

CITY AND COUNTY OF SAN FRANCISCO

BOARD OF SUPERVISORS

BUDGET AND LEGISLATIVE ANALYST

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April 10, 2020

TO: Budget and Finance Committee

FROM: Budget and Legislative Analyst



SUBJECT: April 13, 2020 Special Budget and Finance Committee Meeting

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EXECUTIVE SUMMARY	
<p style="text-align: center;">Legislative Objectives</p> <ul style="list-style-type: none"> • The proposed emergency ordinance would require the City to purchase 8,250 hotel/motel rooms in the following quantities no later than April 26, 2020: 750 for first responder quarantine, 500 for other quarantine, and 7,000 for unsheltered individuals. • In addition, the proposed emergency ordinance contains revisions for shelter standards, including requiring social distancing and developing new intake procedures. Finally, the proposed emergency ordinance waives the provisions of City Charter 9.118 requiring Board of Supervisors' approval for contracts if they are related to the procurement of hotel rooms. <p style="text-align: center;">Key Points</p> <ul style="list-style-type: none"> • The City is eligible for federal and State reimbursement of emergency costs, to the extent that the Federal Emergency Management Agency (FEMA) and the California Office of Emergency Services (Cal OES) determine that costs are eligible for reimbursement. FEMA will consider reimbursing the City 75 percent of eligible costs and the California Office of Emergency Services will consider reimbursing an additional 18.75 percent, for a total of 93.75 reimbursement from State and Federal sources. • For non-congregate shelter costs incurred March 19, 2020 to April 30, 2020, FEMA will reimburse for the following populations: (1) Individuals who test positive for COVID-19; (2) Individuals who have a documented exposure to COVID-19, and (3) Individuals who are asymptomatic but "high-risk," such as people over 65 or who have certain diseases and are unable to socially isolate. The San Francisco Health Officer's March 13, 2020 Order states that vulnerable populations are: individuals older than 60, people with heart disease, lung disease, diabetes, kidney disease and weakened immune systems, and people who are pregnant or were pregnant in the last two weeks. Cal OES has not finalized its non-congregate shelter reimbursement guidance. <p style="text-align: center;">Fiscal Impact</p> <ul style="list-style-type: none"> • The estimated cost for the City to purchase 8,250 hotel rooms for one month, including security, food, and personal care and room cleaning, is \$58.6 million. The City could incur additional costs for staff to provide onsite management (currently provided by City staff), which could cost an additional \$1.67 million per month. • FEMA and Cal OES reimbursements to the City could range from less than \$10 million up to \$40.0 million of the City's estimated \$58.6 monthly costs, depending on whether the population placed in the proposed rooms are considered eligible for reimbursement. The remaining costs would have to be locally funded, which could include funding from State and Federal disaster relief (separate from FEMA and Cal OES aid). <p style="text-align: center;">Recommendation</p> <ul style="list-style-type: none"> • Approval of the proposed emergency ordinance is a policy matter for the Board of Supervisors. 	

MANDATE STATEMENT

City Charter Section 2.107 states that the Board of Supervisors may pass emergency ordinances on their first reading with a 2/3 affirmative vote. Emergency ordinances become effective upon approval by the Mayor, the expiration of the ten-day period for the Mayor to approve or veto, or the Board of Supervisors' override of the Mayor's veto. Emergency ordinances expire sixty days after their passage.

BACKGROUND

On March 17, 2020, the County of San Francisco Health Officer ordered San Francisco residents to shelter in place in order to control the spread of COVID 19. The intent of the order was for individuals to self-isolate as much as possible to prevent infection from the virus. The order specifically exempted homeless individuals but urged the City to take steps to provide shelter for these individuals.

The Center for Disease Control (CDC) recommends that individuals who may have been exposed to the virus self-quarantine for 14 days, and the individuals who test positive for the virus but do not require hospitalization, be isolated from others, including not sharing bathrooms.

