

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

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TO: Budget and Finance Committee
FROM: Budget and Legislative Analyst 
SUBJECT: May 11, 2022 Budget and Finance Committee Meeting

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Item 1 File 22-0199 <i>(Continued from 5/4/22)</i>	Department: Department of the Environment
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EXECUTIVE SUMMARY

Legislative Objectives

- The proposed ordinance would (1) prohibit the City from using small off-road equipment (up to 25 horsepower) starting January 1, 2024, allowing for temporary waivers for City departments under certain conditions, and (2) prohibit the use small off-road equipment (up to 25 horsepower) in the City starting January 1, 2026 and penalize property owners and business owners and managers that violate the prohibition.

Key Points

- We surveyed City departments to obtain equipment inventories that would be regulated by the proposed ordinance. Our office also consulted administrative survey data to estimate the number of landscapers in San Francisco.

Fiscal Impact

- The total estimated upfront cost of replacement technology for REC, MTA, PUC, DPW and AIR is \$10.4 million, and the total annual ongoing cost for these departments is estimated to be \$1.1 million, or \$75,000 more than the current cost of the gas-powered equivalents.
- Our estimated \$10.4 million in upfront costs in this report are lower than the \$16.5 million estimated in our prior report because the proposed legislation was amended to change the definition of equipment subject to the ban, which now excludes diesel powered equipment, such as certain ride-on mowers. Such engines, which comprise less than 10 percent of small off-road engines, are regulated by the Federal Clean Air Act, which preempts State and Local regulation.
- Electrical charging infrastructure would need to be upgraded in order to provide sufficient charging capacity for the replacement equipment. REC staff estimate that the cost of bringing new primary electrical service to a site could be as high as \$750,000 to \$1 million per site, if trenching, conduit, and new electric circuits need to be installed.
- The conversion costs for the landscaping industry are between \$2.4 million and \$10.4 million, offset by a decrease in industry expenses of \$0.4 to \$1.9 million annually. The survey data may undercount the number of landscapers so the actual industry cost may be higher.

Policy Consideration

- The proposed ordinance was amended in the April 27, 2022 Budget & Finance Committee meeting to continue to allow the City and the public to use gasoline powered equipment if the cost of new technology is more than 300 percent of existing technology costs, including upfront, infrastructure, and change in operating costs. Incorporating infrastructure costs may extend the transition from using gasoline powered equipment, but also reduces the financial impact on City users and the public.

Recommendation

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

MANDATE STATEMENT

City Charter Section 2.105 states that all legislative acts shall be by ordinance, approved by a majority of the members of the Board of Supervisors.

BACKGROUND

Existing Local Regulations

Under Section 4.14 of the Administrative Code, City departments are prohibited from using polluting garden and utility equipment¹ on “Spare the Air Days” or other days in which the Bay Area Air Quality Management District notifies the public of unhealthy levels of air pollution and requests that the public refrain from engaging in polluting activities. Besides Section 4.14 of the Administrative Code, there are currently no City laws that restrict or prohibit City or public use of gas-powered landscaping equipment.

State Regulation

In November 2021, the State Legislature amended the Health and Safety Code to enable regulations to prohibit exhaust and evaporative emissions from new small off-road engines, including landscaping equipment, starting in January 2024 (AB 1346). Small off-road engines are defined by State code as 25.5 horsepower or less. The California Air Resources Board (CARB) is responsible for establishing the regulations, which are still under development. The State Budget Act of 2021 included \$30 million to offset transition costs for landscaping businesses, but the rules for awarding the funding have not been finalized as of this writing. In September 2021, CARB issued a Standardized Regulatory Impact Assessment for proposed small off-road engine exhaust and evaporative emission regulations, which estimated the cost to transition to zero emission alternatives.

DETAILS OF PROPOSED LEGISLATION

The proposed ordinance would:

- amend the Administrative and Police Code to (1) prohibit the City from using small off-road equipment (up to 25 horsepower) starting January 1, 2024, allowing for temporary waivers for City departments under certain conditions, and (2) prohibit the use small off-road equipment (up to 25 horsepower) in the City starting January 1, 2026 and penalize property owners and business owners and managers that violate the prohibition;
- establish a buy-back program to offset the cost to City residents and businesses transitioning from the use of gas-powered landscaping equipment;

¹ "Polluting garden and utility equipment" means gasoline-powered equipment under 25 horsepower, including two-stroke and four-stroke models, such as, but not limited to, lawnmowers, leaf blowers, trimmers, weed whackers and jackhammers.

- require that the Department of the Environment (ENV) conduct a public education campaign;
- establish the Healthier, Cleaner, Quieter Communities Fund; and
- designate the Director of ENV with responsibility for enforcing the prohibitions in the ordinance, including penalties of up to \$1,000 per violation

Ban on Public Use of Gas-Powered Landscaping Equipment

Under the proposed ordinance, starting on January 1, 2026, use of small off-road equipment (up to 25 horsepower) would be banned within San Francisco. The ordinance would allow for fines on property owners who allow gas-powered equipment to be used on their property and on businesses whose staff or contractors use banned gas-powered equipment.

