

CITY AND COUNTY OF SAN FRANCISCO

BOARD OF SUPERVISORS

BUDGET AND LEGISLATIVE ANALYST

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May 13, 2022

TO: Budget and Finance Committee

FROM: Budget and Legislative Analyst



SUBJECT: May 18, 2022 Budget and Finance Committee Meeting

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<p>Item 1 File 22-0333 <i>(Continued from May 11, 2022)</i></p>	<p>Department: Department of Public Health</p>
<p>EXECUTIVE SUMMARY</p>	
<p style="text-align: center;">Legislative Objectives</p> <ul style="list-style-type: none"> • The proposed resolution would approve the first amendment to the contract between the Department of Public Health and Seneca Family Agencies (“Seneca Center”) for the administration of behavioral health services to children and families living in San Francisco, to extend the contract term by 5.5 years through December 31, 2027 (for a total agreement term of 9.5 years) and to increase the not to exceed amount to \$57,114,486. <p style="text-align: center;">Key Points</p> <ul style="list-style-type: none"> • Seneca Center was awarded the contract in July 2018 for an amount not to exceed \$40,529,444 for four years (from July 2018 – June 2022), with one option to renew the contract for six years (File 18-0828). • Seneca Center provides mental health treatment services for children, youth (including justice-involved and foster youth) and families. Ten services are currently provided through the contract, including short-term, one-to-one behavioral intervention treatment, intensive therapeutic foster care, longer-term wraparound services, and others. Six services are being discontinued because the authorization provided by the respective competitive solicitations is expiring. <p style="text-align: center;">Fiscal Impact</p> <ul style="list-style-type: none"> • The Department is projected to spend \$36.5 million on the current contract through June 2022, and new spending in the proposed amendment totals approximately \$17 million over the next 5.5 years, for a total not to exceed amount of \$57.1 million, including a 12 percent contingency. • Of the proposed new spending of \$17 million, approximately \$4.7 million is funded by the General Fund and the remaining \$12.3 million is funded by State and Federal sources. <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

Seneca Family Agencies (“Seneca Center”)

The Seneca Family Agencies (“Seneca Center”) is a nonprofit organization that provides mental health treatment services for children and families. Seneca Center works with public mental health, education, child welfare and juvenile probation agencies, among other service providers, to provide various services, including medication-assisted treatment, trauma-informed treatment services, cognitive behavioral therapy, and other forms of mental health treatment.

Department of Public Health Solicitations Issued for Behavioral Health Services

In November 2016, July 2016, March 2017 and September 2017, the Department of Public Health issued solicitations for behavioral health providers to provide the following services:

1. Mental Health Outpatient Treatment Services (Children, Youth and Families)
2. Continuum of Care Reform Services (Behavioral Health Network for Foster Care Youth)
3. (MHSA) School-based Programs
4. Mental Health Treatment Support & Training Services

Seneca Center submitted proposals under these four solicitations and was one of the agencies selected to provide services. In July 2018, the initial contract was executed with Seneca Center for a four-year total period from July 1, 2018 through June 30, 2022, in an amount not to exceed \$40,529,444, with one six-year option to extend (File 18-0828).

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would approve the first amendment to the contract between the Department of Public Health and Seneca Family Agencies for the administration of behavioral health services to children and families living in San Francisco, to extend the contract term by 5.5 years through December 31, 2027 (for a total agreement term of 9.5 years) and to increase the amount by \$16,585,042, for a total not-to-exceed amount of \$57,114,486.

Services Currently Provided

Through this contract, Seneca Center would continue to provide mental health treatment services for children, youth (including justice-involved and foster youth) and families. Seneca Center currently provides ten services through this contract, described below:

- **Therapeutic Behavioral Services (TBS)**
 - TBS services are short-term, intensive, one-to-one behavioral intervention available to clients whose behaviors place them at risk of placement in higher level care.
- **Intensive Therapeutic Foster Care**
 - This program provides foster home placements and intensive therapies for San Francisco youth who are at risk of placement in a residential treatment program. The goal of the program is for clients to return to their kin families within 6-9 months.
- **Short Term Connections -Intensive Support Services**
 - Short Term Connections provides short-term stabilization for Court Dependents (youth in juvenile dependency cases) who are deemed to be at risk of losing a placement, in need of intensive care and/or are at risk of psychiatric hospitalization.
- **Long Term Connections – Wraparound Services**
 - Long-Term Connections provides family-like living environments for San Francisco youth who are placed in or at risk of placement in a Community Treatment Facility, group home or residential treatment program.
- **School-Based Services**
 - School-Based Services are located within school sites to help build inclusive environments, particularly for students facing academic, behavioral, and/or social-emotional challenges that place them at risk of referral for more restrictive education settings.
- **Youth Transitional Services**
 - The goal of Youth Transitional Services is to work with and provide mental health services to justice-involved youth to reduce the likelihood of re-offending.
- **AIIM Higher**
 - AIIM Higher is a partnership between the Department of Public Health, Juvenile Justice Center, and Seneca to provide data-driven assessment, planning and linkage services to connect probation-involved youth with mental health needs to community-based services with the long-term goals of reducing recidivism and increasing psychosocial functioning.
- **San Francisco Connections Dialectical Behavioral Therapy (DBT) Program**
 - The San Francisco DBT Program provides comprehensive Dialectical Behavioral Therapy or other applicable therapeutic models to youth ages 3-21, who hold full-scope Medi-Cal and either reside in or are part of the San Francisco Dependency System. Services include individual and family therapy, multi-family group skills training, and other services.
- **SOAR**
 - SOAR (Strength, Opportunity, Achievement, Resilience) is a school-based services model that is implemented at public district school partner sites and is designed

to increase the achievement of all students, particularly students facing academic, behavioral, and/or social-emotional challenges that place them at risk of referral for more restrictive education settings.

- The SOAR program will not be funded in proposed Amendment No. 3.
- **Comprehensive Assessment and Stabilization Services (COMPASS)**
 - COMPASS provides individualized client and family-driven treatment intended to support the behavioral, emotional, and placement stability of youth who are dependents of the juvenile court or are receiving foster care services and are at risk of psychiatric hospitalization or are experiencing a placement disruption.

Amendment 3 Proposed Service Changes

Proposed Amendment No. 3 will continue to fund all of the above programs listed in FY 2022-23, except for the SOAR, Long-Term Connections, Compass, and Intensive Therapeutic Foster Care programs. AllIM Higher and Short-Term Connections will not be funded after FY 2022-23. Except for SOAR, the programs are not being funded in the proposed extension because of the expiration of the original solicitation authority.

The SOAR program was eliminated in FY 2018-19 because the agency determined it was not a good fit to provide services in the classroom. Instead, funding was added for the Transitional Aged Youth (TAY) Full-Service Partnership, which provides mental health, psychiatric, case management, and team-building support services to young adults living in San Francisco.

Contract Monitoring

While program monitoring reports were prepared for FY 2019-20 describing the service delivery and compliance requirements for each program, the Department did not assign rating scores due to the impact of COVID. Seven programs did not meet their full contracted units of service requirement. According to the Department, some programs experienced a reduction in their ability to provide services due to COVID, while other programs experienced an increase in the acuity and intensity of clients served. Due to the COVID-19 pandemic, Seneca Center shifted from in-person to remote teletherapy for several services including wraparound, outpatient therapy and Dialectical Behavioral Therapy, but continued to deliver 24/7 Mobile Response and other crisis services in-person. Seneca Center also assisted with the City of San Francisco's efforts to move homeless and vulnerable populations to shelter-in-place hotels.

One program, the COMPASS program, was unable to provide information on performance objectives due to problems with the data-collection software. During the FY 2019-20 monitoring period, the Department temporarily waived multiple performance objectives for Seneca programs because of severe database reporting connectivity/access issues. The San Francisco Connections Dialectical Behavioral Therapy Program, the TAY Full-Service Partnership program and the Long-Term Connections – Wraparound Services program did not meet 100 percent of contracted performance objectives because there was a disruption to the data-collection software access that rendered most of the data minimal and not useful for reporting a meaningful summary of the achievements during the fiscal year.

FISCAL IMPACT

Exhibit 1 below summarizes the changes between the existing agreement as of FY 2021-22 and the proposed amendment, July 2022 – December 2028 (FY 2022-23 – FY 2027-28)

Exhibit 1: Changes in Services

	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28
Long Term Connections	5,240,137	0	0	0	0	0	0
AIIM Higher	666,810	666,810	0	0	0	0	0
Youth Transitional Services	217,666	217,666	217,666	217,666	217,666	217,666	108,833
Intensive Therapeutic Foster Care	780,889	0	0	0	0	0	0
Short Term Connections	1,366,410	1,366,410	0	0	0	0	0
TBS SF	10,000	10,000	10,000	10,000	10,000	10,000	5,000
School-based Services	471,661	471,661	471,661	471,661	471,661	471,661	235,831
Outpatient and DBT	1,711,090	1,711,090	1,711,090	1,711,090	1,711,090	1,711,090	855,545
Compass	1,179,253	0	0	0	0	0	0
TAY Full-Service Partnership	605,619	605,619	605,619	0	0	0	0
Minimum Compensation Ordinance	4,683	0	0	0	0	0	0
Cost of Doing Business Increases	539,946	151,478	90,481	72,313	72,313	72,313	36,156
Total	12,794,164	5,200,734	3,106,517	2,482,730	2,482,730	2,482,730	1,241,365

Source: Department of Public Health

Note: FY 2027-28 covers the period July 2027 to December 2027.

