

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

1390 Market Street, Suite 1150, San Francisco, CA 94102 (415) 552-9292  
FAX (415) 252-0461

September 2, 2022

**TO:** Budget and Finance Committee

**FROM:** Budget and Legislative Analyst



**SUBJECT:** September 7, 2022 Budget and Finance Committee Meeting

**TABLE OF CONTENTS**

<b>Item</b>	<b>File</b>	<b>Page</b>
4	22-0882 Grant Agreement Amendment - St. Vincent de Paul Society of San Francisco - Multi-Service Center South - Not to Exceed \$40,012,840.....	1
5	22-0881 Grant Agreement Amendment - Five Keys Schools and Programs - Shelter-in-Place Hotel Support Services - Not to Exceed \$27,232,424 .....	6
6	22-0883 Contract Amendment - 1231 Market Street Owner L.P. - Emergency Agreement - Not to Exceed \$88,568,327 .....	11
7	22-0801 Grant Agreement - Retroactive - Children’s Council of San Francisco - Early Care and Education Integrated Services - Not to Exceed \$364,091,448	
8	22-0802 Grant Agreement - Retroactive - Wu Yee Children’s Services - ECE Integrated Services - Not to Exceed \$144,496,672 .....	16

<b>Item 4</b> <b>File 22-0882</b>	<b>Department:</b> Homelessness & Supportive Housing (HSH)
<b>EXECUTIVE SUMMARY</b>	
<p><b>Legislative Objectives</b></p> <ul style="list-style-type: none"> <li>• The proposed resolution would approve the Fourth Amendment to the Department of Homelessness &amp; Supportive Housing’s (HSH) Agreement with St. Vincent de Paul, extending the term by 45 months through June 2026, and increasing the grant amount by \$31,061,074 for a total not-to-exceed amount of \$40,012,840.</li> </ul> <p><b>Key Points</b></p> <ul style="list-style-type: none"> <li>• The Multi Service Center South, a City-owned building, is located at 525 Fifth Street, has capacity to provide emergency shelter services for up to 340 adults per day and drop-in services to 70 adults per day. The drop-in center was closed due to COVID-19 and remains closed, and the current shelter capacity is 218 adults.</li> <li>• St. Vincent de Paul, a non-profit, has operated the Multi Service Center South shelter site since at least 2009, when it awarded a contract with the Human Services Agency after a competitive process. The current agreement has been in place since July 2021 and was awarded under Ordinance 61-19, which was approved by the Board of Supervisors to streamline contracting for homeless services. The agreement was later amended to add federal funding, which was awarded by the City via a competitive process.</li> <li>• Under the amended grant agreement, St. Vincent de Paul would continue to provide emergency shelter services, including sleeping facilities, meals, and support services, drop-in services (once re-opened), including an indoor place to sit, snacks, and access to shower facilities.</li> <li>• According to FY 2021-22 annual program monitoring results for the MSC South Shelter Program, the provider met the service and outcome objectives under the agreement. In addition, results from the City’s joint fiscal and compliance monitoring of St. Vincent de Paul for FY 2019-20, the most recent year completed, identified no findings.</li> </ul> <p><b>Fiscal Impact</b></p> <ul style="list-style-type: none"> <li>• Costs to operate the shelter at full capacity with the drop-in center are \$7.1 million per year and are funded primarily by the General Fund and approximately \$50,000 per year by Emergency Solutions Grant funds, a federal source.</li> </ul> <p><b>Recommendation</b></p> <ul style="list-style-type: none"> <li>• Approve the proposed resolution.</li> </ul>	

## MANDATE STATEMENT

Section 9.118(b) of the City Charter mandates that (a) grants or agreements entered into by a department, board or commission having a term in excess of ten years, or (b) requiring anticipated expenditures by the City and County of \$10 million dollars, or (c) the modification or amendments to such grant or agreement having an impact of more than \$500,000 shall be subject to approval of the Board of Supervisors by resolution.

## BACKGROUND

### Current Agreement

In July 2021, the Department of Homelessness and Supportive Housing (HSH) entered into a new grant agreement with St. Vincent de Paul<sup>1</sup> to provide emergency shelter services for up to 340 adults per day and, once reopened, drop-in services to 70 adults per day at the Multi Service Center South Adult Shelter (MSC South). The site was managed by the City's COVID Command Operations in 2020 and through June 2021. MSC South, a City-owned building, is located at 525 Fifth Street. The original agreement was for a not to exceed amount of \$9,596,285 for the term July 1, 2021 through June 30, 2022. The original agreement and first three amendments did not require Board of Supervisors' approval because the grant amount was less than \$10 million and less than 10 years.

In August 2021, HSH executed the First Amendment to the Agreement, which shifted \$50,000 of the grant funding from the General Fund to a U.S. Department of Housing and Urban Development (HUD) Emergency Solutions Grant (ESG) to allocate ongoing ESG funding to the program. In April 2022, HSH executed the Second Amendment to the Agreement, which extended the term by two months through August 2022 and increased the amount by \$403,650 for a not to exceed amount of \$9,999,935. In June 2022, HSH executed the Third Amendment to the Agreement, which extended the term by an additional month through September 2022 and reduced the amount by \$1,048,169 for a not to exceed amount of \$8,951,766 in recognition that the higher contingency and not to exceed amount was not needed to maintain operations until a fourth amendment could be executed.

Due to changing public health guidance in response to the COVID-19 pandemic, the shelter capacity was reduced from 340 to 168 and shelter operations shifted from nighttime-only to 24/7 operations. In the summer of 2022, the shelter capacity increased to 218 in accordance with updated public health guidance. The drop-in center was closed due to COVID-19 and remains closed. According to HSH staff, at this time, there are no plans to increase shelter capacity further from 218 people or reopen the drop-in center. HSH continues to evaluate its congregate shelter

---

<sup>1</sup> St. Vincent de Paul is a non-profit organization originally established in 1860, and which today provides homeless services through the operation of two residential centers, as well as domestic violence services and two safe house shelters in San Francisco.

models, levels of service, and budgets across its portfolio in a post-COVID response environment. The FY 2022-24 adopted budget includes funds to increase case management services, address pay equity, and standardize shelter services such as number of meals across the portfolio and the fourth amendment allows HSH to incorporate those policy and budget changes.

