CITY AND COUNTY OF SAN FRANCISCO

BOARD OF SUPERVISORS

BUDGET AND LEGISLATIVE ANALYST

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TO: Government Audit and Oversight Committee

FROM: Budget and Legislative Analyst

SUBJECT: June 20, 2019 Government Audit and Oversight Committee Meeting

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Item 5 **File 19-0600**	**Departments:** San Francisco Public Utilities Commission (SFPUC) Local Agency Formation Commission (LAFCO)

EXECUTIVE SUMMARY

Legislative Objectives

- The proposed resolution would authorize the General Manager of the San Francisco Public Utilities Commission (SFPUC) to execute the fourth amendment to the Memorandum of Understanding (MOU) with the San Francisco Local Agency Formation Commission (LAFCO), to extend the term by one year, for a total agreement duration of 12 years from FY 2008-09 through FY 2019-20, with no change to the total not-to-exceed amount of $2,100,000, pursuant to Charter Section 9.118.

Key Points

- On April 17, 2009, SFPUC authorized the General Manager to execute a MOU with LAFCO for services related to the Community Choice Aggregation Program, or CleanPowerSF, for a not-to-exceed $2,100,000 for the three-year period from July 1, 2008 through June 30, 2011.
- SFPUC has approved four amendments to this MOU to extend the term, now through June 30, 2020, or a total of 12 years, with no change to the not-to-exceed amount of $2,100,000.
- Under the fourth amendment, LAFCO would continue to monitor the implementation process and advise SFPUC and the Board of Supervisors on aspects of development, operation and management of CleanPowerSF.

Fiscal Impact

- The total $2,100,000 provided by SFPUC to LAFCO was funded with SFPUC Power Enterprise revenues in FY 2008-09. To date, LAFCO has expended $1,894,934 of the original $2,100,000 appropriation, leaving a remaining balance of $205,066.
- LAFCO will use the remaining funds to hire a consultant to provide support for continuing oversight of CleanPowerSF development and implementation.

Policy Consideration

- LAFCO annual budgets must, at a minimum, be equal to the budget adopted the previous fiscal year, unless the local Commission finds that reduced staffing or program costs will still allow LAFCO to fulfill its purposes and programs. The official statutory amount that LAFCO is entitled to for FY 2019-20 is $297,342.

Recommendation

- Approve the proposed resolution.

MANDATE STATEMENT

Charter Section 9.118(b) requires Board of Supervisors approval by resolution of any City contract or agreement having a term in excess of ten years or $10,000,000.

BACKGROUND

MOU between LAFCO and SFPUC

On April 17, 2009, the San Francisco Public Utilities Commission (SFPUC) authorized the General Manager of the SFPUC to execute a Memorandum of Understanding (MOU) with the San Francisco Local Agency Formation Commission (LAFCO) for LAFCO services related to the Community Choice Aggregation (CCA) Program, or CleanPowerSF, for a not-to-exceed amount of $2,100,000 for the three-year period from July 1, 2008 through June 30, 2011 (SFPUC Resolution No. 09-0061). Under the MOU, SFPUC is solely responsible for providing energy services, including CleanPowerSF[1]. LAFCO's role is to monitor the implementation process and advise SFPUC and the Board of Supervisors. In addition, LAFCO can undertake tasks to assist in the implementation of CleanPowerSF, subject to the SFPUC's direction.

Since the MOU has been in place, LAFCO has:

- Commissioned studies on potential job creation associated with the formation of a CCA Program in San Francisco;
- Worked closely with SFPUC to advocate on behalf of CleanPowerSF before the State Legislature and the California Public Utilities Commission on bills and regulations;
- Joined SFPUC staff at public events and meetings to help educate San Franciscans about CleanPowerSF; and
- Worked with program stakeholders to help ensure that program design and implementation are aligned with the City's goals for CleanPowerSF.

Since FY 2017-18, the Clerk of the Board has assumed the role of LAFCO Executive Director for limited administrative responsibilities and LAFCO has hired outside consultants to provide research, analysis, and reporting on assigned SFPUC projects.

Amendments to the MOU

1. On April 9, 2013, the SFPUC authorized the SFPUC General Manager to execute the first amendment to the MOU, to extend the MOU by four years, or through June 30, 2015, for a total of seven years with no change in the authorized not-to-exceed amount of $2,100,000 (SFPUC Resolution No. 13-0054).

