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: December 10, 2025 Budget and Finance Committee Meeting

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EXECUTIVE SUMMARY

Legislative Objectives

- The proposed resolution would approve Amendment No. 1 to the agreement between the San Francisco Public Utilities Commission (SFPUC) and GEI Consultants, Inc. (GEI) for specialized engineering services for dams and reservoirs to increase the maximum agreement amount by $7,000,000 for a new total not-to-exceed amount of $18,000,000, with no change to the 11-year term, from June 29, 2020, to June 29, 2031.

Key Points

- Following the Oroville Dam spillway crisis in 2017, the California Division of Safety of Dams (DSOD) ordered the SFPUC to assess all spillways of dams in DSOD’s jurisdiction.
- In September 2019, the SFPUC initiated a request for proposals (RFP) process to establish a pool of qualified dam safety engineers. From that solicitation, in 2020, the Board of Supervisors approved three agreements between the SFPUC and HDR, AECOM, and GEI, each with a $11,000,000 not-to-exceed and an 11-year term.
- Under the proposed amendment, GEI will continue to provide a range of engineering services, including civil, electrical, mechanical, structural, geotechnical, and tunnel engineering, as well as cost estimating, surveying, materials testing, and risk assessments.
- The amendment adds two new projects: (1) the Moccasin Dam and Reservoir Long Term Improvement Project and (2) the O'Shaughnessy Dam Outlet Works Phase II Project.
- SFPUC is transferring the projects from the HDR agreement into this agreement because HDR has since been contracted to act as the program management consultant for the Water Capital Improvement Program.
- In the most recent Consultant Performance Evaluation for GEI, covering the period of July 1, 2024, to June 30, 2025, the SFPUC rated GEI's overall performance as "Excellent."

Fiscal Impact

- The proposed amendment increases the total agreement amount by $7,000,000 (63.6 percent), from an original authorization of $11,000,000 to a new total not-to-exceed amount of $18,000,000 over the eleven-year term (April 2020 through April 2031).
- Contract costs are funded by water and power customers, depending on the project.

Recommendation

- Approve the proposed resolution.

MANDATE STATEMENT

City Charter Section 9.118(b) states that any contract entered into by a department, board or c ommission 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

Hetch Hetchy Regional Water System Spillway Assessment

The Hetch Hetchy Regional Water System, operated by the San Francisco Public Utilities Commission (SFPUC), is an infrastructure network that supplies approximately 85 percent of the water used by 2.7 million customers in Alameda, Santa Clara, San Mateo, and San Francisco counties.[1] This system relies on assets, including dams, reservoirs, powerhouses, and tunnels that stretch from the Sierra Nevada to the San Francisco Peninsula, some dating back to the 1920s.

Following the Oroville Dam spillway crisis in 2017, which caused the evacuation of more than 180,000 people, regulatory scrutiny on hydraulic structures and spillways intensified statewide. That year, the California Division of Safety of Dams (DSOD) ordered the SFPUC to conduct condition assessments of spillways for all dams under DSOD jurisdiction.[2] Specialized dam and reservoir engineering services are necessary for substantive structural, hydraulic, and seismic rehabilitation beyond routine maintenance.

Procurement Strategy

The SFPUC uses a "master service agreements" procurement to prequalify engineering, construction management, and project management vendors and deploy them, as needed, for projects. According to the SFPUC, this strategy helps supplement internal engineering staff and capital project execution by avoiding the 6 to 12-month administrative delay required to issue a new contract solicitation for each project.

Procurement and Contractor Selection

On September 12, 2019, SFPUC initiated a request for proposals (RFP) process to establish a pool of qualified dam safety engineers. The RFP was advertised with the intent to select up to three consulting firms.

HDR Engineering, Inc. (HDR), GEI Consultants, Inc. (GEI), and AECOM Technical Services, Inc. (AECOM) were the three highest-scoring qualified proposers, with GEI ranked second.

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[1] The Hetch Hetchy Regional Water System sources its water from the Tuolumne River watershed in the high Sierra Nevada mountains and delivers it via a gravity-fed aqueduct

[2] The DSOD exercises regulatory authority over dams in California to prevent failure and safeguard life and property.

Contract History

On March 6, 2020, the Board of Supervisors approved two agreements between the SFPUC and HDR and AECOM, each with a $11,000,000 not-to-exceed and an 11-year term.[3]

On April 18, 2020, the Board of Supervisors approved the agreement with GEI for a not-to-exceed amount of $11,000,000 and an 11-year term from April 2020 to April 2031 for planning and engineering design support for five projects (File 20-0166).[4]

On October 28, 2025, the SFPUC Commission approved Amendment No. 1 to the agreement between the SFPUC and GEI.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would approve Amendment No. 1 to the agreement between the San Francisco Public Utilities Commission (SFPUC) and GEI Consultants, Inc. (GEI) for specialized engineering services for dams and reservoirs to increase the maximum agreement amount by $7,000,000 for a new total not-to-exceed amount of $18,000,000, with no change to the 11-year term, from June 29, 2020, to June 29, 2031.

Scope of Work

Under the proposed amendment, GEI will continue to provide a range of engineering services, including civil, electrical, mechanical, structural, geotechnical, and tunnel engineering, as well as cost estimating, surveying, materials testing, and risk assessments.[5]

The amendment adds two new projects with new specific tasks: (1) the Moccasin Dam and Reservoir Long Term Improvement Project and (2) the O'Shaughnessy Dam Outlet Works Phase II Project.

<u>The Moccasin Dam and Reservoir Long-Term Improvement Project</u>

Built in 1930, Moccasin Dam regulates the Moccasin reservoir and stabilizes water flow between the Moccasin Powerhouse (for electricity generation) and the Foothill Tunnel (for water transmission).

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[3] According to SFPUC, this long duration for infrastructure projects enables "cradle-to-grave" engineering support from initial assessment through design, bidding, and construction.

[4] The five projects include the (1) Cherry Valley Dam Spillway project that addresses erosion and increases capacity for updated flood estimates, (2) Early Intake Dam Rehabilitation that involves installing a liner to mitigate alkali-aggregate reaction in the concrete, (3) Eleanor Dam Rehabilitation that addresses seismic stability and concrete spalling, (4) Eleanor Dam Bridge Rehabilitation that repairs the bridge, and (5) the Priest Condition Assessment and Monitoring Project that involves installing instrumentation to monitor dam movement due to settlement and deflection.

[5] Services are executed through a task order process. Following negotiation of the scope and budget for a specific task, and Controller certification of funding, a notice to proceed is issued.

On March 22, 2018, a severe storm caused rapid runoff and debris clogged the upstream diversion dam bypass,[6] sending the full flow of Moccasin Creek into the reservoir. The water level rose within one foot of the top of the dam. Seepage (the slow escape of water through the dam structure or foundation, a potential precursor to internal erosion failure) was observed downstream, and the backup spillway suffered severe erosion.[7]

Following the 2018 event, the California Division of Safety of Dams (DSOD) downgraded the dam's rating to "Fair" and imposed a reservoir level restriction. This restriction prevents the installation of flashboards (temporary barriers used to increase reservoir levels) in the main spillway. This results in a reduction of 50 acre-feet in storage capacity, representing approximately 9.4 percent of the reservoir's total 530 acre-feet capacity. Consequently, it constrains the Moccasin Powerhouse's ability to generate peak power, impacts SF Clean Power Enterprise's revenue, and complicates water-delivery operations.

Furthermore, updated modeling indicates the existing 1929 spillways are undersized for modern probable maximum flood standards. The project aims to enable the dam to safely pass a probable maximum flood event without overtopping or causing damage, and to repair damage caused by the 2018 storm.

GEI's technical scope includes designing a new, high-capacity concrete auxiliary spillway, implementing flood-proofing for the Powerhouse, and conducting geotechnical remediation of seepage pathways. The project is currently at the 35 percent design phase. GEI's responsibilities include (1) validating the prior design vendor's 35 percent design, (2) advancing the project through 100 percent design, (3) addressing DSOD comments to obtain construction authorization, (4) providing bid and award phase support, and (5) providing engineering support during construction.

The estimated total project cost has increased from the initial 2022 budget of $73.18 million to a current 2025 forecast of $142.2 million to $155 million, with construction costs escalating from $35 million to approximately $100 million.[8]

Design completion and DSOD authorization are estimated by June 30, 2028. Construction is anticipated to start on October 1, 2028, and finish by June 30, 2032.

[6] An upstream diversion dam bypass is an engineered system that redirects a portion or all of a river's flow around a diversion dam and its associated facilities for environmental protection, construction activities, sediment management, or flood control.

[7] An auxiliary, or backup, spillway is a secondary, less frequently used spillway that manages high floodwaters when a dam's primary spillway is at capacity

[8] The SFPUC attributes the significant variance to underdeveloped initial estimates during the 35 percent design phase, longer construction timeline estimates, and increased concrete/steel and general construction costs. Revised analysis required thicker spillway walls/slabs, temporary excavation support, temporary water retaining structures (assuming dry conditions), a necessary transition structure, blasting/difficult rock excavation, and a construction risk contingency.

O'Shaughnessy Dam Outlet Works Phase II Project

O'Shaughnessy Dam, which was completed in 1923 and raised in 1938 to increase its water supply and power generation, holds the Hetch Hetchy Reservoir in Yosemite National Park, the start of the Hetch Hetchy Water System. Many components are original and are reaching the end of their service lives. A condition assessment of the "dam outlet works", consisting of valves, gates, and conduits that control the release of water, identified the need for improvements to ensure safe and reliable operation, which is critical for operational flexibility and the ability to drain the reservoir in an emergency, a capability required by DSOD.

Design and construction have faced constraints because the dam is located inside Yosemite National Park which requires strict environmental compliance. For example, the reservoir cannot be drained, requiring underwater work, such as diving or remotely operated vehicles, and it is a historic landmark that requires aesthetic preservation.

Based on the prioritization of asset condition, the project is being implemented in two phases.

Phase I began in January 2023 and is estimated to be completed in December 2025 with a total estimated budget of $43.7 million. The project involved replacing or fixing the dam's water control system by installing new temporary barriers, repairing outdated sliding doors and the large, curved gates used on the spillway (replacing seals, hinges, and rivets, and repainting the gates), fixing the spillway concrete, and installing a new temporary pipe with a shut-off valve.

Phase II is currently in the planning/pre-design stage with an estimated completion date of December 2041. Phase II includes completing an overhaul of the dam's water control mechanisms by replacing old, high-pressure valves that are worn out, repairing and restoring other large water-flow control gates, installing a new emergency shut-off valve for the bypass pipe, and improving the underground tunnel that diverts or releases water.