DETAILS OF PROPOSED LEGISLATION

The proposed emergency ordinance would require the City to purchase 8,250 hotel/motel rooms in the following quantities no later than April 26, 2020:

Table 1: Required Room Purchase

Population	Count
First Responders Quarantine	750
Other Medical Quarantine	500
Unhoused	7,000
Total	8,250

Source: File 20-0363

Note: "First Responders" refers to health care workers and those working with homeless individuals who are exposed to COVID-19. "Other Medical Quarantine" refers to individuals who have tested positive for COVID-19 but cannot self-quarantine because they live in single-room occupancy or congregate facility or live with others. "Unhoused" refers to persons living in a shelter or those without shelter.

The proposed emergency ordinance would require that the Department of Emergency Management provide a daily report to the Board of Supervisors that details the City's efforts to meet the unmet room requirements. If the deadline for procuring the rooms is not met, the proposed emergency ordinance requests the Mayor commandeer property to meet the requirements noted in Table 1.

In addition, the proposed emergency ordinance contains provisions for shelter standards, including requiring social distancing, developing intake procedures that screen for COVID-19 symptoms, and notifying the Department of Public Health within one-hour of determining a current or former shelter guest or staff member tests positive for COVID-19.

Finally, the proposed emergency ordinance waives the provisions of City Charter 9.118 requiring Board of Supervisors' approval for contracts if they are related to the procurement of hotel rooms.

FISCAL IMPACT

The estimated cost for the City to purchase 8,250 hotel rooms for one month, including security, food, and personal care and room cleaning, is \$58.6 million, as shown in Table 2 below.

Table 2: Monthly Cost and Reimbursement Estimates for Room Purchases ¹

Category	One Month
First Responders Quarantine	\$2,470,126
Other Medical Quarantine	\$1,646,751
Unhoused	\$23,054,508
Subtotal, Room Cost	\$27,171,385
Other Costs	One Month
Security	\$8,662,500
Food	\$14,850,000
Personal Care and Extra Cleaning	\$7,920,000
Subtotal, Other Costs	\$31,432,500
Total Cost	\$58,603,885

Other Potential Housing Costs

The City could incur additional costs for staff to provide onsite management for the hotels contracted to house individuals quarantined or isolated due to potential or actual COVID 19 infection. Based on information available to the Budget and Legislative Analyst at the time of writing this report, estimated onsite management costs for 8,250 additional hotel rooms are \$1.67 million per month. Actual costs would vary based on the property management

¹ The estimates in Table 2 are based on the following assumptions: (1) the average room rate is \$110 per day, based on the weighted average room rates for seven hotels for which the City has contracted; the total room rate is based on 8,250 rooms for 30 days; (2) security guard rates are estimated at \$75 per hour (due to the hazard conditions) for at least two security guards per shift (depending on hotel size) for 24/7 coverage; these rates are based on negotiations between HSA and existing security providers; (3) food service is estimated to be \$60 for three meals per day, including delivery to quarantine/isolation rooms; and (4) personal care is estimated at \$32 per day for miscellaneous services, including laundry, person hygiene, additional cleaning supplies, and periodic deep cleaning by a biohazard company.

requirements for each hotel contract.² At the time of this writing, it is unclear whether these costs are would be eligible for State and Federal reimbursement.

State and Federal Reimbursement

As shown in Table 2 above, the estimated monthly costs to purchase 8,250 hotel rooms, including services, is \$58.6 million. The City would be eligible for federal and State reimbursement, although the amount of reimbursement would depend on the Federal Emergency Management Agency (FEMA) and the California Office of Emergency Services (Cal OES) determining that costs incurred by the City were eligible for reimbursement. Federal and State reimbursement to the City could be up to 93.75 percent of the City's eligible costs as described further below.³

FEMA and Cal OES reimbursements to the City could range from less than \$10 million up to \$40.0 million of the City's estimated \$58.6 costs.⁴ The estimated reimbursement of the City's costs, further described below, depend on whether these costs are deemed eligible for reimbursement by Federal or State authorities.