### **Prior Agreements and Procurement History**

St. Vincent de Paul has operated the Multi Service Center South shelter site since at least 2009, when it was awarded a contract with the Human Services Agency after a competitive process. The 2009 agreement ended in 2017. Records indicate that an agreement with St. Vincent de Paul to operate MSC South exists for the period 2017 – 2019, but the contract was not available for our review.

In 2019, HSH issued a Request for Qualifications (RFQ #124) on February 26, 2019 to identify providers for emergency shelter services and roving mental health services to be funded by the General Fund. HSH awarded service contracts to four providers who met the minimum qualifications. St. Vincent de Paul was awarded an agreement to operate the Multi Service Center South shelter site for FY 2019-20.

Months later in 2019, HSH also issued a Request for Qualifications (RFQ #127) on December 4, 2019 to identify providers for homelessness prevention, rapid rehousing, and emergency shelter services to be funded by the U.S. Department of Housing and Urban Development Emergency Solutions Grant (ESG) Program. HSH received 11 responses for emergency shelter services, with all but one organization meeting the Minimum Qualifications, which include at least five years of experience providing services to people experiencing homelessness, at least two years of experience operating a shelter, rapid rehousing, or homeless prevention program within the past five years, and financial resources to match ESG funding, as required by federal law. HSH awarded service contracts to all 10 providers meeting the Minimum Qualifications, including St. Vincent de Paul, and matched providers to current sites to streamline services.

HSH ended this prior agreement in March 2020, when the site transitioned under the management of the City's emergency operations center (EOC) that was in charge of managing the City's COVID-19 response. The EOC requested HSH establish a new agreement for a COVID-response shelter under RFQ #130, issued in partnership with the Department to Public Health, to be managed by the City's COVID Command Center (CCC) and provide time-limited congregate shelter services for the COVID-19 response, including as COVID-19 quarantine, hospital discharge, or other specific COVID-19 uses. The agreement was for April 2020 to June 2021.

As the City ended the COVID-19 Command Center operations, the CCC moved the shelter programs back to HSH operations in July 2021. HSH set up a new agreement for one-year at reduced capacity (111 beds) with St. Vincent de Paul for emergency shelter services at the site under Ordinance 61-19, which was approved by the Board of Supervisors to streamline contracting for homeless services, while implementing changing COVID-19 protocols across the shelter system and to meet the timelines for winding down CCC operations. Shelter operations

and capacity continued to fluctuate during FY 2021-22. A first amendment to the agreement was executed under Ordinance 61-19, then HSH executed a second amendment to add the HUD ESG funds and referenced RFQ #127 as the guidance procurement authority after consultation with the City Attorney's Office.

### **DETAILS OF PROPOSED LEGISLATION**

The proposed resolution would approve the fourth amendment to HSH's Agreement with St. Vincent de Paul, extending the term from September 2022 to June 2026, and increasing the grant amount by \$31,061,074 for a total not-to-exceed amount of \$40,012,840. The resolution will also authorize HSH to amend or modify the grant if such modification is deemed by HSH, after consultation with the City Attorney, to provide benefits to the City, and will not result in an increase in the material obligations of the City.

Under the amended grant agreement, St. Vincent de Paul would continue to provide emergency shelter services, including sleeping facilities, meals, and support services, for up to 340 adults per day and drop-in services, including an indoor place to sit, snacks, and access to shower facilities, to an additional 70 adults per day. As noted above, due to COVID-19, the current capacity is 218 and drop-in services are suspended.

#### **Performance Monitoring and Departmental Oversight**

The current grant, as well as the proposed amended grant, requires St. Vincent de Paul to allow on-site visits and monitoring by HSH staff, and to provide HSH with financial, operational, and other reports upon request. St. Vincent de Paul also agrees to allow City employees to conduct on-site visits, and inspect, audit, and examine records as part of ongoing monitoring of performance in accordance with public health guidance. The agreement also requires St. Vincent de Paul to comply with fiscal compliance and contract monitoring to ensure sound financial management practices are in place.

According to FY 2021-22 annual program monitoring results for the MSC South Shelter Program, the provider met the service and outcome objectives under the agreement. However, the report noted that St. Vincent has experienced staffing challenges over the past year, including the retirement of the Executive Director and departure of other staff. According to the report, St. Vincent is actively recruiting to fill eight vacancies and the new Executive Director began in June 2022.

In addition, results from the City's joint fiscal and compliance monitoring of St. Vincent de Paul for FY 2019-20, the most recent year completed, identified no findings. Agencies in compliance do not receive an annual fiscal and compliance monitoring.

### **FISCAL IMPACT**

The proposed resolution would approve an amended grant agreement between HSH and St. Vincent de Paul for a total not-to-exceed amount of \$40,012,840, including a 17 percent (\$4,783,893) contingency for expenditures from FY 2022-23 through FY 2025-26, as shown in

Exhibit 1 below. The grant is funded by a HUD Emergency Solutions Grant (ESG) and the General Fund. Underspending of \$1.4 million in FY 2021-22 was due to vacant staff positions that St. Vincent was unable to fill due to staffing challenges, including high turnover, that are impacting the entire non-profit sector and were exacerbated during the pandemic, according to HSH staff. The proposed budget allows for the shelter to operate at full capacity (340 beds with drop-in services); however, HSH will continue to review the budgeted level in accordance with current health guidance.

### Exhibit 1: Proposed Grant Budget

	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	Total
<b>Sources</b>						
General Fund	\$6,779,965	\$7,037,246	\$7,037,246	\$7,037,246	\$7,037,246	\$34,928,947
Emergency Solutions Grant	100,000	50,000	50,000	50,000	50,000	300,000
<b>Total Sources</b>	<b>\$6,879,965</b>	<b>\$7,087,246</b>	<b>\$7,087,246</b>	<b>\$7,087,246</b>	<b>\$7,087,246</b>	<b>\$35,228,947</b>
<b>Uses</b>						
Salaries & Benefits <sup>a</sup>	\$5,757,567	\$4,752,910	\$4,752,910	\$4,752,910	\$4,752,910	\$24,769,207
Operating Expense	921,542	896,062	896,062	896,062	896,062	4,505,790
Indirect Cost (15%) <sup>b</sup>	998,002	845,073	845,073	845,073	845,073	4,378,294
Other Expenses <sup>c</sup>	(797,146) <sup>d</sup>	593,200	593,200	593,200	593,200	1,575,654
<b>Total Uses</b>	<b>\$6,879,965</b>	<b>\$7,087,246</b>	<b>\$7,087,246</b>	<b>\$7,087,246</b>	<b>\$7,087,246</b>	<b>\$35,228,947</b>
Contingency (17%)						4,783,893
<b>Total Not to Exceed Amount</b>						<b>\$40,012,840</b>

Source: Proposed Amended Grant Agreement

Note: Totals may not add due to rounding

<sup>a</sup> According to HSH, salaries and benefits in FY 2021-22 included hazard pay increases to salaries so that the site could be used for quarantine, hospital discharge, or another COVID-specific use. Salaries and benefits do not include hazard pay in subsequent years because the City is winding down COVID-specific operations resulting in a reduction in this line item. However, HSH is evaluating shelter pay equity across its portfolio.