Justification for Transfer

SFPUC is transferring the Moccasin Dam and Reservoir and the O'Shaughnessy Dam Outlet Works Phase II projects from a separate agreement held by HDR Engineering Inc. (HDR) into this agreement to mitigate a developing conflict of interest. The SFPUC confirms that these two projects will be formally removed from HDR's agreement via a corresponding amendment. Under HDR, the Moccasin Dam and Reservoir Project had advanced to 35 percent in the design phase. However, the SFPUC states that HDR now has a potential conflict of interest that prevents it from performing the final design, due to HDR's role in a separate Water Capital Program Management Contract.

In February 2025, the Board of Supervisors awarded the HDR Stantec Joint Venture, a program management contract for Hetch Hetchy Water Capital Improvement Programs, with an $80 million not-to-exceed limit for a ten-year term (File 25-0020). This contract positions HDR as an extension of the SFPUC staff responsible for overseeing schedules, auditing costs, ensuring quality assurance/quality control of other consultants, and validating budgets. If HDR were to act as both the designer and the program manager, it would be auditing its own work. Best practice prohibits a program manager from approving their own scope changes or validating their own cost estimates, necessitating this transfer.

The SFPUC reports that the City Attorney's Office participated in discussions on the contracting strategy and provided advice during the preparation of the amendment; however, it did not conduct a formal conflict-of-interest review.

SFPUC staff recommend transferring the remaining scopes to GEI because there are similarities in technical requirements and geography with GEI's existing scope. Utilizing GEI's existing contract vehicle will also avoid the 6-12 month delay associated with a new request for proposals (RFP) process.

Justification for Increase

SFPUC is increasing the not-to-exceed amount because the original contract amount was based on the Fiscal Year 2019-2028 Capital Improvement Program and primarily funded the project needs assessment phases. As needs assessments have been completed, SFPUC has adjusted the capital program budgets to reflect the updated scopes and requirements. Furthermore, transferring a complex engineering project at the 35 percent design stage introduces liability risks. The amendment requires GEI to review, validate, and confirm all deliverables developed by HDR before GEI can assume the role of engineer of record. GEI estimates the cost for this validation task at $150,116 and the duration at approximately two months.

Liability

GEI has confirmed that by accepting this scope and continuing the design, it will assume all liability for the entire design (including the initial 35 percent completed by HDR) and will provide signed and stamped contract documents as the Engineer of Record, ensuring a single point of accountability.

However, due to the unique nature of the transfer, HDR (as program manager) will be responsible for overseeing GEI's validation of HDR's prior design work. Therefore, the SFPUC contract manager assigned to this agreement will also be responsible for coordinating this aspect of HDR's oversight role.

Local Business Enterprise Participation

The RFP established a minimum of 7 percent Local Business Enterprise (LBE) subcontractor participation. GEI committed to 12 percent LBE subcontractor participation for this contract.[9] This amendment adds $840,000 in LBE allocation, raising the total commitment from $1,320,000 to $2,160,000. LBE Participation as of October 7, 2025, was 1.93 percent of spending to date, equal to approximately $212,300.

Social Impact Partnership

The Social Impact Partnership commitment, formerly known as Community Benefits, was originally $145,200; however, proportional to the amendment's increase to the contract value, the total community benefits commitment would increase by $92,400 to $237,600 or by 64

[9] The subcontracting firms are (1) AGS Inc (geotechnical exploration), (2) Divis Consulting (geotechnical exploration), (3) Meridian Surveying Engineering Inc (surveying), (4) McGovern McDonald (environmental engineering).

percent. The commitments are funded through volunteer hours valued at a fixed rate of $150 per hour.

As of November 2025, the contract is 49.47 percent through its term. GEI has delivered 32.45 percent of its original commitment, totaling $47,117.[10] The remaining commitment, including the amendment, is $190,483. The revised commitments are summarized in Exhibit 1.

Exhibit 1: Amended Social Impact Partnership Commitments

Category	Volunteer Hours	Amount
Original Commitment	968	$145,200
Delivered to Date	(314)	($47,117)
Amendment Increase	616	$92,400
Total Remaining	**1,270**	**$190,483**
Total	**1584**	**$237,600**

Source: SFPUC

Note: GEI estimates 720 hours to public education and 864 hours to environmental and community health.

Performance

In the most recent Consultant Performance Evaluation for GEI, covering the period of July 1, 2024, to June 30, 2025, the SFPUC rated GEI's overall performance as "Excellent." GEI received "Excellent" ratings in Quality of Service, Schedule Management, Cost Management, Scope Management, and Staff and Resources, and "Good" ratings in Value of Services, and Administrative Functions.

FISCAL IMPACT

The proposed amendment increases the total agreement amount by $7,000,000 (63.6 percent), from an original authorization of $11,000,000 to a new total not-to-exceed amount of $18,000,000 over the eleven-year term (April 2020 through April 2031).

Budget Allocation

The amendment allocates $9 million intended to fund soft costs (non-construction costs such as engineering design, permitting, and environmental review) for two additional projects. This is achieved through the $7 million authorization increase, combined with the reallocation of $2 million in existing unassigned funds from the original agreement authorization. The $9 million in new scope is split between the Moccasin Dam and Reservoir Project ($5 million for Design and $2 million for Engineering Support During Construction) and the O'Shaughnessy Dam Outlet Works Phase II Project ($2 million for Planning and Design).

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[10] The organizations that are receiving volunteers are the Tuolumne County Superintendent of Schools and Camp Sylvester.

With $15,745,085 allocated, $2,254,915 is unassigned as a contingency (approximately 12.5 percent of the total authorization). The detailed breakdown of the $18,000,000 authorization is provided in Exhibit 2.

Exhibit 2: Total Not-To-Exceed Breakdown by Project

Project Name	Actuals as of 05/19/2025	Amendment No. 1	Proposed Budget
Cherry Valley Dam Spillway	$1,952,107		$1,952,107
Early Intake Dam Rehabilitation	1,677,507		1,677,507
Eleanor Dam Rehabilitation	542,203		542,203
Eleanor Dam Bridge Rehabilitation	1,497,170		1,497,170
Priest Condition Assessment & Monitoring	1,076,098		1,076,098
Moccasin Dam and Reservoir - Design		5,000,000	5,000,000
Moccasin Dam and Reservoir - ESDC		2,000,000	2,000,000
O'Shaughnessy Dam and Outlet Works Phase II - Planning/Design		2,000,000	2,000,000
Contingency (12.5 percent)	4,254,915	(2,000,000)	2,254,915
Total	**$11,000,000**	**$7,000,000**	**$18,000,000**

Source: SFPUC

Bill Rates

Compensation is based on billing rates established in the agreement's fee schedule. Staff rates range from approximately $115.35 per hour to $250.08.

The agreement allows annual adjustments based on the Consumer Price Index, but the original contract included conflicting language suggesting the rates were fixed for two years. The SFPUC clarified that, consistent with the RFP, rates were intended to be fixed for only the first year, and increases have been applied annually since the first anniversary of the contract execution date.

Funding Source

Funds for this Amendment are available from individual projects within the Hetch Hetchy Water Capital Improvements Program. These are Enterprise Funds (Non-General Fund). Costs for joint assets, such as Moccasin Dam, which serve both water delivery and power generation, are typically split between water ratepayers and power customers. The Hetch Hetchy CIP relies significantly on debt financing. Consequently, capital expenditures translate directly into long-term debt service obligations that pressure future utility rates.

Total Project Costs

The total project costs for the period of FY 2020-21 through FY 2040-41 are $142,187,984 for the Moccasin Dam Project and $184,106,942 for the O’Shaughnessy Phase II Project. While Construction Management accounts for the majority of the Moccasin Dam budget at 70.9

percent, Construction represents the primary expense for O’Shaughnessy Phase II at 62.7 percent of the total. Exhibit 3 provides a detailed cost breakdown below.

Exhibit 3: Total Project Costs for O’Shaughnessy and Moccasin FY 2020-21 to FY 2040-41

Cost Category	Moccasin Dam Project	% of Total	O'Shaughnessy Phase II Project	% of Total
Project Management	$2,691,000	1.9%	$6,844,500	3.7%
Planning and Predesign	7,369,834	5.2%	9,151,400	5.0%
Environmental Planning and Review	5,250,000	3.7%	2,140,000	1.2%
Legal and Right-of-Way Support	312,000	0.2%	374,400	0.2%
Engineering Design	9,302,199	6.5%	15,219,142	8.3%
Bid and Award	117,900	0.1%	314,400	0.2%
Construction	100,800,313	11.5%	115,470,084	62.7%
Construction Management	16,344,738	70.9%	34,593,016	18.8%
Total	**$142,187,984**		**$184,106,942**	

Source: SFPUC

RECOMMENDATION

Approve the proposed resolution.

Item 3 **File 25-0882**	**Department:** Office of the Treasurer & Tax Collector

EXECUTIVE SUMMARY

Legislative Objectives

- The proposed resolution would retroactively approve Amendment No. 4 to the contract between the Office of the Treasurer & Tax Collector (TTX) and Collection Solutions Software, Inc. (CCS), extending the contract term by five years from November 30, 2025, through November 30, 2030, with one option to extend for an additional five years for a total possible term of 19 years from December 1, 2016, to November 30, 2035, and increasing the contract amount by $2,453,072.85 for a total amount not to exceed $6,919,547.85.

Key Points

- Since 2016, TTX's Bureau of Delinquent Revenue has used CSS's software platform and debt collection services for managing overdue taxes and fees owed to the City.
- In November 2016, TTX awarded CSS a contract with a not-to-exceed amount of $2,465,765 for a five-year term with two two-year renewal options through November 2025 to provide a software revenue collection software platform, including user licenses, automated dialing functions, and tools for compliance and reporting.
- TTX sets an annual collections goal of $110 million. Collections totaled approximately $119 million in FY 2022-23 and $129 million in FY 2023-24. According to TTX, FY 2024-25 delinquent collections are projected to surpass $140 million.

Fiscal Impact

- The proposed amendment increases the not-to-exceed contract amount by $2,453,073, for a total not-to-exceed amount of $6,919,548. Spending in the first year of the extension will not exceed $459,772. Amendment No. 4 incorporates a three percent annual price increase for software and cloud-hosted services, effective December 1, 2026.
- The contract is funded by the General Fund (64 percent) and work orders from the SFMTA (28 percent) and Zuckerberg General Hospital (8 percent).

Policy Consideration

- TTX selected CSS to provide services under the original agreement through a competitive solicitation process. TTX received a sole source waiver to extend this agreement beyond the original nine-year term advertised in the RFP from the Office of Contract Administration pursuant to Administrative Code Section 21.30 because CSS is the only vendor that can maintain and host the existing platform. Switching vendors are estimated to cost between $2 million and $3 million, and TTX is satisfied with the contractor's performance.

Recommendation

- Approve the proposed resolution.

