

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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| Item 2 File 23-0510 | Department: Department of Homelessness and Supportive Housing |
| EXECUTIVE SUMMARY | |
| <p style="text-align: center;">Legislative Objectives</p> <ul style="list-style-type: none"> • The proposed resolution would approve the First Amendment to the grant agreement between the Department of Homelessness and Supportive Housing (HSH) and Hamilton Families for shelter operations and services at the 260 Golden Gate Family Shelter, extending the grant term by three years through June 2026, and increasing the not-to-exceed amount by \$11,198,031, for a total not-to-exceed amount of \$21,064,271. <p style="text-align: center;">Key Points</p> <ul style="list-style-type: none"> • In 2019, HSH selected Hamilton Families, an existing provider, to provide emergency shelter and support services through an RFQ process. In 2020, HSH selected Hamilton Families for a federal Emergency Solutions Grant (ESG) award under RFQ #127 to provide emergency shelter services. This funding supported the same emergency shelter program as awarded in 2019. To streamline grant administration for the site, HSH combined the grant agreements into the current agreement in July 2020. The existing agreement between HSH and Hamilton Families is for a not to exceed amount of \$9,866,240, with a term of July 1, 2020 through June 30, 2023 • The agreement funds 27 non-congregate rooms that have capacity for multiple guests per family and 46 congregate beds. One of the non-congregate rooms is being held for families that need to isolate from COVID-19 and congregate shelter capacity is currently reduced from a total pre-COVID capacity of 46 beds to 40 beds. Twelve of the congregate beds are held for 14-day emergency placements for pregnant people. The shelter facility has a total site capacity for 54 families. <p style="text-align: center;">Fiscal Impact</p> <ul style="list-style-type: none"> • HSH projects annual expenditures of approximately \$3,293,296 based on FY 2022-23 projected expenditures. • Annual grant costs have increased by 12 percent from what was budgeted in the original agreement due to increased salary costs and higher security costs because Hamilton Families added a third shift to the overnight schedule to provide 24-hour security services. • The proposed grant extension is funded through City General Fund (98 percent) and federal Emergency Solutions Grant funds (2 percent). <p style="text-align: center;">Recommendation</p> <ul style="list-style-type: none"> • 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

260 Golden Gate Family Shelter

In May 2019, the City acting through the Department of Homelessness and Supportive Housing (HSH) entered into a grant agreement with Hamilton Families, a non-profit, to provide emergency shelter and support services to families experiencing homelessness at the 260 Golden Gate Family Shelter for a three-year term beginning July 2019 and ending June 2022 and a not to exceed amount of \$8,943,966. In July 2020, the contract between HSH and Hamilton Families for family shelter services was combined with another existing agreement for services at the same shelter site that is funded by the federal Emergency Solutions Grant, for a not to exceed amount of \$9,866,240, with a term of July 1, 2020 through June 30, 2023.

Procurement

In 2019, HSH selected Hamilton Families, an existing provider, to provide emergency shelter and support services through a Request for Qualifications (RFQ) process. In 2020, HSH selected Hamilton Families for a federal U.S. Department of Housing and Urban Development (HUD) Emergency Solutions Grant (ESG) award under RFQ #127 to provide emergency shelter services.¹ This funding supported the same emergency shelter program as awarded in 2019. To streamline grant administration for the site, HSH combined the grant agreements into the current agreement.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would approve the First Amendment to the grant agreement between HSH and Hamilton Families for shelter operations and services at the 260 Golden Gate Family Shelter, extending the grant term by three years through June 2026, and increasing the not-to-exceed amount by \$11,198,031, for a new, total not-to-exceed amount of \$21,064,271. The

¹ Hamilton Families was one of eleven community organizations evaluated to provide emergency shelter services in response to RFQ #127. Applicants were evaluated for meeting a set of minimum qualifications: (1) having nonprofit status and at least five years' experience providing services to people experiencing homelessness or at risk of homelessness, (2) exhibiting a minimum of two years' operating emergency shelter services, and (3) demonstrating that the organization has matching contributions to supplement the ESG award. Applicants were scored by two panelists, the Shelter Program Supervisor and Adult Shelter System Program Manager at HSH. Hamilton Families was one of multiple providers selected for an award from this RFQ.

resolution also authorizes HSH to enter into further immaterial amendments to the grant agreement.

