

<p>Item 1 File 23-1026</p>	<p>Department: Homelessness and Supportive Housing (HSH)</p>
<p>EXECUTIVE SUMMARY</p>	
<p style="text-align: center;">Legislative Objectives</p> <ul style="list-style-type: none"> • The proposed resolution would approve a first amendment to HSH’s agreement with Five Keys, extending the term by two years and seven months, from November 30, 2023 to June 30, 2026, and increasing the not-to-exceed amount by \$19,365,651 from \$7,931,342 to \$27,296,993. The level and type of services to be provided would not change. <p style="text-align: center;">Key Points</p> <ul style="list-style-type: none"> • Under the current agreement, Five Keys operates a semi-congregated shelter at 685 Ellis Street. The site was previously part of the Shelter in Place program. The site has 68 shelter guest rooms which consist of 58 twin/double occupancy rooms, eight with queen beds for couples, and two single rooms, serving up to 134 guests. • HSH completed in-person program monitoring in May 2023 and found that Five Keys generally met the operational, service, and outcome objectives required under the agreement. <p style="text-align: center;">Fiscal Impact</p> <ul style="list-style-type: none"> • Annual program costs are \$6.9 million. All costs are funded by California’s Homeless Housing Assistance and Prevention (HHAP) grant program, a state funding source. <p style="text-align: center;">Recommendation</p> <ul style="list-style-type: none"> • 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

Five Keys Schools and Programs (Five Keys) operates the semi-congregate 685 Ellis Street shelter. The City acquired the building in December 2022 and transitioned it into a semi-congregate shelter site, intending for it to eventually become a permanent supporting housing site. All rooms were converted from group occupancy to single/double occupancy. The site serves adults, without custody of children, who are experiencing homelessness. There are currently 72 rooms, including four staff/storage and 68 rooms for shelter guests. The 68 shelter guest rooms consist of 58 twin/double occupancy rooms, eight with queen beds for couples, and two single rooms, serving up to 134 guests.

Vendor Selection

After the City purchased 685 Ellis Street (File 22-0345) in December 2022, HSH selected Five Keys to operate the site under Administrative Code Chapter 21B, which allows the waiving of competitive procurement processes when procuring homeless services. Five Keys operated the SIP Hotel Program at 685 Ellis Street.

Initial Agreement

On December 15, 2022, HSH and Five Keys ESC entered into a new agreement, which had a not-to-exceed amount of \$7,931,342 and a term of December 15, 2022 through November 30, 2023. Per the agreement, Five Keys provides operations, support services, and property management at the site with a capacity to serve 112 people in 50 double-bed rooms and 12 single-bed rooms. The initial agreement was funded by Homeless Housing, Assistance and Prevention (HHAP) state grant funds. funds.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would approve a first amendment to HSH's agreement with Five Keys, extending the term by two years and seven months, from November 30, 2023 to June 30, 2026, and increasing the not-to-exceed amount by \$19,365,651 from \$7,931,342 to \$27,296,993. The level and type of services to be provided would not change.

Services

Five Keys would continue to manage the site with no major changes to the services currently being provided. In accordance with the HSH Temporary Shelter Manual, Five Keys would perform the following services:

- Accepting and facilitating reservations
- Providing accommodations, meals, and storage
- Ensuring the safety of served population, staff, and visitors
- Referral and intake services
- Shelter support services
- Referrals and coordination of services
- Providing support groups, social events, and organized activities
- Conducting wellness checks in accordance with HSH policy
- Providing reasonable accommodations, transfers, and other support
- Providing exit planning assistance to the served population
- Property management

The initial agreement was established when the Ellis Street site had 50 double-bed and 12 single-bed rooms, resulting in a maximum capacity of 112 people. Configuration changes have been made to the rooms and other spaces have been converted to guest rooms. As a result, the proposed amendment would allow for a maximum capacity of 134 guests.

Performance Monitoring

HSH conducted a program monitoring site visit on May 5, 2023. The site was found to have achieved all service and outcome objectives,¹ although one objective, ensuring 80% of guests are document ready for housing, was not evaluated due to administrative error.

The program could not verify that all staff under the contract completed all required trainings. In its response dated August 12, 2023, Five Keys reported that it had implemented a training log to keep track of all mandatory trainings. The program also did not have a formal outreach policy outlining its approach to outreach to guests. The August 12, 2023 response indicated the program is establishing a consistent schedule of monthly community meetings and that it will track attendance and use the data to improve its outreach efforts.

Lastly, the monitoring report recommended that at least four of eight rooms for staff offices and storage should be used for shelter instead. As of August 12, 2023, the transition had occurred.

Fiscal Monitoring

On July 31, 2023, HSH issued its fiscal and compliance monitoring report of Five Key's FY 2022-23 contracts and grants. The report contained no findings and Five Keys was found to be in conformance with all governance best practices.

¹ In particular, the May 2023 program monitoring found that Five Keys maintained 90% occupancy during FY 2022-23 to date, provided orientation to guests, turned over rooms within 14 days, referred guests to Problem Solving or Coordinated Entry within one week of entering the shelter, and 75% of tenants completing a quarterly survey reported that they agree or strongly agree that they are satisfied with services.

FISCAL IMPACT

The proposed amendment would increase the agreement's not-to-exceed amount by \$19,365,651 while providing two years and seven additional months of shelter service from December 1, 2023 to June 30, 2026. Grant spending details are shown in Exhibit 1 below.

Exhibit 1: Grant Budget

	Current	Budget	Budget	Budget
	Year 1	FY 2023-24	FY 2024-25	FY 2025-26
Salaries and Benefits	5,028,519	2,933,303	5,028,519	5,028,519
Operating Expense	942,628	549,866	942,628	942,628
Indirect Cost	895,672	522,475	895,672	895,672
Other Expenses	30,000	0	0	0
Total Expenses	6,896,819	4,005,644	6,866,819	6,866,819
Total Actual and Budgeted Spending				24,636,101
Contingency (15%)				2,660,892
Not to Exceed Amount				27,296,993

Source: Proposed Amendment

Notes: Year 1 figures are December 15, 2022 through November 30, 2023. FY 2023-24 figures are December 1, 2023 through June 30, 2024. Years 3 and 4 are full 12-month terms that align with the City's Fiscal Year.

Funding Sources

The current agreement and proposed amendment would be funded by California's Homeless Housing Assistance and Prevention (HHAP) grant program, a state funding source.

RECOMMENDATION

Approve the proposed resolution.