New spending in the proposed amendment totals \$16,996,806, of which \$4,712,054 is funded by the General Fund and \$12,284,392 is funded by State and Federal Sources.

Exhibit 2 below summarizes the not to exceed amount of the proposed contract.

Exhibit 2: Not To Exceed Amount

Spending through June 2022	36,542,764
New Spending	16,996,806
Contingency (12%)	3,574,916
Not To Exceed	57,114,486

Source: Department of Public Health

Note: The contingency is calculated as 12% of expenditures in FY 2021-22 (\$12,794,164) and new spending FY 2027-28 (\$16,996,806)

Program Expirations

As shown above in Exhibit 1, the Long-Term Connections, AIIM Higher, Intensive Therapeutic Foster Care, Short-Term Connections, TAY Full-Service Partnership, and Compass programs are not funded for the entire extension term. According to DPH, this is because the authorization provided by the respective competitive solicitations is expiring. The Department plans to undertake a competitive procurement process prior to each program’s expiration to identify contractors to continue each program.

RECOMMENDATION

Approve the proposed resolution.

<p>Item 2 File 22-0383 <i>(Continued from May 1, 2022)</i></p>	<p>Department: Department of Public Health (DPH)</p>
<p>EXECUTIVE SUMMARY</p>	
<p style="text-align: center;">Legislative Objectives</p> <ul style="list-style-type: none"> • The proposed resolution would approve Amendment No. 2 to the behavioral health services contract between the Department of Public Health (DPH) and University of California, San Francisco (UCSF), extending the term by five years through June 2027, and increasing the not-to-exceed amount by \$63,722,165, for a total not to exceed \$86,533,675. <p style="text-align: center;">Key Points</p> <ul style="list-style-type: none"> • In 2016 and 2017, DPH issued Requests for Proposals (RFPs) for behavioral health service providers. UCSF met the minimum score in several categories and was awarded a contract. In 2018, the Board of Supervisors approved a contract with UCSF for a term of four years, from July 2018 through June 2022, and an amount not to exceed \$22,811,510. In 2020, DPH executed Amendment No. 1 to the contract, which added two programs to the contract but did not change the contract term or not-to-exceed amount. • Under the contract, UCSF operates 10 mental health and substance abuse programs that serve approximately 870 unduplicated clients. <p style="text-align: center;">Fiscal Impact</p> <ul style="list-style-type: none"> • The proposed Amendment No. 2 would increase the not-to-exceed amount of the contract by \$63,722,165, for a total not to exceed \$86,533,675. DPH has included a contingency of approximately 11.4 percent to account for escalation, new programs, and/or expansions of existing programs, as well as a Cost of Doing Business increase in FY 2023-24. The contract is funded approximately 20 percent by Federal sources, 27 percent by State sources, 36 percent by the City’s General Fund, 4 percent by Proposition C funds, and 14 percent by interdepartmental work orders. <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

In 2016 and 2017, the Department of Public Health (DPH) issued Requests for Proposals (RFPs) for behavioral health providers for the following services:

1. Substance Use Disorder Treatment Services and Support;
2. Mental Health Outpatient Programs for Adults and Older Adults; and
3. Intensive Case Management.

Each RFP had multiple categories and DPH awarded multiple contracts to respondents who had a score of at least 70 percent of the maximum score. University of California, San Francisco (UCSF) met the minimum score in several categories and was awarded a contract. In September 2018, the Board of Supervisors retroactively approved a contract with UCSF for a term of four years, from July 2018 through June 2022, and an amount not to exceed \$22,811,510 (File 18-0716). In June 2020, DPH executed Amendment No. 1 to the contract, which added the Citywide Linkage Homeless Mentally Ill Outreach and Treatment (HMIOT) and DHS Pre-Trial Felony Mental Health Diversion Program, with no change to the contract term or not-to-exceed amount.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would approve Amendment No. 2 to the contract between DPH and UCSF, extending the term by five years through June 2027, and increasing the not-to-exceed amount by \$63,722,165, for a total not to exceed \$86,533,675. Amendment No. 2 would add the Citywide Linkage HMIOT CCRT SIP program to the list of services in the contract.

Under the contract, UCSF provides the following services:

1. Citywide Linkage: short-term intensive case management to adults with severe mental illness requiring support with stabilization in the community;
2. Citywide Linkage HMIOT Citywide Community Response Team (CCRT): supports linkage of psychiatric emergency patients to case management, entering temporary housing, and residential treatment for mental health and substance use needs, as well as limited time intensive case management to adults experiencing psychiatric crisis that are not linked to care with the goal of stabilization and linkage to the appropriate level of care;
3. Citywide Linkage HMIOT CCRT Shelter-In-Place (SIP): limited time intensive case management to adults residing in SIP hotels that are not linked to care and requiring stabilization and assistance with obtaining housing; Once the SIP hotel program is wound

down, the Department intends to continue to engage client from the Street Crisis Response Team, and Psychiatric Emergency Services.

4. Citywide No Violence Alliance (NoVA): therapy and intensive case management to individuals exiting jail under Pre-Trial Diversion's Assertive Case Management program who are identified as high-risk and high-needs clients;
5. Citywide Roving Team: behavioral health case management for formerly homeless individuals living in the Department of Homelessness and Supportive Housing's (HSH) Housing First Master Lease Program;
6. Citywide Services for Supportive Housing: behavioral health and other onsite support services to assist tenants at the Richardson and Rene Cazenave Apartments to maintain housing stability and improve access to resources;
7. Citywide Assisted Outpatient Treatment: comprehensive clinical case management to severely mentally ill adults who have been ordered by the court or entered into a settlement agreement with the court to participate in outpatient treatment.
8. Citywide STOP: outpatient substance abuse services to clients enrolled in UCSF intensive case management programs;
9. Citywide Substance Use Disorders Intensive Case Management (SUD ICM): intensive case management to chronically intoxicated adults who are high users of the Sobering Center, Managed Alcohol Program, ambulances, emergency rooms, or hospitals; and
10. Citywide Mental Health Diversion (MHD) Project: pre-trial diversion program to provide new pathways to dismissal of charges for felony-charged individuals with serious mental illness who are at risk of being found incompetent to stand trial.

Between these 10 programs, DPH estimates that UCSF serves approximately 870 unduplicated clients.

DPH suspended scoring of contractors due to the COVID-19 pandemic. However, the FY 2019-20 monitoring reports for the UCSF contract generally show satisfactory performance and no plans of corrective action have been identified. According to Michelle Ruggels, DPH Business Office Director, monitoring reports for FY 2020-21 are in progress but have not yet been completed.

FISCAL IMPACT

The proposed Amendment No. 2 would increase the not-to-exceed amount of the contract by \$63,722,165, for a total not to exceed \$86,533,675. DPH estimates that total contract expenditures in FY 2021-22 are \$9,772,015 and uses this amount as a baseline for future year projections. The sources and uses of funds in FY 2021-22 are shown in Exhibit 1 below.

Exhibit 1: Sources and Uses of Funds FY 2021-22

Sources	Amount
Federal Sources	\$1,948,478
State Sources	2,599,976
General Fund	3,479,115
Proposition C	391,434
Interdepartmental Work Orders	1,353,012
Total Sources	\$9,772,015

Uses	Amount
Salaries	\$5,522,571
Employee Benefits	2,368,981
Operating Expenses ¹	833,461
<i>Subtotal Direct Expenses</i>	<i>\$8,725,013</i>
Indirect Expenses (12%) ²	1,047,002
Total Uses	\$9,772,015

Source: Proposed Amendment No. 2

DPH uses the FY 2021-22 estimated expenditure amount of \$9,772,015, which funds approximately 59.4 full-time equivalent (FTE) employees, as a baseline for future years. DPH also projects a Cost of Doing Business increase of approximately \$341,043 (3.5 percent) in FY 2023-24. Actual and projected expenditures by year are shown in Exhibit 2 below.

Exhibit 2: Actual and Projected Contract Expenditures by Year

Year	Amount
FY 2018-19 (Actual)	\$4,977,519
FY 2019-20 (Actual)	6,544,562
FY 2020-21 (Actual)	8,187,957
<i>Subtotal, Actual Expenditures</i>	<i>\$19,710,038</i>
FY 2021-22 (Projected)	9,772,015
FY 2022-23 (Projected)	9,772,015
FY 2023-24 (Projected)	10,113,058
FY 2024-25 (Projected)	10,113,058
FY 2025-26 (Projected)	10,113,058
FY 2026-27 (Projected)	10,113,058
<i>Subtotal, Projected Expenditures</i>	<i>\$59,996,262</i>
Contingency (11.4% of Projected Expenditures)	6,827,375
Total Not-to-Exceed	\$86,533,675

Source: Proposed Amendment No. 2

DPH has included a contingency of approximately 11.4 percent to account for escalation, new programs, and/or expansions of existing programs. As shown in Exhibit 1 above, the contract is funded approximately 20 percent by Federal sources, 27 percent by State sources, 36 percent by

¹ Operating expenses include rent, utilities, building maintenance and repair, materials and supplies, training, temporary staffing, insurance, licenses, permits, equipment, travel, consultants, and other miscellaneous expenses.

² Indirect costs include administrative staffing, payroll, human resources, and computer support expenses.

the City's General Fund, 4 percent by Proposition C funds, and 14 percent by interdepartmental work orders.

RECOMMENDATION

Approve the proposed resolution.