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

Collection Solutions Software, Inc.

Collection Solutions Software, Inc. (CSS) provides a software platform and debt collection services for the Office of the Treasurer & Tax Collector (TTX). Since 2016, TTX's Bureau of Delinquent Revenue has used CSS for managing overdue taxes and fees owed to the City. In addition to collecting delinquent taxes and fees on behalf of TTX, CSS supports the collection of other obligations on behalf of Zuckerberg General Hospital, the Fire Department, the Municipal Transportation Agency (SFMTA), the Department of Public Works, and other City departments.

Procurement

TTX issued a Request for Proposals (RFP) for Debt Collection Software services on September 4, 2015. Written proposals were evaluated in a two-stage process. In stage one, proposals were evaluated based on functionality (35 points), transition and implementation plan (35 points), government collection services experience (15 points), and costs (15 points), for a total possible score of 100 points. The top three scoring proposers from this initial stage were invited for oral interviews out of four total proposers.[1]

The breakdown in Exhibit 1 below details the scoring summary.

Exhibit 1: Request for Proposals Written Proposal Score Summary (100 Possible Points)

Rank	Respondent	Average Score
1	Rev Q	84
2	CSS Inc	82
3	BFrame	75
4	Interactive Intelligence	66

Source: TTX

[1] The evaluation panel was composed of a director from TTX, a manager from DPH, and a principal business analyst from TTX.

As detailed in Exhibit 2 below, oral interviews with vendors were evaluated based on several software features (350 points) and experience with data migration and system implementation for debt collection (350 points). The ten software features were worth 35 points each, and included New Account Set-Up, Payment Posting, Debt Grouping/Packeting & Related Concerns, Workflow Strategy, Administrative Controls, Account & Collection Performance/Custom Report Capabilities, Collection Letter Drafting, "A Day in the Life of a Connector", Account Inventory Controls, and Imaging & Document Retrieval. Based on TTX's review of the procurement documents during the course of our reporting process, TTX identified arithmetic errors in the original scoring tabulation and provided updated scores for our report, as shown in Exhibit 2. We note that the procurement documents are ten years old, and the new scores did not change the ranking of respondents.

Exhibit 2: Request for Proposals Oral Interview Score Summary (700 Possible Points)

Rank	Respondent	Average Score
1	CSS Inc	610.0
2	Rev Q	571.0
3	BFrame	562.3

Source: TTX

CSS was selected as the highest-ranked proposer, and in November 2016, TTX awarded them a contract with a not-to-exceed amount of $2,465,765 for a five-year term, from December 1, 2016, through November 30, 2021, with two two-year renewal options through November 2025, which is consistent with the term advertised in the RFP. The agreement and the subsequent three amendments did not require the Board of Supervisors' approval because they were for less than $10 million and had a term of less than ten years.

Contract History

In December 2019, Amendment No. 1 with CSS increased the not-to-exceed amount by $250,378 to $2,716,143 and updated the scope of work to include the migration data to the Amazon Web Services Federal Risk and Authorization Management Program (FedRAMP) Cloud.

In May 2021, Amendment No. 2 with CSS executed the first two-year option to extend the agreement through November 30, 2023, and increased the not-to-exceed amount by $1,075,788 to $3,791,931 and added an SFMTA Online Payment Portal to the scope of work.

In September 2023, Amendment No. 3 with CSS executed the remaining two-year option to extend the agreement through November 30, 2025, increased the not-to-exceed amount by $674,544 to $4,466,475, and applied a 3% annual price increase effective December 1, 2023.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would retroactively approve Amendment No. 4 to the contract between the Office of the Treasurer & Tax Collector (TTX) and Collection Solutions Software, Inc. (CCS). The proposed amendment extends the contract term five years from November 30, 2025, through November 30, 2030, with one option to extend for an additional five years for a total possible term of 19 years from December 1, 2016, to November 30, 2035, and increases the contract amount by $2,453,072.85 for a total amount not to exceed $6,919,547.85.

Services Provided

The proposed contract agreement would continue to provide a software records platform for all of TTX's delinquent collection work handled by the Bureau of Delinquent Revenue.

Application and Hosted Services provide the actual revenue collection software platform, including user licenses, automated dialing functions, and tools for compliance and reporting, all hosted in a government-approved cloud environment (Amazon Web Services Federal Risk and Authorization Management Program (FedRAMP) Cloud) to protect sensitive data.

Recurring Costs include a recently implemented Digital Engagement Platform Payment Portal, which allows citizens to make online payments, such as for SFMTA citations, and an SMS Broadcaster that enables automated digital outreach via text messaging.

The proposed amendment also includes $49,950 for future potential services, carried over from the original agreement.

Performance

According to the proposed resolution, TTX's total delinquent debt inventory spans more than 669,000 accounts, totaling approximately $961 million. This includes delinquent accounts receivable inventory across all departments and debt types, including overdue business and county taxes, healthcare emergency medical services fees, MTA citations, utilities, SF Rent Board fees, Department of Public Works penalties, etc. TTX sets an annual collections goal of $110 million. Collections totaled approximately $119 million in FY 2022-23 and $129 million in FY 2023-24. According to TTX, FY 2024-25 delinquent collections are projected to surpass $140 million.

Contract Performance Benchmarks

The vendor’s performance under the contract is evaluated based on the software's availability, responsiveness, and technical support problem response, including monthly availability service levels and defined response times based on incident severity. TTX has the right to a service credit if their monthly availability falls below 99.8 percent, their response time falls below 95 percent, or their problem response rate is less than 99 percent for critical issues. According to TTX, over the past 12 months, CSS has met service level requirements, with a total of less than 3 hours of downtime during that period and no service credits have been issued.

FISCAL IMPACT

The proposed amendment increases the not-to-exceed contract amount by $2,453,073, for a total not-to-exceed amount of $6,919,548. Spending is projected to be $2.45 million over the five-year term. Exhibit 3 below details the projected annual spending and the basis for the total not-to-exceed amount.

Exhibit 3: Contract NTE Calculations FY 2016-17 to FY 2029-30

Current Contract (Dec 2016 - Nov 2025)	**Amount**
Dec 2016 – Nov 2025 (Years 1 – 9)	$4,466,475
Proposed Amendment (Dec 2025 - Nov 2030)	
Dec 2025 – Nov 2026 (Year 10)	459,772
Dec 2026 – Nov 2027 (Year 11)	469,890
Dec 2027 – Nov 2028 (Year 12)	480,312
Dec 2028 – Nov 2029 (Year 13)	491,046
Dec 2029 – Nov 2030 (Year 14)	502,103
Subtotal, Proposed Spending	2,403,123
Contingency	49,950
Not To Exceed Amount	**$6,919,548**

Source: TTX

Amendment No. 4 incorporates a three percent annual price increase for software and cloud-hosted services, effective December 1, 2026. According to TTX staff, the annual increase is consistent with other City agreements for enterprise software, including the Grant Street Group tax software contract, which contains an annual 3.5 percent increase. Software and cloud costs are based on the number of licenses the City purchases to use the software and the configuration of the software. The amendment maintains the existing annual caps for online payment portal transactions (capped at $110,500 per year, or 116,316 transactions) and the text broadcaster (capped at $12,000 per year, or 266,667 text messages). As noted above, the agreement maintains an unused contingency of $49,950 for additional professional service hours.

The estimated budget for FY 2025-26 is approximately $460,000, as shown in Exhibit 4 below. Approximately 73 percent of the cost is for monthly fees for software and services, while the remaining 27 percent is for the digital payment portal and automated SMS messaging, which are billed on a per-unit basis.

Exhibit 4: FY 2025-26 Contract Not to Exceed Amount Calculations

Service Category	Monthly Rate	Annual Cost/Cap
SaaS Application and Hosted Services		
Software	$21,620	$259,440
FedRAMP (cloud storage)	$6,486	$77,832
Subtotal (Hosted Services)	**$28,106**	**$337,272**
Recurring Costs (Annual Caps)		
Payment Portal	$0.95 per transaction	$110,500
Automated SMS Broadcaster	$0.045 per text message	$12,000
Subtotal (Recurring Costs Caps)		**$122,500**
Total Year 10 Projected Maximum Cost		**$459,772**

Source: TTX

Funding Sources

The majority of the funding for this contract (64 percent) is from the General Fund, while 36 percent is from department work orders (28 percent from SFMTA and eight percent from Zuckerberg General Hospital).

POLICY CONSIDERATION

The proposed 19-year term exceeds the nine-year term advertised in the 2015 RFP. Chapter 21 of the Administrative Code requires that the initial term and conditions for extension are included in the solicitation. TTX received a sole source waiver for extending this agreement from the Office of Contract Administration pursuant to Administrative Code Section 21.30, which exempts software agreements from the contracting requirements of the Administrative, Labor and Employment, or Environment Codes (except for requiring the OCA approval and local public record law codified in Administrative Code Chapter 67). CSS is the only vendor that can provide maintenance, upgrades, and hosting for its proprietary platform.

According to TTX staff, TTX determined that extending the current contract for five years (with an additional five-year option to extend) was more advantageous to the City than initiating a new competitive solicitation because switching vendors would cost an estimated $2 million to $3 million and would require rebuilding complex system integrations and workflows, potentially disrupting ongoing revenue collection activities. Further, CSS has met or exceeded all contractual service-level obligations. The proposed price structure is consistent with the original agreement with three percent annual increases. However, TTX has not conducted a market analysis to compare CSS's pricing or technology against competitors.

RECOMMENDATION

Approve the proposed resolution.

Item 4 File 25-1106	Department: Homelessness and Supportive Housing (HSH)

EXECUTIVE SUMMARY

Legislative Objectives

- The proposed resolution would approve the third amendment to the grant between the Department of Homelessness and Supportive Housing (HSH) and Catholic Charities to provide homelessness prevention services, extending the term by two years and six months through June 30, 2028, and increasing the not-to-exceed amount of the grant by $8,672,460, for a total not to exceed $18,459,066.

Key Points

- In June 2021 under Administrative Code Chapter 21B, HSH selected and executed a grant with Catholic Charities for the provision of the Family Eviction Prevention Collaborative (FEPCO) Homelessness Prevention program based on prior performance and to ensure continuity of services. The new grant had a three-year term from July 1, 2021 to June 30, 2024 and an amount not to exceed $9,786,606.
- The purpose of the grant is to continue the provision of FEPCO Homelessness Prevention as part of the San Francisco Emergency Rental Assistance Program (SF ERAP). Services include screening and verifying program eligibility, providing rental assistance (back rent, future rent, and move-in assistance) to low-income households at risk of experiencing homelessness, as well as referrals of clients to necessary resources. Catholic Charities will continue to serve a minimum of 200 households per year.
- The FY 2024-25 program monitoring report showed that Catholic Charities met or exceeded all five service and outcome objectives. The organization provided financial assistance to 587 households, which exceeded the service objective goal of 200 households.

