

<p><b>Item 5</b> <b>File 23-1167</b></p>	<p><b>Department:</b> Department of Homelessness &amp; Supportive Housing</p>
<p><b>EXECUTIVE SUMMARY</b></p>	
<p style="text-align: center;"><b>Legislative Objectives</b></p> <ul style="list-style-type: none"> <li>• The proposed resolution would approve a contract between Heluna Health and the Department of Homelessness and Supportive Housing (HSH) to provide outreach and case management through the San Francisco Homeless Outreach Team, with a three-and-a-half-year term of January 2024 through June 2027 and a not to exceed amount of \$36,897,380.</li> </ul> <p style="text-align: center;"><b>Key Points</b></p> <ul style="list-style-type: none"> <li>• Under an existing contract with the Department of Homelessness and Support Services (HSH), Heluna Health provides comprehensive street outreach and case management to unhoused San Franciscans through the San Francisco Homeless Outreach Team (SFHOT). In June 2023, the Board of Supervisors approved the eighth amendment to the contract, extending the term by six months through December 31, 2023 for a total term of nine years and five months and increasing the amount by \$888,989 to \$52,708,056.</li> <li>• Heluna Health was selected through a competitive Request for Proposals (RFP) issued in April 2023 to continue providing SFHOT services. Heluna Health was one of two respondents and the only respondent that met the minimum qualifications.</li> <li>• Under the proposed new agreement, SFHOT will provide additional staffing for encampment resolution services in the Mission and the Polk Alleys to address long-term encampments. SFHOT outreach staff working in these areas are funded by two separate Encampment Resolution Fund State grants.</li> </ul> <p style="text-align: center;"><b>Fiscal Impact</b></p> <ul style="list-style-type: none"> <li>• Program expenses are funded by the General Fund (77 percent), work order funds (four percent), State Encampment Resolution Grant funding (six percent), and other state sources for homelessness and behavioral health (13 percent).</li> <li>• The FY 2024-25 budget of \$9.2 million includes approximately \$7.3 million (78 percent) for salaries and benefits for 76.0 full-time equivalent (FTE) positions. The proposed budget also includes annual General Fund funding of \$326,840 for a subcontract with Code Tenderloin to provide 3.5 FTE outreach workers to support district teams and special projects as needed.</li> </ul> <p style="text-align: center;"><b>Recommendation</b></p> <ul style="list-style-type: none"> <li>• Approve the proposed resolution.</li> </ul>	

## MANDATE STATEMENT

City Charter Section 9.118(b) states that any contract entered into by a department, board or commission that (1) has a term of more than ten years, (2) requires expenditures of \$10 million or more, or (3) requires a modification of more than \$500,000 is subject to Board of Supervisors approval.

## BACKGROUND

Under an existing contract with the Department of Homelessness and Support Services (HSH), Heluna Health provides comprehensive street outreach and case management to unhoused San Franciscans through the San Francisco Homeless Outreach Team (SFHOT). In June 2023, the Board of Supervisors approved the eighth amendment to the contract, extending the term by six months through December 31, 2023 for a total term of nine years and five months and increasing the amount by \$888,989 to \$52,708,056 (File 23-0485).

### Procurement for New Contract

In April 2023, HSH issued a Request for Proposals (RFP) to provide SFHOT services, including case management and outreach. According to HSH staff, HSH received proposals from two providers, but only one proposal (Heluna Health) met the minimum qualifications and advanced to scoring. HSH awarded the contract to Heluna Health based on an average score of 83 out of 100 points possible.<sup>1</sup>

## DETAILS OF PROPOSED LEGISLATION

The proposed resolution would approve a contract between Heluna Health and HSH to provide outreach and case management through the San Francisco Homeless Outreach Team, with a three-and-a-half-year term of January 2024 through June 2027 and a not to exceed amount of \$36,897,380.

### Street Outreach and Case Management

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

---

<sup>1</sup> The evaluation panel included the Tenderloin Street Operations Manager from the Department of Emergency Management, the Operations Coordinator from the HSH Outreach and Temporary Shelter Division, the Assistant Deputy Chief of Community Paramedicine from the Fire Department, and the Director of Whole Person Integrated Care from the Department of Public Health.

SFHOT is also a Coordinated Entry Access Partner – team members can meet clients where they are located and provide housing assessments.

### *Street Outreach Teams*

Under the proposed agreement, the contractor would provide street outreach through: (a) **10 District Teams**<sup>2</sup> based on police districts, including one team funded by a workorder from the Recreation and Parks Department that provides outreach to individuals in City parks; and (b) **Four Multi-Disciplinary Street Outreach Teams**, working in partnership with other City departments and providers. The four multi-disciplinary teams are described below.