Item 3 File 22-0414	Department: Public Health
EXECUTIVE SUMMARY	
<p>Legislative Objectives</p> <ul style="list-style-type: none"> • The proposed resolution would approve the first amendment between DPH and Baker Places Incorporated, increasing the not-to-exceed amount by \$65,314,597 for a total of \$120,789,738 and extending the term of the agreement by five years to June 30, 2027. <p>Key Points</p> <ul style="list-style-type: none"> • In 2017 DPH issued three RFPs for substance use disorder treatment services, mental health residential treatment programs, and mental health outpatient programs. Baker Places applied for funding under all three RFPs and was awarded one contract that captured all three services in 2018. • This contract funds substance use and mental health services at nine Baker Places sites across the City. The sites are: Assisted Independent Living Program, Odyssey House, Grove Street House, Baker Street House, Robertson Place, Jo Ruffin Place, San Jose Place, Acceptance Place, and the Joe Healy Detoxification Program. Together the sites provide 821 beds. • Performance monitoring reports from FY 2018-19 and FY 2019-20 – the most recent years for which performance monitoring is available – show that all nine programs being funded under this contract have had performance that meets or exceeds expectations. <p>Fiscal Impact</p> <ul style="list-style-type: none"> • The proposed resolution would increase the total amount of the agreement by \$65,314,597. • The programs are funded by the General Fund (54 percent), federal and state sources (43 percent) and client co-pays (3 percent). The budgets at each site are consistent across all future fiscal years. <p>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

Procurement

In 2017 DPH issued three RFPs for substance use disorder treatment services, mental health residential treatment programs, and mental health outpatient programs. Baker Places applied for funding under all three RFPs. For the substance use disorder treatment services RFP (RFP 26-2016), there were eight applicants for funding under the residential program category and Baker Places scored the highest out of those eight. For the mental health residential treatment programs RFP (RFP 7-2017), Baker Places was one of two applicants and was recommended for funding alongside the other applicant. For the mental health outpatient program RFP (RFP 8-2017), Baker Places was one of eight applicants recommended for funding, with a score of 85%.

Original Agreement

DPH combined the services solicited under the three RFPs into one contract with Baker Places which, according to DPH staff, has been their customary practice for contractors who provide multiple services. The original agreement had a term of July 1, 2018 to June 30, 2022 with one six-year option to extend and a not-to-exceed amount of \$55,475,141. The agreement was retroactively approved by the Board of Supervisors on October 2, 2018 (File No. 18-0827).

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would approve the first amendment between DPH and Baker Places Incorporated, increasing the not-to-exceed amount by \$65,314,597 for a total of \$120,789,738 and extending the term of the agreement by five years to June 30, 2027.

Provided Services

Baker Places, Inc. provides substance use and mental health services under the umbrella of Positive Resource Center. They provide varying levels of substance abuse and mental health care at several facilities across San Francisco. Their contract with DPH funds the following services providing a total of 821 beds:

- **Assisted Independent Living Program** (69 beds): provides long-term supportive housing with mental health services and case management plus some outpatient services for adults with a chronic mental health problem.

- **Odyssey House** (10 beds): provides long-term supportive housing with mental health services and case management for adults with a chronic mental health problem, with special focus on the African-American population.
- **Grove Street House** (closed in FY2021-22 for renovations): although currently not serving clients due to renovations, this facility typically provides an up to 60-day crisis residential program for clients with mental health and substance use problems.
- **Transitional Residential Treatment Programs** (55 beds across four locations): provides up to 90-day inpatient and rehabilitation services for adults with a chronic mental health problem. Also provides day treatment services. The four locations are: Baker Street House, Robertson Place, Jo Ruffin Place, and San Jose Place.
- **Acceptance Place** (10 beds): provides a 90-day residential treatment program for adult gay and bisexual men with a chemical dependency.
- **Joe Healy Detoxification Program**: provides a medically managed residential detoxification, treatment, and educational program for adults undergoing alcohol, benzodiazepine, or prior-authorized opiate withdrawals. Specifically targets homeless adult individuals with an acute need for supportive withdrawal management services.

Performance Monitoring

Performance monitoring reports from FY 2018-19 and FY 2019-20 – the most recent years for which performance monitoring is available – show that all nine programs being funded under this contract have had performance that meets or exceeds expectations. Performance monitoring for DPH’s Community Behavioral Health Services typically involves a site visit by Business Office of Contract Compliance staff and a scored report on program performance, performance objectives, program compliance, and client satisfaction. However, due to the Covid pandemic, site visits were not performed in FY 2019-20 and scores were not included in the performance reports. The Covid pandemic affected the performance of several of the sites, although some of the sites actually performed better and/or provided more units of service in FY 2019-20 than in FY 2018-19.

Exhibit 1 summarizes the performance scores of each program in FY 2019-20.

Exhibit 1: Performance results Baker Places sites in FY 2019-20

Site	Program Performance	Performance Objectives	Client Satisfaction
Assisted Independent Living Program	93% of goals met	83% of units of service provided	77% satisfaction
Odyssey House	80% of goals met	108% of units of service provided	83% satisfaction
Grove Street House	95% of goals met	105% of units of service provided	85% satisfaction
Baker Street House and Day Treatment	88% of goals met	105% of units of service provided	100% satisfaction
Robertson Place and Day Treatment	80% of goals met	104% of units of service provided	85% satisfaction
Jo Ruffin Place and Day Treatment	98% of goals met	98% of units of service provided	80% satisfaction
San Jose Place and Day Treatment	80% of goals met	102% of units of service provided	94% satisfaction
Acceptance Place	67% of goals met*	100% of units of service provided*	100% satisfaction
Joe Healy Detoxification Program	77% of goals met*	Unavailable*	92% satisfaction

Source: BLA Analysis of DPH Performance Monitoring Reports

*The FY 2019-20 performance evaluation summary stated that this site was exempt from contracted performance objectives and contracted units of service targets.

Program performance was measured as the percentage of the site's performance goals achieved during the fiscal year. Performance objectives was measured as the percentage of units of service the site was contracted to give compared to how many it actually gave, and client satisfaction was measured as the site's results from a standardized DPH behavioral health client satisfaction survey.

FISCAL IMPACT

The proposed resolution would increase the total amount of the agreement by \$65,314,597. Exhibit 2 shows the fiscal impact of the proposed amendment.

Exhibit 2: Fiscal impact of proposed amendment (in dollars):

Contract Term	Actual & Projected Expenditures
July 1, 2018 - June 30, 2021 (Actual)	34,386,588
July 1, 2021 - June 30, 2022 (Projected)	12,839,463
<i>Subtotal, actual expenditures</i>	<i>47,226,051</i>
July 1, 2022 - June 30, 2023	12,815,068
July 1, 2023 - June 30, 2024	12,837,472
July 1, 2024 - June 30, 2025	12,860,549
July 1, 2025 - June 30, 2026	12,884,318
July 1, 2026 - June 30, 2027	12,908,800
<i>Subtotal, projected expenditures</i>	<i>64,306,207</i>
Contingency Funds (12%)	9,257,480
Total, New NTE	120,789,738

Source: DPH

Exhibit 3 below shows the projected budget per site.

Exhibit 3: Budget per site (in dollars):

Site	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	Total
AILP (Assisted Independent Living)	1,527,531	1,527,531	1,527,531	1,527,531	1,527,531	7,637,655
Odyssey House	564,091	564,091	564,091	564,091	564,091	2,820,455
Grove Street House	223,926	223,926	223,926	223,926	223,926	1,119,630
Baker Street House	1,069,945	1,069,945	1,069,945	1,069,945	1,069,945	5,349,725
Robertson Place	925,298	925,298	925,298	925,298	925,298	4,626,490
Jo Ruffin Place	1,155,084	1,155,084	1,155,084	1,155,084	1,155,084	5,775,420
San Jose Place	992,624	992,624	992,624	992,624	992,624	4,963,120
Acceptance Place	740,459	740,459	740,459	740,459	740,459	3,702,295
Joe Healy Medical Detox	4,869,295	4,869,295	4,869,295	4,869,295	4,869,295	24,346,475
GF CODB - to be allocated	746,814.89	769,219.34	792,295.92	816,064.79	840,546.74	3,964,942
Total	12,815,068	12,837,472	12,860,549	12,884,318	12,908,800	64,306,207

Source: DPH

The projected budget per site shows that costs at each site will not change year to year. DPH has included the Mayor's Cost of Doing Business funding as an annual three percent increase in funds that will be allocated across the sites at a later date. The Grove Street site is projected to continue at a reduced capacity due to renovations, which accounts for the lower budget at that site compared to the other sites.

Sources of Funding

FY 2021-22 contract costs are paid for by the General Fund (54 percent), federal and state sources (43 percent) and client co-pays (3 percent). Sources are expected to remain the remain the same in the proposed extension period.

RECOMMENDATION

Approve the proposed resolution.