Fiscal Impact

- The proposed third amendment would increase the not-to-exceed amount of the Catholic Charities grant by $8,672,460, for a total not to exceed $18,459,066.
- Actual expenditures on the grant from FY 2021-22 to FY 2024-25 were approximately 30 percent less than the amount budgeted primarily due to slow program ramp-up following a large infusion of funds in 2021 to address housing instability caused by the pandemic.
- The FY 2025-26 budget of $2.9 million includes $1.8 million (64 percent) for direct financial assistance. Expenditures would be funded by the City's General Fund (31 percent) and by the Proposition C, Our City, Our Home Fund (69 percent).

Recommendation

- Approve the proposed resolution.

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 April 2018, the Department of Homelessness and Supportive Housing (HSH) issued a Request for Proposals (RFP) soliciting vendors to provide homelessness prevention assistance and rapid rehousing services to households experiencing and/or at risk of homelessness. HSH received a total of five proposals. Three panelists reviewed and scored proposals. Catholic Charities scored 93 out of a maximum of 100 points.

In July 2018, HSH executed a grant with Catholic Charities for the provision of the Family Eviction Prevention Collaborative (FEPCO) Homelessness Prevention program for a three-year term from July 1, 2018 to June 30, 2021 and an amount not to exceed $5,086,953. This agreement included both one-time homelessness prevention assistance and short to medium-term rapid rehousing services.

In June 2021, HSH split the one-time homelessness prevention assistance into a separate agreement to simplify budgeting and program monitoring. HSH executed a new grant with Catholic Charities under Administrative Code Chapter 21B, which allows procurement of homeless service providers without competitive solicitations, enacted by the Board of Supervisors to streamline contracting for homeless services. HSH selected Catholic Charities based on prior performance and to ensure continuity of services. The new grant had a three-year term from July 1, 2021 to June 30, 2024 and an amount not to exceed $9,786,606.

In July 2024, HSH executed the first grant amendment to extend the term by one-year from June 30, 2024 to June 30, 2025 with no change to the not to exceed amount.

In July 2025, HSH executed the second grant amendment, extending the term by six months from June 30, 2025 to December 31, 2025 with no change to the not to exceed amount.

HSH now proposes to extend the grant by 30 months through June 2028.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would approve the third amendment to the grant between HSH and Catholic Charities to provide homelessness prevention services, extending the term by two years and six months through June 30, 2028, and increasing the not-to-exceed amount of the grant by $8,672,460, for a total not to exceed $18,459,066. The proposed resolution would also authorize HSH to make further immaterial amendments to the grant.

According to HSH, the term extension is needed to align with the department's Multiyear Procurement Plan for homelessness prevention services. HSH's current timeline for the procurement of Homelessness Prevention programs is to release solicitations by June 2027, with agreements tentatively beginning in January 2028. The 30-month extension would allow services to continue through June 30, 2028, ensuring no gap in funding and services.

Services

Under the proposed amendment, Catholic Charities will continue the provision of FEPCO Homelessness Prevention as part of the San Francisco Emergency Rental Assistance Program (SF ERAP).[1] Services include screening and verifying program eligibility, providing rental assistance (back rent, future rent, and move-in assistance) to low-income households at risk of experiencing homelessness, as well as referrals of clients to necessary resources to support housing stability. Eligible households may receive up to $7,500 (or up to $10,000 with an approved waiver) in financial assistance for up to 12 months of back and future rent, or up to $6,000 in move-in assistance. In FY 2024–25, the average financial assistance provided by Catholic Charities per household was $3,781 for back rent, $2,111 for future rent, and $3,144 for move-in assistance.

Under the proposed amendment, Catholic Charities will continue to serve a minimum of 200 households per year. To qualify for rental assistance, eligible program recipients must be (1) a San Francisco resident, (2) Have a household income at or below 50 percent of the Area Median Income for the household's size, (3) Demonstrate a risk of experiencing housing instability or homelessness, (4) Demonstrate a financial hardship that occurred within the past 12 months (if applying for back-rent assistance), and (5) Not have received SF ERAP assistance within the past 12 months. Catholic Charities will also prioritize households who are at the highest risk of becoming homeless, as identified by a vulnerability assessment questionnaire.[2]

Performance and Fiscal Monitoring

HSH staff completed program monitoring on the Catholic Charities grant for FY 2024-25 in October 2025, which included a site visit. Based on the monitoring, Catholic Charities was found in compliance with the terms of the grant, and no corrective action was needed. However, HSH identified the need for refresher training on client file requirements as an area for potential improvement.

As reflected in Exhibit 1 below, the FY 2024-25 program monitoring report showed that Catholic Charities met or exceeded all service and outcome objectives. The organization provided homelessness prevention assistance to 587 households, which exceeded the service objective goal of a minimum of 200 households.

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[1] SF ERAP is jointly administered by HSH and the Mayor's Office of Housing and Community Development (MOHCD) to provide financial assistance and homelessness prevention services to households most at risk of housing loss or homelessness.

[2] HSH's vulnerability assessment questionnaire prioritizes households who are at the highest risk of becoming homeless by identifying vulnerability factors that are linked to homelessness based on available best practices and research.

Exhibit 1: FY 2024-25 Service and Outcome Objective Performance

Objective	Target	Performance
Service Objectives		
1. Number of households provided with a vulnerability assessment	250	1,631
2. Number of households provided with homelessness prevention assistance	200	587
3. Percent of financial assistance administered within five business days from application approval and in accordance with program policy	100%	92%[3]
Outcome Objectives		
4. Percent of households who received targeted Homelessness Prevention Assistance and did not access services from the Homelessness Response System 6 months after assistance ended*	75%	98%
5. Percent of households who received targeted Homelessness Prevention Assistance and did not access services from the Homelessness Response System 12 months after assistance ended*	60%	98%

Source: HSH

Note: The second amendment to the agreement removed two outcome objectives marked with "*" above.

Program monitoring did not assess results on service and outcome objectives that were determined to be not relevant to the program such as measures related to problem solving services and housing focused case management, which are not provided under the agreement, as well as objectives related to referrals to other services and types of assistance.

The second amendment to the agreement removed two outcome objectives related to clients' use of services from the homelessness response system after receiving homelessness prevention assistance. According to HSH staff, HSH will be monitoring these measures across providers at a system level rather than on a program level to assess high and/or repeat utilization.

Proposed Service and Outcome Objectives

The proposed amendment maintains or modifies the following existing service objectives: (1) provide a minimum of 200 households with homelessness prevention assistance, (2) complete a vulnerability assessment with a minimum of 250 households, and (3) issue 90 percent (rather than 100 percent under the current agreement) of financial assistance within five business days from application approval and in accordance with program guidelines and procedures. In addition, the proposed amendment includes the following existing outcome objective (which was not tracked as part of the FY 2024-25 program monitoring report because it was added under the second amendment): At least 90 percent of applications will have a resolution (i.e.: denial or check issued) within 45 days of receipt of application by the Agency.

[3] Catholic Charities issued Flexible Financial Assistance within five business days from application approval in 92% of cases. This measure has been updated to 90% in the new Appendix A.

The proposed agreement removes a service objective related to grantee referrals of households in need of legal services or mediation to relevant services because HSH determined it was not appropriate for the program.

Fiscal and Compliance Monitoring

HSA staff reviewed Catholic Charities' financial documents in June 2025 as part of the FY 2024-25 Citywide Fiscal and Compliance Monitoring program and identified no findings.

FISCAL IMPACT

The proposed third amendment would increase the not-to-exceed amount of the Catholic Charities grant by $8,672,460, for a total not to exceed $18,459,066. Actual and projected grant expenditures are shown in Exhibit 2 below.

Exhibit 2: Actual and Projected Grant Expenditures

Expenditures	Amount
Actual Expenditures (through FY 2024-25)	$8,094,539
FY 2025-26 (Projected)	2,879,036
FY 2026-27 (Projected)	2,879,036
FY 2027-28 (Projected)	2,879,036
Subtotal – Actual & Projected Expenditures	*$16,731,647*[4]
Contingency (20% of Projected Expenditures)	1,727,421
Total Not to Exceed	**$18,459,066**

Source: HSH

The proposed FY 2025-26 budget is nine percent greater than actual spending in the prior year. The annual budget remains flat for the proposed grant period from FY 2025-26 through FY 2027-28. A breakdown of FY 2025-26 grant expenditures is shown in Exhibit 2 below.

Exhibit 3: Breakdown of FY 2025-26 Grant Expenditures

Expenditures	Amount
Salaries & Benefits	$791,156
Operating Expenses	116,405
Subtotal	*907,561*
Indirect Costs (15%)	$136,135
Rental Assistance[5]	1,835,340
Total Expenditures	**$2,879,036**

Source: Proposed Grant Amendment

The grant funds salaries and fringe benefits for a total of 9.0 FTE program staff. For FY 2025-26 through FY 2028-28, operating expenses for each year of the program reflect approximately four percent of the total budget and include costs such as rent, utilities, insurance, office supplies, and other expenses. Approximately 64 percent of the proposed budget will fund direct rental assistance to clients. The budget for direct rental assistance ($1.8 million) is equal to $9,177 per

[4] Amount may not match Appendix B due to rounding.

[5] These expenses are not subject to the indirect percentage

household (based on the targeted number of 200 household), which exceeds the average amount of financial assistance per household provided in FY 2024-25 (approximately $3,000) and the maximum amount of financial assistance that can be provided under ERAP without a waiver ($7,500). As shown in Exhibit 1, in FY 2024-25, the grantee provided assistance to 587 households, which is nearly three times the targeted number of clients. According to HSH, program targets will be updated to better reflect actual performance as part of the Multi-Year Procurement Plan, which will incorporate standardized performance objectives and targets in all agreements.

According to HSH staff, HSH determined the budget for direct rental assistance based on: (a) a pre-determined proportion (65 percent) of the total budget for the portion of the budget funded by Proposition C revenues; and (b) a per client cost for the General Fund budget. The assumed 65 percent for direct rental assistance is less than the general average of 75 percent for subsidy administration contracts we have reviewed (such as Files 25-0073, 25-0042, 24-0671, 23-0403, and 23-0122). However, the proposed agreement has lower administrative costs per targeted number of households (approximately $5,000) compared to a large subsidy administration contract that we reviewed for the Flexible Housing Subsidy Program (approximately $7,500). HSH notes that the proposed homelessness prevention grant which provides one-time assistance is not perfectly comparable to rental subsidy contracts that provide on-going rental subsidies, which may contribute to differences in admin costs. According to HSH staff, the pre-determined proportion of 65 percent was based on the department's determination that this was an appropriate split to sufficiently cover administrative expenses associated with managing and distributing direct assistance funds.

