


**CITY AND COUNTY OF SAN FRANCISCO**

**BOARD OF SUPERVISORS**

**BUDGET AND LEGISLATIVE ANALYST**

1390 Market Street, Suite 1150, San Francisco, CA 94102 (415) 552-9292  
FAX (415) 252-0461

May 23, 2023

**TO:** Homelessness & Behavioral Health Select Committee   
**FROM:** Budget and Legislative Analyst  
**SUBJECT:** June 2, 2023 Homelessness & Behavioral Health Select Committee Meeting

**TABLE OF CONTENTS**

<b>Item</b>	<b>File</b>	<b>Page</b>
1	23-0485 Contract Amendment - Heluna Health - San Francisco Homeless Outreach Team - Outreach and Case Management Programming - Not to Exceed \$53,208,05 .....	1
2	23-0510 Grant Agreement Amendment - Hamilton Families - 260 Golden Gate Family Shelter - Not to Exceed \$21,064,271.....	9
3	23-0511 Grant Agreement Amendment - Eviction Defense Collaborative - Rental Assistance Disbursement Component - Not to Exceed \$24,792,066 .....	15
4	23-0452 Grant Agreement Amendment - Tenderloin Housing Clinic, Inc. - Crown, Winton, and National Hotels - Not to Exceed \$34,326,248.....	22
5	23-0571 Grant Agreement Amendment - Episcopal Community Services - Sanctuary Shelter - Not to Exceed \$25,755,271 .....	29
6	23-0572 Contract Amendment - Community Forward SF Inc. - Substance Use Disorder and Mental Health Services - Not to Exceed \$22,298,042 .....	34
7	23-0476 Contract Amendment - Conard House - Behavioral Health Services - Not to Exceed \$93,255,538.....	38

**TABLE OF CONTENTS (continued)**

Item	File	Page
8	23-0477 Contract Amendment - Bayview Hunters Point Foundation for Community Improvement - Behavioral Health Services - Not to Exceed \$20,138,218 .....	44
9	23-0478 Contract Amendment - Bayview Hunters Point Foundation for Community Improvement - Substance Use Disorder Services - Not to Exceed \$14,332,498 .....	49
10	23-0479 Contract Amendment - Richmond Area Multi-Services, Inc. - Behavioral Health Services for Children, Youth and Families - Not to Exceed \$31,570,886 .....	54

<b>Item 1</b> <b>File 23-0485</b>	<b>Department:</b> Department of Homelessness and Supportive Housing
<b>EXECUTIVE SUMMARY</b>	
<p><b>Legislative Objectives</b></p> <ul style="list-style-type: none"> <li>• The proposed resolution would approve the eighth amendment to the contract between the Department of Homelessness and Supportive Housing (HSH) and Public Health Foundation Enterprises, Inc. DBA Heluna Health (Heluna Health), to (1) extend the contract by six months from June 30, 2023 to December 31, 2023, and (2) increase the amount by \$1,388,989 from \$51,819,067 to \$53,208,056.</li> </ul> <p><b>Key Points</b></p> <ul style="list-style-type: none"> <li>• In November 2021, the Board of Supervisors approved the seventh amendment to the contract between HSH and Heluna Health, extending the term through June 30, 2023 and increasing the contract amount by \$12,685,125 for a total contract amount of \$51,819,067.</li> <li>• HSH is proposing to extend the existing agreement for six months until the new agreement is awarded. In April 2023, HSH issued a Request for Proposals (RFP) to select a new provider for the Homeless Outreach Team and anticipates a December 2023 start date for the new agreement.</li> <li>• Under the proposed amended agreement, Heluna Health would continue providing street outreach, case management, and services through special projects to unhoused San Franciscans through the San Francisco Homeless Outreach Team (SFHOT), including SFHOT’s work on the City’s Street Crisis Response Team (SCRT).</li> </ul> <p><b>Fiscal Impact</b></p> <ul style="list-style-type: none"> <li>• The budget for the proposed six-month contract extension from July 2023 through December 2023 is \$3,922,273, which includes \$3.0 million to fund approximately 58.8 full time equivalent (FTE) employees for six months. The six-month extension is funded by the General Fund (89.9 percent), state sources (7.8 percent), and work order funds (2.3 percent).</li> <li>• According to HSH staff, the contract has historically been underspent because of staff turnover and position vacancies. We project the contract will still be underspent by \$1.3 million (16 percent) in FY 2022-23. The percent of positions filled in the contract as of FY 2022-23 Quarter 3 was 82 percent compared to a required level of 90 percent in the agreement.</li> </ul> <p><b>Recommendations</b></p> <ul style="list-style-type: none"> <li>• Amend the resolution to reduce the not to exceed amount by \$500,000 from \$53,208,056 to \$52,708,056 based on projected underspending and approve the resolution as amended.</li> </ul>	