1. The Healthy Street Operation Center (HSOC) is a multi-departmental effort, managed by the Department of Emergency Management, responsible for encampment resolutions and fostering healthy street conditions. SFHOT outreach workers, also called the Encampment Resolution Team (ERT), are part of this effort. The ERT offers shelter placements to encampment residents and provides service connections.
2. The Street Crisis Response Team (SCRT), managed by the Fire Department, responds to non-emergency 911 calls to reduce the need for police response to individuals experiencing mental health crises on the street. SCRT units are currently staffed with a Fire Department paramedic, an emergency medical technician, and either a Department of Public Health- (DPH) contracted peer counselor or a SFHOT outreach specialist.
3. Emergency Medical Services (EMS-6), managed by the Fire Department, responds to calls from providers and hospitals that have identified high utilizers<sup>3</sup> of the 911 system with non-urgent needs to reduce their reliance on the 911 system. EMS-6 teams are comprised of Fire Department community paramedic captains, and some teams include SFHOT outreach staff or DPH street medicine nurses.
4. Bridge Engagement Services Team (BEST), managed by DPH, provides SFHOT outreach and case management to unhoused individuals in specific neighborhoods, including the following four police districts or areas: (a) Mission and Park, (b) Tenderloin, Northern, and Southern, (c) Bayview and Ingleside, and (d) citywide. DPH Office of Coordinated Care clinicians and SFHOT case managers support individuals in these areas to connect clients with behavioral health services, shelter, and housing-focused case management.

### *Encampment Resolution Funding Programs*

Starting in January 2024, SFHOT will also provide additional staffing for encampment resolution services in the Mission and the Polk Alleys to address long-term encampments. SFHOT outreach

---

<sup>2</sup> District teams include: (1) Mission, (2) Bayview, (3) Tenderloin, (4) Northern, (5) Central, (6) Southern, (7) Park, (8) Richmond and Taraval, (9) Bayview and Ingleside, and (10) City Parks.

<sup>3</sup> High utilizers of the 911 system are defined as individuals who use 911 four times in a month or 10 times in a 12-month period.

staff working in these areas are funded by two separate Encampment Resolution Fund State grants (ERF 2L for the Polk Street Alleys and ERF 2R for the Mission).<sup>4</sup>

### **Performance Monitoring**

The proposed contract maintains service objectives of the existing contract and adds additional objectives, including: defining outreach targets for each district, requiring each Heluna outreach worker to refer at least six eligible clients per quarter to an HSH Clinical Supervisor, establishing timelines to responding to calls from the Recreation and Parks Department (REC), and requiring engagement of at least 190 clients in case management per year.

According to the existing contract's monitoring report for FY 2022-23, the SF Homeless Outreach Team has met or exceeded service and outcome objectives. In FY 2022-23, the contractor engaged 42,621 clients across all outreach activities compared to a goal of 35,000. However, the report identified five findings including: (a) the contractor did not maintain staffing levels of at least 90 percent; (b) the contractor did not conduct a client satisfaction survey, as required by the contract; and (c) other findings<sup>5</sup> related to client files, submission of reports into CARBON, and disaster response planning. The contractor must respond to the findings and identified corrective actions by December 3, 2023 to provide a timeline for implementing the recommendations.

#### *SFHOT Hiring and Retention*

According to the November 2023 Budget and Legislative Analyst Performance Audit of San Francisco Street Teams, Heluna Health did not consistently meet required staffing levels under the SFHOT contract between January 2021 and March 2023 due to high turnover, despite hiring over the period. The audit recommended that HSH and Heluna Health develop an SFHOT hiring plan. According to HSH staff, HSH required that the contractor prepare a Retention and Recruitment Plan, subject to approval by HSH, as part of the proposed new contract. According to the November 2023 Retention and Recruitment Plan, the contractor is working with community-based organizations like the Latino Task Force to promote job announcements, rebranded job announcements to include "SFHOT" instead of "Heluna Health Outreach Specialist" to benefit from brand recognition of the SFHOT team, and is partnering with HSH to post job openings on HSH's website and to promote via social media among other hiring strategies. Retention strategies include a third-party review, funded by the proposed contract, to recommend improvements in the contractor's employee engagement and retention for the

---

<sup>4</sup> According to HSH staff, HSH identified these areas as areas impacted by encampments based on State application requirements and criteria including the number of individuals living in encampments and tents according to survey data. The State also awarded additional points to areas that included land owned by Caltrans. HSH was awarded \$6,460,884 for the Mission (ERF 2R) and \$10,849,032 for the Polk Street Alleys (ERF 2L). The Mission grant funds construction of the Mission Cabin program as well as SFHOT outreach staff. The Polk Street Alleys grant partially funds the 33 Gough Cabin Program and other shelters as well as SFHOT outreach staff.

<sup>5</sup> Other findings included: (1) some client physical charts were missing certificates of completion; (2) reports were not submitted into CARBON, although the contractor submitted quarterly reports on time via email; and (3) the contractor does not have an Agency Disaster and Emergency Response Plan for its new location (555 Stevenson).

SFHOT program, annual merit increases of up to five percent for SFHOT employees, and other strategies.

Heluna Health maintained staffing levels of at least 90 percent in the first quarter of FY 2023-24, excluding four new positions added to the contract in late September for outreach activities in the Polk Alleys supported by the Encampment Resolution Fund Grant according to HSH staff. HSH will continue to monitor staffing levels through biweekly meetings with the contractor, according to the contract monitoring report, and the monthly recruitment and retention report required under the new contract.

