CITY AND COUNTY OF SAN FRANCISCO

BOARD OF SUPERVISORS

BUDGET AND LEGISLATIVE ANALYST

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November 23, 2022

TO: Budget and Finance Committee

FROM: Budget and Legislative Analyst

SUBJECT: November 30, 2022 Budget and Finance Committee Meeting

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Item 2 **Files 22-1172**	**Department:** Mayor's Office of Housing and Community Development (MOHCD)

EXECUTIVE SUMMARY

Legislative Objectives

- The proposed resolution would approve the First Amendment to the Amended and Restated Loan Agreement with Maceo May Apts, L.P. to increase the loan amount by $14,983,000 to $39,238,000 to finance additional construction costs and loss of permanent financing for the Maceo May Apartments, a 100% affordable, 105-unit multifamily rental housing development for low- and moderate-income veteran households.

Key Points

- In January 2020, the Board of Supervisors approved a loan agreement between the City and Maceo May Apts, L.P., to provide $24,255,000 in permanent gap financing for the Maceo May Apartments Project. The project sponsor is now requesting an additional $14,983,000 in gap financing to address increased costs and loss of permanent financing.
- On October 20, 2021, an "atmospheric river" rainstorm hit the Bay Area and caused damage to the project. Because the units already had finished materials in place (such as flooring, cabinetry, etc.) and the permanent roof was not yet installed when the storm hit, the high volume of water and high winds caused severe damage. Estimated project completion was delayed by six and a half months from July 20, 2022 to January 31, 2023 due to the demolition and rebuilding work, resulting in a reduction in tax credit equity of over $1.2 million and increased financing costs.
- The project sponsors submitted a builder's risk insurance claim, which may cover most of the costs associated with the storm damage, but total insurance proceeds are not known at this time. The loan amount may be reduced if the amount of the permanent loan or the amount of insurance proceeds exceed estimates.
- Repayment of an existing bridge loan to the City would be waived under the proposed amended and restated loan to allow the $1,040,000 loan from the Federal Home Loan Bank to fund project costs.

Fiscal Impact

- Total development costs have increased by approximately $35.8 million (48 percent) from $74.5 million to $110.3 million due to increases in hard and soft costs associated with damage from the storm and the resulting delay of project completion.
- Based on the proposed increase to the existing loan, the City subsidy is $373,695 per unit, which is $112,245 greater than the average subsidy per unit of recent MOHCD projects.

Recommendations

- Amend the resolution to request a report from MOHCD by May 1, 2023 regarding the final loan amount and any actions the Department has taken to mitigate development risks identified in this project for other City-funded affordable housing developments.
- 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

Affordable Housing on Treasure Island

The City is funding affordable housing development on Treasure Island as part of the Treasure Island/Yerba Buena Island Redevelopment Plan. The Treasure Island/Yerba Buena Development Project (Project) is part of the Treasure Island Development Authority's (TIDA) ongoing project to transition Treasure Island and a portion of Yerba Buena Island from a former military base to a residential and commercial development. In 2011, the Board of Supervisors approved the Development Agreement between the City and Treasure Island Community Development, LLC (TICD), the principal developer for the Treasure Island development project, and the Disposition and Development Agreement (DDA) between TIDA and TICD (Files 11-0226 and 11-0291).

The DDA's Housing Plan requires approximately 8,000 new residential units, including up to 2,173 units (27 percent) affordable to low- and moderate-income households. According to the Housing Plan, up to 1,866 units are 100 percent affordable housing projects, and the balance (307 units) are below market rate inclusionary rental or ownership units; of the 1,866 affordable housing units, a minimum of 435 are reserved for homeless households, including 250 replacement units for current Treasure Island households who were formerly homeless and who would be displaced by the Treasure Island/Yerba Buena Development Project. The 250 replacement units must be developed before any new affordable units are developed.

The DDA allows the master developer and TIDA to select development partners for the Treasure Island/Yerba Buena Island Development Project. In 2018, four nonprofits[1] were authorized to develop affordable housing projects, including selecting development partners. Swords to Plowshares was the first project selected to proceed and it selected Chinatown Community Development Center as its development partner for the Maceo May Apartments project.[2]

The Maceo May Apartments Project

The Maceo May Apartments will be a six-story building, with 104 units of income-restricted housing and one resident manager unit. The 105-unit building will consist of 24 studios, 47 one-

[1] The four non-profit supportive housing operators selected by the master developer were Swords to Plowshares, HomeRise (formerly Community Housing Partnership), Catholic Charities, and HealthRight360.

