family Mosaic Services program will end in FY 2023-24 because the solicitation authority used to award this program, as well as the one-year extension, expire on June 30, 2024.¹¹ According to DPH, a new competitive solicitation will be issued for this program, and if Special Service for Groups is selected, the funding would be added to a new and separate contract.

Sources and Uses of Funds

The estimated annual sources and uses of funds by program for the proposed increase of \$21,540,706 are shown in Exhibit 2 below.

¹¹ The term provided by RFQ 13-2017 expires June 30, 2023. The amendment of Administrative Code 21.24 (File 22-0392 approved in May 2022 to allow short-term contract extensions because of the pandemic) allowed a one-year extension to June 30, 2024.

Exhibit 2: Proposed Estimated Annual Sources and Uses of Funds for Proposed Increase

Sources	1/1/23- 6/30/23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	7/1/27 – 12/31/27	Total
Federal MediCal	\$746,695	\$1,493,390	\$1,453,126	\$1,511,251	\$1,571,701	\$817,284	\$7,593,446
State MediCal Match	523,152	1,046,304	1,088,156	1,131,682	1,176,950	612,014	5,578,258
Federal Family Mosaic Program Capitation	67,250	134,500	0	0	0	0	201,750
State Mental Health Services Act	22,852	45,703	0	0	0	0	68,555
City General Fund MediCal Match	223,543	447,086	364,972	379,570	394,753	205,272	2,015,196
City General Fund	296,087	592,174	588,148	611,674	636,141	330,793	3,055,017
State Educationally Related Mental Health Services	5,000	10,000	10,400	10,816	11,249	5,849	53,314
CODB (4%) ¹²		150,766	140,192	145,800	151,632	78,848	667,238
<i>Subtotal</i>	<i>\$1,884,579</i>	<i>\$3,919,923</i>	<i>\$3,644,993</i>	<i>\$3,790,793</i>	<i>\$3,942,425</i>	<i>\$2,050,061</i>	<i>\$19,232,773</i>
Contingency (12%)	226,149	470,391	437,399	454,895	473,091	246,007	2,307,933
Total Sources	\$2,110,728	\$4,390,314	\$4,082,392	\$4,245,688	\$4,415,516	\$2,296,068	\$21,540,706

Uses	1/1/23- 6/30/23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	7/1/27 – 12/31/27	Total
OTTP Outpatient	\$1,638,269	\$3,370,001	\$3,504,801	\$3,644,993	\$3,790,793	\$1,971,212	\$17,920,068
Family Mosaic Services	194,044	399,157	0	0	0	0	593,201
CODB (4%)	52,267	150,766	140,192	145,800	151,632	78,848	719,505
<i>Subtotal</i>	<i>\$1,884,579</i>	<i>\$3,919,924</i>	<i>\$3,644,993</i>	<i>\$3,790,793</i>	<i>\$3,942,424</i>	<i>\$2,050,061</i>	<i>\$19,232,773</i>
Contingency (12%)	226,149	470,391	437,399	454,895	473,091	246,007	2,307,933
Total Uses	\$2,110,728	\$4,390,315	\$4,082,392	\$4,245,688	\$4,415,515	\$2,296,068	\$21,540,706

Source: DPH

A 12 percent contingency is included in all DPH contracts to account for escalation, new programs, and/or expansions of existing programs. According to DPH, the total contract amount is funded approximately 31 percent by state sources, 42 percent by federal sources, and 27 percent by the City's General Fund.¹³

RECOMMENDATIONS

1. Amend the proposed resolution to reduce the requested total not-to-exceed amount by \$216,772, from \$31,730,191 to \$31,513,419.
2. Approve the proposed resolution, as amended.

¹² According to DPH, the CODB percentage (4 percent) is calculated against eligible funding sources, which is primarily non-grants. DPH states that the CODB is based on the percentage (4 percent) allocated by the Mayor and Board of Supervisor for FY 2022-23.

¹³ This includes the General Fund Match to MediCal, Non-Matching General Fund, DCYF Workorder, and the projected 4 percent CODB increase each year as of FY 2023-24.

Item 6 File 22-1185	Department: Department of Public Health (DPH)
EXECUTIVE SUMMARY	
<p style="text-align: center;">Legislative Objectives</p> <ul style="list-style-type: none"> • The proposed resolution would retroactively approve Amendment No. 2 to the behavioral health services contract between the Department of Public Health (DPH) and Progress Foundation, extending the term by five years through December 2027, and increasing the not-to-exceed amount by \$127,324,481, for a total not to exceed \$221,847,999. <p style="text-align: center;">Key Points</p> <ul style="list-style-type: none"> • In 2018, following a Request for Proposals (RFP) process, DPH awarded a behavioral health services contract to Progress Foundation for a term of six months and an amount not to exceed \$9,645,691. In December 2018, the Board of Supervisors approved Amendment No. 1 to the contract, extending the term by four years through December 2022, and increasing the not-to-exceed amount by \$84,877,827, for a total not to exceed \$94,523,518. • Under the contract, Progress Foundation provides the following services: (1) Acute Diversion Units; (2) Transitional Residential Treatment Programs; (3) Seniors Programs; (4) Supported Living Programs; and (5) Dore Urgent Care Clinic. Between the five programs, DPH estimates that Progress Foundation annually serves approximately 1,541 unduplicated clients. DPH's FY 2020-21 program monitoring for Progress Foundation indicated that each program generally met its performance objectives and contracted units of service, and no corrective action plans were identified. Fiscal monitoring of the contractor in FY 2020-21 had no significant findings. <p style="text-align: center;">Fiscal Impact</p> <ul style="list-style-type: none"> • The proposed Amendment No. 2 would increase the not-to-exceed amount of the contract by \$127,324,481, for a total not to exceed \$221,847,999. A 12 percent contingency is included to account for escalation, new programs, and/or expansions of existing programs. • The contract is funded approximately 35 percent by federal sources, 28 percent by state sources, and 37 percent by the City's General Fund. <p style="text-align: center;">Recommendations</p> <ul style="list-style-type: none"> • Amend the proposed resolution to state that approval is retroactive. • Approve the resolution as amended. 	