Services

The grant agreement requires Hamilton Families to provide emergency shelter and support services to families experiencing homelessness. Families are defined as households that consist of at least one adult age 18 or older and at least one minor child under age 18, and people who are pregnant. The agreement includes 27 non-congregate rooms that have capacity for multiple guests per family and 46 congregate beds. However, according to HSH staff, one of the non-congregate rooms is being held for families that need to isolate from COVID-19; congregate shelter capacity is currently reduced from a total pre-COVID capacity of 46 beds to 40 beds. Twelve of the congregate beds are held for 14-day emergency placements for pregnant people. The shelter facility has a total site capacity of 54 families. Hamilton Families must operate the shelter in compliance with the Standards of Care for all City-funded shelters, which includes maintaining the shelter facility's cleanliness and safety; obtaining vendors to manage essential services like laundry, meals, and Wi-Fi; accepting reservations in accordance with the facility's hours of operation; providing a minimum standard of accommodation, including clean blankets, sheets, pillowcase, and mats, cots or beds; providing site security; providing meals to clients; and providing space for clients to store their belongings.

Shelter support services are also provided to families, which can include problem solving conversations (such as exploring housing options), orientation for shelter clients, intake and assessment, case management, case coordination, housing search and placement support, behavioral health resources, benefits advocacy and assistance, financial planning assistance, children and youth services, support groups, shelter community meetings, extension of stay, referrals and coordination of services, emergency response and conflict resolution, and wellness checks. The Emergency Solutions Grant provides funding for housing focused case management and emergency shelter services (including childcare, education services, employment assistance, outpatient health services, legal services to help participant's obtain housing, life skill training, mental health and substance abuse treatment services, transportation, and services for special populations) for 40 clients.

Referrals and Location

All families are required to go through the Coordinated Entry process and engage with Family Access Points, where staff assess families for service needs and eligibility and refer them to the 260 Golden Gate shelter as appropriate. There is also a pilot self-referral process for 14-day stays for the 12 beds for pregnant people. Shelter services are provided at 260 Golden Gate Avenue, 24 hours a day, seven days a week, including holidays whereas support services are provided 24 hours a day, seven days a week, except holidays.

System of Care

The 2022 Point-in-Time count found 4,397 unsheltered residents in San Francisco, including 25 families. According to HSH staff, there are 3,060 shelter beds or units available as of May 2023. According to HSH's Shelter Inventory dashboard, as of May 8, 2023, San Francisco has capacity

for 263 emergency shelter beds or units for families with 150 occupied (57 percent). So far in FY 2022-23 (from July 1, 2022 to May 21, 2023), 260 Golden Gate Emergency Shelter had an occupancy rate of 93 percent for the 26 non-congregate units, 60 percent for the 28 congregate beds in the general congregate program, and 23 percent for the 12 congregate beds held for emergency placements for pregnant people. Occupancy of emergency center's congregate beds fluctuates given many families have a short stay while awaiting placement in a non-congregate unit or housing.

Fiscal and Performance Monitoring

The proposed First Amendment to the grant agreement lists six service objectives.

- A. Grantee will provide emergency shelter services to families in the number of rooms listed in the budget (27 rooms)
- B. Grantee shall provide emergency shelter services to clients in the number of congregate beds listed in the budget (46 congregate beds)
- C. Grantee shall check in at least 95 percent of all beds reserved and maintain daily attendance in the ONE system.
- D. Grantee shall provide daily operations of the shelter, including meals.
- E. Grantee shall provide case management services to 100 percent of clients.
- F. 100 percent of shelter staff shall be trained in compliance with standards of care.

There are also four outcome objectives listed in the First Amendment:

- A. 100 percent of guests residing in shelter will receive housing advocacy support including gathering and uploading of vital documents document readiness, notifying households of housing opportunities and assistance with housing applications.
- B. A minimum of 60 percent of clients residing in the shelter will receive case management, including referrals, housing advocacy support, collaboration with Access Points and other service providers, such as, but not limited to, Rapid Rehousing and Permanent Supportive housing providers on housing search process and assist in gathering supplemental documents as applicable including but not limited to releases of information, benefits award letters, wage/pay stubs, records of self-employment.
- C. A minimum of 50 percent of guests exiting the program who have stayed in 60-day beds for 30 days or more will move into permanent housing such as rental by guest with subsidy, shared housing, market rate housing, transitional housing, or a residential treatment program.
- D. Grantee shall ensure that a minimum of 75 percent of guests participating in a Satisfaction Survey will rate the treatment by staff, quality of meals, connection to services and safety as good or excellent.

