

**CITY AND COUNTY OF SAN FRANCISCO**  
**BOARD OF SUPERVISORS**  
**BUDGET AND LEGISLATIVE ANALYST**

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October 22, 2021

**TO:** Budget and Finance Committee

**FROM:** Budget and Legislative Analyst



**SUBJECT:** October 27, 2021 Budget and Finance Committee Meeting

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<p><b>Item 1</b>  <b>File 21-0959</b>  <i>(Continued from October 20, 2021)</i></p>	<p><b>Department:</b>                  Public Utilities Commission (PUC)</p>
<p><b>EXECUTIVE SUMMARY</b></p>	
<p><b>Legislative Objectives</b></p> <ul style="list-style-type: none"> <li>• The proposed resolution would approve the First Amendment to the power purchase agreement between San Francisco Public Utilities Commission’s (SFPUC) CleanPowerSF and Blythe Solar IV, LLC (Blythe Solar), to add energy storage capacity to the existing solar energy facility and increase the not-to-exceed amount by \$83,096,000, for a total not to exceed \$220,280,744, with no change to the contract term.</li> </ul> <p><b>Key Points</b></p> <ul style="list-style-type: none"> <li>• State law requires all electric service providers, including CleanPowerSF, to maintain certain quantities of Resource Adequacy (RA) capacity to ensure sufficient electric generation resources are available on the grid to meet unusually high levels of customer demand.</li> <li>• In January 2018, the Board of Supervisors approved an ordinance that authorized the SFPUC General Manager to enter into standardized power purchase agreements of \$10 million or more, up to \$175 million, and SFPUC issued a solicitation for offers of renewable energy supply under this authority. Blythe Solar responded to the solicitation and entered into a power purchase agreement with SFPUC for a term of 20 years, from September 11, 2020 through September 10, 2040, and an amount not to exceed \$137,184,744.</li> <li>• Under the proposed First Amendment, Blythe Solar would add battery storage to the power purchase agreement. The addition of battery storage would provide for a more reliable supply of energy from the Blythe Solar facility because excess solar power produced by the facility could be stored at times when solar production volumes are high throughout the state and then released to the grid when solar is not available and power supplies are lower. According to the SFPUC, the battery storage added by the proposed amendment would increase the RA capacity value of the Blythe project and allow CleanPowerSF to meet approximately eight percent of its RA capacity obligations.</li> </ul> <p><b>Fiscal Impact</b></p> <ul style="list-style-type: none"> <li>• The proposed amendment would increase the not-to-exceed amount of the power purchase agreement by \$83,096,000, for a total not to exceed \$220,280,744. To date, actual contract expenditures total \$5,144,340. SFPUC anticipates annual expenditures of \$7,301,773 under the existing agreement scope and \$4,794,000 in additional expenditures under the proposed amendment.</li> </ul> <p><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**

In May 2016, the San Francisco Public Utilities Commission (SFPUC) launched the CleanPowerSF Community Choice Aggregation (CCA) program to provide cleaner and more sustainable electricity at comparable rates to those offered by Pacific Gas & Electric Company (PG&E). CleanPowerSF uses clean and renewable energy purchased from various sources, including SFPUC’s Hetch Hetchy Power.

State law requires all electric service providers, including CleanPowerSF, to maintain certain quantities of Resource Adequacy (RA) capacity to ensure sufficient electric generation resources are available on the grid to meet unusually high levels of customer demand. RA requirements for each electric service provider are determined by state energy regulatory agencies and the California Independent System Operator using demand forecasts. Electric service providers must also procure different types of RA capacity products with different operating attributes and from different geographical areas.