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

In 2017, the Department of Public Health (DPH) issued Requests for Proposals (RFPs) for mental health residential treatment programs and mental health outpatient programs for adults and older adults. Based on the RFPs, DPH awarded a contract to Progress Foundation. The RFPs specified that the contract may be extended for a total term not to exceed 10 years. In July 2018, DPH executed a contract with Progress Foundation for a term of six months, from July 2018 through December 2018, and an amount not to exceed \$9,645,691. In December 2018, the Board of Supervisors approved Amendment No. 1 to the contract, extending the term by four years through December 2022, and increasing the not-to-exceed amount by \$84,877,827, for a total not to exceed \$94,523,518 (File 18-1075). The budget for the amended contract included \$1.8 million to staff a new residential treatment facility, but the program was not started because the Progress Foundation was not able to purchase a site for the program. After Board approval, the Department added a transitional aged youth supportive living program, described below.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would approve Amendment No. 2 to the behavioral health services contract between DPH and the Progress Foundation, extending the term by five years through December 2027, and increasing the not-to-exceed amount by \$127,324,481, for a total not to exceed \$221,847,999. The proposed resolution would also authorize DPH to enter into immaterial amendments to the contract. As the proposed Amendment No. 2 would take effect January 1, 2023, the Budget and Legislative Analyst recommends amending the proposed resolution to state that approval is retroactive.

Under the contract, Progress Foundation provides the following services:

1. Acute Diversion Units (584 clients): A 24-hour non-institutional alternative to hospitalization providing acute psychiatric residential treatment to adult patients with the goal to reduce the utilization of acute psychiatric inpatient beds. Services are provided at the La Posada, Avenues, Shrader, and Dore Residence facilities. Clients are typically referred by Dore Urgent Care and other psychiatric inpatient crisis providers and typically stay for two weeks.¹
2. Transitional Residential Treatment Programs (159 clients): A diversion program and alternative to institutional placement with the goal of maximizing individuals' efforts to

¹ The La Posada facility (810 Capp) focuses on Spanish-speaking clients and the Avenues (1443 7th Avenue) and Shrader (50 Shrader) facilities focus on clients with mobility disabilities.

achieve self-sufficiency through the rehabilitation and recovery process from mental health and substance abuse disorders. Services are provided at the La Amistad, Cortland House, Progress House, Clay Street, Dorine Loso House, and Ashbury House facilities. Clients are treated for 3-12 months, depending on the program.

3. Seniors Programs (30 clients): Applies the TRTP methods to the senior population. Services are provided at the Rypins House and Carroll House facilities.
4. Supported Living Programs (98 clients): Counseling and residential program to assist adult clients who have completed TRTP or are supported by Transitional Aged Youth (TAY) case management, but are unable to live fully independently. There are adult-specific housing units and TAY specific housing units in the program. Clients typically remain within the program for two years.
5. Dore Urgent Care Clinic (670 clients): Provides the capacity to intervene early in an escalating psychiatric crisis and provides assessment and triage in a community-based setting, with crisis residential beds available. Clients are referred from Psychiatric Emergency Services and are treated for up to 23 hours, after which they are referred to an Acute Diversion Unit.

Between the five programs, DPH estimates that Progress Foundation annually serves approximately 1,541 unduplicated clients.² The contract funds approximately 208.55 full-time equivalent (FTE) employees, including indirect administrative positions.³

Performance Monitoring

Consistent with the Controller's Office guidance, DPH suspended scoring of contractors' performance due to the COVID-19 pandemic. Although not scored, the FY 2020-21 program monitoring reports indicated that each Progress Foundation program generally met its performance objectives and contracted units of service, and no corrective action plans were required. According to Michelle Ruggels, DPH Business Office Director, monitoring reports for FY 2021-22 are in progress but have not yet been completed.

Progress Foundation was granted a waiver from the Citywide Fiscal and Compliance Monitoring program in FY 2021-22. The waiver was granted in part due to there being no significant findings in the previous year's report.⁴ In December 2022, the DPH Business Office, Office of Contract

² The proposed agreement includes a budget for the Progress Foundation and includes estimated unduplicated client counts for each program. However, some clients may utilize multiple programs, so the total number of unduplicated clients is unknown and may be lower.

³ Approximately 197 FTE employees are directly funded by the various programs in the contract. According to the existing Amendment No. 1, approximately 11.55 FTE employees are funded through indirect costs. The proposed Amendment No. 2 contract budget does not provide a breakdown of indirect costs, but according to Director Ruggels, it remains consistent with Amendment No. 1.

⁴ Participating departments may grant a one-year waiver from Citywide Fiscal and Compliance Monitoring if the contractor had no significant findings the prior year, no major areas of concern identified by funding departments, no Executive Director and/or CFO turnover in the past year, at least two years of City funding, a site visit within the last four years, and does not receive funding from a source that mandates site visits.

Compliance reviewed Progress Foundation's financial statements between June 2015 and June 2021 and determined that the agency was low risk.

FISCAL IMPACT

The proposed Amendment No. 2 would increase the not-to-exceed amount of the Progress Foundation contract by \$127,324,481, for a total not to exceed \$221,847,999. The actual and projected contract expenditures by year are shown in Exhibit 1 below.