<sup>b</sup> According to HSH, indirect costs are organizational costs that are necessary for agency operations but are not directly implementing the specific grant program, such as human resources, payroll, executive leadership salaries, information technology staff, office supplies, etc. HSH grant agreements allow grantees to allocate indirect costs as a percentage (typically 15%) of direct costs, including salaries and benefits and operating expense above.

<sup>c</sup> Ongoing other expenses, include \$5,000 for equipment and \$588,200 for security, which are not subject to the 15% allocation for indirect costs.

<sup>d</sup> Includes \$612,296 in other expenses and a -\$1,409,442 adjustment to account for underspending in FY 2021-22.

## RECOMMENDATION

Approve the proposed resolution.

<p><b>Item 5</b> <b>File 22-0881</b></p>	<p><b>Department:</b> 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 Third Amendment to the grant agreement between the City and Five Keys Schools and Programs (Five Keys), extending the term by three months until March 31, 2023, and increasing the not-to-exceed amount by \$6,522,515—from \$20,709,909 to \$27,232,424.</li> </ul> <p style="text-align: center;"><b>Key Points</b></p> <ul style="list-style-type: none"> <li>• Five Keys provides programming and services at three of the Shelter in Place hotels (SIP hotels), including the Hotel Whitcomb located at 1231 Market Street. On November 20, 2020, the Department of Homelessness and Supportive Housing (HSH) entered into an agreement with Five Keys to provide supportive and operational services to an estimated 459 guests staying at the Hotel Whitcomb. The Human Services Agency (HSA) has a separate Emergency Agreement with Hotel Whitcomb’s owner, “1231 Market Street Owner, L.P.” for rooms and services as part of the City’s SIP Hotel program.</li> <li>• The agreement has been amended twice. In June 2021, the Board of Supervisors approved the First Amendment to the Agreement which extended the term by one year through June 30, 2022 and increased the not to exceed amount from \$9,665,000 to \$20,209,909. In June 2022, HSH administratively adopted the Second Amendment to the Agreement to extend the term of the agreement by six months through December 31, 2022 and increase the total not to exceed amount from \$20,209,909 to \$20,709,909.</li> <li>• The term end date of the proposed Third Amendment is consistent with the proposed extension for the HSA emergency agreement for Hotel Whitcomb rooms and services (see File 22-0883).</li> </ul> <p style="text-align: center;"><b>Fiscal Impact</b></p> <ul style="list-style-type: none"> <li>• The \$6,522,515 increase is for services at the Hotel Whitcomb Shelter-in-Place hotel site through March 31, 2023. In accordance with granting agency claiming timelines, HSH will seek reimbursement from federal, state, and local sources, including the Federal Emergency Management Agency, the State’s Project Roomkey Allocation (expiring in June 2023), the Federal Emergency Solutions Grant and Community Development Block Grant, the State Homeless Housing, Assistance and Prevention Grant, and Proposition C. Remaining expenses would be funded from the City’s General Fund.</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

### Five Keys Schools and Programs

Five Keys Schools and Programs (Five Keys) was founded in 2003 by the San Francisco Sheriff's Department as an accredited charter high school to provide diploma programs for adults in county jails. Five Keys has grown and expanded its programs and services to include career centers, transitional shelter operations, permanent supportive housing, and transitional employment placement for formerly incarcerated individuals and people currently or formerly experiencing homelessness. Five Keys provides programming and services at three of the Shelter in Place hotels (SIP hotels), including the Hotel Whitcomb located at 1231 Market Street, as discussed below.

#### *Existing Agreement for Support Services at 1231 Market Street*

On November 20, 2020, the Department of Homelessness and Supportive Housing (HSH) entered into an agreement with Five Keys to provide supportive and operational services to an estimated 459 guests staying at the Shelter in Place hotel site located at 1231 Market Street.<sup>1</sup> The original grant agreement provided for a not to exceed amount of \$9,665,000 over a total term of September 1, 2020 through June 30, 2021. The Human Services Agency (HSA) has a separate Emergency Agreement with Hotel Whitcomb's owner, "1231 Market Street Owner, L.P." for rooms and services as part of the City's SIP Hotel program. The SIP Hotel Program was a key part of the City's Alternative Shelter Program that provided shelter to COVID-vulnerable individuals experiencing homelessness.

---

<sup>1</sup> Five Keys was selected to provide supportive and operational services at the Hotel Whitcomb based on responses to a Request for Qualifications (RFQ No. 130) for time-limited and as needed services for shelter in place sites, congregate setting sites, and isolation and quarantine sites. The RFQ was designed to make multiple awards to qualified applicants on a rolling basis with various start dates and terms. The COVID-19 Command Center (CCC) matched providers that met Minimum Qualifications with programs and sites based on their RFQ responses and ability to provide services in a timely manner. The Minimum Qualifications were: (1) not debarred from doing business with the federal government, (2) two or more years of experience providing services to persons experiencing or at-risk of experiencing homelessness or who are underserved, and (3) two or more years of experience operating temporary or permanent housing or other property management experience.



On June 15, 2021, the Board approved the First Amendment to the Agreement (File 21-0501) which extended the term of the agreement by one year through June 30, 2022 and increased the not to exceed amount from \$9,665,000 to \$20,209,909.

On June 1, 2022, HSH administratively adopted the Second Amendment to the Agreement to extend the term of the agreement by six months through December 31, 2022 and increase the total not to exceed amount from \$20,209,909 to \$20,709,909.