Item 4 File 22-0443	Department: Public Health (DPH)
EXECUTIVE SUMMARY	
<p style="text-align: center;">Legislative Objectives</p> <ul style="list-style-type: none"> • The proposed resolution would approve first amendment to the contract between DPH and Community Forward, extending the term by five years through June 2027 and increasing the not-to-exceed amount by \$20,248,030, for a total not to exceed \$29,832,138. <p style="text-align: center;">Key Points</p> <ul style="list-style-type: none"> • Following a competitive procurement process, DPH entered into a contract with CATS (now Community Forward) with a term July 1, 2018 to June 30, 2022 and a total not to exceed amount of \$9,548,108. The contract provided four services: (1) Golden Gate for Seniors, a residential treatment program for seniors at 637 Golden Gate Avenue, (2) A Woman’s Place Shelter, a short-term (6-12 month) residential treatment facility for homeless women at 1049 Howard Street, (3) A Woman’s Place Drop-In, which provides outpatient substance abuse treatment services at 211 13th Street, and (4) A Woman’s Place Drop-In Mental Health, which provides mental health services at the same location. • During COVID, A Women’s Place Drop In closed and the Shelter was partially closed and staff were redeployed to operate Shelter in Place hotels. Golden Gate for Seniors closed at the end of FY 2019-20. The building owner sold the building, and as an old multi-floor, no elevator building for seniors, the contractor did not try to buy it. All clients were transitioned into appropriate settings to continue their treatment. • The contract budget includes funding for 55 clients at A Woman’s Place Shelter, 230 clients at A Women’s Place Drop-in, and 157 clients at A Women’s Place Drop-n Mental Health. <p style="text-align: center;">Fiscal Impact</p> <ul style="list-style-type: none"> • The proposed amendment provides for \$18.1 million in new spending, including spending on the Shelter in Place Hotel (SIP) program which is scheduled to be wound down at the end of calendar year 2023. We recommend reducing the not to exceed amount of the proposed contract to account for the end of the Shelter in Place program. • Contract costs are primarily funded by the General Fund and approximately \$357,622 per year of federal funding. <p style="text-align: center;">Recommendations</p> <ul style="list-style-type: none"> • Amend the resolution to reduce the not to exceed amount to \$24,500,000. • 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 is subject to Board of Supervisors approval.

BACKGROUND

Procurement

Community Forward, formerly known as Community Awareness and Treatment Services Inc. (CATS), was selected to provide substance abuse treatment and mental health services through two Request for Proposals (RFP). RFP 26-2016¹ solicited proposals for outpatient, residential, and opioid treatment programs and RFP 8-2017 solicited proposals for outpatient mental health and supportive housing services. Panels of City staff and service providers evaluated the proposals.

Exhibit 1 below shows the CATS’ proposals’ scores for each service.

Exhibit 1: Proposal Scores

Solicitation	Service	Score (100)
RFP 26-2016	Residential	85.96
RFP 26-2016	Recovery Residence	76.00
RFP 8-2017	Mental Health Outpatient	83.09

Source: Procurement Documents

Current Contract

DPH entered into a contract with CATS with a term July 1, 2018 to June 30, 2022 and a total not to exceed amount of \$9,548,108. The contract provided four services: (1) Golden Gate for Seniors, a residential treatment program for seniors at 637 Golden Gate Avenue, (2) A Woman’s Place Shelter, a short-term (6-12 month) residential treatment facility for homeless women at 1049 Howard Street, (3) A Woman’s Place Drop-In, which provides outpatient substance abuse treatment services at 211 13th Street, and (4) A Woman’s Place Drop-In Mental Health, which provides mental health services at the same location.

During COVID, A Women’s Place Drop In closed and the Shelter was partially closed and staff were redeployed to operate Shelter in Place hotels. Golden Gate for Seniors closed at the end of FY 2019-20. The building owner sold the building, and as an old multi-floor, no elevator building for seniors, the contractor did not try to buy it. All clients were transitioned into appropriate settings to continue their treatment.

¹ RFP 26-2016 proposals were evaluated based on Drug Medi-Cal certification, comply with the City’s Harm Reduction policy, cultural and linguistic competency, financial management capacity and fiscal integrity, prior performance, and service populations and geography. RFP 8-2017 proposals were evaluated based on contractor experience, programming, performance management, cost, and financial management capacity and fiscal integrity.

The contract budget for FY 2021-22 includes funding for 55 clients at A Woman's Place Shelter, 230 clients at A Women's Place Drop-in, and 157 clients at A Women's Place Drop-in Mental Health.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would approve first amendment to the contract between DPH and Community Forward, extending the term by five years through June 2027 and increasing the not-to-exceed amount by \$20,248,030, for a total not to exceed \$29,832,138.

Performance Monitoring

DPH suspended scoring of contractors due to the COVID-19. However, the FY 2019-20 monitoring reports for the Community Forward contract generally show satisfactory performance accounting for partial closure of the shelter and drop-in center. According to Michelle Ruggels, DPH Business Office Director, monitoring reports for FY 2020-21 are in progress but have not yet been completed.

FISCAL IMPACT

Exhibit 2 below shows the proposed spending by program.

Exhibit 2: Proposed Spending

Service	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	Total
A Woman's Place Shelter	475,054	475,054	475,054	475,054	475,054	2,375,270
A Woman's Place Drop-in	835,673	835,673	835,673	835,673	835,673	4,178,365
A Woman's Place Behavioral Mental Health Drop-In	1,035,017	1,035,017	1,035,017	1,035,017	1,035,017	5,175,085
COVID-19 Shelter in Place Hotels (SIP)	1,087,810	1,087,810	1,087,810	1,087,810	1,087,810	5,439,050
COBD/MCO to be allocated per allocation	39,322	110,874	184,573	260,482	338,676	933,927
Total	3,472,876	3,544,428	3,618,127	3,694,036	3,772,230	18,101,697

Source: DPH

Notes: COBD refers to cost of doing business increases and MCO refers to labor cost increases relating to the minimum compensation ordinance.

As shown above, \$18.1 million of new spending is proposed, including spending on the Shelter in Place Hotel (SIP) program which is scheduled to be wound down at the end of calendar year 2023. We recommend reducing the not to exceed amount of the proposed contract to account for the end of the Shelter in Place program, as shown below in Exhibit 3.

Exhibit 3: Revised Not to Exceed Amount

Spending through FY 2021-22	9,688,396
Proposed New Spending	18,101,697
New Spending Excluding SIP	13,206,552
Contingency (12%)	1,584,786
Not to Exceed	24,479,734

Source: DPH and BLA

Contract costs are primarily funded by the General Fund and approximately \$357,622 per year of federal funding.

RECOMMENDATIONS

1. Amend the resolution to reduce the not to exceed amount to \$24,500,000.
2. Approve the resolution, as amended.

Item 11 File 22-0513	Department: Mayor’s Office of Housing & Community Development
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EXECUTIVE SUMMARY

Legislative Objectives

- The proposed resolution would approve a \$84.3 million amended and restated loan agreement with Mercy Housing California 97, L.P. and a 99-year ground lease with a base rent of \$15,000 per year.

Key Points

- The 600 Seventh Street project will include a combination of affordable housing and supportive housing units: 100 affordable housing units, 120 permanent supportive housing units, and 1 manager unit (221 units total).
- The site, owned by the City and currently vacant, will be ground leased to Mercy Housing, the developer and housing operator. On-site supportive services will be provided by Episcopal Community Services.
- Construction on the 600 7th Street project is expected to take place from July 2022 to May 2024 and lease-up is anticipated to be complete in Summer 2024.
- The proposed loan will also fund construction of warm shell for a 4,200 square foot commercial space at an estimated cost of \$3.3 million. The City will retain landownership and enter into a ground lease with Mercy with a base rent of \$1.00 per year and a percentage rent of 40% of net income from commercial tenants, which may be used to repay the cost of the commercial space construction and commercial ground lease rent. Tenants must provide services benefiting the public.

Fiscal Impact

- Total development costs are \$151.1 million or \$683,741 per unit. The City’s total subsidy for the housing development costs is \$84.3 million, or 55.8 percent of the total development costs.
- The Local Operating Subsidy Program (LOSP) will subsidize the 120 units reserved for formerly homeless adults. The cost of the LOSP subsidy starts at \$1 million in year one of the project. Supportive services for these residents are estimated at \$1 million in year one. Both of these costs will be paid by HSH, not project revenues.
- Project operating costs are less than operating revenues, allowing for debt payments and project reserve deposits.

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

Project

The 600 Seventh Street project will include a combination of affordable housing and supportive housing units: 100 affordable housing units, 120 permanent supportive housing units, and 1 manager unit (221 units total). The unit mix will include 100 studios (30 - 50 percent AMI), 23 one-bedrooms (30 – 75 percent AMI), 83 two-bedrooms (30 – 80 percent AMI), and 15 three bedrooms (30 – 80 percent AMI). The project will be an eight-story building with ground floor space for supportive services, building management, and commercial space for community-serving organizations.

The site, owned by the City and currently vacant, will be ground leased to Mercy Housing, the developer and housing operator. On-site supportive services will be provided by Episcopal Community Services.

Construction on the 600 7th Street project is expected to take place from July 2022 to May 2024 and lease-up is anticipated to be complete in Summer 2024.

Developer Selection and Predevelopment Funding

The Mayor’s Office of Housing and Community Development (MOHCD) issued a Request for Qualifications (RFQ) to develop 600 Seventh Street in May 2019. Proposals were evaluated based on experience with development, ownership, and service provision. The RFQ did not specify the affordability mix of the units but did request proposals serve low-income and formerly homeless households. A project submitted by Mercy Housing (developer and housing operator) and Episcopal Community Services scored the highest out of three proposals and was selected for funding.¹

In March 2020, MOCHD provided a \$3,500,000 predevelopment loan to Mercy, to fund architectural, entitlement, developer fees, and other predevelopment costs. That City loan was funded by \$3,133,341 excess Education Augmentation Revenue Funds and \$366,659 in Eastern Neighborhood development impact fees. As of April 2022, \$1,052,066 had been spent from this loan.

