


**CITY AND COUNTY OF SAN FRANCISCO**

**BOARD OF SUPERVISORS**

**BUDGET AND LEGISLATIVE ANALYST**

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**TO:** Homelessness & Behavioral Health Select Committee   
**FROM:** Budget and Legislative Analyst  
**SUBJECT:** June 2, 2023 Homelessness & Behavioral Health Select Committee Meeting

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<b>Item 8</b> <b>File 23-0477</b>	<b>Department:</b> Public Health (DPH)
<b>EXECUTIVE SUMMARY</b>	
<p><b>Legislative Objectives</b></p> <ul style="list-style-type: none"> <li>• The proposed resolution would approve the third amendment to DPH’s grant agreement with the Bayview Hunters Point Foundation. The proposed amendment extends the grant term from June 2023 to June 2025 and increases the not to exceed amount from \$13,489,343 to \$20,138,218.</li> </ul> <p><b>Key Points</b></p> <ul style="list-style-type: none"> <li>• The proposed grant agreement would continue to fund two mental health services: (1) adult outpatient, and (2) children outpatient. The grant would also continue to fund one substance abuse service: Jelani Family, a transitional housing program. The currently funded School-based wellness promotion services and The Dimensions Clinic will not continue under the proposed amendment.</li> </ul> <p><b>Fiscal Impact</b></p> <ul style="list-style-type: none"> <li>• The annual budget for the proposed grant extension is \$3.3 million, which funded by federal funding (44.6 percent), state funding (13.7 percent), and the General Fund (41.7 percent).</li> </ul> <p><b>Policy Consideration</b></p> <ul style="list-style-type: none"> <li>• The Jelani Family program received an overall score of 4- Commendable/Exceeds Standards in FY 2021-22 program monitoring. We have not been provided program monitoring reports for FY 2021-22 for the remaining programs. However, outpatient programs had low units of service and client counts due to staff vacancies.</li> <li>• In addition, Bayview Hunters Point Foundation was one of two non-profits on “elevated concern” status in the Controller’s Citywide Nonprofit Monitoring and Capacity Building Program Report FY 2021-22, based on their lack of compliance with a grant agreement, financial condition, and governance. The Controller’s Office, Department of Homelessness &amp; Supportive Housing, and Department of Public Health (DPH) are each providing technical assistance to improve the organization’s financial condition and grant performance. We reviewed the Controller’s Office and DPH’s technical assistance documentation, which showed progress towards each plan’s goals.</li> <li>• We therefore recommend a one-year extension in the proposed agreement’s term through June 30, 2024, pending improvement in the organization’s financial condition and program performance.</li> </ul> <p><b>Recommendations</b></p> <ol style="list-style-type: none"> <li>1. Reduce the proposed resolution’s not to exceed amount to \$16.3 million and extend term from two years to one year.</li> <li>2. Approve the resolution, as amended.</li> </ol>	

## 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 Bayview Hunters Point Foundation

The Bayview Hunters Point Foundation (BHPF) provides mental health services, substance abuse treatment, preventative programs for youth, and other social services for residents of the Bayview and Hunters Point neighborhoods.

### Current Agreement

In 2018, the City entered into a grant agreement with BHPF to provide a range of mental health and other social services through June 2021. The agreement was for a total not-to-exceed amount of \$9,757,806, and the City retained two one-year options to extend the contract. In 2021, the City amended the contract, extending it nine months through March 31, 2022 and raising the total not-to-exceed amount to \$9,800,113. Because neither the initial agreement nor the 2021 amendment carried a not-to-exceed amount over \$10 million, neither required Board approval. In February 2022, the Board of Supervisors approved the second amendment to the grant agreement, increasing the not to exceed amount to \$13,489,343 and extending the term from March 2022 to June 2023 (File 21-1129).

## DETAILS OF PROPOSED LEGISLATION

The proposed resolution would approve the third amendment to DPH's grant agreement with the Bayview Hunters Point Foundation. The proposed amendment extends the grant term from June 2023 to June 2025 and increases the not to exceed amount from \$13,489,343 to \$20,138,218.

### Services Provided

The proposed grant agreement would continue to fund two mental health services: (1) adult outpatient, and (2) children outpatient. The proposed grant would also continue to fund one substance abuse service: Jelani Family program. These programs are described below. The currently funded School-based wellness promotion services and The Dimensions Clinic will not continue under the proposed amendment.

- **Adult Outpatient:** This program provides individual and group therapy, targeted at African American adults living in the southeast portion of the City with a history of poverty, homelessness, family conflict, and substance abuse. Services are provided at the Bayview Hunters Point Foundation at 1625 Carroll Avenue. (275 clients per year)

- **Children’s Outpatient:** This program provides individual and group therapy to youth targeted at African American and Latino youth living in the southeast portion of the City with a history of poverty, homelessness, family conflict, and substance abuse. Services are provided at Bayview Hunters Point Foundation at 1625 Carroll Avenue. (60 clients per year)
- **The Jelani Family Program,** a transitional housing residential step-down 15-bed program for adults and their young children coming out of a residential substance use disorder (SUD) treatment program. Patients may stay up to 24 months and are engaged in outpatient SUD treatment. The Department transferred the program to BHPF to avoid an interruption in services when Jelani Inc., the original provider, folded. Services are provided at 1638 Kirkwood Street. (15 clients per year)