[2] Catholic Charities was the second project selected to proceed, and it selected Mercy Housing California as its development partner for the 78 Johnson Street project. The third and fourth affordable housing projects will replace the remaining units for formerly homeless Treasure Island residents (HealthRight 360 and HomeRise units).

bedroom units and 34 two-bedroom units. Of these units, 39 will serve as replacement housing for Swords to Plowshares and 33 of the 39 replacement units are for existing veteran households on the island. In addition to the replacement housing, the Maceo May Apartments will add 65 new units for homeless and formerly homeless veterans in units supported by project-based Veterans Affairs Supportive Housing (VASH) vouchers.[3] All units (except the manager's unit) are income restricted to households that earn less than 80 percent MOHCD Area Median Income (AMI).

In January 2020, the Board of Supervisors approved a loan agreement between the City, acting through MOHCD, and Maceo May Apts, L.P., to provide $24,255,000 in permanent gap financing for the project (File 19-1300). The project sponsor is now requesting an additional $14,983,000 in gap financing to address increased costs largely due to a storm in October 2021 that damaged several units and delayed completion of the project by six and a half months from July 20, 2022 to January 31, 2023.

Acquisition of Land and Ground Lease

TIDA acquired the property from the United States Navy for the purpose of residential and commercial development. In April 2020, TIDA and Maceo May Apts, L.P. entered into a 99-year ground lease that provides for annual rent consisting of $15,000 base rent and residual rent in the event that the project generates net revenues.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would: (1) approve and authorize the execution of a First Amendment to the Amended and Restated Loan Agreement with Maceo May Apts, L.P., a California limited partnership consisting of Chinatown Community Development Center and Swords to Plowshares, to increase the loan amount by $14,983,000 to $39,238,000 to finance additional construction costs and loss of permanent financing for the Maceo May Apartments, a 100% affordable, 105-unit multifamily rental housing development for low and moderate income veteran households, and (2) confirm that the amended loan agreement is consistent with the City's General Plan.

Increased Costs and Loss of Permanent Financing

On October 20, 2021, an "atmospheric river" rainstorm hit the Bay Area and caused damage to the Maceo May Apartments Project. Because the project was constructed with factory built modular units with finished materials in place to save costs and the permanent roof was not yet installed when the storm hit, the high volume of water and high winds caused severe damage according to the MOHCD loan evaluation memo. Before the general contractor could begin rebuilding, the contractor had to: (a) strip almost all drywall, insulation, cabinetry, flooring, and

[3] The federal Department of Housing and Urban Development (HUD) allocates housing vouchers to local housing authorities, including tenant-based vouchers to subsidize households' rent in the private market, and project-based vouchers to subsidize specific housing units. The Veterans Affairs Supportive Housing (VASH) project-based vouchers subsidize supportive housing for veterans based on fair market rents, while resident veterans pay 30% of their income in rent.

other fixtures to allow the wood framing to dry; and (b) complete the roof and building envelope that was in progress at the time of the storm.

The projected completion of the Project was delayed by six and a half months from July 20, 2022 to January 31, 2023 due to the demolition and rebuilding work. Because of the delay, the project faces a reduction in tax credit equity of over $1.2 million and loss of the rate-lock on its construction loan and permanent loan interest rates, increasing financing costs.

The proposed $14,983,000 increase in the City loan includes:

- $7,750,255 related to the reduction in the permanent loan due to increased interest rates and changes in the operating expenses; and
- $7,232,745 in additional storm damaged unit repair costs not covered by insurance based on MOHCD's conservative estimates for the loan request.

Under the existing loan agreement, Maceo May Apts, L.P. is required to have builder's risk insurance during construction for 100 percent of the replacement value of City property and completed improvements. However, the claims process is ongoing as of this writing, and it is not known at this time how much of the project's increased costs will be reimbursed. The proposed increase to the City's loan is based on estimated insurance proceeds that would cover 85 percent of hard costs to repair rainstorm damaged units and 41 percent of associated soft costs.

Loan Agreement

The original loan agreement provided by MOHCD in 2018 was for $6,562,000 for predevelopment costs. In 2020, MOHCD amended the original loan agreement to increase the loan amount by $17,693,000 to complete development and construction, including permanent financing. MOHCD proposes to amend the loan agreement a second time to increase the loan amount by $14,983,000 to address increased costs and loss of permanent financing associated with the storm damage. Under the proposed amended loan agreement, the total loan amount to Maceo May Apts L.P. would increase to $39,238,000.