Underspending

Actual expenditures on the grant from FY 2021-22 to FY 2024-25 were approximately 30 percent less than the amount budgeted. The primary driver for this was slow ramp-up following a large infusion of funds in 2021 to address anticipated housing instability due to the COVID-19 pandemic. According to HSH, other contributing factors included: (1) staff vacancies due to the time required to hire five new Prop C-funded positions, and (2) the provider's need to balance multiple funding sources as the provider has more than one ERAP agreement, including federal funding. Fewer staff meant reduced capacity to work with clients and process payments, leading to lower operating and direct assistance spending. HSH noted that Catholic Charities reduced the level of underspending each year over the term of the agreement.

According to HSH, in FY 2024–25, Catholic Charities had approximately seven percent underspending across the full grant but spent 98 percent of its direct client assistance allocation. As of the time of this review, HSH analysts consider their spending generally on track now that the prior staffing issues have been addressed. HSH conducts a standard mid-fiscal-year check-in in January to determine whether budget revisions are needed, although none are anticipated for this agreement.

Sources of Funds

Expenditures over the proposed grant term would be funded approximately 31 percent by the City's General Fund and 69 percent by the Proposition C, Our City, Our Home Fund.[6]

RECOMMENDATION

Approve the proposed resolution.

[6] In November 2018, San Francisco voters approved Proposition C, which imposed additional business taxes to create a dedicated fund (Our City, Our Home Fund) to support services for people experiencing homelessness and to prevent homelessness.

Item 5 **File 25-1146**	**Department:** Mayor's Office of Housing and Community Development (MOHCD)

EXECUTIVE SUMMARY

Legislative Objectives

- The proposed resolution would approve the Second Amendment to the lease between the City as landlord and La Cocina, Inc. as tenant for property at 101 Hyde Street, extending the term by five years through December 2031, and to authorize the Director of Property to make further immaterial amendments to the lease.

Key Points

- 101 Hyde Street is a one-story building consisting of approximately 7,500 square feet of space that was conveyed to the City in 2016 to develop affordable housing. After conducting a competitive solicitation, the Mayor's Office of Housing and Community Development (MOHCD) selected La Cocina to operate food hall and business incubator space for low-income food service entrepreneurs on the site as a temporary use of the site.
- La Cocina's lease expires December 31, 2026. Under the lease, La Cocina pays annual base rent of $12,000 plus a percentage rent equal to five percent of net income (which has never been paid due to La Cocina operating at a loss). The lease was amended in 2024 to no longer require La Cocina to pay utility costs.
- MOHCD does not currently have plans to develop the site, though as part of this requested extension MOHCD has committed to issuing the Request for Qualifications to select the development team within two years. Due to stalled plans to develop the site, MOHCD and La Cocina have agreed to extend the lease by five years.

Fiscal Impact

- Under the proposed Second Amendment to the lease, the City would receive $12,000 per year in base rent, or $60,000 over the five-year term. The City would also continue to pay utility costs for the building, which totaled $21,894 in FY 2024-25. Assuming three percent annual escalation, the City would pay approximately $123,000 over the five-year extension term, for a net cost to the City of approximately $63,000 after accounting for rent collected.

Policy Consideration

- Because the interim-use lease is a net cost to the City and there are no current plans to develop the site, we consider approval of the proposed resolution to be a policy matter for the Board of Supervisors. The Board of Supervisors could consider requesting that MOHCD amend the proposed lease to add a provision that would allow the City to terminate the lease early if it is able to identify resources to develop the site.

Recommendation

- Approval of the proposed resolution is a policy matter for the Board of Supervisors.

MANDATE STATEMENT

City Administrative Code Section 23.30 states that leases of City-owned property can be for less than market rent if the lease is for a proper public purpose, with Board of Supervisors' approval.

BACKGROUND

101 Hyde Street is a one-story building consisting of approximately 7,500 square feet of space that was formerly used as a U.S. Post Office. In 2016, the property was conveyed to the City to develop affordable housing on the site to satisfy inclusionary housing requirements for a market-rate development at 1066 Market Street (File 16-0550). The developer (affiliated with Shorenstein Properties LLC) also contributed $5 million to City to construct affordable housing at 101 Hyde Street and $1 million for developing a temporary use of the site.

In 2016, the Mayor's Office of Housing and Community Development (MOHCD) solicited proposals for a community serving temporary use of 101 Hyde Street. MOHCD selected La Cocina, Inc., a nonprofit organization specializing in assisting low-income clients in launching food-oriented businesses, in association with the Tenderloin Housing Clinic. La Cocina proposed building a food hall and business incubator space for low-income food service entrepreneurs. In March 2019, the Board of Supervisors approved a lease with La Cocina, for a term of approximately six years and six months, from July 7, 2019 through December 31, 2025, with annual base rent of $12,000 (without escalation), and percentage rent equal to five percent of annual net income (File 19-0166). The lease also stated that the City would reimburse La Cocina up to $1,465,000 for tenant improvement costs, and La Cocina would reimburse the City for utility and fire and alarm system costs.

After originally operating as a food hall, La Cocina struggled with poor foot traffic starting during the COVID-19 pandemic. La Cocina reported accumulated net losses of approximately $1.8 million between FY 2020-21 and FY 2022-23 (excluding depreciation). In 2023, La Cocina closed the food hall and converted the space into a shared-use commercial kitchen that is generally not open to the public. In April 2024, the Board of Supervisors approved the First Amendment to the lease, extending the lease by one year through December 2026, reimbursing La Cocina $106,528 for sidewalk improvements, authorizing the use of light manufacturing or a commercial kitchen in the premises, and removing the requirement for La Cocina to reimburse the City for utility costs (including refunding La Cocina for any utility payments made and forgiving unpaid utility payments owed) (File 24-0341). According to La Cocina's unaudited profit and loss statement for FY 2024-25, La Cocina incurred a net loss of approximately $300,000 in FY 2024-25, excluding depreciation

MOHCD has not solicited an affordable housing developer for the site and does not currently have plans to develop the site, though as part of this requested extension MOHCD has committed to issuing the Request for Qualifications to select the development team within two years following execution of the lease extension. Due to the stalled plans, MOHCD and La Cocina have agreed to extend the lease for an additional five years.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would approve the Second Amendment to the lease between the City and La Cocina, extending the term by five years through December 2031, and authorizing the Director of Property to make further immaterial amendments to the lease. Other key terms of the lease, shown in Exhibit 1 below, would not change.

Exhibit 1: Key Terms of La Cocina Lease

Premises	7,500 square feet
Current Term	July 2019 – December 2026
Extension Term	5 Years, from January 2027 through December 2031
Base Rent	$12,000 per year ($1.60 per square foot)
Percentage Rent	Equal to 5% of net income
Utilities	Paid by City
Services (Including Fire and Alarm System Maintenance)	Paid by Tenant

Source: Original Lease and Amendments

FISCAL IMPACT

Under the proposed Second Amendment to the lease, the City would receive $12,000 per year in base rent, or $60,000 over the five-year term. The City would also continue to pay utility costs for the building, which totaled $21,894 in FY 2024-25. Assuming three percent annual escalation, the City would pay approximately $123,000 over the five-year term of the lease extension, which would be a net cost to the City of approximately $63,000 after accounting for rent collected, as shown in Exhibit 2 below. Utility costs are paid from the Citywide Affordable Housing Fund and Housing Program Fees Fund.

Exhibit 2: Estimated La Cocina Rent and Utility Costs (5 Years)

Rent	$60,000)
Utility Costs	(123,000)
Net Fiscal Impact to City	**($63,000)**

Source: BLA estimates

According to Robert Baca, MOHCD Joint Development Director, La Cocina has never paid percentage rent of net income due to operating at a loss each year.

POLICY CONSIDERATION

As noted above, the 101 Hyde property was conveyed to the City in 2016 as a future affordable housing site. MOHCD has noted that the project has not been prioritized for development because of the Tenderloin's designation as a "low-resourced" area, which makes the site less competitive for state financing. According to Director Baca, MOHCD has committed to issuing an

RFQ to select a developer for the site within two years of the date of execution of the lease extension.

Under the lease, La Cocina pays $12,000 per year in base rent, or $1.60 per square foot, which is below market rate. By covering utility costs, the City is subsidizing the lease by an additional amount ranging from $10,451 to $41,532 per year, which is generally more than the amount received in rent. The City has also contributed over $1.5 million for tenant improvements and sidewalk repairs. According to Director Baca, by keeping the premises occupied, the City saves approximately $500,000 per year in security, cleaning, repairs, graffiti removal, and rodent abatement that would be required if the space were not occupied (based on MOCHD's experience with other vacant sites). Based on La Cocina's unaudited profit and loss statement, La Cocina incurred $16,000 for security and repairs and maintenance in FY 2024-25, but this does not include potential repairs or abatement that may be required if the site was vacant as it may be more likely to be vandalized.

Because the interim-use lease is a net cost to the City and there are no current plans to develop the site, we consider approval of the proposed resolution to be a policy matter for the Board of Supervisors. The Board of Supervisors could consider requesting that MOHCD amend the proposed lease to add a provision that would allow the City to terminate the lease early if it is able to identify resources to develop the site.

Given the challenges in seeking state financing to build affordable housing on the site and the limited revenues of the lease, MOHCD could also consider: (1) selling the property to a private developer and using the funds to construct affordable housing at a more viable location (which would require new legislation); (2) pursuing a lower-cost construction model, similar to 1633 Valencia Street (File 24-0374), which did not obtain state financing but did require substantial local funding; or (3) renegotiating the La Cocina lease for a higher rental rate and requiring La Cocina to pay utility costs. . According to Director Baca, it is unlikely that La Cocina would be able to pay a higher rental rate.

RECOMMENDATION

Approval of the proposed resolution is a policy matter for the Board of Supervisors.

Item 7 **File 25-1132**	**Department:** Public Health

EXECUTIVE SUMMARY

Legislative Objectives

- The proposed resolution would approve Amendment No. 1 to the agreement between the Department of Public Health (DPH) and Community Forward SF (Community Forward) for operational support for the Medical Respite and Sobering Center to increase the maximum agreement amount by $22,263,326 for a new total not-to-exceed amount of $32,262,830, and to extend the term from December 2025 through June 2029.