## DETAILS OF PROPOSED LEGISLATION

The proposed resolution would approve the Third Amendment to the grant agreement between the City and Five Keys, extending the term by three months until March 31, 2023 and increasing the not-to-exceed amount by \$6,522,515—from \$20,709,909 to \$27,232,424. The term end date is consistent with the proposed extension for the HSA emergency agreement for Hotel Whitcomb rooms and services (see File 22-0883).

### Services Provided

The services required through the amendment are unchanged from the original agreement through which Five Keys must provide operations and support services to an estimated 459 guests staying at the Shelter in Place hotel site located at 1231 Market Street. The specific services to be provided through the amended agreement include:

- Participant Support, including intake, operations, wellness checks and connection to care, health screening, laundry service, coordination of supportive services, referrals and linkages to Access Points, and exit planning;
- Program Support, including onboarding and orienting onsite staff, hiring and supervision of onsite staff and subcontractors, and data entry and reporting;
- Building Operations, including facility maintenance, site logs, with records of entry and exit, laundry and janitorial services, furnishings and supplies, personal protective equipment, security/de-escalation, meals, and storage.

The proposed agreement continues a partnership with Bayview Hunters Point Foundation, as subcontractor, which is responsible for providing case management services.

### Reporting and Performance Monitoring

The proposed amendment does not change the original reporting and program monitoring requirements, which include reviewing documentation of progress towards service and outcome objectives, submission of forms related to Federal Emergency Management Agency (FEMA) reimbursement, notification to the City of any unplanned participant exits within 24 hours, participation, as requested by the City, in evaluative studies designed to show the effectiveness of services, and ad hoc reports as requested by HSH. The agreement also requires Five Keys to comply with fiscal compliance and contract monitoring to ensure sound financial management practices are in place.

HSH conducted a Shelter in Place (SIP) hotel program monitoring and audit (described below) between January 2022 and June 2022 of all active SIP hotel sites, including the Hotel Whitcomb,

to confirm that service providers had complied with service requirements. According to HSH, Five Keys demonstrated compliance with goals and objectives of the agreement based on the audit. In addition, results from the City's fiscal and compliance monitoring of Five Keys for FY 2021-22 identified no findings.

#### *SIP Hotel Program Monitoring*

Program monitoring of SIP hotel sites assessed compliance with requirements regarding appropriate documentation of guests in intake folders and the ONE System, and connection of guests to appropriate medical or behavioral health services and community services to assist guests transitioning from SIP hotels to appropriate placements.<sup>2</sup> According to HSH staff, program monitoring of SIP hotels did not include other elements normally included in HSH's monitoring of permanent shelter programs (e.g., customer satisfaction, staff development and training activities and physical accessibility/cultural competence) as the temporary program transitioned to HSH in July 2021 from the City's COVID-19 Command Center and is in the process of winding down.

### **FISCAL IMPACT**

As noted above, the proposed amendment increases the not-to-exceed amount by \$6,522,515— from \$20,709,909 to \$27,232,424. The proposed third amendment includes a contingency of \$1,130,391, which is equal to 15 percent of FY 2022-23 expenditures. Exhibit 1 below shows the proposed grant budget.

---

<sup>2</sup> Specifically, HSH assessed compliance with the following four requirements: (a) Release of Information (ROI) documents uploaded for all guests in the ONE System; (b) signed SIP Guest Participant Agreement and Release of Information included in guest intake folders; (c) identification of guests requiring greater support due to medical or behavioral health concerns and connection to appropriate services prior to transitioning from SIP hotels to permanent supportive housing or alternative shelter; and (d) connection of guests to community services providers (e.g., health care, behavioral health, and housing provider) to assist guests transitioning from SIP hotels to other forms of housing.

**Exhibit 1: Proposed Grant Budget**

	<b>9/1/2020 - 6/30/2021</b>	<b>7/1/2021 - 6/30/2022</b>	<b>7/1/2022 - 3/31/2023</b>	<b>Total</b>
Salaries & Benefits <sup>a</sup>	6,688,840	8,026,608	5,826,626	20,542,075
Operating Expense	220,175	258,210	218,658	697,043
Indirect Cost (15%) <sup>b</sup>	1,040,102	1,246,473	906,793	3,193,368
Other Expenses <sup>c</sup>	371,340	714,348	583,862	1,669,549
<b>Total Expenditures</b>	<b>\$8,320,457</b>	<b>\$10,245,638</b>	<b>\$7,535,938</b>	<b>\$26,102,033</b>
Contingency (15%)				1,130,391
<b>Total Not to Exceed</b>				<b>\$27,232,424</b>

Source: Proposed Amended Grant Agreement

<sup>a</sup> Includes salaries and benefits for leadership positions directly implementing the grant program. Salaries and benefits for leadership positions necessary for agency operations but not working directly on the program are captured in the indirect cost line item.

<sup>b</sup> According to HSH, indirect costs are organizational costs that are necessary for agency operations but are not directly implementing the specific grant program, such as human resources, payroll, executive leadership salaries, information technology staff, office supplies, etc. HSH grant agreements allow grantees to allocate indirect costs as a percentage (typically 15%) of direct costs, including salaries and benefits and operating expense above.

<sup>c</sup> Other expenses, which are not subject to the 15% allocation for indirect costs, include adjustments of -\$305,173 in FY 2020-21 and -\$97,468 in FY 2021-22 to account for underspending. The Other expenses line also includes \$583,862 in FY 2022-23 for the Bayview Hunters Point Foundation.

According to Appendix B of the proposed third amendment, staffing is decreasing from 118 FTE in FY 2021-22 to 112 FTE to in FY 2022-23 due to a decrease in shift staff (ambassadors) and supervisors. HSH is reducing contracted staff because the number of guests will decrease as they move into housing during the transition to closure of this site.

**Funding Sources**

Under the proposed Amendment, Year 3 of the Five Keys grant will be initially funded by the General Fund. In accordance with granting agency claiming timelines, HSH will later seek reimbursement from federal, state, and local sources, including the Federal Emergency Management Agency, the State's Project Roomkey Allocation (expiring in June 2023), the Federal Emergency Solutions Grant and Community Development Block Grant, the State Homeless Housing, Assistance and Prevention Grant, and Proposition C. These sources were previously appropriated in a prior fiscal year and the remaining balances have been reallocated to continue funding SIP program costs in the current year. Remaining expenses would be funded from previously appropriated General Fund monies.