[1] CleanPowerSF is San Francisco's Community Choice Aggregation program that allows the SFPUC to make electricity supply choices for its customers and partner with Pacific Gas & Electric (PG&E) to deliver cleaner energy to residents and businesses. PG&E continues to bill all customers and remains responsible for outage response. CleanPowerSF began serving electricity to San Francisco neighborhoods in phases in May 2016.

2. On January 13, 2015, the SFPUC authorized the SFPUC General Manager to execute the second amendment to the MOU, to extend the MOU by two additional years or through June 30, 2017, for a total of nine years, with no change in the not-to-exceed amount of $2,100,000 (SFPUC Resolution No. 15-0023).
3. On May 9, 2017, the SFPUC authorized the SFPUC General Manager to execute the third amendment to the MOU, to extend the MOU by two additional years or through June 30, 2019, for a total of 11 years, with no change in the not-to-exceed amount of $2,100,000 (SFPUC Resolution No. 17-0103). On July 25, 2017, the Board of Supervisors authorized the SFPUC General Manager to execute the third amendment to the MOU (File 17-0771; Resolution No. 314-17).
4. On May 14, 2019, the SFPUC authorized the SFPUC General Manager to execute the fourth amendment to the MOU, to extend the MOU by one additional year or through June 30, 2020, for a total of 12 years, with no change in the not-to-exceed amount of $2,100,000 (SFPUC Resolution No. 19-0194).

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would authorize the General Manager of the San Francisco Public Utilities Commission (SFPUC) to execute the fourth amendment to the Memorandum of Understanding (MOU) with the San Francisco Local Agency Formation Commission (LAFCO), to extend the term of the MOU by one year, for a total agreement duration of 12 years from FY 2008-09 through FY 2019-20, with no change to the total not-to-exceed amount of $2,100,000, pursuant to Charter Section 9.118.

FISCAL IMPACT

The total $2,100,000 provided by the SFPUC to LAFCO was funded with SFPUC Power Enterprise revenues in FY 2008-09. To date, LAFCO has expended $1,894,934 of the original $2,100,000 appropriation, leaving a remaining balance of $205,066. Under the proposed resolution, the subject MOU would be extended by one fiscal year, through FY 2019-20.

According to Mr. Michael Hyams, Director of CleanPowerSF, LAFCO will use the remaining funds to hire a consultant to support LAFCO in (1) continuing oversight of CleanPowerSF development and implementation; (2) reviewing upcoming CleanPowerSF integrated resource and 10-year capital planning work; and (3) supporting the identification of new energy programs and services to assist disadvantaged and low-income communities in San Francisco with their energy burden. The work to be performed over the one-year extension of the agreement will rely on the $205,066 remaining from the initial $2,100,000 approved for the MOU.

POLICY CONSIDERATION

In accordance with State Government Code Section 56381 (Cortese-Knox-Hertzberg Act), Local Agency Formation Commissions (LAFCOs) must adopt their final annual budgets by June 15 of each year. LAFCO annual budgets must, at a minimum, be equal to the budget adopted the previous fiscal year, unless the local Commission finds that reduced staffing or program costs will still allow LAFCO to fulfill its purposes and programs. San Francisco's LAFCO has historically requested the full statutory amount authorized by Government Code Section 56381, and then based on available reserves, allocated surplus funds back to the City's General Fund. The official statutory amount that LAFCO is entitled to for FY 2019-20 is $297,342.

RECOMMENDATION

Approve the proposed resolution.

Items 8 and 9 **Files 19-0687 and 19-0688**	**Department:** Mayor's Office of Housing and Community Development (MOHCD)

EXECUTIVE SUMMARY

Legislative Objectives

The two proposed resolutions authorize MOHCD to execute two new 15.5-year Local Operating Subsidy Program (LOSP) grant agreements with nonprofits providing housing to formerly homeless adults for (1) Bishop Swing Community House located at 275 10th Street in an amount not to exceed $5,579,553; and (2) 149 Mason Street Apartments in an amount not to exceed $18,135,164.

Key Points

- LOSP provides operating subsidies to supportive housing operators to bridge the gap between the cost of operating housing and the amounts that the tenants can afford to pay.
- The two LOSP agreements would subsidize 131 supportive housing units in the two developments.
- The requests for the LOSP subsidies were approved by the Citywide Affordable Housing Loan Committee on May 17, 2019.