**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 August 2014, the Department of Public Health entered into a contract with the non-profit Public Health Foundation Enterprises DBA Heluna Health to provide outreach and case management programming to meet the needs of people experiencing homelessness in San Francisco, after selecting the organization through a competitive process. The original agreement was for a not-to-exceed amount of \$6,152,039 for 11 months from August 1, 2014 through June 30, 2015, with nine one-year options to extend the contract through June 30, 2024.<sup>1</sup> Administration of the contract was transferred to the Department of Homelessness and Supportive Housing (HSH) when the new department was formed in August 2016.

The Department of Public Health and Department of Homelessness and Supportive Housing modified the contract seven times, as shown in Exhibit 1 below.

---

<sup>1</sup> This term was specified in the Request for Proposals.

**Exhibit 1: Heluna Health Contract Amendments**

<b>Modification No.</b>	<b>Date</b>	<b>Description</b>	<b>Not-to-Exceed Amount</b>
1	6/18/15	Extended contract through June 30, 2018 and increased contract amount by \$17,614,017 for a total contract amount of \$23,766,056 (File 15-0403)	\$23,766,056
2	7/1/16	Updated contract terms to reflect new standardized terms and reflect the transition of contract management to the Department of Homelessness and Supportive Housing. No change to total contract amount.	\$23,766,056
3	7/1/18	Extended contract through June 30, 2019 and updated standard contract terms. No change to total contract amount.	\$23,766,056
4	7/1/19	Extended contract through October 31, 2019. No change to total contract amount.	\$23,766,056
5	10/1/19	Extended contract through June 30, 2021 and increased contract amount by \$15,367,886 for a total contract amount of \$39,133,942 (File 19-0768)	\$39,133,942
6	7/1/21	Extended contract through November 30, 2021. No change to total contract amount.	\$39,133,942
7	10/1/21	Extended contract through June 30, 2023 and increased contract amount by \$12,685,125 for a total contract amount of \$51,819,067 (File 21-0874). New staff to participate in the City's Street Wellness Response Team were added.	\$51,819,067

Source: Heluna Health Contract Amendments

### DETAILS OF PROPOSED LEGISLATION

The proposed resolution would approve the eighth amendment to the contract between the Department of Homelessness and Supportive Housing (HSH) and Public Health Foundation Enterprises, Inc. DBA Heluna Health, to (1) extend the contract by six months from June 30, 2023 to December 31, 2023, and (2) increase the amount by \$1,388,989 from \$51,819,067 to \$53,208,056.

HSH is proposing to extend the existing agreement for six months until the new agreement is awarded. In April 2023, HSH issued a Request for Proposals (RFP) to select a new provider for the Homeless Outreach Team and anticipates a December 2023 start date for the new agreement.

#### Services Provided

The purpose of the contract amendment is to continue providing comprehensive street outreach, case management, and services through special projects to unhoused San Franciscans through

the San Francisco Homeless Outreach Team (SFHOT), including SFHOT's work on the City's Street Crisis Response Team (SCRT).

#### *Street Outreach and Case Management*

SFHOT works to engage and stabilize the most vulnerable individuals by voluntarily placing them into shelter and housing or connecting with other available resources. To make these placements, SFHOT works seven days a week to provide outreach and case management to people experiencing homelessness. For individuals who are not ready to accept the services HSH has to offer, SFHOT continues to outreach and build motivation. SFHOT case managers work with eligible clients on stabilization plans, connections to housing, and referrals to other resources. SFHOT is also a Coordinated Entry Access Partner – team members can meet clients where they are located and provide housing assessments.

#### *Street Crisis Response Team*

The previous amendment added 11 new positions (10 outreach specialist positions and one outreach supervisor position) for the City's Street Wellness Response Team, which was first launched in January 2022 to focus on well-being checks and situations that require immediate attention, but do not meet the threshold of an acute behavioral health crisis. The team also responded directly to 911<sup>2</sup> and 311 calls for service. According to HSH staff, HSH later reduced staffing to nine positions (8 outreach specialists and one supervisor) to mirror San Francisco Fire Department shifts.