**RECOMMENDATION**

Approve the proposed resolution.

<p><b>Item 6</b> <b>File 22-0883</b></p>	<p><b>Department:</b> Human Services Agency</p>
--	---

**EXECUTIVE SUMMARY**

**Legislative Objectives**

- The proposed resolution would approve the Sixth Amendment to the Emergency Agreement between the City and 1231 Market Street Owner, L.P., for the continued use of 459 hotel rooms and associated services by increasing the agreement amount by \$9,596,148, from \$78,972,179 to not to exceed \$88,568,327; and would extend the booking period by an additional 120 nights, for a total term of 1,087 nights from April 8, 2020 to March 31, 2023.

**Key Points**

- Hotel Whitcomb, located at 1231 Market Street, is a 459-room hotel, which is contracted by the City through the Shelter in Place Hotel program to provide unhoused people at-risk for COVID-19 and who do not have another housing source. The Human Services Agency (HSA) entered into the original agreement with 1231 Market Street Owner in April 2020, which has been amended five times. The Board of Supervisors approved the fifth amendment in March 2022, extending the agreement term to August 31, 2022 and increasing the not-to-exceed amount to \$78,972,179. The Fifth Amendment, in conjunction with recent hotel extension legislation (File 22-0703), allowed for further extension of the term on a month-to-month basis to December 1, 2022.

**Fiscal Impact**

- Under the agreement, the average daily rate for room, meals, and linens is \$177.52.
- The remaining budget of \$10.6 million under the existing agreement, which is funded through December 1, 2022, together with the proposed increase of \$9.6 million would provide \$20.2 million for the proposed extended term through March 31, 2023, including a contingency for contract close-out.
- In accordance with granting agency claiming timelines, HSA will seek reimbursement from federal, state, and local sources, including the Federal Emergency Management Agency (FEMA), the State’s Project Roomkey Allocation (expiring in June 2023), and other sources. Remaining expenses would be funded from 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

In response to the COVID-19 emergency, the City established the COVID-19 Alternative Shelter Program. This Program provided shelter in place sites, congregate setting sites and isolation and quarantine sites to individuals, most of whom were experiencing homelessness. These shelters included non-congregate Shelter in Place hotel rooms, congregate units, and recreational vehicles. The City is in the process of winding down the Shelter in Place Hotel program by the last quarter of calendar year 2022 although this may extend into the first quarter of 2023 if needed.

In July 2022, the Board of Supervisors approved an ordinance that authorized the Human Services Agency (HSA) to extend the terms of emergency hotel booking agreements beyond August 31, 2022 through August 31, 2023 and to continue waiving certain requirements in the Municipal Code (File 22-0703).<sup>1</sup>

The largest of the Shelter in Place Hotel agreements is for the Hotel Whitcomb located at 1231 Market Street, which has 459 rooms. Under the agreement, HSA controls the entire hotel; no rooms are rented to the general public at this time. As of August 4, 2022, there were 422 active Shelter in Place hotel guests, occupying 388 units (including units that may be occupied by more than one guest) of 459 available rooms (85 percent). According to HSA, Hotel Whitcomb will be the last Shelter in Place hotel to close, and the Department of Homelessness and Supportive Housing (HSH) will continue to transfer guests into the Hotel Whitcomb as the other remaining hotels are demobilized and closed. Once all Shelter in Place hotel guests are rehoused, the City will demobilize the Hotel Whitcomb. Our prior report to the Budget & Finance Committee dated July 13, 2022 contains additional information on demobilization of the Shelter in Place hotels (File 22-0703).

### *Historical Changes to the Agreement*

The original emergency services agreement between the City and 1231 Market Street Owner, L.P. was for a 122-night term from April 8, 2020 through August 7, 2020, for \$9,675,372. (See Exhibit 1 below)

The original agreement and first two amendments to the agreement did not require Board of Supervisors approval because total spending was below \$10 million. On May 15, 2020, HSA adopted the First Amendment to the Agreement which incorporated provisions necessary to be eligible for cost recovery from the Federal Emergency Management Agency (FEMA). (Since no budgetary changes were made in Amendment 1, it was omitted from Exhibit 1, below.)

---

<sup>1</sup> The ordinance also approved five agreements with anticipated expenditures exceeding \$10 million.

**Exhibit 1. Historical Terms of Hotel Whitcomb Agreement**

	<b>Original Agreement Total</b>	<b>2<sup>nd</sup> Amend.</b>	<b>3<sup>rd</sup> Amend.</b>	<b>4<sup>th</sup> Amend.</b>	<b>5<sup>th</sup> Amend.</b>	<b>Proposed 6<sup>th</sup> Amend.</b>	<b>Unit Cost</b>
Number of Rooms	459 rooms	459 rooms	459 rooms	459 rooms	459 rooms	459 rooms	
Daily Room Rate	\$99	\$99	\$99	\$99	\$99	\$99	
Expiration Date	Aug 7, 2020	Aug 7, 2020	July 1, 2021	Mar 1, 2022	Aug 31, 2022	Mar 31, 2023	
Term length	122 nights	122 nights	449 nights	691 nights	875 nights*	1,087 nights	
Room Costs	5,543,802	5,543,802	20,403,009	31,399,731	43,941,447*	49,394,367	\$99.00
Food Costs	3,000,000	3,314,628	11,040,984	16,991,804	26,055,135*	29,084,535	\$58.29
Linen Costs	300,000	300,000	1,104,098	1,699,169	2,384,380*	2,680,270	\$5.37
Contingency (15%)	831,570	831,570	3,060,451	4,709,960	6,591,217*	7,409,155	\$14.85
<b>Not to Exceed Amount</b>	<b>\$9,675,372</b>	<b>\$9,990,000</b>	<b>\$35,608,542</b>	<b>\$54,800,664</b>	<b>\$78,972,179*</b>	<b>\$88,568,327</b>	<b>\$177.52</b>

Source: Amendments 1-6 (Proposed) of the Emergency Agreement with 1231 Market Street Owner, LP

\* Although the term length of the Fifth Amendment is 875 nights, the room costs, food costs, linen costs, contingency, and not-to-exceed amount were calculated based on a 967-night term length. Therefore, the existing agreement is funded through December 1, 2022. On August 3, 2022, the City exercised its option under 2.2 of the Agreement to extend the Term ("Booking Period") on a month-to-month basis commencing September 1, 2022 through December 1, 2022.