Maceo May Apts L.P. must repay the loan by the later of: (a) the 57th anniversary date of the deed of trust or (b) the 55th anniversary of the date on which construction financing is converted into permanent financing. The proposed additional loan would have a zero percent interest rate.

Loan Disbursement

Section 4.9 of the proposed amended and restated loan agreement establishes certain conditions for loan disbursement and potential reductions to the City's loan based on MOHCD's evaluation of the permanent loan and insurance proceeds. MOHCD would distribute $7,232,745 to pay off the construction contract, prevent further project delays, and to cover soft costs approved by MOHCD. MOHCD would distribute up to $7,750,255 in additional funding as needed to fund conversion of the senior construction loan subject to approval by MOHCD of all costs and sources, including insurance proceeds. The loan amount may be reduced if the amount of the permanent loan or the amount of insurance proceeds exceed estimates.

Waived Repayment of Bridge Loan

Under the existing loan agreement, a portion of the funding provided by the City's Affordable Housing Fund was a bridge loan funded by Affordable Housing Inclusionary fees, pending receipt of expected loan funds from the Federal Home Loan Bank Affordable Housing Loan Program (AHP). The sponsors secured a $1,040,000 AHP loan in August 2021. However, repayment of the bridge loan to the City would be waived under the proposed amended and restated loan. Instead, the unpaid principal balance of the AHP bridge loan would be repaid from residual receipts and due at the maturity date of the amended loan.

FISCAL IMPACT

Total Development Costs

As of November 2022, the total development cost for the 105 units of housing is $110,278,060, as shown in Exhibit 1 below. Of the approximate $110.3 million, $39.2 million (36%) are City funds, $10.0 million (9%) are State funds, and the remaining $61.0 million (55%) are private funds.

Exhibit 1: Total Development Sources and Uses of Funds

	April 2020 Budget	November 2022 Budget (Proposed)	Change	Percent Change
Sources				
MOHCD Loans	$24,255,000	$39,238,000	$14,983,000	62%
State Veterans Housing & Homelessness Prevention (VHHP)	10,000,000	10,000,000	0	0%
Federal Home Loan Bank Affordable Housing Program Loan*	0	1,040,000	1,040,000	
General Partner Equity	500,000	1,100,000	600,000	120%
Permanent Loan	10,108,000	1,987,768	(8,120,232)	-80%
Equity Contribution for Sale of 4% Low Income Housing Tax Credits	28,764,209	27,525,002	(1,239,207)	-4%
Deferred Developer Fee	830,816	800,000	(30,816)	-4%
Estimated Insurance Proceeds	0	28,587,290	28,587,290	
Total Sources	**$74,458,025**	**$110,278,060**	**$35,820,035**	**48%**
Uses				
Soft Costs	11,625,808	15,873,206	4,247,398	37%
Construction Costs	58,105,949	89,659,309	31,553,360	54%
Reserves	1,226,268	1,245,545	19,277	2%
Developer Fees	3,500,000	3,500,000	0	0%
Total Uses	**$74,458,025**	**$110,278,060**	**$35,820,035**	**48%**

Source: MOHCD

* Under the proposed amended and restated loan, the City would waive repayment of the Affordable Housing Program bridge loan provided under the existing loan agreement and the $1,040,000 amount would remain in the project.

Budget Changes

As shown above, total development costs have increased by approximately $35.8 million (48 percent) due to increases in hard and soft costs associated with damage from the storm and the resulting delay of project completion, including:

- A $31.6 million (54 percent) increase in construction costs associated with repair of the storm-damaged units, including demolition and abatement costs and replacement costs for all fixtures and finishes that were in place and damaged;[4] and
- A $4.2 million (37 percent) increase in soft costs driven by a $2.1 million increase in builder's risk insurance to extend the policy through the duration of construction and a $1.7 million increase in financing costs due to increases in the construction loan interest and bond issuer fees.

In addition, the project lost the following sources of permanent financing due to the six and a half-month delay in project completion and other factors:

- $8.1 million (80 percent) estimated reduction in the permanent loan from California Community Reinvestment Corporation due to: (a) loss of the locked interest rate of 3.28 percent on the loan and a new estimated loan interest rate of 5.9 percent—2.62 percent higher than the prior locked interest rate; as well as (b) an increase in operating expenses[5] without a corresponding increase in operating income, reducing the available amount for loan repayment; and
- $1.2 million (4 percent) reduction in the equity contribution for sale of 4% Low Income Housing Tax Credits due to a delay in the date that the tax credit investor may claim the credits, which is based on the occupancy date of the project.