Key Points

- The contract funds three programs: (1) the Medical Respite and Sobering Center (MRSC), (2) the Managed Alcohol Program, and (3) the SoMa Recover, Initiate, Support, Engage (SoMa RISE) transportation shuttle program. The program uses a hybrid service model in which DPH provides clinical services (medical personnel and social workers), while Community Forward provides operational support (facility management, meals, transportation, and security).
- The Medical Respite and Sobering Center provides short-term residential care (average 46 to 60 days) for individuals experiencing homelessness who are too ill or frail to recover from a physical illness or injury. Patients reside in gender-designated dorms or congregate rooms while accessing medical care and other supportive services. The goal of the program is to reduce the number of emergency room visits patients make and their contact with police and emergency medical services personnel.
- The Managed Alcohol Program (MAP) is being folded into the 75-bed Medical Respite facility, reducing program capacity from 20 to 10 beds due to a shift toward opioid and stimulant primary addictions over alcohol. This consolidation, which followed a pilot during COVID-19, facilitated shared overhead costs and resulted in a $919,043 reduction in Proposition C funding and a reduction of 20 total beds from this contract.

Fiscal Impact

- The proposed amendment increases the total agreement amount by $22,263,326, from an original not-to-exceed of $9,999,504 to $32,262,830. The programs together cost $5.8 million per year in FY 2025-26 and are primarily funded by the General Fund.

Recommendation

- Approve the proposed resolution.

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

The Department of Public Health (DPH) is responsible for promoting and protecting the health of a population by overseeing public health services, preventing disease, ensuring food and environmental safety, and responding to emergencies.

One program offered is medical respite, which provides short-term residential care (average 46 to 60 days) for individuals experiencing homelessness who are too ill or frail to recover from a physical illness or injury. This allows individuals to rest and recover in gender-designated dorms or congregate rooms while accessing medical care and other supportive services. The goal is to reduce the number of emergency room visits patients make and their contact with police and emergency medical services personnel.

Contract History

On July 1, 2024, DPH and Community Forward entered into an agreement with a term of July 1, 2024, through December 31, 2025 (18 months) and a not-to-exceed amount of $9,999,504. The agreement funded medical respite, sobering services, and transportation aimed at stabilizing medically fragile individuals experiencing homelessness and those with substance use disorders. DPH selected Community Forward using Administrative Code Section 21A.4, which allows DPH to procure behavioral health and public health residential care and treatment services without adhering to competitive solicitation requirements through March 2029.

DPH initially procured Community Forward to provide services in 2013 using a competitive solicitation. After the procurement authority ended, the department used Administrative Code Section 21A.4, which allows DPH to contract with residential mental health treatment vendors without a competitive solicitation through February 2029, to contract with Community Forward because it controls the facilities at 1171, 1179, and 1185 Mission Street that have been renovated for these services.

The program uses a hybrid service model in which DPH provides clinical services (medical personnel and social workers), while Community Forward provides operational support (facility management, meals, transportation, and security). This structure splits responsibility, with the City retaining clinical authority and liability, while the contractor manages operational liability.

The initial agreement provided 75 respite beds, including 20 beds providing services for individuals with severe alcohol use disorder through the Managed Alcohol Program, 14 sobering center beds (supervised/controlled alcohol intake to prevent life-threatening withdrawal), and shuttle services connecting service hubs.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would approve Amendment No. 1 to the agreement between the Department of Public Health (DPH) and Community Forward SF (Community Forward) for operational support for the Medical Respite and Sobering Center to increase the maximum agreement amount by $22,263,326 for a new total not-to-exceed amount of $32,262,830, and to extend the term by three years and six months, for a total term of five years from July 1, 2024, to June 30, 2029.

Scope of Work

In the original agreement, services were broken down into three core components: (1) the Medical Respite and Sobering Center (MRSC), (2) the Managed Alcohol Program, and (3) the SoMa Recover, Initiate, Support, Engage (SoMa RISE) transportation shuttle program. In the new amendment, the Managed Alcohol Program is being consolidated into MRSC, and operational requirements will be modified to support the merging of populations and operations. Community Forward will continue to provide operational support (facility management, meals, transportation, and security) for MRSC and transportation services for SoMa RISE. Security services are provided 24 hours per day by a subcontractor.

Program Restructuring and Expansion

The Managed Alcohol Program was incorporated within the existing 75-bed Medical Respite facility and reducing its capacity from a maximum of 20 beds to 10 beds within the existing 75 bed Medical Respite Program. According to DPH, the decrease in capacity is driven by the fact that more individuals are struggling with opioid and stimulant addictions as their primary substance of choice, compared to alcohol. The Managed Alcohol Program began as a pilot program during COVID-19 in a stand-alone building. After pandemic requirements were reduced, DPH integrated the clients into the existing Medical Respite program and facility in August 2024. According to DPH, this transition facilitated the sharing of overhead costs (e.g., security, food services, billing staff, etc.), resulting in a $919,043 reduction in Proposition C funding in FY 2024-25.[1] Because the Managed Alcohol Program beds are now included in the 75 total respite beds rather than in a stand-alone building, the total number of beds in the contract is decreasing from 95 to 75.

The Sobering Center's scope is expanded in the proposed amendment to include individuals recovering from an opioid overdose. Previously, the Sobering Center’s services focused only on alcohol intoxication. The amendment also formalizes the Sobering Center as an alternate destination from emergency medical services. This aligns with California Triage to Alternate Destination laws (AB 438/SB 438), which allow ambulances to bypass ERs, provided rigorous state standards for staffing and monitoring are met.

[1] Proposition C funding refers to the 2018 "Our City, Our Home" Proposition ballot measures in San Francisco, California, that uses a business tax to fund homelessness services.

New Operational Requirements

The amendment codifies new operational mandates to enhance security, safety, and facility standards. Key changes include bathroom checks at least every 30 minutes using a "call and response" to verify consciousness and new protocols mandating searches of persons and property upon entry. This includes requesting that all clients surrender their weapons or firearms to staff and asking them to leave if they do not comply. Any weapons must then be surrendered to the San Francisco Police Department for secure logging and storage. According to DPH, implementing client searches and weapons removal at the Medical Respite and Sobering Center aligns the program with standard operations at other San Francisco shelters.

Furthermore, the amendment codifies requirements for food services, mandating staff food safety certifications, accommodating specialized diets such as diabetic and low-sodium diets, and requiring a minimum of 75 meals per mealtime. Transportation services are expanded to include rideshare options.

Justification for New Requirements

These new duties were introduced in response to escalating safety concerns. DPH reported that in "the last 6 months, there have been multiple safety incidents at the Medical Respite and Sobering Center involving clients bringing weapons into the facility," which were escalated by staff and their unions.

Security Protocols and Liability

The contract includes a subcontracting agreement with Winston Security Services, a private security firm, effective July 1, 2025. The contract specifies "1 Unarmed Guard daily" per shift, whose duties are to "log and report suspicious or criminal activity."

This scope does not authorize physical intervention to confiscate weapons. If a client is observed with a weapon, Winston Security or Community Forward staff will request that the item be surrendered. If a weapon is found unattended (e.g., on a patient's bed), staff will confiscate it. However, neither Winston Security nor Community Forward staff will engage in a physical confrontation with a patient to confiscate a weapon. If a patient refuses to surrender a weapon, 911 will be called if there is an active threat. If there is no active threat, the patient will be asked to leave the facility and considered trespassing if they refuse.

Furthermore, the Winston Security subcontract includes a clause limiting liability to cases of "sole negligence." This may leave Community Forward (and by extension, the City) liable for incidents where fault is shared or ambiguous.

Performance

The contract requires annual program monitoring, with performance objectives established by DPH's Whole Person Integrated Care.[2] According to DPH's FY 2023-24 program monitoring report, DPH conducted a site visit on January 16, 2025, where Community Forward was found to generally be in compliance with the contract's program objectives, outcomes, and compliance requirements. DPH's program monitoring resulted in both programs receiving an overall program score of four out of four or "commendable/exceeds standards."

MRSC met 100 percent of its performance objectives, units of service (58,337 hours), program compliance, and client satisfaction targets. The unduplicated client count target (1,287) was reported as "Met" by DPH because the contractor invoices the full budget regardless of utilization; however, the actual number of unduplicated clients served between the Medical Respite and the Sobering Center was 1,047. All programs in this contract bill for cost reimbursement rather than fee-for-service.

The SoMa RISE shuttle program was exempt from the performance objective, client satisfaction, and unduplicated client count section of the FY 2023-24 performance review due to its service type; however, it met its contracted units of service (5,446 out of 5,446) and was provided 20/20 applicable program compliance points.

There were no performance or service objectives for the Managed Alcohol Program in the reports provided by DPH. Of the total Unduplicated Client Count, 23 clients were served in the MAP program in FY24-25. These clients are reflected in the Sobering Center count below.

A breakdown of performance objective goals and results is detailed in Exhibit 1 below.

[2] Whole Person Integrated Care is a section of the SF Department of Public Health's Ambulatory Care division that brings together existing non-traditional primary care, urgent care, and behavioral health clinical services primarily serving people experiencing homelessness.

Exhibit 1: Performance Monitoring Goal and Result FY 2024-25

Program	Objective	Goal / Target	Result
Medical Respite & Sobering Center	Emergency Preparedness	Fire/earthquake plans, safety standards, key distribution points	**Met**
Medical Respite & Sobering Center	Shuttle Transportation	Shuttle priorities, van operating schedule, and usage report	**Met**
Medical Respite & Sobering Center	Food Service	Stock rotation, menu planning, and nutritional standards.	**Met**
Medical Respite & Sobering Center	Facilities Maintenance	Cleaning and maintenance schedules	**Met**
Medical Respite & Sobering Center	Units of Service	58,337 hours	**58,337 hours**
Sobering Center	Face to Face Encounters	1,000	**1,864**
Medical Respite	Respite Stays & Days	Total Respite Stays: 400 Total Respite Days: 18,000	**Stays: 487** **Days: 28,419**
Medical Respite & Sobering Center	Unduplicated Clients	Medical Respite (MR): 887 Sobering Center (CR): 400 Total: 1,287	**MR: 377** **SC: 710** **Total: 1087**
Medical Respite & Sobering Center	Program Compliance	Declaration of Compliance, Admin Binder, Site Compliance	**Met**
Medical Respite & Sobering Center	Client Satisfaction	Completed survey and analyzed results	**Met**
Transportation Shuttle	Units of Service	5,446 hours	**5,446 hours**
Transportation Shuttle	Site/Premises Compliance	Declaration of Compliance, Admin Binder, Site Compliance	**Met**

Source: DPH

Fiscal Monitoring

The Mayor's Office of Housing and Community Development (MOHCD) reviewed Community Forward's compliance with the City's fiscal and compliance standards for non-profits in FY 2024-

25. A MOHCD letter dated June 13, 2025 found that Community Forward was in conformance with all City standards.

FISCAL IMPACT

The proposed amendment increases the total agreement amount by $22,263,326, from an original not-to-exceed of $9,999,504 to $32,262,830 over the five-year term (July 1, 2024, through June 30, 2029).