To obtain reimbursement for emergency costs, the City is required to submit detailed documentation to Federal and State emergency agencies, including a documented medical need for each person in non-congregate shelter, justification for duration of sheltering, demonstrating costs are necessary and reasonable, and procurement that is in compliance with agency guidelines. Per Federal guidance, sheltering specific populations in non-congregate shelters should be determined by a public health official's direction or guidance.⁵ For non-congregate shelter costs, FEMA will consider if local conditions merit reimbursement, including rates of community transmission, hospital admissions, and fatalities.

Federal Emergency Management Agency

The Federal Emergency Management Agency's (FEMA) Public Assistance program provides reimbursement for certain emergency related costs, including quarantine facilities, security, purchase and distribution of food, water, medication and personal protective equipment. According to a March 27, 2020 letter from FEMA to the California Office of Emergency Services, FEMA will reimburse the cost for non-congregate sheltering for the following populations:

² Onsite management costs are based on an estimated rate of \$202 per room per month for 357 staff to provide 24/7 coverage for 8,250 hotel rooms, at an estimated hourly rate of \$30.

³ The 93.75 percent of eligible costs assumes a 75 percent reimbursement rate from FEMA and 18.75 percent reimbursement rate for Cal OES.

⁴ The estimated reimbursement of \$40 million assumes that 31 percent of unhoused individuals (based on the number of unhoused individuals who identified chronic health problems in the 2019 Point in Time count) would meet the FEMA criteria noted above. However, the Point in Time count was self-reported and fewer individuals may meet the medical requirements set by FEMA. While the Health Officer order urged the City to find shelter for these individuals, the unhoused individuals may not meet the FEMA criteria for high risk individuals. The lower range of less than \$10 million assumes that very few unhoused individuals meet the FEMA criteria.

⁵ The San Francisco Health Officer's March 13, 2020 Order states that vulnerable populations are: individuals older than 60, people with heart disease, lung disease, diabetes, kidney disease and weakened immune systems, and people who are pregnant or were pregnant in the last two weeks.

- Individuals who test positive for COVID-19
- Individuals who have a documented exposure to COVID-19
- Individuals who are asymptomatic but “high-risk,” such as people over 65 or who have certain underlying health conditions (respiratory, compromised immunities, chronic disease), and who require non-congregate sheltering as a social distancing measure.

FEMA will consider reimbursement for non-congregate sheltering costs incurred between March 19, 2020 and April 30, 2020 for the above populations. Reimbursement for costs incurred after that date will require separate approval from FEMA.

FEMA will not reimburse non-congregate sheltering costs for individuals who cannot socially distance (for example, if they live in a single room occupancy hotel, on the street, or in a multi-household dwelling unit) but are not in the “high-risk” category noted above or for converting existing facilities into non-congregate shelters.

FEMA will consider reimbursing the City 75 percent of eligible costs and the California Office of Emergency Services will consider reimbursing an additional 18.75 percent, for a total of 93.75 percent reimbursement from State and Federal sources. The remaining 6.25 percent would need to be funded from local sources.

Other Potential Sources of Funding

According to the California Legislative Analyst’s Office, San Francisco is estimated to received \$148.2 million in funding from the Coronavirus Relief Fund, as part of the Coronavirus Aid, Relief, and Economic Security passed by Congress.

The City may also be eligible for other State funding. In an April 8, 2020 presentation to the Budget & Appropriations Committee, the Mayor’s Office and Controller noted that \$6 million of this new State funding would be allocated to San Francisco to pay for emergency homeless services. In addition, the Governor announced \$50 million to secure rooms in hotels, motels, and other facilities, which will be distributed to local governments.

Give2SF

According to the Mayor and Controller’s Offices April 8, 2020 presentation to the Budget & Appropriations Committee, the City’s Give2SF fund had a balance of \$2.4 million, of which \$1.3 million was expected to be used for small businesses and \$1 million of which is expected to be used for food security. An additional \$6.3 million is pledged but not yet received. Spending from this fund is jointly approved by the Controller, City Administrator, and Director of Emergency Management. Because this is a Category 8 fund,⁶ spending does not require Board of Supervisors’ approval.

RECOMMENDATION

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

⁶ The San Francisco Disaster and Emergency Response and Recovery Fund is established pursuant to Section 10.100-100 of the Administrative Code.