¹ The RFP selection panel was appointed by the MOHCD Director and composed of three staff at MOHCD, one from OCII, two from HSH, and one from the SoMA Community Stabilization Fund Community Advisory Board.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would:

- (1) approve a \$84,277,411 amended and restated loan agreement for a term of 57 years between the City and Mercy Housing California 97, L.P.;²
- (2) approve a ground lease with Mercy for a term of 75 years, with a 24-year option to extend and an annual base rent of \$15,000;
- (3) approve an easement agreement with Archstone Concourse LLC
- (4) find that the loan and ground lease are consistent with the City's General Plan and policy priorities in the Planning Code;
- (5) find that the property is exempt from the California Surplus Lands Act because it is being developed as affordable housing; and
- (6) determine that the below market rate rent of the ground lease serves a public purpose.

Ground Lease & Affordability Restrictions

Affordability restrictions to preserve the affordability of the housing units in the proposed development are included in the loan agreement, a declaration of restrictions, and in the ground lease between the City and the affordable housing operator. These agreements specify the affordability levels for each unit and require the non-profit housing operator to maintain these for the duration of the agreements unless agreed to by the City.

The ground lease is for a term of 75 years with an option to extend for an additional 24 years and restricts the lessee to operating the housing development as affordable housing only. The ground lease includes a base rent of \$15,000 per year, plus residual rent up to 10 percent of the site's appraised value, which will be paid by residual receipts – that is, up to two-thirds of net income after operating costs, ground lease base rent, and replenishing operating reserves, consistent with MOHCD's Residual Receipts policy.

Easement Agreement

The proposed easement agreement provides for access to an alley that is owned by Archstone Concourse, LLC during construction and permanent emergency escape structures and access.

² Under Internal Revenue Service (IRS) regulations and for the purpose of eligibility for low-income housing tax credits, the non-profit (tax exempt) partner in the limited partnership serves as the general manager and retains a nominal percentage interest, and the investors (which are not tax exempt) serve as limited partners, obtaining the majority financial interest, including profits, losses, deductions, and credits. Mercy Housing California 97, L.P. is composed of Mercy Housing California 97 LLC., the managing partner that will be replaced by a tax-credit investor, and Mercy Housing California 97 LLC, a general partnership managed by Mercy Housing Calwest.

FISCAL IMPACT

The proposed \$84.3 million amended and restated loan agreement includes the original \$3.5 million predevelopment loan provided by MOHCD and \$17.5 million in No Place Like Home Funds. The total estimated cost to develop the 221-unit project is 151.1 million. Exhibit 1 below shows the permanent financing sources and uses of funding.

Exhibit 1: Sources and Uses of Development Financing

Sources	
MOHCD Gap Loan	65,777,411
MOHCD No Place Like Home Loan	17,500,000
Mortgage	12,397,000
MOHCD Loan Accrued Interest	2,773,955
Federal Home Loan Bank Loan	1,000,000
Tax Credit Equity	51,158,320
General Partner Equity	500,000
Total Sources	151,106,686
Uses	
Acquisition	10,000
Construction	125,668,982
Soft Costs	21,392,704
Developer Fee	4,035,000
Total Uses	151,106,686

Source: MOHCD

As shown above, the proposed \$65.8 million MOHCD gap loan and \$17.5 million No Place Like Home loan funds (administered by MOHCD) will be combined with a private mortgage, Federal Home Loan Bank of San Francisco Affordable Housing loan, tax credit equity, and general partner equity.

The source of funding for new MOHCD \$65.8 million gap loan include the following:

• Jobs-Housing Linkage Fees	16,030,871
• Inclusionary Funds	19,880,166
• Housing Trust Fund	5,000,000
• State Local Housing Trust Fund Grant	5,100,000
• Excess Education Revenue Augmentation Fund	14,694,035
• State Low and Moderate Income Housing Asset Fund	5,705,680
• Eastern Neighborhood Development Impact Fees	366,659
Total	66,777,411

The total gap loan amount shown above is \$66.8 million, or \$1 million more than shown above in Exhibit 1. MOHCD expects Mercy to obtain a \$1 million Federal Home Bank Affordable Housing loan, which will be used to repay the City's gap loan.

According to MOHCD, the City gap loan has a maximum interest rate of 3% and the No Place Like Home loan has zero interest. Both are repaid with residual project income and have a 55-year term.

City’s Subsidy of Development Costs

Total development costs are \$151.1 million or \$683,741 per unit. The City’s total subsidy for the housing development costs is \$84.3 million, or 55.8 percent of the total development costs. This is equal to a per unit City subsidy of \$381,346, as shown in Exhibit 2 below. The City funding below also funds the creation of shell of a commercial space (see below).

Exhibit 2: Unit Costs

Units (includes 1 Mgr. Unit)	221
Residential Square Feet	127,074
Development Cost	\$151,106,686
City Funding	84,277,411
Development Cost / Unit	\$683,741
City Subsidy / Unit	\$381,346
Cost per square foot	\$1,189

Source: MOCHD

Operating Sources

According to MOHCD, the Local Operating Subsidy Program (LOSP), which is a locally funded program that subsidizes housing costs for the formerly homeless, will be used to provide subsidies for the 120 units reserved for homeless and formerly homeless adults. The cost of the LOSP subsidy starts at \$1 million in year one of the project. These households will pay rent sized at 30 percent of their income, estimated to be 25 percent of area median income (AMI), estimated at \$432,000 in year one of the project. The LOSP agreement will not be subject to Board of Supervisors approval per Chapter 120.4 of the Administrative Code, which allows MOHCD to enter into LOSP agreements, subject to Board of Supervisors appropriation approval.

Other operating income includes tenant rents for the 100 non-LOSP units, which is capped at 30 percent of the income level for each unit, estimated at \$2.1 million in year one of the project. As noted above, income levels for affordable housing units project will range from 30 percent to 80 percent of AMI.

Operating Costs

The 120 LOSP units will receive on site and visiting social services starting at a cost of \$1 million per year (paid by HSH, not from project revenues). Building operating costs are less than operating revenues, allowing for debt payments and project reserve deposits.

According to MOHCD’s cash flow projections, the project will generate sufficient income to make residual receipts payments on the City loan or ground lease.

Commercial Space

The proposed loan will also fund construction of warm shell for a 4,200 square foot commercial space at an estimated cost of \$3.3 million. Once complete, the City will sell that portion of the project to Mercy and enter into a loan agreement based on the actual cost of construction. The City will retain landownership and enter into a ground lease with Mercy with a base rent of \$1.00 per year and a percentage rent of 40% of net income from commercial tenants, which may be used to repay the commercial space loan and commercial ground lease rent. Tenants must provide services benefiting the public. According to the commercial pro-forma provided by MOHCD, the commercial space is expected to provide MOHCD less than \$10,000 per year in the first ten years of the project.

The commercial space is expected to be divided into four spaces for four tenants, which will be identified prior to loan conversion (paying down construction loans shortly after construction).

RECOMMENDATION

Approve the proposed resolution.

Item 12
File 22-0451

Department:
Public Health

EXECUTIVE SUMMARY

Legislative Objectives

- The proposed resolution would authorize the Director of Property to extend the City's lease for 1170 Market Street through December 2022.

Key Points

- In January 2022, the City entered into a lease for a building at 1170 Market Street. The space is used for the Tenderloin Center, part of the Mayor's emergency intervention in the Tenderloin. The lease costs \$75,000 per month, which typically requires Board of Supervisors' approval. However, the Mayor's December 2021 Emergency Proclamation relating to drug overdoses in the Tenderloin, waived this requirement. The emergency proclamation expired on March 17, 2022 and the current lease expires on June 30, 2022. Exercising the options to extend the lease requires Board of Supervisors' approval.
- The Tenderloin Center provides basic services (such as food and showers), overdose prevention, and linkages to social and mental health services

Fiscal Impact

- Rent for 1170 Market Street remains \$75,000 per month or \$450,000 for the proposed extension term.
- Services at the Tenderloin Center cost \$6.2 million in FY 2021-22. Assuming services do not change during the proposed lease extension, so we estimate \$6.3 million in service costs in FY 2022-23.

Policy Consideration

- The Tenderloin Center appears to be an innovative intervention to address street conditions in the Tenderloin. However, the cost effectiveness of the program is not yet known.

Recommendations

- The Board of Supervisors should request a plan from Public Health that details the FY 2022-23 Tenderloin Initiative budget, evaluation of cost effectiveness, services, goals, long-term service capacity constraints (such as connections to shelter, housing, and substance use treatment), and plans to address conditions in the Tenderloin following expiration of the 1170 Market Street lease in December 2022.
- Approval of the proposed resolution is a policy matter for the Board of Supervisors.

MANDATE STATEMENT

Administrative Code Section 23.27 states that the Board of Supervisors shall approve all Leases on behalf of the City as tenant by resolution for which the term is longer than a year or costs over \$15,000 per month.

BACKGROUND

Lease

In January 2022, the City entered into a lease for a building at 1170 Market Street. Prior to that time, the building was vacant. The space is used for services related to the Tenderloin Emergency Plan (see below).

The terms of the lease are shown below in Exhibit 1.

Exhibit 1: Lease Terms

Landlord	1170 Market Street, LLC
Premises	Seven-story building at 1170 Market Street
Size	37,102 square feet
Term	Jan 3, 2022 - June 30, 2022
Extension Options	Three 2-month extensions (through Dec. 2022)
Rent	\$75,000 per month
Permitted Use	Services associated with Tenderloin Emergency Plan only; no overnight stays
Utilities	Landlord pays for building heating, air conditioning, ventilation, and water.