In January 2018, the Board of Supervisors approved an ordinance that authorized the SFPUC General Manager to enter into standardized power purchase agreements of \$10 million or more and waived certain Administrative and Environment Code contracting provisions and delegated authority for up to \$175 million in power supply contracts (File 17-1172). In 2018, SFPUC issued a solicitation for offers of renewable energy supply under this authority. Blythe Solar IV, LLC, a subsidiary of NextEra Energy Resources Acquisitions, LLC (Blythe Solar), responded to the solicitation. In July 2019, SFPUC entered into a long-term power purchase agreement with Blythe Solar to purchase solar energy from a facility in Blythe, California for a term of 20 years, from September 11, 2020 through September 10, 2040, and an amount not to exceed \$137,184,744.

SFPUC and Blythe Solar have agreed to amend the agreement to include energy storage for the Blythe Solar facility. On September 28, 2021, the SFPUC Commission approved the amendment to the agreement.

**DETAILS OF PROPOSED LEGISLATION**

The proposed resolution would approve the First Amendment to the power purchase agreement between SFPUC and Blythe Solar, increasing the not-to-exceed amount by \$83,096,000, for a total not to exceed \$220,280,744, with no change to the agreement term. The energy storage component is planned to commence operations in October 2022 and under the agreement CleanPowerSF would purchase product from the energy storage through the approximately 17 years and 11 months remaining in the agreement term. The proposed amendment requires

Board of Supervisors approval because the value of the amendment exceeds the delegated authority for energy supply purchases authorized by the 2018 ordinance.

According to the SFPUC, the addition of battery storage would provide for a more efficient and reliable supply of energy from the Blythe Solar facility. Solar power produced by the facility could be stored at times when solar production volumes are high throughout the state and then released to the grid when solar is not available and power supplies are lower. According to Erin Mulberg, SFPUC Origination and Power Supply, energy generated by solar facilities typically has a lower value in the energy market as well as reduced RA capacity value because it is generated in the middle of the day when electricity is now abundant on the grid. Adding battery storage increases this value because energy can be stored and discharged at times when energy is more scarce and costly to procure, such as in the early evening when demand on the grid begins to peak. By adding the dispatchability of a battery, CleanPowerSF can also help reduce the grid's reliance on fossil fuels to supply electricity demand when for example, energy from solar and wind may not be available.

While RA capacity was included in the existing contract for the solar project, according to the SFPUC, solar resources provide less RA capacity than battery storage resources as determined by state regulations. The battery storage added by the proposed amendment would increase the RA capacity value of the Blythe project and allow CleanPowerSF to meet approximately eight percent of its RA capacity obligations.

### **Community Benefits**

Blythe Solar's power purchase agreement required a community benefits program. Blythe Solar is providing contributions to support programs that advance engineering and science education through providing mentorship, tutoring, and scholarship opportunities, as well as supporting programs that develop small, local businesses and provide economic assistance. Blythe Solar has provided financial contributions to the City of Blythe, Lift to Rise, the Riverside Latino Commission Counseling Center, Palo Verde College, and KidWind as part of this program. These contributions will last five years, until approximately September 2025. The proposed amendment would not change this community benefits program.

### **FISCAL IMPACT**

The proposed amendment would increase the not-to-exceed amount of the power purchase agreement by \$83,096,000, for a total not to exceed \$220,280,744. The amount is based on the bid price per kilowatt (kW) per month and price per megawatt-hour (MWh) multiplied by the total MW of capacity or MWh of renewable energy. The actual bid price varies by the type of electricity-related product. SFPUC determined that the price of the amendment to add battery storage to the Blythe Solar project is competitive as compared to prices seen by the SFPUC in recent RA capacity solicitations. SFPUC staff stated that the addition of energy storage to this contract will help the program stabilize near and long-term energy supply costs for the CleanPowerSF program.

To date, actual contract expenditures total \$5,144,340. SFPUC anticipates annual expenditures of \$7,301,773 under the existing agreement scope and \$4,794,000 in additional expenditures under the proposed amendment.