Exhibit 1: Actual and Projected Contract Sources and Uses by Year

Sources	Amount
Federal Sources (Medicaid)	\$71,829,550
State Sources	58,554,071
General Fund	72,302,720
TAY Baseline (General Fund Set-Aside)	3,848,691
<i>Subtotal</i>	<i>\$206,535,032</i>
Contingency (12% of Projected Expenditures)	15,312,967
Total Sources	\$221,847,999
Expenditures	
FY 2018-19 (Actual)	\$18,437,256
FY 2019-20 (Actual)	19,491,632
FY 2020-21 (Actual) ⁵	20,150,617
FY 2021-22 (Actual)	20,847,462
<i>Subtotal, Actual Expenditures</i>	<i>\$78,926,967</i>
FY 2022-23 (Projected)	21,669,721
FY 2023-24 (Projected)	22,319,813
FY 2024-25 (Projected)	22,989,407
FY 2025-26 (Projected)	23,679,089
FY 2026-27 (Projected)	24,389,462
FY 2027-28 (6 Months, Projected)	12,560,573
<i>Subtotal, Projected Expenditures</i>	<i>\$127,608,065</i>
Contingency (12% of Projected Expenditures)	15,312,967
Total Not-to-Exceed	\$221,847,999
<i>Less Existing Not-to-Exceed</i>	<i>94,523,518</i>
Proposed Increase	\$127,324,481

Source: DPH

A 12 percent (of projected expenditures from FY 2022-23 through FY 2027-28) contingency is included to account for escalation, new programs, and/or expansions of existing programs. The contract is funded approximately 35 percent by federal sources, 28 percent by state sources, and

⁵ FY 2020-21 expenditures include a one-time cost of doing business payment of \$643,711.

37 percent by the City's General Fund. The contract accounts for three percent annual escalation within each program and includes a cost of doing business.

Exhibit 2 below shows the budget for each program in FY 2022-23.

Exhibit 2: FY 2022-23 Program Costs

Acute Diversion Units	6,431,386
Transitional Residential Treatment Programs	7,080,864
Seniors Programs	1,510,418
Supported Living Programs	1,385,272
Dore Urgent Care Clinic	4,446,066
Cost of Doing Business Increase	815,715
Total	21,669,721

Source: DPH

Appendix B of the proposed amendment details a budget for each program which totals \$21,219,464. DPH has updated the program costs and included a cost of doing business increase since the drafting of the amendment, which are shown in Exhibit 2 above. Updated program costs total \$21,669,721 and form the basis for proposed resolution's not to exceed amount.

RECOMMENDATIONS

1. Amend the proposed resolution to state that approval is retroactive.
2. Approve the resolution as amended.

Item 7 File 22-1194	Department: Public Health (DPH)
EXECUTIVE SUMMARY	
<p>Legislative Objectives</p> <ul style="list-style-type: none"> • The proposed resolution would approve a new contract agreement between San Francisco AIDS Foundation and the Department of Public Health (DPH) to provide Health Access Point (HAP) services and integrated HIV, Hepatitis C (HCV), and sexually transmitted diseases (STD) prevention programs in an amount not to exceed \$11,886,595 for a total initial contract term of three- and one-half years from January 1, 2023, through June 30, 2026. The contract allows for seven one-year options to extend from July 1, 2026, through December 31, 2032. <p>Key Points</p> <ul style="list-style-type: none"> • In response to findings from a planning process to improve programs and services, DPH developed a framework called a “Health Access Point” (HAP). A HAP integrates various services to address HIV, HCV, and STDs including testing, treatment for substance abuse and mental health conditions, counseling, support groups, housing and employment support, and prevention information and education. • Through a Request for Proposals (RFP) process issued on September 12, 2019, the San Francisco AIDS Foundation was selected by DPH to provide HAP services for men who have sex with men (MSM), with a focus on gay men. The AIDS Foundation will also provide lab testing and capacity building for other HAPs. <p>Fiscal Impact</p> <ul style="list-style-type: none"> • The annual program budget for all services is \$3.0 million, or \$10,613,031 over three and a half years. The budget is funded almost entirely by the General Fund, excluding \$5,000 of Centers for Disease Control and Prevention (CDC) funding allocated in year one of the agreement. <p>Recommendations</p> <ul style="list-style-type: none"> • Amend the proposed resolution to state that approval of the contract is retroactive. • Approve the proposed resolution, as amended. 	

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

In Fall 2017, the San Francisco Department of Public Health (DPH) initiated the “HIV/HCV/STD Roadmap,” a planning process to improve programs and services related to HIV, hepatitis C (HCV), and sexually transmitted diseases (STDs) in San Francisco. DPH gathered input from staff and community stakeholders to identify approaches for future care and prevention services. In January 2019, DPH published a report on the “Roadmap” suggesting a need for an increased focus on person-centered integrated services in the City to help the City achieve its goals of (a) getting to zero new HIV infections, (b) eliminating HCV, (c) reversing the trend of increasing STD rates, and (d) eliminating racial disparities in health outcomes.

In response to these findings, DPH developed a framework called a “Health Access Point” (HAP) which integrates various services to address HIV, HCV, and STDs including testing, treatment for substance abuse and mental health conditions, counseling, support groups, housing and employment support, and prevention information and education. DPH defines a HAP as a “population specific, one-stop shop or network of agencies/programs with a lead agency that provides equity-focused, stigma-free, and low barrier access to person-centered, standard of care services regardless of HIV, HCV, or STD status.”

Procurement

Through a Request for Proposals (RFP) process issued on September 12, 2019, the San Francisco AIDS Foundation was selected by DPH Community Health Equity and Promotion Branch (CHEP) Program to provide HAP services and integrated HIV, HCV, and STD prevention for affected communities. According to DPH, this RFP was a new service model that integrated services instead of creating service silos. Although the RFP was issued in September 2019, COVID delayed the implementation of this new program.

The RFP was divided into seven service categories: (1) HAP for Latinx; (2) HAP for Trans women; (3) HAP for people who use drugs, including injecting drugs; (4) HAP for men who have sex with men (MSM), with a focus on gay men; (5) HAP for Asians and Pacific Islanders; (6) HAP for young adults (ages 18 to 24); and (7) training and capacity building for a HAP for Black/African Americans.