The total budget includes a contingency of $2,499,993 (approximately 10.5 percent of the projected budget for the last four years of the proposed term). This contingency is for unforeseen costs, such as facility emergencies or wage escalation, and requires a formal contract modification to access. The budget assumes year-over-year growth rates of approximately 1.4 percent to 2.4 percent for FY 2026-27 through FY 2028-29.

The estimated annual allocations are detailed in Exhibit 2.

Exhibit 2: Budget by Fiscal Year, FY 2024-25 to FY 2028-29

Fiscal Year	Projected Spending	% Change
FY 2024-25	$6,048,162	
FY 2025-26	5,762,796	-4.7%
FY 2026-27	5,901,106	2.4%
FY 2027-28	5,983,575	1.4%
FY 2028-29	6,067,198	1.4%
Subtotal	*29,762,837*	
Contingency (10.5%)	2,499,993	
Total	**$32,262,830**	

Source: DPH

Note: The original budget for FY 2024-25 was $6,967,205; however, due to the consolidation of the Managed Alcohol Program into the Medical Respite and Sobering Center and the subsequent reduction in Proposition C funding, the figure cited above ($6,048,162) reflects a decrease of $919,043 from the baseline year.

The FY 2024-25 budget of $5.76 million was primarily to pay for the Medical & Sobering Center Program ($5.37 million). The Managed Alcohol Program was $0.1 million and the Soma RISE transportation program was $0.3 million in FY 2024-25.

Billing Methodology

The contract uses a cost-reimbursement model. The City pays the contractor for actual expenses (rent, salaries, utilities) up to the budget cap, regardless of utilization. If DPH referrals or clinical staffing shortages reduce the number of beds that can be safely used, the City must still pay Community Forward for fixed costs (e.g., $968,980 annually for rent).

Medical Respite Bed Cost

Based on the FY 2025-26 MRSC budget of approximately $5.37 million divided by 27,375 potential bed nights (75 beds x 365 days), the estimated cost per bed night for medical respite facility and support services is approximately $196 at 100 percent occupancy and $230 at 85 percent occupancy. Based on data provided by DPH on the total number of respite days, the average occupancy rate was 69 percent in FY 2023-24 and 90 percent in FY 2024-25.

Budget Savings from Program Consolidation

Compared to the original FY 2024-25 budget ($6.97 million), the FY 2025-26 budget ($5.76 million) reflects a reduction of $1.20 million (17.3 percent) due to the consolidation of the MAP program and Medical Respite. DPH reduced the FY 2024-25 budget from $6.97 million to $6.05 million reflecting the MAP consolidation implemented in August 2024. DPH is proposing a further decrease of $285,366 (4.7 percent) in FY 2025-26 due to the program consolidation.

Exhibit 3 provides a detailed cost breakdown comparing the original FY 2024-25 budget to the FY 2025-26 budget.

Exhibit 3: Change in Original Budget from Program Consolidation (FY 2024-25 vs. FY 2025-26)

Line Item	FY 2024-25 (Original)	FY 2025-26 (Proposed)	Difference	% Change
Salaries	$2,342,044	$2,038,737	($303,307)	-13.0%
Employee Benefits	$702,614	$550,459	(152,155)	-21.7%
Operating Expenses	$3,013,781	$2,423,300	(590,481)	-19.6%
Indirect Expenses (15%)	$908,766	$750,300	(158,466)	-17.4%
Total	**$6,967,205**	**$5,762,796**	**($1,204,409)**	**-17.3%**

Source: DPH

The savings are attributed to reductions in redundant security, food services, and staffing. Total staffing decreased by 7.84 full-time equivalent (FTE) positions (17.6 percent), from 44.61 to 36.77. This is driven primarily by the elimination of 7.49 FTE previously dedicated to the standalone Managed Alcohol Program and a reduction of 1.07 indirect (administrative) FTEs. Additionally, the budgeted employee benefits rate decreased from 30 percent in FY 2024-25 to 27 percent in FY 2025-26. DPH states this reduction reflects the actual costs of the benefits package.

Funding Sources

Proposition C funds are reduced by $1.27 million, or 91.4 percent, due to program consolidation. In FY 2025-26, the contract is funded by the General Fund (93 percent), Proposition C revenues (7 percent), and the Opioid Settlement Fund (less than 1 percent). The year-over-year funding breakdown is provided in Exhibit 4. Because DPH civil service staff are the treatment providers in these programs, DPH bills Medi-Cal and other insurers directly and those revenues accrue to the Department.

Exhibit 4: Change in Funding Sources from Program Consolidation (FY 2024-25 vs. FY 2025-26)

Funding Source	FY 2024-25 Original	FY 2025-26 Proposed	Difference	% Change
General Fund	$5,309,558	$5,362,653	$53,095	1.0%
Proposition C (Homeless Services)	1,390,037	119,357	(1,270,680)	-91.4%
Proposition C (MH Residential)	267,610	270,286	2,676	1.0%
Opioid Settlement Fund		10,500	10,500	
Total	**$6,967,205**	**$5,762,796**	**($1,204,409)**	**-17.3%**

Source: DPH

RECOMMENDATION

Approve the proposed resolution.

Item 8 **File 25-1133**	**Department:** Public Health (DPH)

EXECUTIVE SUMMARY

Legislative Objectives

- The proposed resolution would approve the sixth amendment to DPH's contract with the Bayview Hunters Point Foundation. The proposed amendment extends the contract term by 18 months from December 2026 to June 2028 and increases the contract amount by \$7,531,723 for a total not-to-exceed amount of \$25,611,719.

Key Points

- The proposed agreement would continue to fund two outpatient mental health programs for adults and children.
- The provider continues to be on a "Tier 3" status in the Controller's Citywide Nonprofit Monitoring and Capacity Building Program. The provider has made progress in coming into compliance with most issues identified in FY 2023-24 fiscal monitoring. However, Bayview Hunters Point Foundation has not come into compliance on the City's standards on timely completion of financial audits it continues to be designated as a "Tier 3" organization.
- Regarding program outcomes, the provider is meeting client and unit of service targets based on FY 2024-25 data reported by DPH. However, DPH determined that the Adult Outpatient program did not meet performance standards in FY 2023-24 because the program only met three out of seven performance objectives in part because BVHP did not have adequate documentation practices to facilitate performance monitoring, and the program had a low client satisfaction survey return rate.

Fiscal Impact

- Annual spending for the proposed contract extension is \$2.8 million, which is funded by federal funding (33 percent), state funding (17 percent), and the General Fund (50 percent).

Policy Consideration

- Due to the provider's "Tier 3" designation and the adult program not being performance standards, we recommend the Board of Supervisors continue to remain informed about the progress Bayview Hunters Point Foundation is making to comply with City standards. Based on improved financial performance and management, we recommend approval of the proposed resolution but also recommend that DPH report to the Board of Supervisors on status of the Corrective Action Plan and program performance at the end of Calendar Year 2026.

Recommendations

- Amend the proposed resolution to correctly refer to the sixth contract amendment.
- 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 to such contract is subject to Board of Supervisors approval.

BACKGROUND

The Bayview Hunters Point Foundation

The Bayview Hunters Point Foundation for Community Improvement (BHPF) provides mental health services, substance abuse treatment, preventative programs for youth, and other social services with a focus on residents of the Bayview and Hunters Point neighborhoods.

Contract History

In 2018, the City entered into a contract agreement with BVHPF to provide a range of mental health and other social services through June 2021. The agreement was for a total not-to-exceed amount of $9,757,806, and the City retained two one-year options to extend the contract. In 2021, the City amended the contract, extending it for nine months through March 31, 2022 and raising the total not-to-exceed amount to $9,800,113. Because neither the initial agreement nor the 2021 amendment carried a not-to-exceed amount over $10 million, neither required Board approval.

In February 2022, the Board of Supervisors approved the second amendment to the contract agreement, increasing the not to exceed amount to $13,489,343 and extending the term from March 2022 to June 2023 (File 21-1129).

In June 2023, the Board of Supervisors approved the third amendment to the contract, extending the term one year through June 2024 and increasing the contract value to $16,300,000 (File 23-0477). DPH originally requested a two-year extension but agreed to reduce the extension to one year due to low units of services in the contracted programs and the organization's lack of compliance with the City's financial and governance standards.

In July 2024, DPH extended the agreement by one year, through June 2025 and increased the contract value by $500,000 (under the threshold for Board approval).

In May 2024, the Board of Supervisors approved the fifth amendment to contract, extending the term by 18 months from June 2025 to December 2026 and increasing the not to exceed amount to $18,079,996 (File 25-0383). DPH originally requested a three-year extension but agreed to reduce the extension to 18 months due to BVHPF's struggle to meet City standards for financial condition and governance. Although the term of the agreement was extended by 18 months, the increase in the not to exceed amount approved by the Board of Supervisors only funded an additional six months of programming through December 2025.

DPH now proposes to extend the contract by 18 months through June 2028.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would approve the sixth amendment to DPH's contract with the Bayview Hunters Point Foundation. The proposed amendment extends the contract term 18 months from December 2026 to June 2028 and increases the contract value by $7,531,723 for a total not-to-exceed amount of $25,611,719.

Services Provided

The proposed contract agreement would continue to fund two mental health services: (1) adult outpatient, and (2) children outpatient.

- **Adult Outpatient**: This program provides individual and group therapy, case management, and crisis intervention targeted at African American and Latino adults living in the southeast portion of the City with a history of poverty, homelessness, family conflict, and substance abuse. Services are provided at the Bayview Hunters Point Foundation at 1625 Carroll Avenue.
- **Children's Outpatient**: This program provides individual and group therapy, case management, and crisis intervention to youth, including African American and Latino youth living in the southeast portion of the City with a history of poverty, homelessness, family conflict, and substance abuse. Services are provided primarily at multiple school sites across the City, and at Bayview Hunters Point Foundation at 1625 Carroll Avenue.

The proposed contract amendment increases the annual client count for the Adult Outpatient program from 177 to 225, and for the Children's Outpatient program from 44 to 80. According to DPH, annual client counts were previously reduced in FY 2024-25 under the fifth amendment to reflect a more realistic goal given the transition to CalAIM, a new State rate structure being implemented across BHS outpatient programs this year. DPH is increasing the annual client counts in FY 2025-26 due to the completion of the State rate structure transition year. The increased client counts more accurately reflect actual service levels in FY 2023-24, during which the adult program served 206 clients and the youth program served 78 clients. The new client counts reflect a decrease of 50 clients for the adult outpatient program and an increase of 20 clients for the children's outpatient program compared to FY 2023-24 levels prior to the transition to the new State rate structure.

Program Performance

In 2025, DPH completed FY 2023-24 program monitoring, which included a site visit. The results are summarized in Exhibit 1 below.