Waivers

The ban on City and public use of gasoline powered equipment may be waived by ENV if the replacement technology does not exist or if its costs are more than 300 percent of the existing equipment, including the cost of new equipment, infrastructure costs, and change in annual operating costs. ENV will maintain a list of gasoline powered equipment that is exempt from the ban. The ban on City contracts that require use of gasoline powered equipment may also be waived by the Office of Contract Administration under certain conditions.

Penalties and Enforcement

The proposed ordinance outlines enforcement procedures for non-compliance including administrative citations and penalties. Under the proposed ordinance, in setting the administrative penalty amount (which would not exceed \$1,000 per violation), ENV would need to consider any one or more circumstances presented, including but not limited to the following: the persistence of the violation, the willfulness of the violation, the length of time over which the violation occurred, and the assets, liabilities, and net worth of the violator.

Healthier, Cleaner, Quieter Communities Fund and Buy-Back Program

The proposed ordinance would establish the Healthier, Cleaner, Quieter Communities Fund in the Administrative Code to: (1) receive funds collected for penalties and fees assessed for violations of the ordinance and other funds appropriated or donated to the fund and (2) purchase equipment for City departments and the public to replace gas-powered equipment, the safe disposal of gas-powered equipment, and a public education campaign. Under the proposed ordinance, ENV is charged with developing criteria² for eligibility of individuals and businesses to participate in the buy-back program.

² Under the proposed ordinance, criteria would prioritize support for individuals and businesses that have demonstrated compliance with the ban on public use of gas-powered landscaping equipment, businesses with two or more employees that have average gross receipts in the prior five years that do not exceed \$2,500,000 and businesses and individuals that live, are based, or are operating primarily in San Francisco neighborhoods scoring 50 or higher on the CalEnviroScreen tool, compiled and maintained by the California Office of Environmental Health

Reporting Requirements

The proposed ordinance requires that ENV report annually to the Board of Supervisors on implementation of the program for City departments, the buy-back program, enforcement and education efforts, and uses of funds in the Healthier, Cleaner, Quieter Communities Fund.

FISCAL IMPACT

City Department Replacement Technology Cost Estimates

As shown in Exhibit 1 below, the estimated total upfront cost of replacement technology for REC, MTA, PUC, DPW and AIR is \$10.4 million, and the total annual ongoing cost for these departments is estimated to be \$1.1 million, or \$75,000 more than the current cost of the gas-powered equivalents. Our estimated upfront costs in this report are lower than the \$16.5 million estimated in our prior report because the proposed legislation was amended to change the definition of equipment subject to the ban, which now excludes diesel powered equipment, such as certain ride-on mowers. Such engines, which comprise less than 10 percent of small off-road engines, are regulated by the Federal Clean Air Act, which preempts State and Local emission regulation.

Our cost estimates are based on each department's asset inventory. For MTA, DPW, and AIR, upfront and ongoing cost per unit of zero-emission equipment were estimated based on data in the CARB analysis.^{3,4} Our estimates for REC and PUC equipment were based upfront estimates in vendor quotes provided by staff for their existing equipment, historical maintenance costs, and estimated ongoing costs for battery powered replacements.⁵

Hazard Assessment and available on their website at www.oehha.gov/calenviroscreen, or equivalent tool approved by California state or local governments to identify communities disproportionately burdened by pollution.

³ Upfront and ongoing cost per unit of zero-emission equipment are detailed in Table C-23 of the CARB report. According to the report, the costs are based on the median price of popular models as an estimate of the cost of professional-grade equipment owned by landscapers, non-landscaping businesses, and government entities, collectively referred to as professional users. These professional-grade equipment costs include enough batteries for the zero-emission equipment to operate for the relevant portion of a full eight-hour workday. The professional-grade zero-emission equipment are assumed to be cordless. Ongoing costs include gasoline, electricity, and maintenance costs.

⁴ Other types of gas-powered landscaping equipment that could not be categorized such as a chainsaw, lawn mower, leaf blower/vacuum, pump, riding mower, or trimmer/edger/brush cutter were not included in our cost estimates. This includes equipment such as a cultivator, woodchipper, rototiller, aerator, and power rake. In addition, similar types of equipment were categorized together, such as a weed eater and a trimmer/edger/brush cutter.

⁵ The cost estimates provided by PUC and REC staff assumed more intensive equipment use than the CARB analysis, which require additional batteries and charging units, increasing upfront and ongoing costs. In addition, certain equipment quotes were substantially more expensive than the cost estimates included in the CARB analysis. For example, the REC electric ride-on mower was \$42,217, but the CARB cost estimate for a ride-on mower was \$20,879.