According to DPH, the San Francisco AIDS Foundation was the only organization to submit a proposal in response to Service Category 4 of the RFP. Four evaluation panelists scored the proposal amongst four categories: Population of Focus (10 Points); Program Design and Effectiveness (67 Points); Data Collection, Evaluation, and Quality Assurance (8 Points); and

Organizational and Fiscal Capacity (15 Points). The San Francisco AIDS Foundation proposal received an average score of 88.75 out of 100 possible points and was awarded the contract for Service Category 4, HAP for men who have sex with men (MSM), with a focus on gay men, at an annual cost of \$1.2 million. The proposed agreement will fund the San Francisco AIDS Foundation to provide the MSM Health Access Point as a result of the RFP.

In addition, the contract includes services such as STD testing and capacity building for non-profit providers. To address both the impact to implementing a new HAP model of care, and the emerging system needs that became apparent during the pandemic, the Department received an ongoing \$3.0 million annual enhancement from the Mayor in the FY 2022-23 DPH budget. Of the \$3.0 million budget, an amount of \$1,830,866 was allocated to the SF AIDS Foundation agreement as a sole source, under Administrative Code, Chapter 21.42, which allows the Department of Public Health to designate non-profits providers as sole source. The Department advises that these funds will remain in the contract through the initial contract term, as the funding is for the successful implementation of the HAP model. If the funding is to be continued following June 30, 2026, the funding will be subject to a solicitation.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would approve a new contract agreement between San Francisco AIDS Foundation and the Department of Public Health (DPH) to provide Health Access Point (HAP) services and integrated HIV, HCV, and STD prevention programs in an amount not to exceed \$11,886,595 for a total initial contract term of three- and one-half years from January 1, 2023 through June 30, 2026. The contract allows for seven one-year options to extend from July 1, 2026 through December 31, 2032. The proposed resolution should be amended to state that approval of the contract is retroactive.

According to DPH staff, the proposed agreement is exempt from Chapter 14B of the Administrative Code and does not have a Local Business Entity (LBE) subcontracting participation requirement due to the budget's inclusion of federal funding.

Services Provided

The services provided through this contract are divided amongst five programs, described below. Service will take place at the San Francisco AIDS Foundation at 1035 Market Street.

- 1) Training Academy & Clinical Assistance Program: A workforce training program providing professional development services for community health workers from CHEP-funded community-based organizations, with a focus on staff directly supporting HAP network activities. In addition to the training listed below, this program also includes three months of start-up planning for both the training academy and the clinical assistant program.

Training Provided	Annual Number of Trainees
Training and/or Professional Development to HAP Network Members (9 Hour Training)	55 Trainees
Clinical Assistant Training/Field Experience (20 Hour Training + 80 Hour Field Experience)	10 Trainees
HIV Test Counselor Training (50 Hour Training)	20 Trainees

- 2) Capacity Building Activities: The Black Health Clinical Assistant Program: A workforce training program providing professional development services for Black and African American individuals impacted by sexual health disparities. The program connects graduates to Black and African American HAP employment opportunities. In addition to the training listed below, this program also includes three months of start-up planning for the training academy.

Training Provided	Annual Number of Trainees
Clinical Assistant Training or Field Experience (20 Hour Training + 80 Hour Field Experience)	24 Trainees

- 3) Clinical Services Sustainability: A program providing standard of care services including HIV, HCV, and STD testing and STD treatment medication. In addition to the services listed below, this program also intends to navigate¹ 580 clients to PrEP and PEP services annually. As a result of the HAP model, and the expansion of testing, the Department expects a significant rise in the number of tests to be processed that will exceed the ability of the DPH lab. To ensure that capacity is met, the Department allocated funding to the San Francisco AIDS Foundation's existing lab, which will support the testing needs of the HAP network.

Services Provided	Annual Service Units
HIV, HCV, STI, and MPX Testing	14,825 Tests
STI and MPX Treatment	500 Encounters

¹ Navigation services are defined as services guiding clients around healthcare barriers to ensure timely and appropriate care or treatment. These services usually span a few months in time (1-3 Months).

- 4) HAP: Gay/MSM: A Health Access Point providing standard of care services with a focus on high-risk² gay men and other men who have sex with (MSM). Services provided include HIV, HCV, and STD testing, STD treatment medication, case management, support groups, and navigation services. In addition to the services listed below, the program includes distribution of condoms; syringe distribution and disposal; quarterly community engagement events; and navigation for 790 clients annually to PrEP and PEP services.

Services Provided	Annual Service Units
HIV, HCV, STI, and MPX Testing*	27,120 Tests
STI and MPX Treatment	650 Encounters
	Annual Number of Clients
Case Management**	25 Clients
Support Groups**	50 Clients
Navigation Services**	40 Clients

*A portion of these services are subcontracted.

**These services are subcontracted.

- 5) The HAP Capacity Building Activities Program: HIV/STI/Hep C Infrastructure: A program providing technical assistance and capacity building support to the HAP Network, with an emphasis on the Black and African American HAP (Rafiki Coalition for Health and Wellness) and the Youth HAP (LYRIC). As part of the HAP model, each HAP must provide testing and services to address HIV, STI, and Hep C. This is a new capacity requirement for many vendors, but is integral to the success of the HAP, where an individual is able to do “one-stop shopping” for services. As a result, the AIDS Foundation will provide training to ensure that there is the same standard of care within each HAP. The initial six months of the program (Y1) will include start-up activities including assessing and responding to Black/AA and Youth HAP needs by establishing a scope of work and attending respective HAP meetings; participating in HAP Network convenings; engaging and establishing contracts with consultants required for Black/AA HAP implementation; and supporting communication between HAP leads and subcontractors. In the remaining years of the proposed agreement, Y2-Y4, the program will conduct “capacity building activities,” which may include creating policies and procedures for clinical operations; creating forms and intake/registration procedures and protocols; and supporting HAPs with the establishment of necessary licenses, certifications, and infrastructure required for the operation of clinical services.

