

CITY AND COUNTY OF SAN FRANCISCO

BOARD OF SUPERVISORS

BUDGET AND LEGISLATIVE ANALYST

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TO: Homelessness & Behavioral Health Select Committee 
FROM: Budget and Legislative Analyst
SUBJECT: April 28, 2023 Homelessness & Behavioral Health Select Committee Meeting

TABLE OF CONTENTS

Item	File	Page
1	23-0343 Contract Amendment - Richmond Area Multi-Services, Inc. - Behavioral Health Services for Adults, Older Adults, and Transitional Age Youth - Not to Exceed \$61,137,386.....	1
2	23-0353 Contract Amendment - Westside Community Mental Health Center, Inc. - Substance Use Disorder Services - Not to Exceed \$15,580,935.....	6
3	23-0354 Contract Amendment - Homeless Children’s Network - Mental Health Services for Homeless Children and Families - Not to Exceed \$17,465,319 .	11
4	23-0415 Grant Agreement Amendment - Five Keys Schools and Programs - Baldwin SAFE Navigation Center - Not to Exceed \$37,072,314.....	16

Item 4 File 23-0415	Department: Homelessness & Supportive Housing (HSH)
EXECUTIVE SUMMARY	
<p style="text-align: center;">Legislative Objectives</p> <ul style="list-style-type: none"> • The proposed resolution would approve the second amendment to the Department of Homelessness and Supportive Housing’s grant agreement with Five Keys Schools and Programs to operate a non-congregate SAFE Navigation Center at 74 Sixth Street. The proposed amendment would extend the grant term from June 2023 to June 2026 and increase the not to exceed amount from \$9,800,000 to \$37,072,314. <p style="text-align: center;">Key Points</p> <ul style="list-style-type: none"> • The Baldwin Hotel at 74 Sixth Street has been operated as a 158 unit permanent supportive housing site by the Tenderloin Housing Clinic since at least 2015. Based on assessments of community need and experience with the Shelter in Place hotel program, HSH has expanded its non-congregate shelter programming. In Fall 2022 HSH staff decided to convert the Baldwin site use from permanent supportive housing to non-congregate shelter because the site had a high number of vacancies. Residents at the Baldwin hotel were offered placement at other housing sites, according to HSH staff. • Five Keys Schools and Programs were selected to operate the converted Baldwin site, which began accepting shelter clients in September 2022 and became a fully operational shelter in November 2022. The site has 180 rooms for non-congregate shelter. • The original grant agreement with Five Keys had a term of July 1, 2022 through February 28, 2023 and a not to exceed amount of \$7,985,869, including \$1.4 million for capital improvements. HSH later amended the agreement to extend the term though June 2023 and increase the not to exceed amount to \$9,800,000. <p style="text-align: center;">Fiscal Impact</p> <ul style="list-style-type: none"> • Annual operating costs are \$8 million and funded by Housing, Assistance and Prevention Program (HHAP) funding, 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

Baldwin Site

The Baldwin Hotel at 74 Sixth Street has been operated as a 158 unit permanent supportive housing site by the Tenderloin Housing Clinic since at least 2015. Based on assessments of community need and experience with the Shelter in Place hotel program, HSH has expanded its non-congregate shelter programming, including the cabin pilot program at 33 Gough Street and the semi-congregate shelter at 711 Post Street. In Fall 2022 HSH staff decided to convert the Baldwin site use from permanent supportive housing to non-congregate shelter because the site had a high number of vacancies. With HSH funding, Tenderloin Housing Clinic master leased a new site, the Garland Hotel at 505 O'Farrell Street, which opened for residents in April 2022. Residents at the Baldwin hotel were offered placement at the Garland Hotel or other housing sites, according to HSH staff. Five Keys Schools and Programs were selected to operate the converted Baldwin site, which began accepting shelter clients in September 2022 and became a fully operational shelter in November 2022.