Increased costs and loss of permanent financing are addressed by the following:

- An estimated $28.6 million in insurance proceeds which would cover 85 percent of hard costs to repair rainstorm damaged units and 41 percent of associated soft costs;
- The proposed $14,983,000 increase in the MOHCD loan;
- Proposed waived repayment of the City's $1,040,000 Affordable Housing Program bridge loan, included in the existing loan agreement; and
- A $600,000 increase in general partner equity from additional amounts secured by the project sponsors from the Home Depot Foundation and the National Equity Fund.

[4] According to the MOHCD loan evaluation memo, the estimated repair costs are based on a rough order of magnitude provided by Cahill Contractors, the project's general contractor, on May 18, 2022 and include a 5% contingency. MOHCD does not have comparable projects to compare the estimates but determined costs were reasonable based on completion of the remediation work and consultation with the Department of Building Inspection (DBI).

[5] The project's operating expenses have increased due to: (a) a $317,000 increase in annual property insurance costs based on insurance rates for other large, wood-framed, affordable housing projects; and (b) $42,000 in annual Master Association Fees, which are required fees for new construction on Treasure Island but were not included in the previous budget.

Builder's Risk Insurance Claim

According to MOHCD, the project sponsors submitted a builder's risk insurance claim, which may cover most of the costs associated with the storm damage. The insurer makes payments once costs are incurred and approved by the claims adjuster, which may involve multiple rounds of review. The Sponsors have already been approved for $20 million in insurance payments, with additional payments pending submission of invoices, and the project budget assumes a total of $28.6 million in insurance proceeds. Insurance proceeds in excess of $28.6 million would result in a reduction to the MOHCD loan amount, as mentioned above.

Funding Sources

Sources of funds for the proposed amended and restated MOHCD loan of $39,238,000 are shown in Exhibit 2 below.

Exhibit 2: MOHCD Loans to Maceo May Project

City Sources	Previously Committed City Funds	Proposed Additional City Funds	Total Proposed City Funds
Excess Educational Revenue Augmentation Fund (ERAF)	$11,000,000		$11,000,000
Affordable Housing Fund Inclusionary Housing Fees	7,951,128		7,951,128
Affordable Housing Fund Condo Conversion Fees	2,200,000		2,200,000
Low and Moderate Income Housing Fund	2,000,000	2,000,000	4,000,000
Residential Hotel Preservation Fund	1,103,872		1,103,872
2019 General Obligation Bonds		11,983,000	11,983,000
TIDA Developer Housing Subsidy		1,000,000	1,000,000
Total City Sources	**$24,255,000**	**$14,983,000**	**$39,238,000**

Source: MOHCD

The $14,983,000 increase in the City loan would be funded by:

- $11,983,000 in 2019 General Obligation Bond Funds;[6]
- $2.0 million in additional Low and Moderate Income Housing Funds;[7] and
- $1.0 million in TIDA's Developer Housing Subsidy.[8]

[6] In November 2019, San Francisco voters approved Proposition A, which provided for the issuance of up to $600 million in general obligation funds to finance the acquisition, rehabilitation, and construction of affordable housing.

[7] Low and Moderate Income Housing Fund monies are from repayment of loans previously made by former redevelopment agency housing assets transferred to the City and County of San Francisco.

[8] The Developer Housing Subsidy are funds received from the principal developer, TICD. According to the DDA, TICD is required to provide a payment of $17,500 per market-rate unit at the transfer of a market rate lot to a vertical developer to subsidize the affordable units

The City's Subsidy per Housing Unit

The total per housing unit City subsidy is $373,695 based on the proposed increase to the existing loan, as shown in Exhibit 3 below. This reflects an increase of $142,695 per unit based on the existing loan, and the proposed subsidy per unit is $112,245 greater than the average subsidy per unit of recent projects in the MOHCD pipeline according to MOHCD staff. The total development cost per unit increased from $709,124 in April 2020 to $1,050,267 in November 2022 due to the storm damage and associated project delays.