Performance Monitoring

According to DPH staff, no previous program monitoring reports exist for the proposed agreement, since it is a new service model. CHEP requires service providers to measure and report on program-specific objectives and basic demographic, behavioral risk, and other

² “High-risk” in this context refers to a) unaware of their HIV serostatus; b) at risk for STI and/or HCV, regardless of HIV serostatus; c) aware that they are HIV-positive but are not engaged in care; and/or d) HIV-negative and not engaged or retained on PrEP.

information. CHEP publishes performance objectives annually for all service providers in a centralized document. According to the RFP, specific measures for these services include the percentage of clients linked to HIV care who initiated treatment, the percentage of clients provided navigation to PrEP services who initiated treatment, and other measures. According to the agreement, the San Francisco AIDS Foundation will submit quarterly data and narrative reports for all programs.

No findings were reported in the FY 2021-22 Citywide Fiscal and Compliance Monitoring of the San Francisco AIDS Foundation.

FISCAL IMPACT

The proposed resolution would approve a total not-to-exceed amount of \$11,886,595 over the initial three- and one-half-year term. The program budget is \$10,613,031 with a 12 percent contingency of \$1,273,564. The budget is funded almost entirely by the General Fund, excluding \$5,000 of Centers for Disease Control and Prevention (CDC) funding allocated in year one of the agreement. DPH advised that the CDC funding may be continued in years two through four of the agreement, but the award letter for the additional years had not been received at the time of this writing. In the event the funding is added, DPH plans to utilize the 12 percent contingency to incorporate the additional CDC funds into the proposed agreement. Exhibit 1 below shows the fiscal impact of the proposed agreement by expenditures and revenues.

Exhibit 1: Fiscal Impact of Proposed San Francisco AIDS Foundation Agreement by Year

	Year 1	Year 2	Year 3	Year 4	All Years
	1/1/2023 - 6/30/2026	7/1/2023- 6/30/2024	7/1/2024- 6/30/2025	7/1/2025- 6/30/2026	1/1/2023- 6/30/2026
Expenditures					
Salaries & Benefits	\$1,046,626	\$2,093,254	\$2,093,254	\$2,093,254	\$7,326,388
Operating Expenses	\$275,490	\$542,282	\$542,282	\$542,282	\$1,902,336
Indirect Cost	\$198,317	\$395,330	\$395,330	\$395,330	\$1,384,307
Total Expenditures	\$1,520,433	\$3,030,866	\$3,030,866	\$3,030,866	\$10,613,031
Revenues					
General Fund	\$1,515,433	\$3,030,866	\$3,030,866	\$3,030,866	\$10,608,031
CDC Funding	\$5,000				\$5,000
Total DPH Revenues	\$1,520,433	\$3,030,866	\$3,030,866	\$3,030,866	\$10,613,031
Not-to-Exceed Contract Amount					
Agreement Funding Sources					\$10,613,031
Contingency (12%)					\$1,273,564
Total Not-to-Exceed Amount					\$ 11,886,595

Source: Appendix B of Proposed agreement

As shown below in Exhibit 2, the program with the highest annual expenditure is the HAP MSM at approximately \$1.2 million, representing 40 percent of total expenditures for all programs. The program with the second highest annual expenditure is the Clinical Services Sustainability Program at \$630,866, representing 21 percent of total expenditures for all programs. Both of these programs provide clinical services. Exhibit 2 below shows annual program expenditures and full-time equivalent positions (FTEs) by program.

Exhibit 2: Annual Fiscal Impact of Proposed Agreement by Program

Program	FY 2023-24 Expenditures	FTEs
Training Academy & Clinical Assistance	\$450,000	4.01
Clinical Services Sustainability	630,866	2.98
The Black Health Clinical Assistant Program	400,000	4.90
HIV/STI/Hep C Infrastructure	350,000	1.00
Health Access Point: Gay/MSM	1,200,000	7.10
Total	\$3,030,866	20.00

Source: Appendix B of Proposed agreement

Staffing

The proposed agreement funds 20 FTEs annually, including management, clinical, and other program staff as well as 5.23 FTE part-time cohort participants in workforce development programs. Expenditures on salaries and benefits across all years of the agreement total

\$7,326,388, or approximately 70 percent of the term budget. Approximately \$2.9 million is allocated towards salaries and benefits for the MSM HAP Program.

Subcontractors

Approximately \$392,000 of the annual budget is allocated for consultants and subcontractors. The MSM HAP budget allocates \$200,000 annually to the following subcontractors: San Francisco Community Health Center (\$50,000 annually for community engagement events); Shanti Project (\$50,000 annually for case management and support services); and GLIDE (\$100,000 annually for navigation services and a portion of the STD testing). The HIV/STI/Hep C Infrastructure Program budget allocates \$192,560 annually for 1,196 hours of consulting at a rate of \$161 per hour for an “Integrated Testing Consultant” on an as-needed basis to support integrated testing across the Health Access Point Network. This testing includes services for HIV testing, Hepatitis C testing, and Sexually Transmitted Infection (STI) testing.

RECOMMENDATIONS

1. Amend the proposed resolution to state that approval of the contract is retroactive.
2. Approve the proposed resolution, as amended.

Items 9-12 Files 22-1265, 22-1266, 22-1273 and 22-1274	Department: Office of Public Finance
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EXECUTIVE SUMMARY

Legislative Objectives

- The proposed resolutions and ordinance would authorize actions and documents associated with the issuance and sale of the Series 2023ABC Bond, which includes: (1) \$30 million of the 2020 Health and Recovery General Obligation Bonds; (2) \$42 million of the 2018 Embarcadero Seawall Earthquake Safety General Obligation Bonds; (3) \$172 million of the 2019 Affordable Housing General Obligation Bonds; and, (4) the appropriation of \$244 million in corresponding bond proceeds.