Procurement

Administrative Code Chapter 21B allows HSH to procure homeless services without using a competitive solicitation through March 2024 or if the homeless Point in Time count falls below 5,250. The proposed shelter operator, Five Keys Schools and Programs, was selected based on their experience as a shelter operator, including the Embarcadero SAFE Navigation Center, the Shelter-in-Place Hotel at 1231 Market Street, 1001 Polk Street, and others. Our March 15, 2023 report on a Five Keys grant agreement for the Embarcadero SAFE Navigation Center (File 23-0226) included a review of an HSH program monitoring report based on a site visit conducted in June 2022, which indicated that clients were satisfied with services in the quarter they were surveyed and the program met its contracts units of service at that site.

Current Agreement

The original grant agreement with Five Keys had a term of July 1, 2022 through February 28, 2023 and a not to exceed amount of \$7,985,869, including \$1.4 million for capital improvements.¹ HSH

¹ Capital improvements included room rehabilitation, flooring, and installation of new fixtures and equipment.

later amended the agreement to extend the term though June 2023 and increase the not to exceed amount to \$9,800,000.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would approve the second amendment to the Department of Homelessness and Supportive Housing's grant agreement with Five Keys Schools and Programs to operate a non-congregate SAFE Navigation Center at 74 Sixth Street. The proposed amendment would extend the grant term from June 2023 to June 2026 and increase the not to exceed amount from \$9,800,000 to \$37,072,314.

Services

The Baldwin non-congregate SAFE Navigation Center can accommodate up to 180 guests. Under the grant agreement, Five Keys' scope of services includes intake, assessment and service plans, engagement, case management, benefits navigation, wellness checks, support groups and activities, referrals and coordination of services, and exit planning. Property management services are provided by the Providence Foundation, a subgrantee.

Performance

The grant agreement lists five performance objectives for Five Keys' provision of support services: (1) provide intake and program orientation to 100 percent of all participants; (2) utilize intake and assessment information to identify options and create a service plan for 95 percent of pathway stay participants; (3) offer referral for problem solving and or assessment within one week of placement for 90 percent of time-limited stay participants; (4) provide referrals for benefits, employment, health, and transportation support to 90 percent of pathway stay participants; and (5) support 100 percent of Housing Referral Status participants to gather documents required to move into housing. In addition, Five Keys must turn over units within 14 days; provide property management services, including monthly rent collection for legacy tenants; and administer quarterly satisfaction surveys with a goal of at least a 50 percent response rate for both participants and legacy tenants.

In terms of outcomes, Five Keys is expected to achieve the following on an annual basis: 80 percent of Housing Referral Status participants should meet document readiness standards within six months of intake; 100 percent of staff will have required annual trainings; and 75 percent of survey respondents should agree or strongly agree that they are satisfied with services.

Monthly reporting submitted by Five Keys to HSH for the period November 2022 to March 2023 indicates that Five Keys is meeting its supportive service objectives. HSH will assess Five Keys' performance and outcome objectives as part of its annual program monitoring scheduled in November 2023, a year after the shelter program began.

FISCAL IMPACT

Exhibit 1 below shows the proposed second amendment's spending budget and not to exceed amount.

Exhibit 1: Budget

	FY 2023-24	FY 2024-25	FY 2025-26	Total
Salaries & Benefits	\$2,452,465	\$2,452,465	\$2,452,465	\$7,357,396
Other Operating Expenses	2,636,142	2,636,142	2,636,142	7,908,426
Indirect Costs (15.62%)	794,729	794,729	794,729	2,384,187
Property Management	2,140,488	2,140,488	2,140,488	6,421,464
Subtotal	8,023,824	8,023,824	8,023,824	24,071,473
FY 2022-23 Spending				9,390,121
Contingency (15%)				3,610,721
Not to Exceed Amount				\$37,072,315

Source: Appendix B of Proposed Second Amendment

Salaries and benefits fund 34.6 FTE to provide support services and operate the shelter. Other operating expenses include \$1.9 million in rent for the site, which is not owned by the City and therefore not subject to the appraisal requirements of Chapter 23 of the Administrative Code.²

Funding Source

All grant costs are funded by the Homeless Housing, Assistance and Prevention Program (HHAP) Round 3 and Round 4 funding, a State funding source allocated to counties and Continuums of Care, which must be spent by June 2027.

RECOMMENDATION

Approve the proposed resolution.

² The annual \$1.9 million rent amounts to \$879 per room per month in FY 2023-24.