Exhibit 3: City Subsidy for Affordable Housing Units

	Existing Loan	Proposed Amended Loan	Change
Number of Units	105	105	
Total residential area (sq. ft.)	68,488	68,488	
Total City subsidy	$24,255,000	$39,238,000	$14,983,000
City Subsidy per unit	$231,000	$373,695	$142,695
City Subsidy per sq. ft.	$354	$573	$219

Source: MOHCD

Operating Revenues and Expenses

According to the 20-year cash flow analysis for the Maceo May Apartments project, the project will have sufficient revenues to cover operating expenses, operating reserves, construction loan payments, management fees, and partial principal payments on the MOHCD and California Department of Housing and Community Development loan. Project revenues consist of tenant rents, income from project-based Veterans Affairs Supportive Housing vouchers allocated by the San Francisco Housing Authority and Continuum of Care funding, administered through the Department of Homelessness and Supportive Housing. The Maceo May Apartments project is not expected to generate sufficient net revenues to make residual rent payments under the proposed Ground Lease.

RECOMMENDATIONS

- Amend the resolution to request a report from MOHCD by May 1, 2023 regarding the final loan amount and any actions the Department has taken to mitigate development risks identified in this project for other City-funded affordable housing developments.
- Approve the resolution, as amended.

Item 4 **File 22-1119**	**Department:** Department of Public Health (DPH)

EXECUTIVE SUMMARY

Legislative Objectives

- The proposed resolution would approve Amendment No. 1 to the behavioral health services contract between the Department of Public Health (DPH) and Richmond Area Multi Services, Inc. (RAMS), extending the term by three years and six months through June 2026, and increasing the not-to-exceed amount by $19,253,431, for a total not to exceed $29,116,181, and authorize DPH to enter into immaterial amendments to the contract.

Key Points

- From July 2018 through August 2020, DPH issued four competitive solicitations for behavioral health services. RAMS was deemed the highest scoring responsive and responsible proposer for each solicitation. In July 2021, DPH executed a contract with RAMS for a term of 18 months from July 2021 through December 2022 and an amount not to exceed $9,862,750.
- Under the contract, RAMS provides the following services: (1) Peer to Peer Counseling and Outreach Services; (2) Peer to Peer Services Community Mental Health Center (CMHC); (3) Grant Peer Specialist MH Certificate; (4) Peer to Peer Linkage; (5) Intensive Case Management (ICM) Transition to Outpatient; (6) Wellness in the Streets; (7) Whole Person Care – Shelter Care Coordination Service; and (8) Outpatient Peer Counseling. Between the eight programs, DPH estimates that RAMS annually serves approximately 1,172 unduplicated clients. Although not scored, the FY 2020-21 program monitoring for the previous RAMS contract with these services indicated that each program generally met its performance objectives and contracted units of service, and no corrective action plans were identified. Fiscal monitoring of the programs in FY 2020-21 had no findings.

Fiscal Impact

- The proposed Amendment No. 1 would increase the not-to-exceed amount of the contract by $19,253,431, for a total not to exceed $29,116,181. A 12 percent contingency is included to account for escalation, new programs, and/or expansions of existing programs.
- The contract is funded approximately 74 percent by state sources, 16 percent by federal sources, and 10 percent by the City's General Fund.

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

From July 2018 through August 2020, the Department of Public Health (DPH) issued the following competitive solicitations for behavioral health services: (1) a Request for Qualifications (RFQ) for Intensive Case Management (ICM) Transition Support to Outpatient Program in December 2018; (2) a Request for Proposals (RFP) for Wellness in the Streets in December 2019; (3) an RFQ for Peer to Peer Linkage Programming in December 2019; and (4) an RFQ for Peer to Peer Services and a Peer Specialist Mental Health Certificate program in August 2020. Evaluation panels reviewed the proposals for each RFQ/RFP and scored them, as shown in Exhibit 1 below.[1]

Exhibit 1: Proposals and Scores from RFQs and RFP

Proposer	Score
RFQ 22-2018 (ICM Transition Support to Outpatient Program)	*100 Maximum Points*
Richmond Area Multi Services (RAMS)	94.20
Family Service Agency/Felton Institute	89.60
YMCA Urban Services of San Francisco	76.20
HealthRIGHT 360	48.40
The Latino Commission	46.20
RFP 49-2018 (Wellness in the Streets)	*300 Maximum Points*
RAMS	297.00
Curry Senior Center (CATS)	228.17
Mental Health Association of SF	216.83
Felton Institute (FSA)	213.17
SF Community Health Center (API)	204.33
RFQ 43-2019 (Peer to Peer Services)	*100 Maximum Points*
RAMS	89.33
Nami of SF	88.33
Mental Health Association of SF	83.50