On July 6, 2020, the City exercised its option under Section 2.2 of the Agreement to extend the Term ("Booking Period") on a month-to-month basis commencing August 8, 2020.

On July 27, 2020, HSA administratively adopted the Second Amendment to the Agreement under its Emergency Ordinance Authority to increase the maximum value of the food service program and therefore increase the total not to exceed amount from \$9,675,372 to \$9,990,000.

On August 25, 2020, the Board approved the Third Amendment to the Agreement (File 20-0819) which extended the term of the agreement by 327 nights through July 1, 2021 and increased the not to exceed amount from \$9,990,000 to \$35,608,542.

On June 15, 2021, the Board approved the Fourth Amendment to the Agreement (File 21-0500) which extended the term of the agreement by 242 nights through March 1, 2022 and increased the not to exceed amount from \$35,608,542 to \$54,800,664.

On March 1, 2022, the Board approved the Fifth Amendment to the Agreement (File 21-1236) which extended the term of the agreement by 184 nights through August 31, 2022 and increased the not to exceed amount from \$54,800,664 to \$78,972,179. The Fifth Amendment, in conjunction with the recent hotel extension legislation (File 22-0703), allowed for further extension to December 1, 2022.

On August 3, 2022, the City exercised its option under Section 2.2 of the Agreement to extend the Term ("Booking Period") on a month-to-month basis commencing September 1, 2022.

**DETAILS OF PROPOSED LEGISLATION**

The proposed resolution would approve the Sixth Amendment to the Emergency Agreement between the City and 1231 Market Street Owner, L.P., for the continued use of 459 hotel rooms and associated services by increasing the agreement amount by \$9,596,148, from \$78,972,179 to not to exceed \$88,568,327; and would extend the booking period by an additional 120 nights, for a total term of 1,087 nights from April 8, 2020 to March 31, 2023.

*Changes to the Booking Period*

Under the proposed Sixth Amendment, the City has the right to extend the booking period on a month-to-month basis by providing 30-days written notice. Extensions beyond March 31, 2023 would require approval by the Board of Supervisors by ordinance to continue waiving applicable restrictions in the Municipal Code, and extensions beyond August 31, 2023 will require further approval by the Board of Supervisors. The City also has the right to terminate the agreement for any reason by providing 60-days written notice.

*Establishing a Baseline of Current Conditions*

Exhibit A to the proposed Sixth Amendment includes a form for documenting conditions of guest rooms and public areas before guest occupancy (e.g. the presence of carpet stains) and conditions upon guest departure. Both the City and the Hotel must sign the form twice (before occupancy and upon guest departure). According to HSA, this form has been added to protect the City in the event of a damages claim from the hotel. Damages are currently documented by site staff and the Hotel and its contractors conduct the repairs. Reimbursement requests from the Hotel are reviewed by HSH and HSA staff prior to approval and reimbursement.

**FISCAL IMPACT**

HSA projects there will be \$10.6 million in remaining spending authority after August 31, 2022 under the existing agreement, which is funded through December 1, 2022, as shown in Exhibit 2 below. The remaining budget together with the proposed increase of \$9.6 million would provide \$20.2 million for the proposed extended term through March 31, 2023, including a contingency for contract close-out.

**Exhibit 2. Hotel Whitcomb Budget & Actual Spending**

	<b>Total Budgeted</b>	<b>Actual Expenses Projected thru Aug 31</b>	<b>Remaining Budget</b>	<b>Percent Remaining</b>
Room	\$43,941,447	\$41,589,465	\$2,351,982	5%
Food	26,055,135	24,271,609	1,783,526	7%
Linen	2,384,380	2,325,000	59,380	2%
Contingency (15%) <sup>a</sup>	6,591,217	146,900	6,444,317	98%
<b>Total</b>	<b>\$78,972,179</b>	<b>\$68,332,974</b>	<b>\$10,639,205</b>	<b>13%</b>

Source: HSA

<sup>a</sup> The original agreement provides for Hotel Whitcomb to invoice the City each month for the flat room rate of \$99 and for additional reimbursable services (such as cleaning common areas), up to 15 percent of the flat room rate.

The existing contract not to exceed amount includes a \$6.6 million contingency for reimbursable expenses above the monthly room rate. According to HSA staff, the contingency amount is for use at the City’s discretion for meeting unanticipated costs and is primarily intended for repair costs at contract close-out. According to Section 8.1.3 of the agreement, the City is responsible for all repair costs associated with restoring the hotel to its previous condition, even if they exceed the contingency amount. According to HSA, the City has not evaluated demobilization costs for Hotel Whitcomb because the hotel is still occupied and will be for a number of additional months. The agreement includes a 15 percent contingency, which is consistent with other emergency hotel booking agreements. To date, the City has paid \$146,900 in repair costs and \$6.4 million of the contingency is remaining as of August 31, 2022. According to itemized invoices provided by HSA, such repairs include mattress and furniture replacement, carpet cleaning, bathroom repairs (including plumbing repairs), pest control, doors and locks repair and replacement, biohazard cleaning services, and elevator repairs.

*Funding Sources*

The Sixth Amendment to the Agreement would be initially funded by the General Fund. In accordance with granting agency claiming timelines, HSA will later seek reimbursement from federal, state, and local sources, including the Federal Emergency Management Agency (FEMA), the State’s Project Roomkey Allocation (expiring in June 2023), the Federal Emergency Solutions Grant and Community Development Block Grant, the State Homeless Housing, Assistance and Prevention Grant, and Proposition C. These sources were previously appropriated in a prior fiscal year and the remaining balances have been reallocated to continue funding Shelter in Place program costs in the current year. Remaining expenses would be funded from the City’s General Fund.

**RECOMMENDATION**

Approve the proposed resolution.