Fiscal Impact

- The total costs over the 15.5-year term for the two projects are estimated to be $23,714,717, or an average cost of $181,028 per unit for the agreement term.
- The funding source for the proposed agreements is General Fund monies appropriated annually in the Department of Homelessness and Supportive Housing (HSH) budget. The grant agreements are administered by MOHCD.

Recommendation

- Approve the proposed resolutions.

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

The Mayor's Office of Housing and Community Development (MOHCD), in collaboration with the Department of Homelessness and Supportive Housing (HSH)[1], currently provides operating subsidies to non-profit owners and operators of 32 supportive housing facilities, through its Local Operating Subsidy Program (LOSP). The program was started in 2004 as a part of the Mayor's Ten Year Plan to Abolish Chronic Homelessness, which had a goal of providing 3,000 new supportive housing units within 10 years to low income persons who were formerly homeless. Supportive housing provides social and other related services as well as housing to formerly homeless persons in order to improve their social outcomes and in an attempt to reduce the City's associated health, mental health, social services, criminal justice, and other related costs.

Tenants in supportive housing have very low incomes (below 20 percent of area median income)[2]. Under the agreements between the City and housing operators, rent in supportive housing units is capped to a fixed percentage of a tenant's income (50 percent in Direct Access to Housing [DAH][3] subsidized units, 30 percent in all other subsidized units). LOSP was created to bridge the gap between the cost of operating the housing and the amount the tenants can afford to pay, thereby providing long-term financial incentives to owners and operators to create and maintain permanent supportive housing units.

As shown in Table 1 below, between FY 2014-15 and FY 2018-19, the number of LOSP agreements has increased from 26 to 32, the number of subsidized units decreased from 1,454 to 1,161, and the total annual General Fund budget has decreased from $12,231,928 to $9,193,660[4]. In FY 2018-19, the average subsidy per unit per month is $660, down from $701 in FY 2014-15.

[1] MOHCD previously collaborated with the Department of Public Health (DPH) and the Human Services Agency (HSA) prior to the creation of the Department of Homelessness and Supportive Housing (HSH), which combines key homeless serving programs and contracts from the two agencies.

[2] 20 percent of area median income (AMI) for one person in 2019 is $17,250.

[3] Established by the San Francisco Department of Public Health – Housing and Urban Health Section (SFDPH-HUH) in 1998, the Direct Access to Housing (DAH) program is a permanent supportive housing program targeting low-income San Francisco residents who are homeless and have special needs.

[4] According to Mr. Scott Madden, Asset Manager at MOHCD, the number of LOSP units decreased in FY 2018-19 due to the conversion from LOSP subsidies to Project Based Voucher subsidies for some units.

Table 1: Actual Local Operating Subsidy Program Agreements, Subsidized Units, Budget, and Subsidy per Unit – FY 2014-15 through FY 2018-19

Fiscal Year	Number of LOSP Agreements	Number of Subsidized Units	Total Annual Budget	Average Subsidy per Unit per Year	Average Subsidy per Unit per Month
FY 2014-15	26	1,454	$12,231,928	$8,413	$701
FY 2015-16	26	1,459	$12,359,887	$8,471	$706
FY 2016-17	26	1,464	$12,117,510	$8,277	$690
FY 2017-18	28	1,477	$9,284,434	$6,286	$524
FY 2018-19	32	1,161	$9,193,660	$7,919	$660

As shown in Table 2 below, MOHCD estimates that over the next five years, or by FY 2023-24, LOSP will provide subsidies to 46 housing projects covering 2,020 units of supportive housing at an overall General Fund cost of $22,433,799 in FY 2023-24, or an average cost of $925 per unit per month.