### **Fiscal and Compliance Monitoring**

There were no findings identified in HSH's FY 2022-23 Fiscal and Compliance Monitoring of Heluna Health. However, the results letter stated that Heluna Health had 30 days of operating cash compared to 60 days as recommended by best practice.

### **FISCAL IMPACT**

The proposed not to exceed amount is \$36,897,380, including budgeted program expenses of \$32,084,678 over the 3.5 year term and a contingency of \$4,812,702 (15 percent), as shown in Exhibit 1 below. Program expenses are funded by the General Fund (77 percent), work order funds (four percent), State Encampment Resolution Grant funding (six percent), and other state sources for homelessness and behavioral health (13 percent).

**Exhibit 1: Sources and Uses of Proposed Agreement**

<b>Sources &amp; Uses</b>	<b>FY 2023-24 (6 months)</b>	<b>FY 2024-25</b>	<b>FY 2025-26</b>	<b>FY 2026-27</b>	<b>Total</b>
<b>Sources</b>					
General Fund	\$3,474,764	\$6,801,845	\$7,278,796	\$7,278,796	\$24,834,201
Project for Assistance in Transition from Homelessness (PATH) <sup>6</sup>	315,775	631,550	631,550	631,550	2,210,425
Behavioral Health Bridge Housing (BHBH) <sup>7</sup>	401,024	548,707	563,303	577,104	2,090,138
Recreation & Parks Work Order	162,500	325,000	325,000	325,000	1,137,500
Encampment Resolution Fund Grant - Mission	219,398	438,795	438,795		1,096,988
Encampment Resolution Fund Grant – Polk Street Alleys	238,476	476,951			715,427
<b>Total Sources</b>	<b>\$4,811,936</b>	<b>\$9,222,848</b>	<b>\$9,237,444</b>	<b>\$8,812,450</b>	<b>\$32,084,678</b>
<b>Uses</b>					
Salaries & Benefits	3,585,624	7,303,096	7,334,972	6,961,571	25,185,263
Operating Expense	318,237	526,766	507,897	501,838	1,854,738
Indirect Cost (12%)	468,462	939,584	941,144	895,609	3,244,799
Other Expenses*	439,614	453,402	453,430	453,432	1,799,879
<b>Total Expenditures</b>	<b>\$4,811,937</b>	<b>\$9,222,848</b>	<b>\$9,237,444</b>	<b>\$8,812,450</b>	<b>\$32,084,678</b>
Contingency (15%)					4,812,702
<b>Total Not-to-Exceed Amount</b>					<b>\$36,897,380</b>

Source: Draft Agreement

\*Includes costs of subcontract with Code Tenderloin (\$365,657 in FY 2023-24 and \$326,840 annually thereafter)

**Staffing Changes and New Code Tenderloin Subcontract**

The FY 2024-25 budget of \$9.2 million includes approximately \$7.3 million (78 percent) for salaries and benefits for 76.0 full-time equivalent (FTE) positions. This reflects an annualized increase of 4.2 FTEs compared to the existing staffing levels. The increase in positions is due to the addition of 4.67 FTEs for outreach activities in the Mission supported by the Encampment Resolution Fund Grant. Staffing in FY 2024-25 includes 47.8 FTE outreach staff, 19.2 FTE case management staff, and 9.0 FTE program support staff. The number of FTEs funded by the

<sup>6</sup> California receives federal homeless funds annually through the McKinney Project for Assistance in Transition from Homelessness (PATH) formula grant. At the federal level, Substance Abuse and Mental Health Services Administration (SAMHSA) administers this block grant. PATH provides assistance to individuals who are homeless or at risk of homelessness and have serious mental illnesses.

<sup>7</sup> Established in 2022, the California Behavioral Health Bridge Housing Program provides funding through June 2027 to counties to operate bridge housing for people experiencing homelessness with serious behavioral health conditions according to the program website.

contract declines to 66.32 in FY 2026-27 largely due to the ending of encampment resolution programming in the Mission and the Polk Street Alleys.

The proposed budget also includes annual General Fund funding of \$326,840 for a subcontract with Code Tenderloin to provide 3.5 FTE outreach workers to support district teams and special projects as needed. In addition to on-going funding, the FY 2023-24 budget includes \$197,512 in one-time Behavioral Health Bridge Housing funding to fund Code Tenderloin to staff up during the first six months of the agreement, including the cost of administrative work, recruitment, hardware, and uniforms.

### **Actual Spending**

According to HSH staff, actual spending through September 2023 under the existing contract totals \$49.0 million with approximately \$3.7 million remaining for the final three months of the contract term. In FY 2022-23, actual expenditures were approximately \$6.9 million, reflecting 84 percent of budgeted expenditures (approximately \$8.2 million). According to HSH staff, the contract has historically been underspent because of staff turnover and position vacancies.

### **RECOMMENDATION**

Approve the proposed resolution.