HSH conducted performance monitoring for FY 2022-23, including a site visit on May 4, 2023. Hamilton Families met or exceeded performance on all the service and outcome objectives. HSH found that Hamilton Families met all contractual service levels and that there were no corrective actions taken. According to HSH staff, in FY 2021-22, 53 unique households with 192 family members were served in non-congregate rooms by the program and 52 unique households with 131 family members were served in congregate rooms.

The Human Services Agency (HSA) reviewed Hamilton Families' financial documents as part of the FY 2021-22 Citywide Fiscal and Compliance Monitoring Process and identified no findings.

FISCAL IMPACT

The proposed First Amendment would increase the not-to-exceed amount of the grant agreement between HSH and Hamilton Families by \$11,198,031, for a total not to exceed \$21,064,271. HSH projects annual expenditures of approximately \$3,293,296 based on FY 2022-23 projected expenditures, which are show in Exhibit 1 below.

Exhibit 1: FY 2022-23 Project Grant Agreement Expenditures

| Expenditures | Amount |
|---------------------------------|--------------------|
| Salaries & Benefits | \$2,178,415 |
| Operating Expenses ² | 419,409 |
| <i>Subtotal</i> | <i>\$2,597,824</i> |
| Indirect Percentage (15%) | 395,472 |
| Other Expenses ³ | 300,000 |
| Total Expenditures | \$3,293,296 |

Source: Proposed grant agreement amendment

Salaries and Benefits total \$2.2 million in FY 2022-23 and support 27.67 full-time equivalent staff.

The \$3,293,296 FY 2022-23 grant budget in the proposed amendment shown in Exhibit 1 is 12 percent greater than the FY 2022-23 budget in the original grant agreement of \$2,936,381. This is primarily because of increased salary costs due to cost of doing business increases, and higher security costs, which were budgeted at \$152,000 in the original agreement but are \$300,000 in the budget for the first amendment. According to HSH staff the increase in security costs is due to Hamilton Families adding a third shift to the overnight schedule in order to provide 24-hour security services.

Actual and projected expenditures by year are shown in Exhibit 2 below.

² Operating expenses include utilities, office supplies, building maintenance and repairs, insurance, staff training and travel, rental equipment, hiring expenses, kitchen supplies, food program, janitorial supplies and services, laundry services, fees and subscriptions, participant activities & services, program supplies, cook services, computer services and supplies, disaster preparedness supplies, payroll services, translation services, vehicle repairs, and conferences.

³ Other expenses include security services.

Exhibit 2: Actual and Projected Expenditures by Year

| Year | Amount |
|-------------------------------------|---------------------|
| Year 1 (FY 2020-21) | \$3,172,544 |
| Year 2 (FY 2021-22) | 3,236,560 |
| Year 3 (FY 2022-23) | 3,293,296 |
| <i>Subtotal, Years 1-3</i> | <i>\$9,702,400</i> |
| Year 4 (FY 2023-24) | 3,293,296 |
| Year 5 (FY 2024-25) | 3,293,296 |
| Year 6 (FY 2025-26) | 3,293,296 |
| <i>Subtotal, Years 4-6</i> | <i>\$9,879,888</i> |
| Total Projected Expenditures | \$19,582,288 |
| Contingency (15% of Years 4-6) | 1,481,983 |
| Total Not-to-Exceed | \$21,064,271 |

Source: Proposed grant agreement amendment
Difference in total due to rounding.

Funding Sources

Years one through three of the grant are supported by 94 percent City General Fund (\$9,164,900), three percent U.S. Department of Housing and Urban Development (HUD) Emergency Solutions Grant (ESG) funding (\$287,500), and three percent Proposition C funding for one-time COVID-19 bonus pay for staff (\$250,000).

In years four through six, the grant will be supported by 98 percent City General Fund (\$9,714,888) and 2 percent HUD ESG funds (\$165,000). This does not include the contingency amount which is supported by City General Funds.

RECOMMENDATION

Approve the proposed resolution.