Table 2: Estimated Local Operating Subsidy Program Agreements, Subsidized Units, Budget, and Subsidy per Unit – FY 2019-20 through FY 2023-24

Fiscal Year	Number of LOSP Agreements	Number of Subsidized Units	Total Annual Budget	Average Subsidy per Unit per Year	Average Subsidy per Unit per Month
FY 2019-20	35	1,314	$9,625,974	$7,326	$610
FY 2020-21	40	1,813	$12,599,217	$6,949	$579
FY 2021-22	44	1,947	$18,087,808	$9,290	$774
FY 2022-23	44	1,947	$19,777,441	$10,157	$846
FY 2023-24	46	2,020	$22,433,799	$11,106	$925

DETAILS OF PROPOSED LEGISLATION

The two proposed resolutions would authorize the Director of MOHCD to execute two new Local Operating Subsidy Program (LOSP) grant agreements with nonprofits providing housing to formerly homeless adults, as follows:

- File 19-0687: 275 10th Street Associates, LP for Bishop Swing Community House located at 275 10th Street for a term of 15 years and six months from July 1, 2019, through December 31, 2034, in an amount not to exceed $5,579,553.
- File 19-0688: Mason Street Housing Associates, LP for 149 Mason Street Apartments for a term of 15 years and six months from July 1, 2019, through December 31, 2034, in an amount not to exceed $18,135,164.

Bishop Swing Community House (File 19-0687)

Bishop Swing Community House is an existing 135-unit permanent supportive housing development that opened in 2009 for extremely low-income, formerly homeless adults. The existing LOSP grant agreement with Episcopal Community Services (ECS) started in July 2009 with a nine-year term and a budget of approximately $7.5 million for supporting 117 units in the project. Of the remaining 18 units, 17 units are supported by Continuum of Care subsidies and one unit is an unrestricted manager's unit.

In 2017, ECS was awarded 42 project-based Section 8 subsidies from the San Francisco Housing Authority, which enabled MOCHD to decrease the number of LOSP-supported units to 75, discontinue disbursement of funds for the duration of the contract, reduce the contract amount by $1.5 million, and extend the agreement by one year to July 2019. Due to the support from the Section 8 subsidies, the project did not need LOSP assistance in 2018 and will not need assistance in 2019. Although the first disbursement of funds would occur in January 2020, the proposed agreement would start on July 1, 2019 in order to avoid a break between LOSP agreements when the current agreement ends on July 12, 2019. According to Mr. Scott Madden, Asset Manager at MOHCD, there are regulatory provisions under the agreement that obligates the project owner to operate the project in specific ways and MOHCD is seeking to avoid a period of time during which the project is not under contract.

The total subsidy amount of $5,579,553 was determined by taking the operating costs for 2019 and applying MOHCD's standard underwriting assumptions over a 15.5-year projection period.

149 Mason Street Apartments (File 19-0688)

149 Mason Street Apartments in an existing 56-unit permanent supportive housing development that opened in 2010 for formerly chronically homeless adults. The 56 units, including a 1-bedroom resident manager unit, are currently supported under an existing LOSP grant agreement with Glide Economic Development Corporation that was awarded a 364-day contract extension in June 2018 to extend the contract term through June 29, 2020, and authorize an additional $500,000 for an amended contract amount of $5,707,805. The proposed grant agreement will supersede the existing agreement.

Table 3 below shows the total number of units and the number of units to be subsidized under the proposed LOSP agreements.

Table 3: Summary of Proposed LOSP Agreements

Project	Address	LOSP Grantee	Total Number of Units	LOSP Funded Units
Bishop Swing Community House	275 10th Street	Episcopal Community Services	135	75
149 Mason Street Apartments	149 Mason Street	Glide Economic Development Corporation	56	56
		Total	**191**	**131**

Approval of Local Operating Subsidy Program Providers

The requests from Episcopal Community Services and Glide Economic Development Corporation for the proposed LOSP subsidies were approved by the Citywide Affordable Housing Loan Committee[5] on May 17, 2019.

Funding for the proposed agreements are General Fund monies allocated annually in the HSH budget, which is subject to Board of Supervisors annual appropriation approval. The proposed agreements are administered by MOHCD, under work order agreements with HSH.

FISCAL IMPACT

The LOSP subsidy amounts under the proposed agreements are the difference between the rent paid by individual tenants, which is capped at a fixed percentage of a tenant's income, and the estimated cost to operate the facilities. The projected subsidy funding schedules are specified in each agreement, and (i) are subject to revision annually by MOHCD based on the prior years' occupancy and operating budget, and (ii) are contingent on the annual General Fund appropriation to HSH, under work orders with MOHCD, by the Board of Supervisors.

As summarized in Table 4 below, the total costs over the 15.5-year term for the two projects are estimated to be $23,714,717. The average cost of each unit's subsidy that would be provided over the 15.5-year term of each of the agreements is shown in Table 4.