SFPUC states that RA capacity contracts are contracts that commit power plants to be available to the state's grid operator, the California Independent System Operator (CAISO), when the demand for electricity in California is at its highest levels. Under these contracts, CleanPowerSF receives a commitment from the plant to make its power producing capability available to CAISO if the state needs to ensure electric system reliability.

### **RECOMMENDATION**

Approve the proposed resolution.

<p><b>Item 2</b>  <b>File 21-0960</b>  <i>(Continued from October 20, 2021)</i></p>	<p><b>Department:</b>                  Children, Youth and Their Families (DCYF)</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 retroactively approves the grant agreement between the Japanese Community Youth Council and the Department of Children Youth and Their Families (DCYF) to extend the grant term by one year through June 2024, and to increase the total not to exceed amount to \$39,662,265. The Department is seeking retroactive approval for the original grant agreement and the first and second amendments to the grant because it did not realize that agreements valued over \$10 million required Board of Supervisors approval.</li> </ul> <p style="text-align: center;"><b>Key Points</b></p> <ul style="list-style-type: none"> <li>• The Japanese Community Youth Council, a non-profit organization, manages the Mayor’s Youth Employment and Education Program, which places high schoolers in jobs and provides related training and enrichment programming during the schoolyear and summer.</li> <li>• The original grant agreement was awarded to the Japanese Community Youth Council in 2018 following the Department’s FY 2018-2023 Request for Proposals &amp; Qualifications (RFP) process in which the Japanese Community Youth Council was the sole applicant for the Mayor’s Youth Employment &amp; Education Program component. The grant agreement was amended in October 2020 and July 2021 for a total not-to-exceed amount of \$39,662,265 and six-year term from July 2018 through June 2024.</li> <li>• The proposed resolution was continued from the October 20, 2021 Budget &amp; Finance Committee meeting to correct the not to exceed amount to include the grant agreement’s contingency budget and to clarify that the resolution retroactively approves the original grant agreement and first and second amendments.</li> </ul> <p style="text-align: center;"><b>Fiscal Impact</b></p> <ul style="list-style-type: none"> <li>• The second amendment increased the grant budget to \$37,705,052. After deducting \$18,132,925 in actual expenditures through September 2021, the grant agreement has a remaining budget of \$19,572,127, plus a ten percent contingency of \$1,957,213, for a new total not to exceed amount of \$39,662,265.</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 to such contract is subject to Board of Supervisors approval.

## BACKGROUND

### **The Japanese Community Youth Council**

The Japanese Community Youth Council is a non-profit community organization established in 1970 and headquartered in Japantown, San Francisco. The organization serves young people from all socio-economic and ethnic backgrounds through various youth employment and training programs in San Francisco, including the Mayor's Youth Employment and Education Program, SF YouthWorks, SF STEM Academy, and Opportunities for All.

### **The Mayor's Youth Employment and Education Program**

The Mayor's Youth Employment and Education Program provides San Francisco high school students with work experience through after school and summer employment at nonprofit, public sector organizations, and local businesses. The program serves 1,000 unduplicated San Francisco youth annually.

### **Original Agreement**

On April 27, 2018, the Department of Children, Youth and Their Families (DCYF) entered into a grant agreement with the Japanese Community Youth Council to provide services under the Mayor's Youth Employment and Education Program. The grant agreement was for a total not to exceed amount of \$24,750,000, over a term of five years from July 1, 2018 to June 30, 2023. Because the grant agreement was valued at over \$10, according to City Charter Section 9.118(b), this agreement should have been submitted to the Board of Supervisors for approval but was not.

### **Procurement**

The grant for the Mayor's Youth Employment and Education Program was procured through the Department's FY 2018-2023 Request for Proposals & Qualifications (RFP) process in which the Japanese Community Youth Council was the sole applicant for the Mayor's Youth Employment & Education Program component, receiving an average score of 82 from the five-member scoring panel. The panel was comprised of two DCYF staff, two City staff from other departments, and one subject matter expert.

