

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 13, 2017 Special Budget and Finance Committee Meeting

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Items 1 and 2 Files 17-1256 and 17-1157	Department: Homelessness and Supportive Housing (HSH)
EXECUTIVE SUMMARY	
<p style="text-align: center;">Legislative Objectives</p> <ul style="list-style-type: none"> • <u>File 17-1256</u> would declare a homeless shelter emergency, authorizing Public Works to waive certain Administrative Code in order to construct modular structures to serve as temporary shelters, and the Department of Homelessness and Supportive Housing (HSH) to contract for homeless services • <u>File 17-1157</u> would declare an emergency, authorizing the Public Works to waive certain Administrative Code requirements in order construct a homeless service access point at 440 Turk Street. <p style="text-align: center;">Key Points</p> <ul style="list-style-type: none"> • The Board of Supervisors adopted an ordinance in March 2016, declaring the existence of a shelter crisis in San Francisco, and reaffirmed the finding in May 2017. The City’s 2017 Point-in-Time count estimated that there are approximately 7,500 people experiencing homelessness on any given night in San Francisco. While the City has added approximately 350 navigation center beds in the past 2.5 years, 300 new permanent supportive housing units in the past year and additional service programs, the City has not expanded access. • The proposed resolutions would allow Public Works to expedite the contracting and construction of temporary shelters and an access point for homeless services. Legislation is pending before the Board of Supervisors that would allow the City to lease or purchase from Caltrans two sites that could be used as temporary shelters and navigation centers. The access point for homeless services would be on the first floor of 440 Turk Street, which the Board of Supervisors has authorized for purchase by the City from the San Francisco Housing Authority. <p style="text-align: center;">Fiscal Impact</p> <ul style="list-style-type: none"> • The budget to design and construct the 440 Turk Street renovation is \$7,868,000, which includes both the access point for homeless individuals and administrative offices for HSH. Legislation approving funding for the 440 Turk street renovation project is calendared for the December 13, 2017 Budget and Finance Committee (Files 17-1154 and 17-1279). • HSH’s approved FY 2017-18 budget appropriated \$4,000,000 for new navigation or resource centers, increasing to \$8,000,000 in FY 2018-19 as a source of funding for the temporary shelters. HSH intends to return to the Board of Supervisors in January 2018 with more details about the cost of these navigation centers and temporary shelters. <p style="text-align: center;">Policy Consideration</p> <ul style="list-style-type: none"> • While the need for emergency shelter and an access point at 440 Turk Street do not meet the specific definition of an emergency in the Administrative Code as a “as a sudden, unforeseeable and unexpected occurrence”, the Board of Supervisors has discretion under Administrative Code Section 6.60(a) to declare an emergency <p style="text-align: center;">Recommendation</p> <ul style="list-style-type: none"> • Approval of the proposed resolutions is a policy decision for the Board of Supervisors. 	

MANDATE STATEMENT

City Administrative Code Section 6.60(a) states that the Board of Supervisors may declare an emergency and direct any department head to perform any repair or emergency work in any manner the Board of Supervisors determines to be in the best interests of the City. If the estimated cost of the emergency work exceeds \$250,000, the department head must first secure approval from the Board of Supervisors. City Administrative Code Section 6.60(c) also defines an actual emergency as a sudden, unforeseeable and unexpected occurrence involving a clear and imminent danger, demanding immediate action to prevent or mitigate loss of or damage to life, health, property or essential public services. Emergency contracts are exempt from the requirements of Administrative Code Chapters 6 (Public Works Contracting Policies and Procedures), 12A (Human Rights Commission), 12B (Nondiscrimination in Contracts), 12C (Nondiscrimination in Property Contracts) and 14B (Local Business Enterprise Utilization).

City Administrative Code Section 21.15 states that the Board of Supervisors may declare an emergency to immediately procure commodities or services to make repairs, to safeguard the lives or property of City residents and the City, or to maintain public health or welfare as a result of extraordinary conditions.

DETAILS OF PROPOSED LEGISLATION

File 17-1157: The proposed resolution would declare an emergency and authorize and direct the Director of Public Works, or designee, to construct an access point to front-door services, case management, medical attention and mental health counseling to individuals affected by homelessness at the Department of Homelessness and Supportive Housing property at 440 Turk Street, pursuant to Administrative Code, Section 6.60(a).

File 17-1256: The proposed resolution would declare a homeless shelter emergency and authorize the Director of Public Works to construct, improve, or repair facilities pursuant to Administrative Code Section 6.60(a); and the Director of the Department of Homelessness and Supportive Housing to contract for homeless services and to offer such services to protect the health, safety, and welfare of individuals affected by homelessness and all San Francisco citizens in accordance with the requirements in Administrative Code Section 21.15

Emergency Declaration

The Board of Supervisors adopted an ordinance in March 2016, declaring the existence of a shelter crisis in San Francisco pursuant to California Government Code Section 8698, which authorizes the county board of supervisors to declare the existence of a shelter crisis if the board of supervisors finds that a significant number of people within the jurisdiction are without the ability to obtain shelter, resulting in a threat to their health and safety (File 16-0223). The Board of Supervisors reaffirmed the finding in May 2017 (File 17-0467).

According to Ms. Gigi Whitley, Deputy Director for Administration and Finance for the Department of Homelessness and Supportive Housing (HSH), the City's 2017 Point-in-Time count estimated that there are approximately 7,500 people experiencing homelessness on any given night in San Francisco. While the City has added approximately 350 navigation center

beds in the past 2.5 years, 300 new permanent supportive housing units in the past year and additional service programs, Ms. Whitley notes that the City has not expanded access to these services. According to Ms. Whitley, the proposed new coordinated entry access point at 440 Turk Street will allow HSH to help connect homeless clients with appropriate services.