Table 4: Projected Subsidy Expenditures under the Two Proposed Agreements

Project	Number of LOSP Units	Total LOSP Cost	Average Cost Per Unit for Agreement Term
Bishop Swing Community House (File 19-0687)	75	$5,579,553	$74,394
149 Mason Street Apartments (File 19-0688)	56	18,135,164	323,842
TOTAL	**131**	**$23,714,717**	**$181,028**

According to Ms. Holly Faust, Asset Manager at MOHCD, the higher LOSP subsidy for 149 Mason Street Apartments is due to higher per unit per annum operating costs for smaller buildings (30 to 60 units) and 100 percent LOSP projects. According to Ms. Faust, the FY 2018-19 operating costs for 149 Mason Street Apartments of $15,656 per unit is comparable to the average operating costs of $15,336 for five 100 percent LOSP projects with a similar number of units (Casa Quezada, Hotel Essex, Plaza Apartments, Zygmunt Arendt House, and Island Bay Homes).

As noted above, funding for the proposed agreements are General Fund monies appropriated annually in the Department of Homelessness and Supportive Housing (HSH) budget, which are subject to Board of Supervisors annual appropriation approval. The proposed agreements are administered by MOHCD, under work order agreements with HSH, such that MOHCD would be party to each of the proposed LOSP agreements on behalf of the City.

[5] The Citywide Affordable Housing Loan Committee is composed of the Directors and/or senior staff of MOHCD, the Office of Community Investment and Infrastructure, and the Department of Homelessness and Supportive Housing.

RECOMMENDATION

Approve the proposed resolutions.

Item 10 File 19-0603	Department: Human Services Agency (HSA)

EXECUTIVE SUMMARY

Legislative Objectives

- The proposed resolution would approve the first amendment of the grant between the City and County of San Francisco and Wu Yee Children's Services for the provision of Early Head Start and Head Start support services to support the city's implementation of the San Francisco City wide Plan for Early Child Care and Education. The amendment extends the grant term by one year and increases the contract amount by $4,122,076 for a total amount of $11,786,599.

Key Points

- The Human Services Agency (HSA) and the Office of Early Care and Education administer early child care programs for low income children in San Francisco. As part of the City's implementation of the San Francisco Citywide Plan for Early Care and Education the City awarded grants to head start providers in July of 2017.
- Grant recipients submitted applications through a request for qualifications in February 2017 and Wu Yee Children's Services was one of the agencies selected to receive a grant.

Fiscal Impact

- Wu Yee has spent $5,736,522 of the grant funds through March 2019. Total actual and projected spending through the end of the grant term in June 2020 is $11,365,729, or $420,870 less than the grant budget. Therefore, the Budget and Legislative Analyst recommends amending the proposed resolution to reduce the amount by $420,870.

Recommendations

- Amend the proposed resolution to reduce the amount by $420,870, from $11,786,599 to $11,365,730.
- Approve the proposed 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

In February of 2017 the Human Service Agency in conjunction with the San Francisco Office of Early Care and Education (OECE) issued a request for qualification (RFQ #748) for supporting the City's implementation of the San Francisco Citywide Plan for Early Care and Education. All Early Head Start and Head Start agencies in San Francisco were eligible to apply, and any agency already receiving city funding for Head Start programs was required to apply. The funding was intended to pay centers enhanced rates that cover the cost of operating a quality program and to ensure continuity of care for target populations including low-income African American children, low-income Latino children, low-income English Language Learners, families who are homeless, children at risk of abuse and/or neglect involved with the child welfare system, and children with special needs or disabilities. Grantees are awarded funds based on the number of children served.

In total three agencies applied through a competitive solicitation process and all were awarded funding. Wu Yee Children's Services submitted a fully responsive proposal and was awarded a grant totaling $7,664,523 from July 2017 through June 2019. The solicitation provided for a total grant term through June 2020.

Grantees are required to use an evidence based curricula aligned with the California Department of Education Infant/Toddler Learning and Development Foundations, California Department of Education Preschool Learning and Development Foundations, or Head Start Early Learning Outcomes Framework.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would approve the first amendment to the grant between the City and County of San Francisco and Wu Yee Children's Services for the provision of Early Head Start and Head Start support services to support the City's implementation of the San Francisco Citywide Plan for Early Care and Education. The resolution would extend the grant term by one year, and would increase the grant amount by $4,122,076 for a total amount of $11,786,599 and a total term of July 1, 2017 through June 30, 2020. The additional funding is needed to support early childhood services provided by Wu Yee Children's Services for one additional fiscal year.