### **First Amendment**

On October 23, 2020, the Department amended the original grant agreement to increase funding by a total amount of \$9,032,540, from \$24,750,000 to \$33,782,540, including a ten percent contingency amount, with no change to the original term of five years. The increase in funding under the first amendment provided for additional adult staff positions and other program

expenses. This modification to the grant agreement should also have been reviewed by the Board of Supervisors, according to City Charter Section 9.118(b), however it was not.

### DETAILS OF PROPOSED LEGISLATION

The proposed resolution retroactively approves the grant agreement between the Japanese Community Youth Council and the Department of Children Youth and Their Families (DCYF) to extend the grant term by one year through June 2024, and to increase the total not to exceed amount to \$39,662,265. The Department is seeking retroactive approval for the original grant agreement and the first and second amendments to the grant because it did not realize that agreements valued over \$10 million required Board of Supervisors approval.

#### Scope of Services

During the school year, the program provides primarily freshman and sophomores with 40 hours of job readiness training and ten hours per week of employment. During the summer, the program is open to all high school students, and includes ten hours of job readiness training and 136 hours of employment, per participant. Remote services are being offered due to pandemic social distancing guidelines, including zoom workshops. The Japanese Community Youth Council subcontracts with the community-based organizations<sup>1</sup> to provide job readiness training, career exploration, and other programming.

### FISCAL IMPACT

#### Actual Spending

The total grant agreement amount through June 30, 2023, not including the budget contingency, is \$30,711,400, and as of September 30, 2021, grant agreement expenditures are \$18,132,925, leaving a balance of \$12,578,475.

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<sup>1</sup> The Bernal Heights Neighborhood Center, Buchanan YMCA, APA Family Services, Horizons Unlimited, Southeast Asian Development Center, the Community Youth Center Richmond, Sunset, & Chinatown, Young Community Developers, Visitacion Valley Strong, and Mayor's Youth Education and Employment OMIE & Workshop Space



**Exhibit: Actual Expenditures July 1, 2018 through September 30, 2021**

	2018/19	2019/20	2020/21	2021/22	Total
Adult Staff	\$582,051	\$612,355	\$746,900	\$52,160	\$1,993,467
Youth Staff	2,552,826	2,370,845	426,893	39,277	5,389,841
Fringe Benefits	357,355	340,575	253,720	17,695	969,344
Subcontractors	855,964	883,093	948,195	0	2,687,252
Materials & Supplies	23,757	22,633	25,064	2,013	73,467
Other Program Expenses	369,132	963,193	3,108,476	334,649	4,775,449
Administrative	671,334	745,708	778,211	48,852	2,244,105
<b>TOTAL</b>	<b>\$5,412,419</b>	<b>\$5,938,403</b>	<b>\$6,287,459</b>	<b>\$494,645</b>	<b>\$18,132,925</b>

Source: DCYF

Note: According to DCYF Grant Manager Brett Conner, expenditures of \$3.1 million for “Other Program Expenses” in FY 2020-21 were for participant incentives to youth staff due to the onset of COVID-19. Youth staff expenditures were only \$426,893 in FY 2020-21 because the program shifted away from youth staff wages earned through traditional job placements, and to a model focused on the economic stability of program participants and their families.

The proposed second amendment increases the grant budget to \$37,705,052. After deducting \$18,132,925 in actual expenditures through September 2021, the grant agreement has a remaining budget of \$19,572,127, plus a ten percent contingency of \$1,957,213, for a new total not to exceed amount of \$39,662,265.

**Source of funding**

The proposed second amendment would be funded by the Children and Youth Fund, as well as Minimum Compensation Ordinance funds of \$283,241, Cities for Financial Empowerment Fund of \$260,000, and a Human Services Agency Work Order in the amount of \$535,000. DCYF Grant Manager Brett Conner expects these external investments to continue through the end of the grant term, but that has not yet been confirmed.