Source: Proposed Lease Extension

The lease costs \$75,000 per month, which typically requires Board of Supervisors' approval per Chapter 23 of the Administrative Code. However, the Mayor's December 2021 Emergency Proclamation relating to drug overdoses in the Tenderloin, approved by the Board of Supervisors (File 21-1320), waived this requirement. The emergency proclamation expired on March 17, 2022 and the current lease expires on June 30, 2022. Exercising the options to extend the lease requires Board of Supervisors' approval.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would authorize the Director of Property to extend the City's lease for 1170 Market Street through December 2022. In March 2022, the Planning Department found that the project conforms with the City's General Plan.

Tenderloin Center at 1170 Market Street

The City uses the leased building to operate the Tenderloin Center. According to the Planning Department's General Plan Referral, services at the Tenderloin Center are provided in two tiers: (1) basic needs, such as food, water, clothing, social space, showers, laundry, wound care supplies, and harm reduction supplies; and (2) services and programs, which include referrals to primary care and medical treatment, housing, shelter, medication-assisted treatment, social support services, food and nutrition programs, youth and family care, and re-entry services. The Department of Emergency Management operated the site during the period of the Mayor's emergency proclamation, after which management transferred to the Department of Public Health.

Tenderloin Emergency Plan

The Tenderloin Emergency Initiative Strategic Plan and Operations Guide provided to the Board of Supervisors in December 2021 did not provide detail on operations and goals for the period following the expiration of the Mayor's emergency proclamation in March 2022. According to the Tenderloin Emergency Initiative Situation Report Operational Period 20 (April 25, 2022 – May 1, 2022), the goals of the Tenderloin Emergency Initiative include: (1) reduce drug sales and violent crime, (2) reduce homelessness and street sleeping, (3) eliminate widespread public drug use, (4) increase safe passage and accessibility, (5) cleaner sidewalks and streets, (6), reduce fatal and non-fatal overdoses, (7) eliminate widespread street vending, and (8) increase connections to care.

Activities & Outcomes

Exhibit 2 below shows Tenderloin Center activities and outcomes from January 17, 2022 to May 8, 2022. There are approximately 420 daily guests at the Tenderloin Center and the cumulative total through May 8 was 40,507.

Exhibit 2: Tenderloin Center Activities and Outcomes (January 17, 2022 to May 8, 2022)

Dignity Services	
Meals	27,210
Showers	4,333
Laundry loads	1,347
Subtotal, Dignity Services	32,890
Key Outcomes	
Cumulative Visits	40,507
Service referrals*	1,485
Service connections*	174
Overdoses reversed at Tenderloin Center	78
Shelter Placements	505
Housing Assessments	620
Referred to housing	119
Subtotal, Key Outcomes	1,496

Source: Tenderloin Emergency Initiative Operations reports; <https://sf.gov/information/learn-about-tenderloin-emergency-initiative>

Note: Services include drug user health, substance use treatment, mental health treatment, physical health care, food and nutrition services, benefits enrollment, assistance with getting identification, and vocational, employment and legal services. Of the 174 service connections, 32 were for substance use treatment and 13 were for mental health treatment.

As shown above, the Tenderloin Center provided 32,890 dignity service (meals, showers, and laundry), 505 shelter placements, 119 housing placements, 32 substance use treatment connections, and 13 mental health treatment connections. Connections are not defined in the dashboard report but are a subset of referrals.

Area Intervention Activities and Outcomes

In addition to the above, the Tenderloin Emergency Initiative Operations reports track other activities related to the eight goals of the Intervention plan noted above. Between June 2021 and March 2022, tents citywide increased from 387 to 537 and decreased from 77 to 35 in Tenderloin. Arrests and 911 calls in the Tenderloin appear steady at 40 and 30 per day, respectively, during the Tenderloin intervention. Narcotics seizures show an upward trend from 1,677 grams in December 2021 to a high of 4,944 in early May 2022. The City also tracks street cleaning, waste removal, street light, and blocked street requests, but that is not relevant for the proposed lease. Street vending and public drug use are not tracked, so we do not know whether those conditions have improved during the intervention.

There were 556 overdose reversals in the Tenderloin between December 13, 2021 and May 1, 2022, including 78 at the Tenderloin Center. During that time, the number of street overdose reversals has remained around at 20 per week. Street Team and Tenderloin Center distribution of Nalaxone, a medication to treat opioid overdose, has increased from four doses per week to 181 doses per week between December 2021 and May 2022.

FISCAL IMPACT

Rent for 1170 Market Street remains \$75,000 per month or \$450,000 for the proposed extension term. According to information provided by the Real Estate Division, the cost of the lease is below fair market value and reflects the short-term nature of the lease and conditions of the building.

Service costs

Exhibit 3 below shows the cost in FY 2021-22 of services at the Tenderloin Linkage Center.

Exhibit 3: Service Costs, Six Months of FY 2021-22

Activity	Dept	Organization	Cost
Program intake, service navigation, safety monitoring, and guest engagement	DPH	Code Tenderloin	\$1,300,000
Safe belonging storage, 3-hot meals daily, snacks, water, coffee, emergency supplies, bathroom monitoring and light custodial	HSH	Urban Alchemy	\$2,400,000
Living room, a sober space for guests interested in exploring and maintaining sobriety	DPH	RAMS	\$500,000
Overdose prevention services, including hygienic supplies, monitoring, and overdose reversals	DPH	Health Right 360	\$1,300,000
Supportive non-judgmental counseling and support	DPH	Harm Reduction Therapy Center	\$100,000
Access to showers and laundry	HSH	We Hope	\$200,000
Housing assessments and shelter placements	HSH	Episcopal Community Services, Dolores Street Community Services	not provided
Medi-Cal, Calfresh, and cash assistance applications	HSA	Human Services Agency	70,000
Re-entry services, including referrals/placement into transitional housing and treatment programs	ADP	Adult Probation Department	60,000
Access to a variety of tangible items, ID and haircut vouchers and enrollment into dental, vision and hearing programs	HSH	Project Homeless Connect	\$30,000
Provides transportation M-F 9am – 5pm to services including shelter, housing, and behavioral health services.	DPH	Community Forward	\$200,000
		Total	\$6,160,000

Source: Public Health

As shown above, services total \$6.2 million. Assuming services do not change during the proposed lease extension, so we estimate \$6.3 million in costs in FY 2022-23, based on the six months of costs noted above escalated by three percent. The annualized service costs of the Tenderloin Center (\$12 million) are roughly three times the costs of the HSH Coordinated Entry Access Point in SOMA, though the Tenderloin Center provides more services. DPH notes that the costs above include some one-time setup costs and do not include administrative costs. None of the providers were selected via a competitive process, which was waived by the Mayor's emergency proclamation and by Chapter 21B of the Administrative Code for homeless service contracts.

DPH reports that service costs in FY 2021-22 were primarily funded by unspent contract encumbrances from prior years.

POLICY CONSIDERATION

Cost Effectiveness

The Tenderloin Center appears to be an innovative intervention to address street conditions in the Tenderloin by preventing overdoses, providing on-site basic services (such as food and showers), and offering linkages to social and mental health services. However, the cost effectiveness of the program is not yet known. For example, according to HSH, the Coordinated Entry Access Point in SOMA completed 993 Coordinated Entry housing assessments between December 13, 2021 and May 12, 2022. During that time, the Tenderloin Linkage Center completed 672 Coordinated Entry housing assessments. Based on the cost of operating each site, the cost per assessment at the SOMA Access Point was \$1,700 and the cost per assessment at the Tenderloin Linkage Center was \$9,800.

Similarly, based on our review of behavioral health substance abuse treatment contracts¹ pending at the Board of Supervisors, residential substance use treatment costs \$13,000 - \$14,000 per client per year and outpatient substance use treatment costs \$5,400 per client per year. Hospitality House provides case management, mental health, and drop-in mental health services for vulnerable Tenderloin residents at a cost of \$781 per client per year.

The Tenderloin Center's cost per visitor is \$168 (based on the cumulative number of clients), cost per service referral is \$4,500, and cost per service connection is \$38,000. It is not clear whether these costs are reasonable or justified in light of other behavioral health services funded by the City.

RECOMMENDATIONS

1. The Board of Supervisors should request a plan from Public Health that details the FY 2022-23 Tenderloin Initiative budget, evaluation of cost effectiveness, services, goals, long-term

¹ Files 22-0415, 22-0443, 22-0414, 21-0250

service capacity constraints (such as connections to shelter, housing, and substance use treatment), and plans to address conditions in the Tenderloin following expiration of the 1170 Market Street lease in December 2022.

