

Baker Places, Inc.

Repayment and Purchase/Sale Agreements

SF Board of Supervisors Budget and Finance Committee
March 27, 2024

Chuan Teng, CEO

Repayment Agreement Goals



Remain **accountable** and pay the City back



Maintain 200+ residential treatment beds without disruption

What We Do & Who We Serve

Behavioral Health Treatment & Housing for people with mental illness and substance use disorders through social rehabilitation.



30+ locations across SF

Our clients are:

- **55%** HIV positive
- **56%** LGBTQ+
- **51%** Age 50+
- **24%** African American
- **57%** Unhoused or marginally housed
- **100%** Low-income



Serve **1,000** people per year through residential treatment + supportive housing



Host **1,600** drop-ins per year for meals, showers, laundry, & linkage

What Caused Baker's Financial Situation?

- Full cost of services exceeded City contract values
- Gap between the recovery of administrative expenses and actual expenses
- Insufficient financial staff capacity to promptly invoice and update budgets
- Rapid organizational growth and reliance on outdated practices that resulted in audit findings

Organizational Progress Towards Stability

- New leadership (CEO, COO, CFO)
- Adjusted contracts with DPH where expenses exceeded values
- Completed program restructuring and cut costs
- Established an operating reserve to avoid need for contract advances
- Filled staffing vacancies in critical finance roles
- Updated financial practices and resolved audit findings
- Developed a financial sustainability plan including a debt repayment proposal



Ensuring Future Success

- Diversifying revenue streams
- Establishing a negotiated federal indirect rate
- Enhancing quality assurance and contract compliance to ensure accountability
- Strengthening governance through board expansion, including strong fiscal committee
- Resolving and fully repaying City debt

Baker Places seeks to pay the City back, maintain 200+ residential treatment beds, and deliver innovative programs and services to address mental health illness and substance use disorder.