**POLICY CONSIDERATION**

The Budget and Legislative Analyst’s Office reviewed other large DCYF grant agreements to identify any others that require Board of Supervisors approval. The January 2020 DCYF grant agreement with Young Community Developers for the Black to the Future Program has a not to exceed amount of \$11.5 million but was not submitted to the Board of Supervisors for approval, per City Charter Section 9.118(b). At the October 20, 2021 Budget & Finance Committee meeting, the Department agreed to bring that grant agreement as well as any other grant agreements that meet the City Charter threshold for Board of Supervisors approval.

**RECOMMENDATION**

Approve the proposed resolution.

<p><b>Item 3</b> <b>File 21-0874</b></p>	<p><b>Department:</b> Department of Homelessness and 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 the seventh amendment to the contract between the Department of Homelessness and Supportive Housing and Public Health Foundation Enterprises, Inc. DBA Heluna Health, to (1) extend the contract by 19 months from November 30, 2021 to June 30, 2023 and (2) increase the amount by \$12,685,125 from \$39,133,942 to \$51,819,067.</li> <li>• This report is based on a revised resolution to be submitted to the October 27, 2021 Budget and Finance Committee.</li> </ul> <p style="text-align: center;"><b>Key Points</b></p> <ul style="list-style-type: none"> <li>• The Department of Public Health selected Heluna Health in March 2014 following a competitive solicitation to provide outreach and case management to people experiencing homelessness in San Francisco. Administration of the contract was transferred to the Department of Homelessness and Supportive Housing when the new department was formed. The contract has been amended six times, increasing the contract amount to \$39,133,942 and extending the contract term to November 30, 2021.</li> <li>• The increase in the contract amount primarily accounts for the 19-month contract extension. The proposed amendment also includes 11 new positions for five Street Wellness Response Teams, a new street response team.</li> </ul> <p style="text-align: center;"><b>Fiscal Impact</b></p> <ul style="list-style-type: none"> <li>• The proposed resolution would increase the not-to-exceed amount of the contract by \$12,685,125, for a total not to exceed \$51,819,067. For the proposed 19-month contract amendment, approximately 88.5 percent of funding comes from the General Fund, approximately 7.6 percent comes from state sources, and approximately 3.9 percent comes from work order funds.</li> </ul> <p style="text-align: center;"><b>Policy Consideration</b></p> <ul style="list-style-type: none"> <li>• A hearing request was assigned to the Public Safety and Neighborhood Services Committee (File 21-1019) to determine the scope, hours of operations, launch date, capacity and method to contact the various Street Response Teams working with individuals experiencing homelessness or in crisis on the streets of the City is currently pending.</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**

In March 2014, the Department of Public Health (DPH) issued a Request for Proposals (RFP) to provide outreach and case management programming to meet the needs of people experiencing homelessness in San Francisco. DPH selected the non-profit Public Health Foundation Enterprises DBA Heluna Health as the highest scorer<sup>1</sup> and entered into a contract with the non-profit with a not-to-exceed amount of \$6,152,039 for 11 months from August 1, 2014 through June 30, 2015, with nine one year options to extend the contract through June 30, 2024.<sup>2</sup> A technical review panel<sup>3</sup> reviewed the proposals and scored them. Administration of the contract was transferred to the Department of Homelessness and Supportive Housing when the new department was formed in August 2016.

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

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<sup>1</sup> Two proposals were received from the Public Health Foundation Enterprises (total score of 116.6) and Community Awareness & Treatment Services (total score of 112.6).

<sup>2</sup> This term was specified in the RFP.

<sup>3</sup> The technical review panel included the Deputy Director of the SF Department of Disability and Aging Services, Senior Staff to the DPH Director, Executive Director of a community-based organization, a Project Manager at the Controller's Office and the Chief Financial Officer of a community-based organization.

