

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 3, 2021 Government Audit and Oversight Committee Meeting

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<p>Item 5 File 21-0501</p>	<p>Department: Homelessness and Supportive Housing</p>
<p>EXECUTIVE SUMMARY</p>	
<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 City and Five Keys Schools and Programs to a) extend the original ten-month term from September 1, 2020 to June 30, 2021 by 12 more months, for a total term of September 1, 2020 to June 30, 2022, and b) to increase the total grant amount by \$10,544,909 from \$9,665,000 to not-to-exceed \$20,209,909. <p style="text-align: center;">Key Points</p> <ul style="list-style-type: none"> • On September 1, 2020, the City awarded Five Keys Schools and Programs (Five Keys) a grant to provide supportive and operational services to what was estimated would be 459 guests staying at the Shelter in Place Hotel site located at 1231 Market Street, known as Hotel Whitcomb. The City 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 Shelter-in-Place Hotel program set up to provide shelter to the City’s homeless residents during the COVID-19 pandemic (see File 21-0500). • Five Keys is responsible for providing operations and services 24 hours per day, seven days per week at Hotel Whitcomb to ensure the health and safety of guests, and the security, cleanliness, and maintenance of the site, in accordance with Department of Public Health DPH requirements and guidelines. DPH sets the Shelter in Place Hotel program referral criteria, determining which people are at increased risk for severe illness from COVID-19, and should be placed into the Hotel Whitcomb. DPH receives referrals from hospitals, Isolation and Quarantine Hotels, Healthy Streets Operations Center, San Francisco Homeless Outreach Team, Street Crisis Response Team, and Jails. <p style="text-align: center;">Fiscal Impact</p> <ul style="list-style-type: none"> • The \$10,544,909 increase is for services to the Hotel Whitcomb Shelter-in-Place Hotel site through June 30, 2022. The agreement is funded through federal Emergency Solution and FEMA grant funds, and the General Fund. <p style="text-align: center;">Policy Consideration</p> <ul style="list-style-type: none"> • The Shelter-in-Place Hotel agreement for Hotel Whitcomb is scheduled to end in March 2022. According to Department of Homelessness and Supportive Housing staff, although the grant agreement would be extended to June 30, 2022, the grant agreement has a provision allowing the City to terminate the agreement for convenience with 30-day notice, giving the City the option to terminate the grant agreement at the time that the City’s agreement with 1231 Market Street Owner LP for use of the Hotel Whitcomb ends. <p style="text-align: center;">Recommendations</p> <ul style="list-style-type: none"> • Amend the proposed resolution to specify that the grant agreement between the Department of Homelessness and Supportive Housing and Five Keys Schools and Programs will terminate at the time that the City’s agreement at the time that the City’s agreement with 1231 Market Street Owner LP for use of the Hotel Whitcomb terminates. • 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 June 2020, in response to the COVID-19 local emergency and subsequent shelter in place requirements, the Department of Homelessness and Supportive Housing (HSH) and Department of Public Health (DPH) issued 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.

HSH received 20 responses to the RFQ and all but one organization met the Minimum Qualifications. The COVID-19 Command Center (CCC) matched providers with programs and sites based on their RFQ responses and ability to provide services in a timely manner.

On September 1, 2020, the City awarded Five Keys Schools and Programs (Five Keys) a grant to provide supportive and operational services to what was estimated would be 459 guests staying at the Shelter in Place Hotel site located at 1231 Market Street.¹ This site is called Hotel Whitcomb, and as of May 17, 2021, HSH reports that there are 390 units occupied with 417 guests.

The City 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 Shelter-in-Place Hotel program set up to provide shelter to the City's homeless residents during the COVID-19 pandemic (see File 21-0500).

About Five Keys

Five Keys is a non-profit organization that was founded in 2003 by the San Francisco Sheriff's Department as the first accredited charter high school in the United States to provide diploma programs for adults in county jails. Since then, Five Keys has expanded to offer high school education, vocational skills, life skills classes and access to college and workforce programs across 11 counties in California. The five keys refer to "Education, Employment, Recovery, Family and Community".

During the COVID-19 pandemic, Five Keys' staff have been deployed to various Shelter-in-Place Hotel sites including Hotel Whitcomb (currently 118.01 FTE's). Five Keys supervises teams that provide food and services for guests, as well as providing general expertise in de-escalating situations and stabilizing people until medical personnel arrives, when necessary.

¹ Vulnerable individuals are placed in Shelter in Place Sites to reduce the risk that they will be infected with COVID-19. Vulnerable individuals are those who are at high risk for death or serious health outcomes if they become infected.