[1] The evaluation panels consisted of (1) for RFQ 22-2018: an Assistant Director of Clinical Services from the Progress Foundation, a Director from Mission Mental Health, a District Operation Service Manager from the California Department of Rehabilitation, an Assistant Director of Supported Employment from UCSF Citywide, and an Employment Specialist from Positive Resource Center; (2) for RFP 49-2018: a Manager from DPH, two Peer Counselors from San Francisco Study Center, a community activist, an Outreach Worker from Glide, and an Outreach Worker from UCSF; (3) for RFQ 43-2019: a Hepatitis C Wellness Manager from San Francisco AIDS Foundation, a peer Counselor from UCSF, two Peer Counselors from San Francisco Study Center, a community activist, and a Mental Health/Substance Abuse Program Manager from DPH; and (4) for RFQ 27-2020: two Peer Specialists, a Clinical Research Coordinator from UCSF, a Mental Health/Substance Abuse Program Manager from DPH, and a Peer Specialist from San Francisco Study Center.

RFQ 27-2020 (Peer to Peer Employment Program)	100 Maximum Points
RAMS	98.8
HealthRIGHT 360	87.0
RFQ 27-2020 (Peer Specialist Mental Health Certificate Program)	*100 Maximum Points*
RAMS	99.4
Professional Research Consultants	96.0
Mental Health Association of SF	95.4

Source: DPH

RAMS was deemed the highest scoring responsive and responsible proposer for each solicitation. In July 2021, DPH executed a contract with RAMS for a term of 18 months from July 2021 through December 2022 and an amount not to exceed $9,862,750 that included the services noted above. The Whole Person Care scope of services (discussed below) was added to contract under Administrative Code Section 21.42, which allows the Health Commission to sole source health and behavioral health contracts where such services are (1) unique to the Department of Public Health, (2) consistent with the its mission and goals, and (3) require specialized knowledge, training, personnel, facilities or other resources that are known to be provided by a limited number of non-profit contractors.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would approve Amendment No. 1 to the behavioral health services contract between DPH and RAMS, extending the term by three years and six months through June 2026, and increasing the not-to-exceed amount by $19,253,431, for a total not to exceed $29,116,181, and authorize DPH to enter into immaterial amendments to the contract.

Under the contract, RAMS provides the following services:

1. Peer to Peer Counseling and Outreach Services: outreach and case management services at DPH funded programs provided by "peers," who are people with lived experience that have used or are close to someone who has used DPH Behavioral Health Services mental health treatment programs.
2. Peer to Peer Services Community Mental Health Center (CMHC): a federally funded team of peers that works directly with the DPH Office of Coordinated Care to provide follow-up outreach to individuals who have had contact with the DPH Street Crisis Response Team, with the goal to reduce the frequency of crisis related calls and secure appropriate long-term care for seriously ill individuals.
3. Grant Peer Specialist MH Certificate: a certification program to prepare peers, family members, or former consumers of behavioral health services with skills and knowledge for peer provider employment in the behavioral health system and academic/career planning that supports their success in institutions of higher learning.
4. Peer to Peer Linkage: a program that utilizes peers to perform as Service Coordinators who conduct outreach and recruitment activities to link peers to job openings and workforce development programs, such as to the Peer Specialist Mental Health Certificate or other training programs.

5. ICM Transition to Outpatient: a peer linkage team providing wraparound services to increase client engagement in behavioral health outpatient services among those stepping down from Intensive Case Management, improve the overall client experience for those in transition, and support and further develop a peer-driven model of care.
6. Wellness in the Streets: a peer outreach team to engage people at shelters, navigation centers, RV sites, and mental health sub-acute facilities.
7. Whole Person Care – Shelter Care Coordination Service: RAMS peers working alongside DPH staff to assess the needs and outreach of homeless individuals in shelters or in the streets and providing assistance to medical and non-medical appointments.
8. Outpatient Peer Counseling: a peer outreach team stationed within the RAMS Outpatient Clinic at 1282 Market Street. The purpose of the team is to diversify the behavioral health workforce by increasing consumer and family member representation and identify underrepresented groups, and to provide additional services and support to RAMS outpatient clients.