Key Points

- This is the second issuance of the 2020 Health and Recovery bonds and \$28.5 million in proceeds will go to the Recreation and Parks Department for use toward improvements to City parks and recreation facilities and supporting Rec and Park programs, such as the Community Opportunity Fund, Community Gardens, and Playgrounds.
- This is the second issuance of the 2018 Embarcadero Sewall bonds and \$38.6 million in proceeds will go to the Port of San Francisco to be used toward seawall and marginal wharf repair project costs, including but not limited to, labor, program management, a flood study, and the predesign and detailed design for selected projects.
- This is the second issuance of the 2019 Affordable Housing bonds and \$166.3 million in proceeds will go to the Mayor’s Office of Housing and Community Development to support replacement and production of new public housing, low-income, and senior housing units as well as fund the Down-payment Assistance Loan Program.

Fiscal Impact

- If approved, the total project average annual debt service would be \$18,600,000 and the total debt service over the 25-year life of the bonds is estimated at \$469,653,000.
- The proposed transaction complies with the City’s financial policies related to general obligation bond debt.

Recommendation

- Approve the proposed resolutions and ordinance.

MANDATE STATEMENT

City Charter Section 9.106 states that the Board of Supervisors is authorized to provide for the issuance of general obligation bonds in accordance with the Constitution of the State of California. General obligation bonds may be issued and sold in accordance with state law or any local procedure adopted by ordinance. There shall be a limit on outstanding general obligation bond indebtedness of three percent of the assessed value of all taxable real and personal property, located within the City and County.

City Charter Section 9.105 states that amendments to the Annual Appropriation Ordinance are subject to Board of Supervisors approval by ordinance after the Controller certifies the availability of funds.

BACKGROUND**Health and Recovery General Obligation Bond**

San Francisco voters approved \$487.5 million in Health and Recovery General Obligation Bonds in November 2020 (2020 Health and Recovery Proposition A) to fund investments in supportive housing facilities, shelters, and facilities that provide services to people experiencing mental health and substance use disorders, and/or homelessness; improve accessibility and quality of parks, open spaces, and recreational facilities in the City; and, improve the accessibility, safety and conditions of the City's streets. Proceeds from these bonds are intended to help stimulate the local economy and aid in recovery following the economic downturn as a result of the COVID-19 public health emergency.

The Board of Supervisors approved issuance of \$425 million in Health and Recovery Bonds in May 2021 (File 21-0388). Of the \$425 million approved in 2021, \$169.32 million was for Recreation and Parks projects, of which \$33.16 had been encumbered as of December 2022.¹ From the voter-approved \$487.5 million authorization, \$258.5 million of bonds have been issued to date, and \$229 million remains unissued.

Embarcadero Seawall Earthquake Safety General Obligation Bond

San Francisco voters approved the \$425 million Embarcadero Seawall Earthquake Safety General Obligation Bonds in 2018 to fund the construction, seismic strengthening, and repair of the Embarcadero Seawall and other infrastructure with the goal of protecting the waterfront, BART and Muni, buildings, historic piers, and other roads and infrastructure from the threats posed by earthquakes, floods, and rising sea levels.

The Board of Supervisors approved issuance of \$50 million in Embarcadero Seawall Earthquake Safety Bonds in July 2019 (File 19-0358). Of that \$50 million, \$45.8 million was for seawall

¹ According to a December 5, 2022 REC presentation to the Capital Planning Committee, the Department has been delayed in its capital project delivery due to higher than projected construction bids, coordination with PG&E, regulatory, design, and community outreach requirements, and City staffing capacity.

projects, of which \$40.5 million has been spent; the Port anticipates expending or encumbering the remaining funds by the end of FY 2022-23. From the voter-approved \$425 million authorization, \$49.7 million in bonds has been issued to date and \$375.3 remains unissued.

Affordable Housing General Obligation Bond

San Francisco voters approved \$600 million in Affordable Housing Bonds in 2019 (Proposition A) to finance the construction, development, acquisition, improvement, rehabilitation, preservation, and repair of affordable housing improvements.

The Board of Supervisors approved issuance of \$260 million in Affordable Housing Bonds in October 2020 (File 20-1091), including \$252.62 million for affordable housing projects, of which \$158.3 million has been spent or encumbered as of December 2022. Remaining spending on the first issuance is expected to be complete by July 2024. From the voter-approved \$600 million authorization, approximately \$254.9 million has been issued to date, and approximately \$345.4 million remains unissued.

DETAILS OF PROPOSED LEGISLATION

Resolutions Approving Issuance and Sale of General Obligation Bonds

File 22-1265: The proposed resolution would authorize the second sale of the 2020 Health and Recovery Bond with a not-to-exceed amount of \$30,000,000, Series 2023A. If the Board of Supervisors approves the sale of \$30,000,000, the sale of the balance of \$32,500,000 in remaining bond authority would be subject to future Board of Supervisors approval.

File 22-1273: The proposed resolution would authorize the second sale of the 2018 Embarcadero Seawall Bond with a not-to-exceed amount of \$42,000,000, Series 2023B. If the Board of Supervisors approves the sale of \$42,000,000, the sale of the balance of \$333,000,000 in remaining bond authority would be subject to future Board of Supervisors approval.

File 22-1274: The proposed resolution would authorize the second sale of the 2019 Affordable Housing Bond with a not-to-exceed amount of \$172,000,000, Series 2023C. If the Board of Supervisors approves the sale of \$172,000,000, the sale of the balance of \$168,000,000 in remaining bond authority would be subject to future Board of Supervisors approval.