<p><b>Items 7 &amp; 8</b> <b>Files 22-0801 &amp; 22-0802</b></p>	<p><b>Department:</b> Human Services Agency (HSA)</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 resolutions would retroactively approve grant agreements for Early Care and Education Integrated Services between the Human Services Agency (HSA) and (1) Children’s Council of San Francisco (Children’s Council), for an amount not to exceed \$364,091,448 (File 22-0801); and (2) Wu Yee Children’s Services (Wu Yee). Each agreement would have a two-year term, from July 2022 through June 2024.</li> </ul> <p style="text-align: center;"><b>Key Points</b></p> <ul style="list-style-type: none"> <li>In October 2021, the Office of Early Care and Education (OECE), in partnership with the HSA, issued a Request for Proposals (RFP) to support the implementation of the Citywide Plan for Early Care and Education by administering Federal, State, and local childcare subsidy programs. Children’s Council and Wu Yee, which have provided similar services under grant agreements since 2017, were the two respondents to the RFP. Due to strong proposals and satisfactory performance under the existing agreements, HSA awarded new grant agreements to Children’s Council and Wu Yee.</li> <li>Under the grant agreements, the grantees provide childcare subsidies, teacher stipends, nutrition services, and administrative services. Each month, Children’s Council and Wu Yee would provide subsidies for approximately 2,722 children. Eligible families may be reimbursed annually up to \$33,589 for infants (0-2 years old), \$25,590 for toddlers (2-3 years old), and \$23,472 for pre-kindergarten (3-5 years old). Children’s Council would provide \$7,762 stipends to approximately 2,300 teachers annually.</li> </ul> <p style="text-align: center;"><b>Fiscal Impact</b></p> <ul style="list-style-type: none"> <li>The proposed grant agreements would have amounts not to exceed \$364,091,448 for Children’s Council and \$144,496,672 for Wu Yee over the two-year terms, or a total amount not to exceed \$508,558,120 for the two agreements. Approximately 95 percent of grant funds are a direct client pass-through to subsidize childcare for families and workers.</li> <li>Approximately 91 percent of projected expenditures are funded by City funds, and approximately nine percent are funded by state and federal funds.</li> </ul> <p style="text-align: center;"><b>Recommendation</b></p> <ul style="list-style-type: none"> <li>Approve the proposed resolutions.</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 2012, the San Francisco Office of Early Care and Education (OECE) was created to coordinate programs and funding streams to provide high-quality early education for children ages zero to five. The San Francisco Citywide Plan for Early Care and Education set out recommendation for the following categories: (1) birth-to-five approach; (2) racial equity and diversity; (3) quality improvement; (4) family engagement; (5) professional development and workforce; and (6) financing models.

In October 2021, OECE, in partnership with the Human Services Agency (HSA), issued a Request for Proposals (RFP) to support the implementation of the Citywide Plan for Early Care and Education by administering Federal, State, and local childcare subsidy programs. The Children’s Council of San Francisco (Children’s Council) and Wu Yee Children’s Services (Wu Yee), which have provided similar services under grant agreements since 2017 (Files 17-0589 and 17-0590), were the two respondents to the RFP. A three-member scoring panel reviewed the proposals and scored them, as shown in Exhibit 1 below.<sup>1</sup>

**Exhibit 1: Proposers and Scores from RFP**

<b>Proposer</b>	<b>Average Score (out of 100)</b>
Children’s Council	96.7
Wu Yee	92.3

Source: HSA

Due to strong proposals and satisfactory performance under existing grant agreements, the panel recommended awarding new grant agreements to Children’s Council and Wu Yee. In June 2022, the HSA Commission approved the grant agreements.

**DETAILS OF PROPOSED LEGISLATION**

The proposed resolutions would retroactively approve grant agreements for Early Care and Education Integrated Services between HSA and (1) Children’s Council, for an amount not to exceed \$364,091,448 (File 22-0801); and (2) Wu Yee, for an amount not to exceed \$144,496,672 (File 22-0802). Each agreement would have a two-year term, from July 2022 through June 2024. Under the terms of the RFP, each agreement could be extended for one year through June 2025.

<sup>1</sup> The panel consisted of a Senior Administrator from First 5 Alameda, a Senior Contracts and Compliance Specialist from the Department of Children, Youth, and their Families (DCYF), and an Early Childhood Education Consultant from Stepping Stones Early Learning Center.

**Details of Services**

*Family Subsidies*

The grant agreements provide childcare subsidies to eligible families. Each month, Children’s Council and Wu Yee would provide subsidies for approximately 2,722 children. To be eligible for subsidies, families must earn at or less than 110 percent of Area Median Income (AMI). The providers maintain eligibility lists that are used to identify most of the subsidy recipients. Applicants submit income verification to Children’s Council and Wu Yee, who complete the verification process. Eligible families may be reimbursed annually up to \$33,589 for infants (0-2 years old), \$25,590 for toddlers (2-3 years old), and \$23,472 for pre-kindergarten (3-5 years old). In addition, Children’s Council plans to enroll approximately 350 families in the Mildly Ill/Emergency Back-Up Care Program, which provides emergency childcare services to families if their current provider is closed for planned or unplanned reasons or if the child is mildly ill.

*Teacher Stipends*

Under the proposed grant agreement, Children’s Council would continue to provide teacher stipends. HSA estimates that Children’s Council would provide \$3,881 stipends to approximately 2,300 teachers each funding cycle, or \$7,762 per teacher per year, consistent with FY 2021-22 levels under the previous grant agreement. To be eligible for stipends, teachers must be employed by an eligible Early Learning Scholarship (ELS) or Preschool for All (PFA) program for at least 20 hours per week and need to submit a W-9 form for payment. Applicants must submit an application each round (Spring and Fall) through the California Early Care and Education (CA ECE) Workforce Registry. To access the application, educators must be connected to an eligible program and need to be verified by their employer to have their application approved. Shortly before stipend checks are issued, an employment report is pulled to ensure that approved educators are still maintaining eligible employment.

Exhibit 2 below shows projected direct spending on family subsidies and teacher stipends over the two-year terms of the grant agreements.

**Exhibit 2: Projected Direct Spending, FY 2022-24**

	<b>Children’s Council</b>	<b>Wu Yee</b>	<b>Total</b>
Family Subsidies	\$247,348,022	126,000,000	\$373,348,022
Teacher Stipends	50,000,000	-	50,000,000
<b>Total</b>	<b>\$297,348,022</b>	<b>\$126,000,000</b>	<b>\$423,348,022</b>

Source: HSA

*Nutrition Services*

Children’s Council would continue to work with providers under the Child and Adult Care Food Program (CACFP) and Healthy Apple Program to support nutrition and physical activity practices. The program would serve children under 12 years old and children of migrant workers up to age 15. Children’s Council would sponsor approximately 200 Family Child Care Homes and 100 educators through the program.