Between the eight programs, DPH estimates that RAMS annually serves approximately 1,172 unduplicated clients.[2] The contract funds approximately 54 full-time equivalent (FTE) employees, including indirect administrative positions.

Fiscal & Performance Monitoring

DPH suspended scoring of contractors' performance due to the COVID-19 pandemic. Although not scored, the FY 2020-21 program monitoring for the previous RAMS contract indicated that each program generally met its performance objectives and contracted units of service, and no corrective action plans were identified. The Whole Person Care Shelter Coordination Services and Peer to Peer CHMC programs were not part of the contract scope in FY 2020-21. According to Michelle Ruggels, DPH Business Office Director, monitoring reports for FY 2021-22 are in progress but have not yet been completed.

The Department of Children, Youth, and their Families (DCYF) reviewed RAMS' financial documents as part of the FY 2021-22 Citywide Fiscal and Compliance Monitoring process and identified no findings.

FISCAL IMPACT

The proposed Amendment No. 1 would increase the not-to-exceed amount of the contract by $19,253,431, for a total not to exceed $29,116,181. The estimated annual sources and uses of funds by program are shown in Exhibit 2 below.

[2] RAMS provides estimated unduplicated client counts for each program. However, some clients may utilize multiple programs, so the total number of unduplicated clients served by RAMS is unknown and may be lower.

Exhibit 2: Estimated Annual Sources and Uses of Funds

Sources	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	Total
General Fund	$798,166	$639,075	$426,975	$440,171	$453,772	$2,758,159
State Sources	4,143,630	4,314,923	4,321,745	3,625,153	3,306,670	19,712,120
Federal Sources	766,041	865,131	865,754	866,391	867,048	4,230,366
Subtotal	*$5,707,837*	*$5,819,129*	*$5,614,474*	*$4,931,715*	*$4,627,490*	*$26,700,645*
Contingency (12%)						2,519,137
Adjustment						(103,601)
Total Sources	**$5,707,837**	**$5,819,129**	**$5,614,474**	**$4,931,715**	**$4,627,490**	**$29,116,181**

Uses[3]	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	Total
Peer to Peer Services	$3,414,160	$3,478,197	$3,503,426	$3,523,861	$3,544,765	$17,464,409
Peer to Peer Services CMHC	93,783	192,873	192,873	192,873	192,873	865,275
Grant Peer Specialist MH Certificate	359,213	369,989	369,989	369,989	369,989	1,839,169
Peer to Peer Linkage	428,437	441,290	441,290	441,290	441,290	2,193,597
ICM Transition to Outpatient	632,565	651,542	651,452	325,771	-	2,261,330
Wellness in the Streets	366,973	377,982	377,982	-	-	1,122,937
Whole Person Care	412,706	225,000	-	-	-	637,706
Outpatient Peer Counseling	-	57,027	57,027	57,027	57,027	228,108
Subtotal	**$5,707,837**	**$5,819,129**	**$5,614,474**	**$4,931,715**	**$4,627,490**	**$26,700,645**
Contingency (12%)						2,519,137
Adjustment						(103,601)
Total Sources	**$5,707,837**	**$5,819,129**	**$5,614,474**	**$4,931,715**	**$4,627,490**	**$29,116,181**

Source: DPH

A 12 percent (of projected expenditures from FY 2022-23 through FY 2025-26) contingency is included to account for escalation, new programs, and/or expansions of existing programs. There is also an adjustment of $103,601 due to grant funding that was encumbered and charged to the purchase order of the previous contract but spent in the period of July 1 through August 15, 2021. According to Director Ruggels, FY 2021-22 actual expenditures are not fully known yet, as DPH has not completed its cost report settlement with the state.

The contract is funded approximately 74 percent by state sources, 16 percent by federal sources, and 10 percent by the City's General Fund.

The ICM Transition to Outpatient, Wellness in the Streets, and Whole Person Care programs are not funded for the full contract term because the RFP authorities used to award these programs expire before FY 2025-26. According to Director Ruggels, a new solicitation will be issued for

[3] The FY 2022-23 amounts shown in Exhibit 2 are $6,300 more than the budgeted amounts for each program in Appendix B of the proposed contract. According to Director Ruggels, this is due to a funding notification letter from June 2022 that was used to develop Appendix B but was reissued in October 2022 with different amounts, as shown here in Exhibit 2.

these programs, and, if RAMS is selected, the funding would be added to a new and separate contract.

RECOMMENDATION

Approve the proposed resolution.