Each resolution also:

- Prescribes the form and terms of the bonds;
- Provides for the appointment of depositories and other agents for the bonds;
- Provides for the establishment of accounts related to the bonds;
- Provides for the manner of sale of the bonds by competitive or negotiated sale;
- Approves the forms of Official Notice of Sale and Intention to Sell Bonds;
- Directs the publication of the Notice of Intention to Sell Bonds;
- Approves the form of the Bond Purchase Contract;

- Approves the form of the Preliminary Official Statement and the form and execution of the Official Statement relating to the sale of the bonds;
- Approves the form of the Continuing Disclosure Certificate;
- Authorizes and approves modifications to documents;
- Ratifies certain actions previously taken; and
- Grants authority to City officials to take necessary actions for the authorization, issuance, sale, and delivery of the bonds.

Ordinance Approving Bond Appropriations

File 22-1266: The proposed ordinance appropriates the following bond proceeds and places these funds on Controller's Reserve pending receipt of bond funds.

- \$30 million of proceeds from the Series 2023A Health and Recovery General Obligation Bond to the Recreation and Parks Department for improvements to parks, recreation spaces, and open spaces, including funding for sustainability and community programs.
- \$42 million of proceeds from the Series 2023B Embarcadero Seawall Bond to the Port of San Francisco for planning, engagement, program management, pilot projects, Embarcadero project pre-design and detailed designed, and a flood study performed by the U.S. Army Corps of Engineers.
- \$172 million of proceeds from the Series 2023C Affordable Housing Bond proceeds for the Mayor's Office of Housing and Community Development for funding public, low-income, preservation and middle income, and senior housing projects.

Taxable and Tax-Exempt Bonds

The Series Bonds 2023ABC will be structured as either tax-exempt and/or taxable depending on eligibility of project expenditures for tax exemption and/or market conditions.

Competitive or Negotiated Sale

The Office of Public Finance intends to pursue a competitive sale of the 2023ABC Bonds. However, a negotiated sale may be pursued if the bond structure or market conditions make a negotiated sale preferable.

Proposed Uses of Bond Funds

Exhibit 1 below summarizes the proposed uses of the Series 2023ABC Bond proceeds.

Exhibit 1: Series 2023ABC Bond Appropriation Proposed Uses

	Series 2023A Health & Recovery	Series 2023B Embarcadero Seawall	Series 2023C Affordable Housing
Sources			
Par Amount	28,855,000	39,090,000	168,315,000
Reserve for Market Uncertainty	1,145,000	2,910,000	3,685,000
Total Sources (Bond Proceeds)	30,000,000	42,000,000	172,000,000
Uses			
Health & Recovery Bond Uses			
Buena Vista Park	2,500,000		
Crocker Amazon Playground & Richmond Senior Center	3,500,000		
South Sunset Playground Clubhouse	2,400,000		
Citywide Parks: Renovations and improvements to Golden Gate, McLaren, and Lake Merced Parks	7,800,000		
Parks Health & Recovery Programs	6,300,000		
Sustainability Programs	6,000,000		
Health & Recovery Uses Subtotal	28,500,000		
Embarcadero Seawall Uses			
Seawall & Marginal Wharf Repair Project		38,617,000	
Embarcadero Seawall Uses Subtotal		38,617,000	
Affordable Housing Uses			
Public Housing: HOPE SF Sunnysdale and Potrero; Hunters View Phase III			97,880,000
Low-Income Housing: 730 Stanyan, Maceo May, and Balboa Reservoir			38,591,653
Preservation/Middle-Income Housing: Down payment assistance			9,400,000
Senior Housing: 4200 Geary			20,400,000
Affordable Housing Uses Subtotal			\$166,271,653
Subtotal Bond Projects	\$28,500,000	\$38,617,000	\$166,271,653
City Services Auditor	57,000	77,234	332,543
General Obligation Bond Oversight Committee	28,855	39,090	168,315
Costs of Issuance ^a	124,870	161,226	700,914
Underwriters Discount ^b	144,275	195,450	841,575
Reserve for Market Uncertainty	1,145,000	2,910,000	3,685,000
Subtotal Oversight & Financing	\$1,500,000	\$3,383,000	\$5,728,347
Total Uses	\$30,000,000	\$42,000,000	\$172,000,000

Source: Appropriation Ordinance (File 22-1266) under Board of Supervisors consideration

^a Costs of issuance include bond counsel, auditor, regulator, and other costs.

^b Underwriters discount is the difference in the price paid to the issuer and the prices at which the bonds are initially offered to investors.

Health and Recovery Bond Projects

Through the Series 2023A bond issuance, the Recreation and Parks Department will receive \$28.5 million for improvements to City parks and recreation facilities. This includes \$2.5 million for improvements to Buena Vista Park's paved pathways; \$3.5 million for renovations to the Crocker Amazon baseball diamonds, ancillary structures, and park amenities, and to Richmond Senior Center to provide outdoor exercise equipment, landscaping, pathways, and benches; \$2.4 million to the South Sunset Clubhouse for reconfiguration and renovation of interior spaces and building systems; \$7.8 million for capital improvements to Golden Gate, McLaren, and Lake Merced Parks, including restoration of natural features (lakes, meadows, and landscapes), improvements to recreational assets (playgrounds, playfields, courts, and picnic areas), and, improved connectivity and access (roads, pedestrian safety, paths, and trails renovations and improvements); \$6.3 million for Health and Recovery Programs, which funds the Community Opportunity Fund (\$3.5 million), Playgrounds Program (\$2.5 million), and Community Garden Program (\$300,000); and, \$6.0 million from the sustainability program that has been allocated to Gene Friend Rec Center, which will help make improvements to support climate resilience with investments in water conservation, energy generation and conservation measures, and landscaping with native plants.