### Administrative Services

Both grantees would continue to provide administrative services related to family subsidies, including informing parents of federal, state, and local assistance with childcare reimbursements through outreach and engagement, overseeing client eligibility and enrollment, overseeing childcare provider services, rate setting for subsidy payments according to state and local policies, administering and issuing provider payments, administering background clearances of license-exempt childcare providers, and tracking and reporting on utilization. In addition, Children’s Council would operate a Help Desk to provide technical support to Early Childhood Education programs and perform fiscal intermediary services.

### Performance Monitoring

Under the proposed grant agreements, Children’s Council and Wu Yee would submit monthly, quarterly, and annual reports detailing their services provided. HSA would also complete annual monitoring reports to assess provider performance and fiscal compliance. Performance Monitoring reports for FY 2020-21 show that both grantees are generally meeting their performance metrics.

## FISCAL IMPACT

The proposed grant agreements would have amounts not to exceed \$364,091,448 for Children’s Council and \$144,496,672 for Wu Yee over the two-year terms, or a total amount not to exceed \$508,558,120 for the two agreements. Exhibits 3 and 4 below show projected expenditures for each grantee.<sup>2</sup>

### Exhibit 3: Projected Expenditures for Children’s Council Grant

Projected Expenditures	FY 2022-23	FY 2023-24	Total
Salaries & Benefits	\$5,149,116	\$5,303,590	\$10,452,706
Operating Expenses	1,747,473	1,799,888	3,547,362
Indirect Costs	1,019,859	1,050,464	2,070,323
<i>Subtotal w/o Pass-Through</i>	<i>\$7,916,449</i>	<i>\$8,153,942</i>	<i>\$16,070,391</i>
Direct Client Pass-Through	157,460,917	157,460,917	314,921,834
<i>Subtotal</i>	<i>\$165,377,366</i>	<i>\$165,614,859</i>	<i>\$330,992,225</i>
Contingency (10%)	16,537,737	16,561,486	33,099,223
<b>Total Projected Expenditures</b>	<b>\$181,915,103</b>	<b>\$182,176,345</b>	<b>\$364,091,448</b>

Source: Proposed Grant Agreement. Totals may not add due to rounding.

<sup>2</sup> According to HSA, 100 percent of budgeted teacher stipends were distributed each year under the existing grant agreements. Over 90 percent of budgeted family subsidies from local sources were distributed as well. With respect to state-funded subsidies, the non-CalWORKs voucher funding was fully expended. Expenditures for CalWORKs voucher funding is solely dependent on CalWORKs caseloads and client participation rates and is outside the influence of HSA and the grantees.

**Exhibit 4: Projected Expenditures for Wu Yee Grant**

<b>Projected Expenditures</b>	<b>FY 2022-23</b>	<b>FY 2023-24</b>	<b>Total</b>
Salaries & Benefits	\$1,942,193	\$2,000,459	\$3,942,653
Operating Expenses	354,063	364,685	718,748
Indirect Costs	344,438	354,772	699,210
<i>Subtotal w/o Pass-Through</i>	<i>\$2,640,695</i>	<i>\$2,719,916</i>	<i>\$5,360,611</i>
Direct Client Pass-Through	63,000,000	63,000,000	126,000,000
<i>Subtotal</i>	<i>\$65,640,695</i>	<i>\$65,719,916</i>	<i>\$131,360,611</i>
Contingency (10%)	6,564,070	6,571,992	13,136,061
<b>Total Projected Expenditures</b>	<b>\$72,204,765</b>	<b>\$72,291,908</b>	<b>\$144,496,672</b>

Source: Proposed Grant Agreement. Totals may not add due to rounding.

As shown above, approximately 95 percent of grant funds are a direct client pass-through. A ten percent contingency is included in case of unanticipated expenditures. According to Michael De Leon, HSA Senior Administrative Analyst, the direct client pass-through amount for Children's Council is approximately \$17.6 million greater than the amount shown in Exhibit 2 because it includes fiscal intermediary services performed by Children's Council, which include pass-through state funding for family subsidies. Wu Yee does not perform fiscal intermediary services. The projected sources of funds for the grant agreements are shown in Exhibit 5 below.

**Exhibit 5: Projected Sources of Funds for Grant Agreements**

<b>Sources</b>	<b>Children's Council</b>	<b>Wu Yee</b>	<b>Total</b>
General Fund	\$59,262,944	\$18,985,894	\$78,248,838
Proposition C <sup>3</sup>	184,079,136	97,823,927	281,903,063
PEEF <sup>4</sup>	45,689,650	13,986,044	59,675,694
<i>City Sources Subtotal</i>	<i>\$289,031,730</i>	<i>\$130,795,865</i>	<i>\$419,827,595</i>
Federal/State Sources	41,960,495	564,746	42,525,241
<b>Total Sources</b>	<b>\$330,992,225</b>	<b>\$131,360,611</b>	<b>\$462,352,836</b>
Contingency (10%)	33,099,223	13,136,061	46,235,284
<b>Total Not-to-Exceed</b>	<b>\$364,091,448</b>	<b>\$144,496,672</b>	<b>\$508,558,120</b>

Source: HSA. Totals may not add due to rounding.

Approximately 90.8 percent of projected expenditures are funded by City funds, and approximately 9.2 percent are funded by state and federal funds. The contingency, if needed, would be funded depending on funding sources available.

<sup>3</sup> Proposition C, also known as "Baby Prop C," is a commercial rent tax passed by San Francisco voters in June 2018 that allocated 85 percent of revenues to early childhood education and childcare programs and 15 percent of revenues to the City's General Fund. Proposition C revenues were withheld until April 2021 due to litigation challenging the validity of the tax.

<sup>4</sup> In March 2004, San Francisco voters approved Proposition H, which established the Public Education Enrichment Fund (PEEF) as a General Fund set-aside. In 2014, San Francisco voters approved Proposition C, which reauthorized PEEF through FY 2040-41.

**RECOMMENDATION**

Approve the proposed resolutions.