In March 2023, the Street Wellness Response Team was consolidated under the City's Street Crisis Response Team, which similarly responded to behavioral health related 911 calls for service but previously served higher-needs clients compared to the Street Wellness Response Team. The Street Crisis Response Team units are currently staffed with a Fire Department paramedic, an emergency medical technician or a second paramedic, and either a DPH-contracted peer counselor or a SFHOT outreach specialist.

#### *Special Projects*

The San Francisco Public Library is ending its work order with HSH for outreach services under the Heluna Health Contract in the extension year, as they are planning to contract for these services directly. The Recreation and Parks Department work order for outreach services to people experiencing homelessness who are living in San Francisco parks will continue in the extension year.

#### **Performance Monitoring**

According to the contract outcomes and progress report for FY 2021-22, the SF Homeless Outreach Team has met or exceeded service and outcome objectives, except for one outcome

---

<sup>2</sup> These are 911 calls that traditionally are coded as police code 910 priority B (e.g., wellbeing checks with no report of violence or weapons). The Police Department has identified these calls for appropriate for diversion to a non-Police response.

objective<sup>3</sup> related to the Street Wellness Response Team that was not met due to delays in rollout of the team. In FY 2021-22, the contractor engaged 36,091 clients across all outreach activities compared to a goal of 35,000. However, the report states that the contractor did not maintain staffing levels of at least 90 percent (as required by the contract), reflecting workforce challenges in the field and resulting in contract spending of 30 percent below budgeted levels. According to the report, the contractor has a recruitment plan in place to fill vacancies and HSH program staff will continue to work with the contractor to address staffing levels.

### **Fiscal and Compliance Monitoring**

Heluna Health last completed Citywide Fiscal and Compliance Monitoring in FY 2018-19. The contractor was granted a waiver from the monitoring program in FY 2019-20 and FY 2021-22. The waiver was granted in part due to there being no significant findings in the previous year's report.<sup>4</sup> The non-profit monitoring program was largely suspended in FY 2020-21 due to COVID-19. HSH staff report that Heluna Health was selected for monitoring in FY 2022-23, which will take place in May 2023.

HSH provided our office with Heluna Health's FY 2021-22 audited financial statement, which showed Heluna Health's net assets increased in FY 2021-22 and that there was a low risk that they will not meet their financial obligations over the next year. However, they have less than one week of cash relative to operating expenses, which is less than the eight weeks as recommended by best practice.

### **FISCAL IMPACT**

The current contract not-to-exceed amount is \$51,819,067, and the proposed eighth modification would increase by \$1,388,989 for a total not-to-exceed amount of \$53,208,056.

The budget for the proposed six-month contract extension from July 2023 through December 2023 is \$3,922,273, as shown in Exhibit 2 below.

---

<sup>3</sup> The contract establishes a goal that the SWRT team reduce police response to 911 calls by an average of 1,250 per month beginning May 1, 2022.

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

**Exhibit 2: Sources and Uses of Proposed Modification (6-Month Contract Extension)**

<b>Sources</b>	<b>6/30/23 – 12/31/23</b>
General Fund	\$3,527,410
State Project for Assistance in Transition from Homelessness (PATH) <sup>5</sup>	305,788
Recreation & Park Work Order	89,075
<b>Total Sources</b>	<b>\$3,922,273</b>
<b>Uses</b>	
Salary & Benefits	\$2,973,348
Operating Expense	401,550
Indirect Cost (12.3 %)	413,875
Other Expenses (not subject to indirect percentage) <sup>6</sup>	133,500
<b>Total Uses</b>	<b>\$3,922,273</b>

Source: Appendix B of Contract Modification

Approximately \$3.0 million (75.8 percent) of the total budget for the six-month extension will be used to fund approximately 58.8 full time equivalent (FTE) employees for six months, \$401,550 will be used towards operating expenses, including staff training, program supplies, vehicle expenses, auto insurance, professional services, and other costs, \$413,875 is for indirect costs, and \$133,500 will be used to fund other expenses not subject to the indirect percentage, including client related costs, participant stipends and client transportation. These values are generally consistent with the grant budget for FY 2022-23.