**Exhibit 1: Heluna Health Contract Amendments**

<b>Modification No.</b>	<b>Date</b>	<b>Description</b>	<b>Not-to-Exceed Amount</b>
1	6/18/15	Extended contract through June 30, 2018 and increased contract amount by \$17,614,017 for a total contract amount of \$23,766,056 (File 15-0403)	\$23,766,056
2	7/1/16	Updated contract terms to reflect new standardized terms and reflect the transition of contract management to the Department of Homelessness and Supportive Housing. No change to total contract amount.	\$23,766,056
3	7/1/18	Extended contract through June 30, 2019 and updated standard contract terms. No change to total contract amount.	\$23,766,056
4	7/1/19	Extended contract through October 31, 2019. No change to total contract amount.	\$23,766,056
5	10/1/19	Extended contract through June 30, 2021 and increased contract amount by \$15,367,886 for a total contract amount of \$39,133,942 (File 19-0768)	\$39,133,942
6	7/1/21	Extended contract through November 30, 2021. No change to total contract amount.	\$39,133,942

Source: Heluna Health Contract Amendments

### DETAILS OF PROPOSED LEGISLATION

The proposed resolution would approve the seventh amendment to the contract between the Department of Homelessness and Supportive Housing and Public Health Foundation Enterprises, Inc. DBA Heluna Health, to (1) extend the contract by 19 months from November 30, 2021 to June 30, 2023, and (2) increase the amount by \$12,685,125 from \$39,133,942 to \$51,819,067.

#### Services Provided

The purpose of the contract amendment is to continue providing comprehensive community response, street outreach, special projects, and case management services to unhoused San Franciscans through the San Francisco Homeless Outreach Team (SFHOT). The increase in the contract amount primarily accounts for the 19-month contract extension and the addition of 11 FTEs to participate in the City's Street Wellness Response Team.<sup>4</sup> In addition, the proposed modification budgets for nine part time staff instead of four to provide additional coverage to provide additional outreach at Library facilities.

#### New Street Wellness Response Team

The proposed modification includes 11 new positions (10 outreach specialist positions and one outreach supervisor position) for five Street Wellness Response Teams, a new Street Response

<sup>4</sup> The proposed amendment adds positions to SWRT which is separate from the SFHOT team. The overall SFHOT team headcount is not changing.

Team. According to Department of Homelessness and Supportive Housing Contracts Manager Gilda Kemper, the Street Wellness Response Team will consist of Fire Department paramedics and emergency medical technicians and Homeless Outreach Team members who will be dispatched to focus on well-being checks and situations that require immediate attention, but do not meet the threshold of an acute behavioral health crisis. The team will also be able to respond directly to 911<sup>5</sup> and 311 calls for service. The five teams will be deployed starting in early 2022 and respond to wellness check calls Citywide.

#### *Total Costs*

The Fire Department's total costs for the five Wellness Teams for both positions and equipment costs are \$3.9 million in FY 2021-22 and \$4.4 million in FY 2022-23. The Department of Homelessness and Supportive Housing's budget for the five Wellness Teams is \$0.27 million in FY 2021-22 and \$0.37 million in FY 2022-23 for two 2930 Behavioral Health Clinician position and equipment.<sup>6</sup> Total contract, Fire Department, and HSH costs in FY 2021-22 are \$5.4 million and in FY 2022-23 are \$6.0 million. The total costs have been approved in the departments' budgets.

#### **SF HOT Performance Monitoring**

According to the most recent contract outcomes and progress report from July 1, 2019 to December 31, 2020, the SF Homeless Outreach Team has met or exceeded contract measurements in the areas of street outreach and case management<sup>7</sup> except for street outreach during the first six months of FY 2020-21. The report states that the program did not meet the anticipated client engagement target<sup>8</sup> during these months because the team was adjusting to outreach protocols during the COVID-19 pandemic. According to HSH Legislative Analyst Bryn Miller, in FY 2020-21, SFHOT recorded 1,287 unique clients served, reaching 85 percent of the contract goal for the fiscal year. However, SFHOT operated under emergency response protocols due to COVID-19 until April 2021. Under those protocols, which prioritized maximizing engagements, staff did not always record client data for quick engagements (for example, passing out water or hand sanitizer) to increase efficiency and reach as many clients as possible during the onset of the pandemic. It is therefore likely that not all clients engaged were captured in

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<sup>5</sup> These are 911 calls that traditionally are coded as police code 910 priority B (e.g. wellbeing checks with no report of violence or weapons). The Police Department has identified these calls for appropriate for diversion to a non-Police response.