FISCAL IMPACT

The proposed resolution increase the grant awarded to Wu Yee Children's Services, increasing the grant amount from $7,664,523 to $11,786,599. All monies associated with the contract are

General Fund. These monies are primarily used to cover the costs of salaries, benefits, and operating costs at Wu Yee Children's Services center. Table 1 below, shows the estimated budget for services by fiscal year.

Table 1: Budget for Wu Yee Children's Services by Fiscal Year

	FY 2017-18	FY 2018-19	FY 2019-20	Total
Salaries and Benefits	$ 2,202,733	$ 2,246,314	$ 2,302,472	$ 6,751,519
Operating Expenses	383,987	669,981	688,652	1,742,620
Overhead	388,008	437,419	448,669	1,274,096
Other Costs[1]	509,146	190,256	220,452	919,854
Capital Expenditures	-	27,000	-	27,000
Subtotal	*$ 3,483,874*	*$ 3,570,971*	*$ 3,660,245*	*$ 10,715,090*
10% Contingency	348,387	357,097	366,025	1,071,509
Total	**$ 3,832,262**	**$ 3,928,368**	**$ 4,026,270**	**$ 11,786,599**

Source: Human Services Agency

Wu Yee has spent $5,736,522 of the grant funds through March 2019. Total actual and projected spending through the end of the grant term in June 2020 is $11,365,729, or $420,870 less than the grant budget. Therefore, the Budget and Legislative Analyst recommends amending the proposed resolution to reduce the amount by $420,870.

RECOMMENDATIONS

- Amend the proposed resolution to reduce the amount by $420,870, from $11,786,599 to $11,365,730.
- Approve the proposed resolution as amended.

[1] Other costs include Quality grants for classroom projects, curricular activities, and lesson planning, and stipends to early care providers who maintain ongoing quality improvement.

Item 11 **File 19-0604**	**Department:** Human Services Agency (HSA)

EXECUTIVE SUMMARY

Legislative Objectives

- The proposed resolution would (a) authorize the Human Service Agency's continued membership in the 18-County CalWIN Consortium, (a) approve the amendment to the Maintenance and Operations Agreement between the Consortium and DXC Technology and (c) increase HSA's spending authority to $88,287,848.

Key Points

- The California Welfare and Institutions Code requires counties to use computer data management systems to administer public benefits programs. The Board of Supervisors approved the Human Services Agency's (HSA) membership in the 18-County California Welfare Information System (CalWIN) Consortium in 1999 to share costs associated with the continued development, implementation, maintenance, and operation of the CalWIN data management system. The Board of Supervisors approved HSA's continued membership in the CalWIN Consortium three times, most recently in 2015 (File 15-0108). HSA's total spending authority as part of the CalWIN Consortium from 1999 to 2015, approved by the Board of Supervisors, was $82,571,463

Fiscal Impact

- HSA's actual expenditures between FY 1999-20 and FY 2017-18 under the existing Maintenance and Operations Agreement between the Consortium and DXC Technology are $63,611.992, and projected expenditures through January 2023, including a 12 percent contingency, are $24,675,856, for total agreement expenditures of $88,287,848.

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

The California Welfare and Institutions Code requires counties to use computer data management systems to administer public benefits programs. The Board of Supervisors approved the Human Services Agency's (HSA) membership in the 18-County California Welfare Information System (CalWIN) Consortium in 1999 to share costs associated with the continued development, implementation, maintenance, and operation of the CalWIN data management system. The Board of Supervisors approved HSA's continued membership in the CalWIN Consortium three times, most recently in 2015 (File 15-0108). HSA's total spending authority as part of the CalWIN Consortium from 1999 to 2015, approved by the Board of Supervisors, was $82,571,463.

CalWIN Consortium entered into a contract with Hewlett-Packard to maintain the CalWIN data management system from February 2015 through January 2020, with options to extend the contract through January 2025. Costs of the contract were shared by the counties participating in the Consortium.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would (a) authorize the Human Service Agency's continued membership in the 18-County CalWIN Consortium, (a) approve the amendment to the Maintenance and Operations Agreement between the Consortium and DXC Technology (which acquired Hewlett-Packard) to extend the term from February 1, 2020 through January 31, 2023, and (c) increase HSA's spending authority to $88,287,848.