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

<p>Item 13 File 22-0515</p>	<p>Department: Homelessness and Supportive Housing</p>
<p>EXECUTIVE SUMMARY</p>	
<p style="text-align: center;">Legislative Objectives</p> <ul style="list-style-type: none"> • The proposed second amendment to the Agreement would provide a 36-month extension for Five Keys to continue to provide services until June 30, 2025 and would increase the not-to-exceed amount by \$22,736,236—from \$9,712,866 to \$32,449,102. <p style="text-align: center;">Key Points</p> <ul style="list-style-type: none"> • On November 20, 2020, Five Keys entered into an agreement with HSH to provide emergency shelter operations and support services at 1001 Polk Street to accommodate up to 334 single adults experiencing homelessness. The grant agreement provided for a not to exceed amount of \$9,712,866 over a total term of December 1, 2020 through March 31, 2022. The first amendment to the agreement was effective April 1, 2022 and extended the duration of the term to June 30, 2022. The amendment, which provided no additional spending authority, established eight one-year renewal options beyond the expiration date, through June 30, 2030. • In 2021, because of ongoing health and safety concerns related to the pandemic, the Department conducted a desk audit (rather than an on-site monitoring visit) to confirm that Five Keys had complied with service requirements. According to the Department, the program manager conducted an annual onsite visit on April 25, 2022. However, the program monitoring report has not been completed as of May 13, 2022. <p style="text-align: center;">Fiscal Impact</p> <ul style="list-style-type: none"> • Annual grant agreement costs during the proposed extension are \$6,875,301, all of which are funded by the General Fund. <p style="text-align: center;">Policy Consideration</p> <ul style="list-style-type: none"> • HSH has not yet completed an onsite program monitoring report related to this agreement. In our August 2020 audit, we found that the Department did not sufficiently monitor provider contracts to ensure the delivery of service goals, and we recommended that the HSH Executive Director ensure that all contracts included specific performance metrics and that those metrics be monitored at least annually. • The Board of Supervisors should consider holding a hearing to discuss the status of program monitoring throughout the Department in calendar year 2022 to ensure adequate service delivery for residents and the accountability of providers. <p style="text-align: center;">Recommendations</p> <ul style="list-style-type: none"> • Request the Department to provide the on-site program monitoring report before approving this amendment. • Once the performance monitoring report is provided to the Board of Supervisors, 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 was founded in 2003 by the San Francisco Sheriff's Department as an accredited charter high school to provide diploma programs for adults in county jails. Five Keys has grown and expanded its programs and services to include career centers, transitional shelter operations, and transitional employment placement for formerly incarcerated individuals and people currently or formerly experiencing homelessness.

According to Appendix D of the proposed amendment, Five Keys currently has 15 other grants with the City and County of San Francisco, totaling over \$77.7 million. At the time of the original agreement in November 2020, 18 months ago, Five Keys had 10 other City contracts, totaling \$14.7 million.

Procurement

On June 4, 2020, the Department of Homelessness and Supportive Housing (HSH) and the Department of Public Health (DPH) issued a Request for Qualifications (RFQ #130) to provide time-limited and as-needed services in response to the COVID-19 public health situation in one or more of the following settings: (1) Shelter in Place (SIP) Sites; (2) Congregate Setting Sites; and (3) Isolation and Quarantine (I&Q) Sites. The RFQ stated that both agencies would make multiple awards from the qualified list on a rolling basis to respond to the COVID-19 pandemic.

In response to the RFQ, Five Keys Schools and Programs (Five Keys) applied to provide emergency shelter services. The application was evaluated via a scoring sheet to confirm that Five Keys met the minimum qualifications as detailed in the RFQ, which required a minimum of two years of experience providing services to people experiencing homelessness and two years of experience operating a shelter or other transitional housing center. A third qualification, required for federal funding reimbursement, is proof that the applicant has not been debarred or suspended on the federal SAMS2 database.

We note that the minimum qualifications used to evaluate the application for this agreement are not rigorous and do not demonstrate specific capacity for adequate service delivery.

Original Agreement Terms

On November 20, 2020, Five Keys entered into an agreement with HSH to provide emergency shelter operations and support services at 1001 Polk Street to accommodate up to 334 single adults experiencing homelessness. Specifically, the services to be provided through the

agreement, as detailed in Appendix A, included three main categories: (1) shelter operations; (2) guest referral and intake services; and (3) shelter support services.

The agreement identified five service objectives, which include:

- A minimum of 50 percent of guests will complete the quarterly Satisfaction Survey
- 100 percent of guests, visitors and staff will be screened for health issues, when required by health and safety orders
- 100 percent of guests will use the finger imager to determine reservation status, when required by health and safety orders
- 60 percent of guests will attend monthly in-house Community Meetings
- 100 percent of guests will be encouraged to complete HSH's Problem Solving assessment, if not already completed.

The agreement also established an outcome objective which requires Five Keys to ensure that a minimum of 75 percent of guests who complete the Quarterly Satisfaction Survey rate the treatment by staff, connection to services and safety as good or excellent.

The agreement identified reporting requirements, including monthly reports, quarterly reports, an annual report, and ad hoc reports as requested by HSH. Per the agreement, Five Keys must also comply with program monitoring and fiscal compliance and contract monitoring, although the agreement did not define the frequency of HSH's monitoring activities. For fiscal and contract compliance monitoring, HSH follows the guidelines set by the Controller's nonprofit monitoring program.

The grant agreement provided for a not to exceed amount of \$9,712,866 over a total term of December 1, 2020 through March 31, 2022. The original agreement did not provide options for renewal.

First Amendment

The first amendment to the agreement was effective April 1, 2022 and extended the duration of the term to June 30, 2022. The amendment, which provided no additional cost, established eight one-year renewal options beyond the expiration date, through June 30, 2030.

DETAILS OF PROPOSED LEGISLATION

The proposed second amendment to the Agreement would provide a 36-month extension for Five Keys to continue to provide services until June 30, 2025 and would increase the not-to-exceed amount by \$22,736,236—from \$9,712,866 to \$32,449,102, or 234 percent.

This amendment would reduce the number of one-year renewal options from eight to five to align with the RFQ #130; the final option to renew proposed in the second amendment would terminate at the same time as the existing final renewal option under the current agreement, FY 2029-30. These options do not exempt the Department from having to return to the Board of Supervisor for approval, as required under City Charter Section 9.118(b)

Services Provided

The services required through the amendment are unchanged from the original agreement through which Five Keys must provide emergency shelter operations and support services at 1001 Polk Street to accommodate up to 334 single adults experiencing homelessness. The specific services to be provided through the amended agreement include: (1) shelter operations; (2) guest referral and intake services; and (3) shelter support services.

Reporting and Performance Monitoring

The proposed amendment does not change the original reporting requirements, which include monthly reports, quarterly reports, an annual report, and ad hoc reports as requested by HSH. The Department provided us with a copy of the April 2022 quarterly report from Five Keys. It is not clear if monthly and annual reports have been submitted, as per the agreement requirements, to the Department.

As noted, the agreement also requires Five Keys to comply with program monitoring and fiscal compliance and contract monitoring. In 2021, because of ongoing health and safety concerns related to the pandemic, the Department conducted a desk audit (rather than an on-site monitoring visit) to confirm that Five Keys had complied with service requirements. According to the Department, the program manager conducted an annual onsite visit on April 25, 2022. However, the program monitoring report has not been completed as of May 13, 2022.

FISCAL IMPACT

As noted above, the proposed amendment increases the not-to-exceed amount by \$22,736,236—from \$9,712,866 to \$32,449,102, or 234 percent. The proposed second amendment also increases the contingency amount by \$1,718,620—from \$756,488 to \$2,475,108, or 227 percent.

Exhibit 1: Fiscal Impact of Proposed Resolution

	Original Agreement	First Amendment	Proposed Second Amendment	Change from First to Proposed Second Amendment
Personnel	7,334,965	8,586,434	25,631,465	17,045,031
Operating Expenses	453,191	558,292	1,448,830	890,538
Subtotal Expenses	7,788,156	9,144,726	27,080,295	17,935,569
15% Indirect	1,168,223	1,371,709	4,062,044	2,690,335
Total Contract Expenses	8,956,379	10,516,435	31,142,339	20,625,904
Unspent FY 20-21		(1,168,346)	(1,168,346)	0
Contingency		364,776	2,475,108	2,110,332
Total Not-to-Exceed Amount	8,956,379	9,712,866	32,449,102	22,736,236

Source: Grant Agreement

Annual grant agreement costs during the proposed extension are \$6,875,301, as shown in Exhibit 2 below.

Exhibit 2: Actual and Projected Grant Expenditures by Year

FY 2020-21 (Actual)	2,471,292
FY 2021-22 (Projected)	6,876,796
Subtotal, Current Agreement	9,348,088
FY 2022-23 (Projected)	6,875,301
FY 2023-24 (Projected)	6,875,301
FY 2024-25 (Projected)	6,875,301
Subtotal, New Spending	20,625,903
Contingency (12%)	2,475,108
Not To Exceed Amount	32,449,099

Source: Grant Agreement

The grant agreement is funded by the General Fund.

POLICY CONSIDERATION

As noted above, HSH has not yet completed an onsite program monitoring report related to this agreement. This second amendment would expand the grant through another three years and add over \$22 million to the grant amount. In our August 2020 performance audit, we found that the Department did not sufficiently monitor provider contracts to ensure the delivery of service goals, and we recommended that the HSH Executive Director ensure that all contracts included specific performance metrics and that those metrics be monitored at least annually. We also recommended that the Board of Supervisors consider asking the HSH Executive Director to report on the status of the implementation of the program monitoring process in January 2021.

The Board of Supervisors should consider holding a hearing to discuss the status of program monitoring throughout the Department in calendar year 2022 to ensure adequate service delivery for residents and the accountability of providers.

RECOMMENDATIONS

1. Request the Department to provide the on-site program monitoring report before approving this amendment.
2. Once the performance monitoring report is provided to the Board of Supervisors, approve the proposed resolution.