<sup>6</sup> The budget funds 10 new H-009 Community Paramedic positions; 10 new H-003 EMT/Paramedic/Firefighter positions; Three new H-33 Emergency Medical Services Captains; One EMS Section Chief. In addition, the Street Wellness Response Team has been allocated funding in FY 2021-22 to purchase five Street Wellness Response Team vans, one command vehicle, and six defibrillators

<sup>7</sup> For street outreach, this includes (1) serving 1,125 unique clients (prorated to 75 percent of initial contract goal of 1,500 due to shift to COVID-19 emergency protocols) in FY 2019-20, and 750 clients from July through December 2020, and (2) creating ONE system profiles for 100 percent of consenting individuals. For case management, this includes (1) goal of 80 percent of participants engaging in ongoing case management will enroll in or maintain at least one mainstream benefit, and (2) goal of 80 percent of participants receiving case management services be Housing Referral Status via Coordinated Entry (CE) or County Adult Assistance Programs (CAAP) Priority Status.

<sup>8</sup> The program served 400 clients during this timeframe, which is approximately 53.3 percent of the targeted goal of 750 clients.

HSH's databases. HSH Legislative Analyst Miller states that the department anticipates the recorded number of unique clients served will increase in FY 2021-22. HSH Contracts Manager Kemper states that on average SFHOT outreach teams (two people per team) currently have approximately 75-100 encounters<sup>9</sup> per month.

## FISCAL IMPACT

The budget for the proposed 19-month contract extension from December 2021 through June 2023 is \$13,048,464, shown in Exhibit 2 below.

### Exhibit 2: Sources and Uses of Proposed Modification (19-Month Contract Extension)

Sources	12/1/21 – 6/30/22	FY 2022-23	Total
General Fund	\$4,770,756	\$6,775,530	\$11,546,286
State Project for Assistance in Transition from Homelessness (PATH) <sup>10</sup>	356,106	611,575	967,681
Whole Person Care <sup>11</sup>	19,488	-	19,488
Library Work Order	85,818	147,118	232,936
Recreation & Park Work Order	103,921	178,152	282,073
<b>Total Sources</b>	<b>\$5,336,089</b>	<b>\$7,712,374</b>	<b>\$13,048,464</b>
<b>Uses</b>			
Salary & Benefits	\$4,161,944	\$6,394,531	\$10,556,475
Operating Expense	179,937	297,835	477,773
Indirect Cost	564,444	870,008	1,434,452
Other Expenses (not subject to indirect percentage) <sup>12</sup>	429,764	150,000	579,764
<b>Total Uses</b>	<b>\$5,336,089</b>	<b>\$7,712,375</b>	<b>\$13,048,464</b>

Source: Appendix B of Contract Modification

Actual and projected contract expenditures through November 2021 are \$37.8 million, and budgeted expenditures, including a contingency, from December 2021 through June 2023 are \$14.0 million, for a total contract amount of \$51.8 million, shown in Exhibit 3 below.

<sup>9</sup> These numbers are not unduplicated.

<sup>10</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>11</sup> Whole Person Care (WPC) is administered by the California Department of Health Care Services. This program is the result of a Medicaid Section 111 Waiver. The overarching goal of the WPC pilots is the coordination of health, behavioral health, and social services, as applicable, in a patient centered manner with the goals of improved beneficiary health and wellbeing through more efficient and effective use of resources. The WPC pilot ends as of 12/31/21.