Exhibit 1: Program Monitoring for FY 2023 and FY 2024

	Adult Outpatient Program		Children's Outpatient Program	
	FY 2022-23	FY 2023-24	FY 2022-23	FY 2023-24
Overall Program Rating (1-4)	3	2	3	3
Performance Score	73%	34%	90%	73%
Actual/Budgeted Clients	71%	75%	40%	130%
Actual/Budgeted Units of Service	109%	Exempt[1]	60%	Exempt[1]
Compliance Score	100%	100%	83%	100%
Plan of Action	No	Yes- Performance Objectives & Client Survey	Yes - client data reporting to DPH	Yes – Performance Objectives
Client Satisfaction Score	80%	70%	70%	100%

Source: DPH

Note: (1) Program was exempt from units of services deliverables for FY 23-24 due to the implementation of the CalAIM behavioral Health Payment Reform and a migration in the Departments electronic health record (EHR) system from Avatar to Epic.

The Adult Outpatient program's overall rating decreased to "2 – Improvement Needed/Below Standards" compared to the prior year's "3 – Acceptable/Meets Standards" (out of a possible 4). The Children's Outpatient program maintained an overall rating or "3 – Acceptable/Meets Standards," consistent with the previous fiscal year.

Both programs saw a decrease in their performance score. The adult program met only three of seven performance objectives, receiving a 34 percent performance score, down from 74 percent in the prior year. The youth program met five of eight performance objectives, receiving a 73 percent performance score, compared to 90 percent in the prior year. According to DPH, the decrease in performance scores was partially attributed to the electronic health record migration from Avatar to Epic in May 2024[1] but the review also highlighted BVHP's need to improve documentation practices. DPH required a plan of action by each program to describe how it is monitoring compliance with DPH documentation requirements in Epic to support meeting performance objectives in FY 2024-25. In January 2025, BVHP began weekly training sessions focused on tracking and entering required documentation in Epic and monthly reviews of all clients to ensure documentation meets standards. The outcome of these monthly reviews is

[1] Because the migration occurred before the end of the fiscal year, DPH was only able to extract client data from Avatar for a portion of the fiscal year, and Epic did not yet have the necessary reports built to capture performance data for the remaining six-week period.

presented in a monthly report to BVHP's Clinical Director, who reported to DPH that he has observed improvement.

The adult program's client satisfaction score also declined. It received a 70 percent client satisfaction score, down from 80 percent in the prior year. This is due to the program's low survey return rate of 16.7 percent. DPH required a Plan of Action for the adult program to increase client participation and a higher survey return rate. In April 2025, BVHP developed a tracking system to monitor client participation in satisfaction survey and followed up with clinicians with lower rates of client participation relative to other staff.

In FY 2023-24, both programs were exempted from the scoring of Units of Service deliverables due to the implementation of CalAIM Behavioral Health Payment Reform and a migration to Epic. However, both programs saw an improvement in budgeted clients served. The Adult Outpatient program served 206/275 budgeted clients (75 percent) and the Children's Outpatient Program served 78/60 budgeted clients (130 percent).

For FY 2024-25, DPH reports that both programs exceeded budgeted clients and service levels. The Adult Outpatient Program provided 3,974 units of service (147 percent of budget) to 244 clients (112 percent of budget), and the Children's Outpatient Program provided 2,666 units of service (148 percent of budget) to 120 clients (273 percent of budget). This data is preliminary and subject to change during the full program monitoring to take place this fiscal year. The full program monitoring process will also assess the program's broader compliance with DPH's policies for behavioral health programs.

Fiscal and Compliance Monitoring

The Bayview Hunters Point Foundation has had financial challenges since FY 2018-19. As of September 2025, the City maintained BVHP's status as "Tier 3" in the Controller's Citywide Nonprofit Monitoring and Capacity Building Program Report due to prior invoicing, cash flow, and financial reporting practices that were not compliance with City standards. Under the Controller's non-profit corrective action policy, a Tier 3 designation "identifies serious risk to public funds and client services" and results in mandatory technical assistance. The Controller's Office, Department of Homelessness & Supportive Housing, and Department of Public Health are each providing technical assistance to improve the organization's financial condition and program performance.

The Controller's Office and funding departments conducted regular check-ins to monitor the progress across the corrective action plan. As of November 2025, the funding departments concluded that the agency has met 2 out of 4 items in its Corrective Action Plan: Invoicing and Cash Flow Challenges.

1. **Cash flow challenges:** In November 2025, BVHP provided preliminary unaudited FY 2024-25 financial statements to DPH which showed an improvement in net income and that BVHP was close to a break-even point with revenues nearly equal to expenses. BVHP continues to provide monthly cash analysis to its funding departments, but the funding departments and Controller's Office agreed that the agency has satisfied this item in the Corrective Action Plan and marked it as Completed as of November 2025.

2. **Invoicing to the City:** All City funding departments have noted significant improvement in the timeliness and accuracy of the invoices submitted to the City. City staff tested sample invoices in August 2025 and these invoices met all standards around timeliness and accurate supporting documentation. This item in the Corrective Action Plan was also marked as completed as of November of 2025.
3. **Severe delays in completing financial audits:** The organization has not completed its FY 2022-23 and FY 2023-24 financial audits. The City standard is to have financial audits completed within nine months after the close of the fiscal year. In April 2025, DPH reported that the FY 2022-23 financial audit was expected to be completed in June 2025. As of August 2025, DPH reports that the significant delay in the FY 2021-22 audit, combined with turnover in finance staff, caused subsequent audits to fall behind. DPH acknowledges that it will likely take at least another year for the agency to become fully current on its audits. BVHP management is taking steps to address the delays, including conducting pre-audits, in an effort to catch up. As of December 2025, DPH reports that BVHP has completed the pre-audit process for FY 2022-23 and FY 2023-24 and is currently developing the audit timeline with CPA auditors. Completing a timely audit and with no going concern are the 2 items left in the Corrective Action Plan that have not been completed.

According to a memo from the Controller's Office issued in September 2025, Bayview Hunters Point Foundation will continue in a "Tier 3" status until it submits clean audited financial statements for FY 2023 and 2024.

FISCAL IMPACT

Exhibit 2 below shows the annual spending on the contract and basis for the $25,611,719 total not to exceed amount.

Exhibit 2: Contract Agreement Not To Exceed Amount

Current Contract	Amount
FY 2018-19	$1,214,293
FY 2019-20	2,031,313
FY 2020-21	2,327,062
FY 2021-22	2,575,401
FY 2022-23	2,452,122
FY 2023-24	3,100,730
FY 2024-25	2,668,509
FY 2025-26 (Jul-Dec)	1,347,597
Subtotal, Actual and Projected	$17,717,027
Proposed Amendment	
FY 2025-26 (Jan-Jun)	1,347,597
FY 2026-27	2,757,493
FY 2026-27	2,799,357
Subtotal, Proposed Budget	$6,904,447
Contingency (12%)	990,245
Proposed Not To Exceed Amount	**$25,611,719**

Source: DPH

In FY 2025-26, the Adult Outpatient program is budgeted at $1.47 million and the Children's Outpatient program is budgeted at $1.22 million. Half of the FY 2025-26 budget is funded under the existing contract, and the proposed amendment would fund the second half of the FY 2025-26 budget. The contract funds 10.73 full-time equivalent positions across both programs, a reduction from 14.38 FTE in FY 2024-25. According to DPH, this decrease reflects a reduction in non-billable FTEs, while billable FTEs remain consistent across both years. The FY 2025-26 budget is shown below in Exhibit 3.

Exhibit 3: FY 2025-26 Budget by Program

	Adult Outpatient	Children's Outpatient	Total
Salaries & Benefits	$656,964	$692,934	$1,349,898
Operating Expenses	622,059	371,690	993,749
Subconsultants	*375,000*	*85,000*	*460,000*
Indirect Costs (15%)	191,853	159,694	351,547
Total	$1,470,876	$1,224,318	$2,695,194

Source: Proposed Amendment

Indirect Costs

The annual budget includes an indirect cost allocation of $351,547, which is equal to 15 percent of the total budget of $2.34 million, including $460,000 for three subconsultants. According to

DPH, this allocation covers shared costs for accounting, payroll, contracts, HR, facilities, IT, executive salaries and benefits, and operating expenses. According to the Controller's Office 2019 Guidelines for Cost Categorization in Nonprofit Contracts and Grants, the first $25,000 of each subcontract can be included in the indirect cost calculation, but additional subcontract expenses beyond $25,000 must be excluded in the indirect cost calculation. If we exclude all but $75,000 of subconsultant expenses from the indirect cost calculation, the indirect cost allocation would be $293,797, which is $57,750 less than the indirect cost allocation of $351,547 included in the budget. We recommend that DPH update the indirect cost calculation in the budget to be consistent with Controller's Office guidelines.

Funding Sources

The contract is funded by federal funding (33 percent), state funding (17 percent), and the General Fund (50 percent).

POLICY CONSIDERATION

As discussed above, the provider has made progress in coming into compliance with the City's fiscal requirements and has resolved most issued identified in FY 2023-24 fiscal monitoring. However, Bayview Hunters Point Foundation has not come into compliance on the City's standards on timely completion of financial audits and continues to be designated as a "Tier 3" organization.

Regarding program outcomes, the grantee is meeting client and unit of service targets based on FY 2024-25 data reported by DPH. However, DPH determined that the Adult Outpatient program did not meet performance standards in FY 2023-24 because the program only met three out of seven performance objectives in part because BVHP did not have adequate documentation practices to facilitate performance monitoring, and the program had a low client satisfaction survey return rate.

Based on improved program and financial performance, DPH is proposing to extend this contract through June 2028. Due to the provider's "Tier 3" designation and the adult program not meeting performance standards, we recommend the Board of Supervisors continue to remain informed about the progress Bayview Hunters Point Foundation is making to comply with City standards. Based on improved financial performance and management, we recommend approval of the proposed resolution but also recommend that DPH report to the Board of Supervisors on status of the Corrective Action Plan and program performance at the end of Calendar Year 2026. Finally, we recommend the Board amend the proposed resolution to correctly refer to the sixth contract amendment (rather than the fifth contract amendment).

DPH notes that this is the only large Bayview-based mental health provider and the behavioral health system of care benefits from having culturally competent providers at scale to serve specific needs of San Francisco's communities. DPH does not have a City-staffed mental health clinic in the Bayview and creating one would likely be more expensive and more time-consuming than the proposed contract. DPH is planning to conclude a re-procurement of all outpatient services in 2028. That process could be an opportunity to expand the capacity of smaller providers in the Bayview in order to ensure continuity of services in the area.

RECOMMENDATIONS

1. Amend the proposed resolution to correctly refer to the sixth contract amendment.
2. Approve the resolution, as amended.