Item 14 File 22-0516	Department: Homelessness and Supportive Housing
EXECUTIVE SUMMARY	
<p style="text-align: center;">Legislative Objectives</p> <ul style="list-style-type: none"> • The proposed first amendment to the Agreement would (1) provide a 36-month extension for Bayview Hunters Point Foundation to continue to provide shelter operations and services at the Bayview SAFE Navigation Center through June 30, 2025, and (2) increase the not-to-exceed amount by \$17,152,587—from \$9,535,046 to \$26,687,632. <p style="text-align: center;">Key Points</p> <ul style="list-style-type: none"> • Bayview Hunters Point Foundation entered into an initial agreement for these services on December 1, 2020, with a term expiration of June 30, 2022. The agreement provides for shelter operations and services at the Bayview SAFE Navigation Center located at 125 Bayshore Boulevard to serve up to 186 adult guests and 17 family guests. • This program opened in January 2021. HSH did not conduct onsite program monitoring in FY 2020-21 due to COVID-19. Instead, the Department conducted a desk audit to confirm requirements were met. According to the Department, an onsite program monitoring visit will be scheduled in May 2022 <p style="text-align: center;">Fiscal Impact</p> <ul style="list-style-type: none"> • For each of the three years of the proposed extension, projected annual costs are \$4,449,652. The sources of funds for this extension are Proposition C revenues. <p style="text-align: center;">Policy Consideration</p> <ul style="list-style-type: none"> • HSH has not yet completed an onsite program monitoring report related to this agreement. In our August 2020 audit, we found that the Department did not sufficiently monitor provider contracts to ensure the delivery of service goals, and we recommended that the HSH Executive Director ensure that all contracts included specific performance metrics and that those metrics be monitored at least annually. • The Board of Supervisors should consider holding a hearing to discuss the status of program monitoring throughout the Department in calendar year 2022 to ensure adequate service delivery for residents and the accountability of providers. <p style="text-align: center;">Recommendations</p> <ul style="list-style-type: none"> • Request the Department to provide the on-site program monitoring report before approving this amendment. • Once the performance monitoring report is provided to the Board of Supervisors, 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

Bayview Hunters Point Foundation

Founded in 1971, Bayview Hunters Point Foundation (BVHPF) is a non-profit social services agency whose core service areas include: (1) residential and homeless services; (2) substance abuse disorders services; and (3) behavioral health services.

According to Appendix D of the proposed amendment, BVHPF currently has 20 other grants with the City and County of San Francisco, totaling over \$69.9 million. At the time of the original agreement in November 2020, 18 months ago, BVHPF had six other City contracts, totaling \$25.4 million. BVHPF is serving as fiscal sponsor to another nonprofit organization, which accounts for five (5) of the additional agreements.

Procurement

On June 4, 2020, the Department of Homelessness and Supportive Housing (HSH) and the Department of Public Health (DPH) issued a Request for Qualifications (RFQ #130) to provide time-limited and as-needed services in response to the COVID-19 public health situation in one or more of the following settings: (1) Shelter in Place (SIP) Sites; (2) Congregate Setting Sites; and (3) Isolation and Quarantine (I&Q) Sites.

The RFQ identified three minimum qualifications that applicants must meet:

- proof that the applicant has not been debarred or suspended on the federal SAMS2 database.
- a minimum of two years of experience providing services to people experiencing homeless
- a minimum of two years of experience operating a Drop-in Center, Shelter, Navigation Center, Transitional Housing, Supportive Housing, Property Management, or other like service.

In response to the RFQ, Bayview Hunters Point Foundation (BVHPF) applied to provide shelter services. HSH confirmed the provider met the three minimum qualifications and on July 7, 2020, the Department sent a Notice of Qualifications letter confirming that BVHPF met the minimum qualifications for the following services:

- Shelter in Place (SIP) site
- Congregate site

- Property Management
- Janitorial
- Security
- Laundry
- Meals
- Harm Reduction
- Behavioral Health
- Nurse/Medical

We note that the minimum qualifications used to evaluate the application for this agreement are not rigorous and do not demonstrate specific capacity for adequate service delivery.

Original Agreement Terms

On December 1, 2020, BVHPF entered into an agreement with the Department of Homelessness and Supportive Housing to provide SAFE Navigation Center and Emergency Shelter services. The agreement requires BVHPF to provide shelter operations and services at the Bayview SAFE Navigation Center located at 125 Bayshore Boulevard for up to 186 adult guests and 17 family guests or the adjusted COVID-informed capacity based on public health guidance.

In addition to the operations of the Navigation Center, specific support services to be provided through this agreement include: intake; assessment and individual service plan; case management; benefits navigation; wellness checks; support groups; organized guest activities; referrals and coordination of services; and exit planning.

For the SAFE Navigation Center, the agreement identified six service objectives, which require BVHPF to:

- Provide intake and program orientation to 100 percent of all guests
- Assess and create written service plans for 95 percent of Pathway Stay guests
- Offer referrals for problem solving via Coordinated Entry at HSH to 100 percent of guests
- Encourage 100 percent of Time-Limited Stay guest to join the Shelter Reservation Waitlist
- Provide referrals to 100 percent of Pathway Stay guests with referral needs related to benefits, employment, health and transportation support
- Administer a quarterly satisfaction survey and achieve a response rate of at least 50 percent

For the Emergency Shelter, the agreement identified five service objectives, requiring BVHPF to:

- Check in at least 95 percent of all beds reserved and maintain accurate daily attendance in the ONE system
- Provide intake and program orientation to 100 percent of all families
- Assess and create written service plans for 95 percent of families
- Offer referrals for problem solving via Coordinated Entry at HSH to 100 percent of families
- Provide case management services to 100 percent of families

The agreement also established one outcome objective for the SAFE Navigation Center that a minimum of 75 percent of guests who complete the quarterly satisfaction survey Strongly Agree or Agree that they are satisfied with services on site.

For the Emergency Shelter, the agreement established three additional outcome objectives:

- 100 percent of guests will receive housing advocacy support
- A minimum of 60 percent of guests will receive case management
- A minimum of 50 percent of exiting the program who have stayed for 30 days of more will move into permanent housing

The agreement identified reporting requirements, including monthly reports, quarterly reports, an annual report, and ad hoc reports as requested by HSH. Per the agreement, Bayview Hunters Point Foundation must also comply with program monitoring and fiscal compliance and contract monitoring, although the agreement did not define the frequency of HSH's monitoring activities. For fiscal and contract compliance monitoring, HSH follows the guidelines set by the Controller's nonprofit monitoring program.

DETAILS OF PROPOSED LEGISLATION

The proposed first amendment to the agreement would provide a 36-month extension for Bayview Hunters Point Foundation to continue to provide shelter operations and services at the Bayview SAFE Navigation Center through June 30, 2025 and would increase the not-to-exceed amount by \$17,152,587—from \$9,535,046 to \$26,687,632, or 180 percent.

Services Provided

The services required through the amendment are unchanged from the original agreement through which Bayview Hunters Point Foundation must provide shelter operations and services at the Bayview SAFE Navigation Center located at 125 Bayshore Boulevard for up to 186 adult guests and 17 family guests.

Reporting and Performance Monitoring

The proposed amendment does not change the original reporting requirements, which include monthly reports, quarterly reports, an annual report, and ad hoc reports as requested by HSH. The department provided copies of these reports as submitted by Bayview Hunters Point Foundation in 2022, which indicate that service objectives are being met.

This program opened in January 2021. HSH did not conduct onsite program monitoring in FY 2020-21 due to COVID-19. Instead, the Department conducted a desk audit to confirm requirements were met. According to the Department, an onsite program monitoring visit will be scheduled in May 2022 to assess compliance with the service requirements detailed in the Appendix A.

FISCAL IMPACT

As noted above, the proposed amendment increases the not-to-exceed amount by \$17,152,587—from \$9,535,046 to \$26,687,632, or 180 percent.

Exhibit 1: Fiscal Impact of Proposed Resolution

	Original Agreement	Proposed First Amendment	Change
Personnel	5,362,573	16,302,023	10,939,450
Operating Expenses	936,383	2,797,783	1,861,400
Subtotal Expenses	6,298,956	19,099,806	12,800,850
15% Indirect	944,843	2,864,971	1,920,128
Other Expenses	638,997	727,712	88,715
Capital Expenses	63,074	141,845	78,771
Total Contract Expenses	7,945,870	22,834,334	14,888,464
Contingency	1,589,174	3,853,294	2,264,120
Total Not-to-Exceed Amount	9,535,045	26,687,632	17,152,587

Source: Grant agreement

Annual grant costs during the proposed extension are \$4,999,652, as shown below.

Exhibit 2: Actual and Projected Grant Expenditures by Year

FY 2020-21 (Actual)	1,832,591
FY 2021-22 (Projected)	6,002,788
Subtotal, Current Agreement	7,835,379
FY 2022-23 (Projected)	4,999,652
FY 2023-24 (Projected)	4,999,652
FY 2024-25 (Projected)	4,999,652
Subtotal, New Spending	14,998,956
Contingency	3,853,294
Total Spending	26,687,629

Source: Grant agreement

The proposed increase in the not-to-exceed grant amount, \$14,998,966 is funded by Proposition C revenues.

POLICY CONSIDERATION

As noted above, HSH has not yet completed an onsite program monitoring report related to this agreement. This first amendment would expand the grant through another three years and add over \$17 million to the grant amount. The Department states it will conduct the onsite

monitoring visit prior to the execution of this amendment. In our August 2020 audit, we found that the Department did not sufficiently monitor provider contracts to ensure the delivery of service goals, and we recommended that the HSH Executive Director ensure that all contracts included specific performance metrics and that those metrics be monitored at least annually. We also recommended that the Board of Supervisors consider asking the HSH Executive Director to report on the status of the implementation of the program monitoring process in January 2021.

The Board of Supervisors should consider holding a hearing to discuss the status of program monitoring throughout the Department in calendar year 2022 to ensure adequate service delivery for residents and the accountability of providers.

RECOMMENDATIONS

1. Request the Department to provide the on-site program monitoring report before approving this amendment.
2. Once the performance monitoring report is provided to the Board of Supervisors, approve the proposed resolution.