FISCAL IMPACT

HSA's actual expenditures between FY 1999-20 and FY 2017-18 under the existing Maintenance and Operations Agreement between the Consortium and DXC Technology are $63,611.992, and projected expenditures through January 2023, including a 12 percent contingency, are $24,675,856, for total agreement expenditures of $88,287,848.

RECOMMENDATION

- Approve the proposed resolution.

Item 13 **File 19-0573**	**Department:** Department of Public Health (DPH)

EXECUTIVE SUMMARY

Legislative Objectives

The proposed ordinance amends the Administrative Code to (1) establish the Cooperative Living Opportunities for Mental Health Loan Fund and the Cooperative Living Opportunities for Mental Health Program to finance the acquisition of residential properties to be operated as communal housing for people with chronic mental illness and/or substance use disorders; (2) require the Mayor's Office of Housing and Community Development (MOHCD) and DPH to establish policies and procedures to issue loans from the Fund; and (3) authorize DPH to place eligible clients in properties financed by the Fund, and to provide oversight and monitoring of such properties.

Key Points

- Cooperative living involves communal, non-institutional, neighborhood-based, household settings with 24-7 on call individual and household case management services for persons with chronic mental illness and/or a substance use disorder who is exiting or has exited a transitional residential treatment program or an acute diversion unit.

Fiscal Impact

- The size of the fund, its sources of funding, and its associated portfolio are not yet known, so the costs for staff resources or consulting services that would be required to administer the fund cannot be estimated at this time.
- Funding availability, whether through City funding or other sources, is not known at this time. Future General Fund support would be subject to Board of Supervisors appropriation approval.

Recommendation

- Approval of the proposed ordinance is a policy decision for the Board of Supervisors.

MANDATE STATEMENT

City Charter Section 9.105 states that amendments to the Annual Appropriations Ordinance, after the Controller certifies the availability of funds, are subject to Board of Supervisors approval by ordinance.

BACKGROUND

Cooperative living involves communal, non-institutional, neighborhood-based, household settings with 24-7 on call individual and household case management services for persons with chronic mental illness and/or a substance use disorder who is exiting or has exited a transitional residential treatment program or an acute diversion unit.

DETAILS OF PROPOSED LEGISLATION

The proposed ordinance amends the Administrative Code to (1) establish the Cooperative Living Opportunities for Mental Health Loan Fund and the Cooperative Living Opportunities for Mental Health Program to finance the acquisition of residential properties to be operated as communal housing for people with chronic mental illness and/or substance use disorders; (2) require the Mayor's Office of Housing and Community Development (MOHCD) and DPH to establish policies and procedures to issue loans from the Fund; and (3) authorize DPH to place eligible clients in properties financed by the Fund, and to provide oversight and monitoring of such properties.

FISCAL IMPACT

Mayor's Office of Housing and Community Development

The Cooperative Living Opportunities for Mental Health Loan Fund would be used for providing long-term loans to nonprofit organizations to acquire and maintain residential housing under the Cooperative Living Opportunities for Mental Health Program. The fund would be administered by MOHCD, which would be responsible for loan and grant administration and portfolio asset management. Under the proposed ordinance, the MOHCD Director may appoint agents and consultants to assist with the administration of loans under the cooperative living program. MOHCD would also be responsible for reporting annually to the Board of Supervisors on the current status of the fund, the amounts approved for disbursement, and the number and types of cooperative living units established and maintained.

The size of the fund, its sources of funding, and its associated portfolio are not yet known, so the costs for MOHCD staff resources or consulting services that would be required to administer the fund cannot be estimated at this time.

Department of Public Health

Under the proposed ordinance, DPH would be responsible for providing funding to support the operation of cooperative living opportunities, and associated services, through state programs, City funding, and/or other sources, as available, as well as monitoring compliance with program regulations related to eligible persons. Funding availability, whether through City funding or other sources, is not known at this time. Future General Fund support would be subject to Board of Supervisors appropriation approval.

Since the caseload of the proposed program is not known at this time, the number and types of full-time-equivalent (FTE) employees are not known and the cost of adding positions for establishment of the proposed fund and program cannot be estimated at this time.

RECOMMENDATION

Approval of the proposed ordinance is a policy decision for the Board of Supervisors.