<sup>12</sup> This includes client related costs, participant stipends, and client transportation.

**Exhibit 3. Heluna Health Contract Budget for FY 2014-15 through FY 2022-23**

<b>Actual and Projected Spending</b>	<b>Amount</b>
FY 2014-15	\$3,123,611
FY 2015-16	4,551,353
FY 2016-17	4,393,765
FY 2017-18	4,393,765
FY 2018-19	4,689,994
FY 2019-20	6,979,580
FY 2020-21	6,908,840
FY 2021-22 (7/1/21 - 11/30/21)	2,718,441
<i>Subtotal</i>	<i>\$37,759,349</i>
<b>Proposed Modification Budget</b>	
FY 2021-22 (12/1/21 – 6/30/22)	\$5,336,089
FY 2022-23	7,712,375
<i>Subtotal</i>	<i>\$13,048,464</i>
Contingency (7.75%)	1,011,254
<b>Total Budget FY 2014-15 to FY 2022-23</b>	<b>\$51,819,067</b>

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

The current contract not-to-exceed amount is \$39,133,942, and the proposed seventh modification would increase by \$12,685,125 for a total not-to-exceed amount of \$51,819,067.

**Sources of Funding**

For the proposed 19-month contract extension, approximately 88.5 percent of funding comes from the General Fund, approximately 7.6 percent comes from state sources, and approximately 3.9 percent comes from work order funds.<sup>13</sup> Approximately \$10.6 million (80.9 percent) of the total budget for the 19-month extension will be used to fund approximately 83.69 full time equivalent (FTE) employees, \$477,773 will be used towards operating expenses, including staff training, program supplies, vehicle expenses, auto insurance, professional services, and other costs, \$1,434,452 is for indirect costs, and \$579,764 will be used to fund other expenses not subject to the indirect percentage, including client related costs, participant stipends and client transportation.

**Staffing**

According to HSH Contracts Manager Kemper, the contract has historically been underspent because of staff turnover and position vacancies. The contractor has made staffing<sup>14</sup> and salary

<sup>13</sup> This does not include the source of funding for contingency. According to HSH Contracts Manager Gilda Kemper, contingency is not sourced until needed.

<sup>14</sup> The contractor restructured their organizational chart and standardized salary ranges within the case manager and outreach worker positions. Each position has three levels of salary ranges. In 2019, salaries were adjusted for the same positions to have ranges. According to HSH, on average, case manager salaries increased by 14 percent and outreach worker salaries by 24 percent. Overall, salaries increased by 20 percent.

changes to encourage employee retention; however, this was impacted by the onset of the COVID-19 pandemic. HSH Contracts Manager Kemper states that the positions require skilled staff working with vulnerable individuals, and therefore, are challenging to fill and retain.

Under the proposed modification, the number of FTE positions is expected to increase from 70.89 in FY 2020-21 to 83.69 FTEs in FY 2021-22 and FY 2022-23. This is primarily due to the addition of 11.0 new FTE positions (10 outreach specialist positions and one outreach supervisor position) for the Street Wellness Response Team, as previously mentioned, and the increase of FTEs from 4.0 to 9.0 for the Library work order, as well as eliminating several unfilled positions including a Program Director and Program Supervisor. As of September 2021, there were five vacancies on the SF Homeless Outreach Team.

## **POLICY CONSIDERATION**

### **Upcoming Hearing**

A hearing request was assigned to the Public Safety and Neighborhood Services Committee (File 21-1019) to determine the scope, hours of operations, launch date, capacity and method to contact the various Street Teams working with individuals experiencing homelessness or in crisis on the streets of the City is currently pending. The Department of Homeless and Supportive Housing, Department of Public Health, Fire Department, Healthy Streets Operations Center, Coalition on Homelessness, and the Department of Emergency Management are requested to report at the hearing.

## **RECOMMENDATION**

Approve the proposed resolution.