Embarcadero Seawall Bond Projects

Through the Series 2023B bond issuance, the Port of San Francisco will receive \$38,617,000 for the seawall and marginal wharf repair project. According to Port staff, these costs will be used for Port labor (\$8.9 million); program management (\$7.1 million), which includes task development, early project predesign support and detailed design cost support; planning around adaptation strategies, U.S. Army Corps of Engineers engineering support and other planning efforts such as pier adaptation (\$4.7 million); engagement of community and stakeholders around selected projects (\$0.8 million); the U.S. Army Corps of Engineers flood study management (\$3.5 million); pilot projects, which funds monitoring of the Living Seawall that is working toward ecological enhancement of concrete seawalls (\$0.4 million); and, Embarcadero Early Projects predesign for nine selected projects (\$3.3 million) and detailed design (\$9.9 million) for three projects that are selected from nine in predesign. To date, six of the nine Early Embarcadero Projects have been selected for predesign: (1) Wharf J9 Replacement and Resilient Shoreline Project; (2) Pier 15 Bulkhead Wall and Wharf Earthquake Safety Retrofit; (3) Pier 9 Bulkhead Wall and Wharf Earth Safety Retrofit; (4) Ferry Building Seawall and Substructure Earthquake Reliability; (5) Pier 5 to Pier 22-1/2 Near-term Coastal Flood Risk Reduction Project; and (6) Pier 24 to Pier 28-1/2 Bulkhead Wall and Wharf Earthquake Safety. The three remaining projects that will advance to predesign will be determined later this year according to Port staff.

Affordable Housing Bond Projects

Through the Series 2023C bond issuance, the Mayor's Office of Housing and Community Development will receive \$166,271,653. Of this funding, \$97,880,000 will go toward support of 288 units of public housing replacement units and new affordable units at Sunnydale, Potrero, and Hunters View; \$38,591,653 for low-income housing development, which includes 160 units at 730 Stanyan, 105 units for veterans at Maceo May; and 124 units at Balboa Reservoir; \$9.4 million for the Downpayment Assistance Loan Program, which supports moderate income

borrowers at 120-200 percent AMI; and, \$20.4 million for Senior Housing, which will support 98 units for seniors at 4200 Geary.

Bond Accountability Report Waived

Each of the proposed bond resolutions for the Series 2023ABC Bonds waives the deadline for submission of the Bond Accountability reports under Admin Code Section 2.71(a) and 2.71(b). These sections of the Admin Code require that the governmental entity that is requesting the appropriation of bond proceeds by the Board or the entity to which such bond proceeds were appropriated submit a Bond Accountability Report 60 days prior to the approval of the appropriation and/or sale, which include details on the spending of previously approved bond sales and details on the projects proposed to be funded with new bond sales. The Recreation and Parks Department and Port have not completed their bond accountability reports as of this writing.

The Mayor’s Office of Housing and Community submitted a bond accountability report pertaining to its bond sales on January 13, 2022.

FISCAL IMPACT

Annual Debt Service

The Office of Public Finance reports that the combined par value of the Series 2023ABC bonds is approximately \$236,260,000. The proposed resolutions authorize the Director of Public Finance to determine the sale date, interest rates, principal amount, and maturity dates of the bonds, subject to the following conditions: (1) the true interest cost shall not exceed 12 percent; and (2) the Series 2023ABC bonds shall have a final maturity date no later than 30 years (Series 2023A and 2023B) or 40 years (Series 2023C) after the date of issuance.

Based on an estimated market interest rate of 6.56 percent for the Series 2023ABC general obligation bonds, the Office of Public Finance estimates that this would result in an average annual debt service cost of approximately \$18,600,000. Over the anticipated 25-year life of the bonds, the total debt service is estimated at \$469,653,000. Of the total debt service, approximately \$233,393,000 is in interest payments (\$234,574,000 if underwriting costs are included) and the remainder is the par value of the 2023ABC Bonds (\$236,260,000). The estimated interest rate for these bonds (6.56 percent) is higher than the general obligation bonds sold in 2021, which had an interest rate of 3.75 percent.

Debt Limit

Section 9.106 of the City Charter limits the amount of GO bonds the City can have outstanding at any given time to three percent of the total assessed value of property in San Francisco. The City calculates its debt limit based on total assessed valuation net of non-reimbursable and homeowner exemptions. On this basis, the City’s general obligation debt limit for FY 2022-23 is approximately \$9.86 billion, based on a net assessed valuation of approximately \$328.5 billion.

According to the Controller’s Office of Public Finance, as of October 1, 2022, the City had outstanding debt of approximately \$2.63 billion in aggregate principal amount of general

obligation bonds, which equals approximately 0.80 percent of the net assessed valuation for FY 2022-23. If the Board of Supervisors approves the issuance of the Series 2023ABC Bonds, the debt ratio would increase by approximately 0.07 percent to 0.87 percent, which is under the three percent debt limit. If all of the City's voter-authorized and unissued general obligation bonds were issued, the total debt burden would be 1.25 percent of the net assessed value of property in the City.

Property Tax Rates

Repayment of general obligation bonds is recovered through an increase in the annual Property Tax rate. According to the Controller's Office of Public Finance, if the Board of Supervisors approves the issuance of the 2023ABC Bonds, the total increase in the Property Tax rate is estimated to average \$0.00567 per \$100 of assessed value over the anticipated 25-year term of the bonds. The owner of a residence with an assessed value of \$600,000, assuming a homeowner's exemption of \$7,000, would pay average additional property taxes to the City of approximately \$33.62 per year if the anticipated amount of \$236,260,000 of bonds are sold.

Capital Plan

The Capital Planning Committee approved a financial constraint regarding the City's planned use of general obligation bonds such that debt service on approved and issued general obligation bonds would not increase property owners' long-term property tax rates above FY 2005-06 levels, or \$0.1201 per \$100 of assessed value. The FY 2022-23 property tax rate, including debt service on the proposed bonds, is \$0.1076 per \$100 of assessed value, which is below that constraint. The Board of Supervisors approved the FY 2022-23 property tax rate in September 2022 (File 22-0959).

RECOMMENDATION

Approve the proposed resolutions (Files 22-1265, 22-1273, and 22-1274) and the proposed ordinance (File 22-1266).