Temporary Shelters (File 17-1256)

According to Mr. Edgar Lopez, City Architect and Deputy Director of Public Works, the emergency work is necessary to bring temporary utilities including water, sewer and power to support the installation of modular trailers or tents intended to be used as temporary shelters. Public Works' in-house architects and engineers are developing the design documents and technical specifications for the shelter facilities. In order to complete the shelter facilities quickly, Public Works intends to use the design and specifications prepared by its staff to informally solicit bids from various contractors to perform the work. The selected contractors would competitively bid as many of the trades as possible in order to deliver the project at reasonable cost. For example these trades would include, concrete, carpentry, plumbing, and electrical work.

According to Mr. Lopez, the City is considering various sites and is now focused on two sites owned by Caltrans to open new navigation centers and temporary shelters.¹ The first site is a vacant site adjacent to the I-80 freeway on-ramp at the northeast corner of Bryant and 5th Streets. The second site is located at the southwest corner of 13th Street and South Van Ness Avenue that is currently being leased by the City to park City owned vehicles. The Bryant and 5th Street site would accommodate approximately 80 beds, and would include restrooms, showers, storage, laundry facilities, dining hall and open space. The 13th Street and South Van Ness site would accommodate approximately 150 beds and the same amenities as the shelter at 5th and Bryant St.

440 Turk Street (File 17-1157)

According to Mr. Lopez, the emergency work to 440 Turk Street is necessary to complete renovations and construction of the 440 Turk Street building on an expedited basis. With the declared emergency, the renovation work to 440 Turk Street could be completed within a five-month period or between January and June of 2018. Without the declaration of emergency, design and construction are estimated to take 12 to 18 months to complete, or not be completed until the winter or summer of 2019. Thus, this emergency declaration will allow Public Works to shorten the construction schedule by 7 to 13 months.

Public Works is responsible for overseeing the design, construction and management of the proposed renovations to 440 Turk Street, on behalf of HSH. Given the expedited timeframe allowed under emergency declarations, Public Works contacted Pankow Builders, a design-builder that Public Works has worked with in the past and knows can deliver the construction projects in a competent manner, especially within a short time frame. Mr. Lopez advises that Pankow Builders has previously been awarded City contracts based on being the low bidder for

¹ Legislation was introduced on December 5, 2017 to authorize the Director of the Real Estate Division to negotiate with Caltrans to purchase or lease Caltrans property to provide homeless services.

the Veterans Memorial Building seismic upgrade, construction of the new Public Safety Building and the current rebuild of Central Shops.

Mr. Lopez states that Public Works is now negotiating with Pankow Builders based on these previous project costs. Under the proposed contract, Pankow Builders will act as the general contractor and competitively bid subcontractor trade packages (electrical, mechanical, painting, carpeting, etc.) to complete the tenant improvements. If approved, Public Works intends to enter into an agreement with Pankow Builders in January 2018, and to immediately commence construction.

Emergency Services

Administrative Code Section 21.15 provides for expedited procurement of commodities and services if an emergency has been declared. According to Code Section 21.15, the Department Head or Purchaser may enter directly into contracts, subject to written approval by the Mayor. Board of Supervisors approval is required for contracts of \$100,000 or more.

According to Mr. Lopez, Public Works expects to procure commodities needed to operationalize the navigation centers; these would include things such as chairs, tables, washers and dryers. Public Works intends to secure quotes from various vendors in order to procure these commodities at competitive prices.

FISCAL IMPACT

440 Turk Street Renovation (File 17-1157)

The budget to design and construct the 440 Turk Street renovation is \$7,868,000, which includes both the access point for homeless individuals and administrative offices for HSH staff. Legislation approving funding for the 440 Turk street renovation project is calendared for the December 13, 2017 Budget and Finance Committee (Files 17-1154 and 17-1279).

Emergency Shelters (File 17-1256)

Public Works is refining tenant improvements costs for each navigation center and temporary shelter site during the next two weeks. According to Ms. Whitley, based on those estimates, HSH intends to return to the Board of Supervisors in January 2018 with more details about the cost of these navigation centers and temporary shelters. HSH's approved FY 2017-18 budget appropriated \$4,000,000 for new navigation or resource centers, increasing to \$8,000,000 in FY 2018-19 as a source of funding. The State of California Budget Act of 2017 also appropriated \$10,000,000 for new navigation centers in San Francisco. HSH plans to introduce a resolution to accept and expend the State funding in January 2018 as well.

POLICY CONSIDERATION

Emergency Declaration

The declaration of an emergency allows Public Works to enter into contracts that waive Administrative Code competitive bidding and other requirements, as noted above. By declaring this emergency, Public Works will be able to expedite (a) the installation of modular structures

to serve as temporary shelters and navigation centers, and (b) the renovation of 440 Turk Street by waiving Administrative Code requirements and immediately entering into contracts for construction and related services. While the need for emergency shelter and an access point at 440 Turk Street do not meet the specific definition of an emergency in the Administrative Code as a “as a sudden, unforeseeable and unexpected occurrence”, the Board of Supervisors has discretion under Administrative Code Section 6.60(a) to declare an emergency.

RECOMMENDATION

Approval of the proposed resolutions is a policy decision for the Board of Supervisors