**Sources of Funding**

For the proposed six-month contract extension, 89.9 percent of funding comes from the General Fund, approximately 7.8 percent comes from state sources, and 2.3 percent comes from work order funds.<sup>7</sup>

**Total Contract Amount**

Actual and budgeted contract expenditures through June 2023 are \$48.7 million, and budgeted expenditures, including a contingency, from July 2023 through December 2023 are \$4.5 million, for a total contract amount of \$53.2 million, shown in Exhibit 3 below.

<sup>5</sup> California receives federal homeless funds annually through the McKinney Project for Assistance in Transition from Homelessness (PATH) formula grant. At the federal level, Substance Abuse and Mental Health Services Administration (SAMHSA) administers this block grant. PATH provides assistance to individuals who are homeless or at risk of homelessness and have serious mental illnesses.

<sup>6</sup> This includes client related costs, participant stipends, and client transportation.

<sup>7</sup> This does not include the source of funding for contingency.



**Exhibit 3. Heluna Health Contract Budget for FY 2014-15 through FY 2023-24**

<b>Actual and Budgeted Spending</b>	<b>Amount</b>
FY 2014-15	\$3,123,611
FY 2015-16	4,551,353
FY 2016-17	4,393,765
FY 2017-18	4,492,630
FY 2018-19	4,689,993
FY 2019-20	6,979,620
FY 2020-21	7,073,319
FY 2021-22	5,241,946
FY 2022-23 (Budgeted)	8,151,205
<i>Subtotal</i>	<i>\$48,697,442</i>
<b>Proposed Modification Budget</b>	
FY 2023-24 (6/30/23 - 12/31/23)	\$3,922,273
Contingency (15%)	588,341
<b>Total Budget FY 2014-15 to FY 2023-24</b>	<b>\$53,208,056</b>

Source: Department of Homelessness and Supportive Housing and Appendix B of Contract Modification

According to HSH staff, HSH has expanded the program budget by \$267,093 and reduced the contingency by the same amount, with no change to the not to exceed amount, since introducing the proposed resolution. The new budget, which is still under development, will include \$267,093 in state Encampment Resolution Funding Program grant funds that will support an expansion of the SFHOT team in the Polk Alleys during the period. This would reduce the 15 percent contingency of \$588,341 to an eight percent contingency of \$321,315. HSH also anticipates using a portion of the program contingency to conduct vehicle outreach at Lake Merced and bring in a mechanic for basic repairs to make vehicles safe and functional.

**Staffing and Underspending**

According to HSH staff, the contract has historically been underspent because of staff turnover and position vacancies. Actual spending in FY 2021-22 was \$2.5 million, or 30 percent, below budgeted levels. Heluna Health is on track to underspend the budget by less in FY 2022-23, but we project the contract will still be underspent by \$1.3 million (16 percent). In FY 2022-23, the contractor has invoiced for a total of \$5,122,286 through March 2023, which reflects 63 percent of the FY 2022-23 budget. If contract spending continues at the same rate for the remaining three months of the fiscal year, actual spending will be \$1.3 million (16 percent) below budget. According to HSH staff, the percent of positions filled in the contract in FY 2022-23 was 95 percent in Quarter 1, 85 percent in Quarter 2, and 82 percent in Quarter 3 compared to a required level of 90 percent in the agreement.

According to HSH staff, the positions require skilled staff working with vulnerable individuals, and therefore, are challenging to fill and retain. HSH staff report that Heluna Health is engaged in continuous recruitment efforts and various recruiting platforms to maintain staffing levels and is partnering with entities like the Office of Economic and Workforce Development, Code

Tenderloin, the SF LGBT Center, and City College to obtain a pool of candidates that reflects the served populations.

Based on the current vacancy levels and projected underspending of \$1.3 million in FY 2022-23, we recommend that the Board of Supervisors amend the resolution to reduce the not to exceed amount by \$500,000 from \$53,208,056 to \$52,708,056. This will still provide sufficient buffer if staffing levels and the rate of spending increase in Quarter 4 and allow for the SFHOT expansion funded by state Encampment Resolution Funding described above.

## RECOMMENDATIONS

1. Amend the resolution to reduce the not to exceed amount by \$500,000 from \$53,208,056 to \$52,708,056 based on projected underspending.
2. Approve the resolution as amended.