Performance Monitoring

The City's COVID-19 Command Center (CCC) monitors non-profit provider compliance for the Shelter in Place Hotel program including ensuring timely data entry into the Alternative Shelter Program's room management system and regular site visits to ensure providers are adhering to COVID-19 public health guidance. According to the CCC, Five Keys has met service objectives as defined by this grant agreement.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would approve the First Amendment to the grant agreement between the City and Five Keys Schools and Programs to a) extend the original ten-month term from September 1, 2020 to June 30, 2021 by 12 more months, for a total term of September 1, 2020 to June 30, 2022, and b) to increase the total grant amount by \$10,544,909 from \$9,665,000 to not-to-exceed \$20,209,909. (Exhibit 1)

Exhibit 1. Summary of Original and Proposed First Amendment Provisions

	Original Grant	First Amendment	Change
Total Term	September 1, 2020 - June 30, 2021	September 1, 2020 - June 30, 2022	12 months
Grant Amount	8,625,630	18,968,736	10,343,106
Contingency (12%)	1,039,370	1,241,173	201,803
Total Not to Exceed Amount	9,665,000	20,209,909	\$10,544,909

Source: Amendment No. 1 to City-Five Keys Grant Agreement

The provider is compensated only for actual costs incurred. The First Amendment would also modify the grant objectives slightly, for clarity and to incorporate learnings from operations.²

Population Served

The Department of Public Health (DPH) sets the Shelter in Place Hotel program referral criteria, determining which people are at increased risk for severe illness from COVID-19, and should be placed into the Hotel Whitcomb. DPH receives referrals from hospitals, Isolation and Quarantine Hotels, Healthy Streets Operations Center, San Francisco Homeless Outreach Team, Street Crisis Response Team, and Jails.

² For example, Service Objective VII.A was modified to read, "Grantee shall meet or exceed 95 [down from 99] percent data quality in Get Care (RTZ) as measured through data input into the RTZ System."

Scope of Services

Five Keys is responsible for providing operations and services 24 hours per day, seven days per week at Hotel Whitcomb to ensure the health and safety of guests, and the security, cleanliness, and maintenance of the site, in accordance with DPH requirements and guidelines. Exhibit 2 depicts an overview of the services Five Keys would continue providing under the Amendment.

Exhibit 2. Overview of City-Five Keys Grant Scope of Services

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

Source: City-Five Keys Grant Agreement

Rehousing post pandemic

As the community recovers from the COVID-19 pandemic, the City has begun the process of rehousing guests temporarily sheltered in Shelter in Place hotels. Accordingly, HSH anticipates seeing the number of guests decrease at Hotel Whitcomb through early 2022.

FISCAL IMPACT

From September 2020 to May 2021, Five Keys invoiced the City for \$7,281,193, or 86 percent of their Year 1 budget.³ The average invoicing amount is \$810,000 per month, ranging from \$1,100,000 to \$747,000 per month. The Department of Homelessness and Supportive Housing (HSH) projects spending the contract budget through June 30, 2021.

Under the proposed Amendment, Year 2 of the Five Keys grant will be funded by:

- General Fund expected FEMA reimbursement via “COVID-19 Time-Limited Funding” (73 percent); and
- The U.S. Department of Housing and Urban Development Emergency Solutions Grant Program (27 percent)⁴

³ According to Administrative Analyst Bryn Miller with the Department of Homelessness and Supportive Housing.

⁴ The City currently estimates that about 85 percent of the revenue coded as COVID-19 Time-Limited Funding is eligible for FEMA reimbursement to account for eligibility of clients and services. The Mayor’s Proposed FY21-23 budget may change this eligibility assumption based on actual reimbursements so this cost-sharing assumption may change.

HSH anticipates FEMA funding to end after September 30, 2021 and that any continuation of services will be funded by the General Fund, subject to Board of Supervisors approval of the FY 2021-22 budget.

POLICY CONSIDERATION

The grant agreement is for services provided to the Hotel Whitcomb at 1231 Market Street, for which legislation is pending before the Board of Supervisors to extend the term of the existing agreement between the City and the hotel owner, 1231 Market Street Owner LP, for a Shelter-in-Place Hotel to March 1, 2022 or earlier, subject to the City's early termination rights (File 21-0500). According to HSH staff, although the grant agreement would be extended to June 30, 2022, the grant agreement has a provision allowing the City to terminate the agreement for convenience with 30-day notice, giving the City the option to terminate the grant agreement at the time that the City's agreement with 1231 Market Street Owner LP for use of the Hotel Whitcomb ends. Therefore, the proposed resolution should be amended to specify that the grant agreement between the Department of Homelessness and Supportive Housing and Five Keys Schools and Programs will terminate at the time that the City's agreement at the time that the City's agreement with 1231 Market Street Owner LP for use of the Hotel Whitcomb terminates.

RECOMMENDATIONS

1. Amend the proposed resolution to specify that the grant agreement between the Department of Homelessness and Supportive Housing and Five Keys Schools and Programs will terminate at the time that the City's agreement at the time that the City's agreement with 1231 Market Street Owner LP for use of the Hotel Whitcomb terminates.
2. Approve the proposed resolution as amended.