Overall, the grant agreement’s current scope of services is budgeted at 975 unduplicated clients per year across its current five programs. Funding includes 25.18 FTE staff, an increase from the 22.59 in the FY 2021-22 agreement, reflecting 3.00 FTE clinicians that were added to the Children’s Outpatient program in FY 2022-23. As noted, in the proposed FY 2023-24 contract, there will be two changes to the current contract. First, the School-based Centers (Balboa) program was recently resolicited. Any future school-based service programming that is continued will not be part of this contract, and would be part of a new contract, effective July 2023. Second, the Dimensions LGBT Outpatient funding will be discontinued after June 30, 2023. The Dimensions clinic is co-located in the DPH Castro Mission Health Center, and is operated by DPH’s Primary Care, Community Health Programs for Youth staff. Effective July 1, 2023, this clinic will be solely staffed by DPH Primary Care. As a result of these changes, total staffing funded by the proposed grant agreement in FY 2023-24 will decrease from 25.59 FTE to 22.18 FTE, (a deletion of 2.0 FTE in the School-Based program and 1.0 FTE in the Dimensions clinic, offset by an increase of 3.00 FTE in the Children’s Outpatient program) and projected unduplicated clients will decrease to 350 budgeted unduplicated clients.

## FISCAL IMPACT

Exhibit 1 below shows the current and proposed costs for the five grant-funded programs.

**Exhibit 1: Current and Proposed Program Costs**

	Current	Proposed
	FY 2022-23	FY 23-24
Adult Behavioral Health	\$1,304,198	\$1,304,198
School-based Centers (Balboa)	316,330	0
Childrens' Outpatient	1,073,509	1,073,509
Dimensions LGBT Outpatient	174,990	0
Jelani Family Program	644,447	644,447
Cost of Doing Business	120,886	246,608
<b>Subtotal, Programs</b>	<b>\$3,713,888</b>	<b>\$3,268,762</b>

Sources: DPH

Note: The budget amounts shown above differ from Appendix B of the Proposed Grant Agreement because the budget has been revised since the introduction of the proposed resolution.

The decrease in annual spending is driven by a reduction of operational costs for the School-Based Centers (Balboa) and the Dimensions LGBT Outpatient programming.

Exhibit 2 below shows the build up to the resolution's not to exceed amount.

**Exhibit 2: Grant Agreement Not To Exceed Amount**

Spending Through June 2023	
FY 2018-19	\$1,214,293
FY 2019-20	2,031,313
FY 2020-21	2,423,937
FY 2021-22	3,286,320
FY 2022-23	3,713,888
<b>Subtotal, Actual and Projected</b>	<b>\$12,669,751</b>
Proposed Spending	
FY 2023-24	\$3,268,762
FY 2024-25	3,399,512
<b>Subtotal, Proposed Spending</b>	<b>\$6,668,274</b>
Contingency (12%)	800,193
<b>Not To Exceed Amount</b>	<b>\$20,138,218</b>

Source: Appendix B of Proposed Amendment

**Funding Sources**

The proposed extension is funded by federal funding (44.6 percent), state funding (13.7 percent), and the General Fund (41.7 percent).

**POLICY CONSIDERATION**

As we noted in our 2022 report on the existing agreement, three of the five programs were monitored in FY 2020-21: (1) the children's outpatient program, which met 90 percent of its

performance objectives and exceeded contracted units of service; (2) the Balboa High School program, which met 100 percent of its performance objectives and 43.5 percent of contracted units; and (3) the adult outpatient program, which met 56 percent of its performance objectives and 84 percent of contracted units. The Department had not completed its FY 2020-21 review of the Jelani transitional housing program at that time. The Department has since provided a copy of the FY 2021-22 monitoring reports for Jelani, which showed that Jelani received an overall score of 4- Commendable/Exceeds Standards. Since the Dimensions Clinic is a DPH Castro Mission Health Center program, with one staff person employed through this contract, this program is not subject to monitoring.

We have not been provided program monitoring reports for FY 2021-22 for the remaining programs. The organization is currently receiving technical assistance from DPH due, in part, to staff vacancies, resulting in low units of service and clients in outpatient programs in FY 2021-22.

In addition, Bayview Hunters Point Foundation was one of two non-profits on “elevated concern” status in the Controller’s Citywide Nonprofit Monitoring and Capacity Building Program Report FY 2021-22, based on their lack of compliance with a grant agreement to provide fiscal sponsor service to United Council of Human Services, invoicing departments for costs not yet incurred, and turn over in leadership.<sup>1</sup> DPH considers the organization “high risk” due to its financial condition, including the inability to produce financial statements for FY 2020-21 and FY 2021-22. The Controller’s Office, Department of Homelessness & Supportive Housing, and Department of Public Health are each providing technical assistance to improve the organization’s financial condition and grant performance. We reviewed the Controller’s Office and DPH’s technical assistance documentation, which showed progress towards each plan’s goals.

We therefore recommend a one-year extension in the proposed agreement’s term through June 30, 2024, pending improvement in the organizations financial condition and program performance, and a reduction in the not to exceed amount of the proposed resolution from \$20.1 million to \$16.3 million.

## RECOMMENDATIONS

1. Reduce the proposed resolution’s not to exceed amount to \$16.3 million and extend term from two years to one year.
2. Approve the resolution, as amended.

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<sup>1</sup> These issues are also noted in the Controller’s November 2022 audit, “The City Must Determine Whether United Council of Human Services Should Continue Providing Services to San Francisco Residents Despite Continuing Noncompliance with City Grants.”