Exhibit 1. Cost Estimates for Replacement Technology of Gas-Powered Landscaping Equipment for REC, MTA, DPW, PUC and AIR

Department	Upfront Costs	Current Ongoing Costs	Proposed Ongoing Costs	Change in Ongoing Costs
MTA	\$95,401	\$13,023	\$1,414	(\$11,609)
DPW	\$274,368	\$29,601	\$2,834	(\$26,767)
PUC	\$1,037,267	\$69,440	\$6,479	(\$62,961)
AIR	\$6,099	\$1,321	\$272	(\$1,048)
REC	\$8,971,312	\$960,043	\$1,136,977	\$176,934
Total Cost	\$10,384,446	\$1,073,429	\$1,147,977	\$74,549

Sources: BLA Analysis of asset inventory data provided by REC, MTA, DPW, PUC, AIR and CARB

For all departments included in our estimates except Recreation and Parks, higher upfront costs for zero emission equipment are offset by lower operating costs. REC estimates that actual lifetime costs of zero emission equipment are higher than some gasoline counterparts due to ongoing battery replacements.

The costs in Exhibit 1 includes estimates for landscaping equipment and utility carts. The City may incur additional costs if more zero emission equipment alternatives are developed, expanding the set equipment covered by the proposed ordinance.

Additional Infrastructure Costs

According to REC staff, electrical charging infrastructure would need to be upgraded in order to provide sufficient charging capacity for the replacement equipment. REC estimates that the cost of bringing new primary electrical service to a site could be as high as \$750,000 to \$1 million per site to trench, lay new conduit, and install new electric circuits.

Estimated Costs of Citywide Buyback Program

Under the proposed ordinance, the City would fund a “buy-back” program to offset the cost of transitioning to zero emission equipment. To estimate the potential costs of the buy-back program for landscaping businesses, we used CARB’s estimated costs for a one-person⁶ landscaping business converting to zero-emission equipment⁷ and the number of landscaping services business establishments in the City.⁸ According to Census survey data, there are 85 landscaping business in San Francisco with a total of 464 employees (or an average of 5.5 employees per business). According to the Bureau of Labor Statistics, there were 11,230 landscaping and groundskeeping workers in the San Francisco-Oakland-Hayward metropolitan region in May 2021. Based on San Francisco’s proportional population within the region, we

⁶ The costs assume a one-person landscaping business that has purchased a lawn mower, leaf blower, hedge trimmer, chainsaw, and string trimmer at 2023 prices.

⁷ Transition costs for landscapers are detailed in Table C-24 of the CARB report.

⁸ U.S. Census Bureau County Business Patterns data, 2019

estimate there are 2,021 landscaping workers in San Francisco. We use both data points to estimate a range of possible industry transition costs.

As shown in Exhibit 2 below, we estimated conversion costs to be between \$2.4 million and \$10.4 million and a decrease in industry expenses of \$0.4 to \$1.9 million annually. The survey data may undercount the number of landscapers so the actual industry conversion costs may be higher.

Exhibit 2. Landscaping Industry Economic Impact

	Low	High
Upfront Costs	\$2,389,359	\$10,409,159
Current Ongoing Costs	\$492,026	\$2,143,493
Proposed Ongoing Costs	\$50,706	\$220,899
Change in Ongoing Costs	(\$441,320)	(\$1,922,594)

Sources: BLA Analysis of CARB data, U.S. Census Bureau County Business Patterns data, and Bureau of Labor Statistics data

The \$30 million provided by the FY 2021 State Budget Act for landscaper transition costs is likely insufficient to cover actual transition costs for these businesses. Local funding is likely necessary to offset industry transition costs.

Under the proposed ordinance, City departments are prohibited from contracting with vendors that use gas-powered landscaping equipment unless a temporary waiver is granted. Cost estimates shown in Exhibit 2 include City landscaping businesses that contract with City departments.

Exhibit 2 does not include any personal gasoline powered equipment owned by residents for private use.

Staffing and Contractor Estimates for Proposed Ordinance

ENV staff report that additional staff and contractor resources will be needed to implement the proposed ordinance. As shown in Exhibit 3 below, for the first year of the program, this includes a new 5642 Senior Program Coordinator, starting in January 2023, to plan and manage implementation of the proposed ordinance for City departments, and \$200,000 for a contracted community-based organization (CBO) to conduct outreach to businesses and individuals impacted by the proposed ordinance.

Exhibit 3: ENV Staffing and Contractor Estimates, FY 2022-23 & FY 2023-24

	FY 2022-23	FY 2023-24
5642 Senior Program Coordinator	\$138,062	\$288,134
Outreach Contractors	\$100,000	\$100,000
Total	\$238,062	\$388,134

Source: BLA

In addition, ENV staff estimate that a 6120 Environmental Health Inspector would be necessary starting in 2026 once enforcement activities begin. Other enforcement costs include \$50,000 in

work orders to relevant City departments for running appeals hearings annually, to 311 for fielding complaints, and \$75,000 for continued outreach. In total, costs beyond FY 2024-25 may be \$875,000 annually. Actual program staffing and costs are subject to Board of Supervisors appropriations.

Disposal Costs

Under the proposed ordinance, the Healthier, Cleaner, Quieter Communities Fund will also fund the safe disposal of gas-powered landscaping equipment that is no longer in use by City departments or that is provided by individuals or businesses participating in the buy-back program. According to ENV, estimated safe disposal costs are \$207 per ton at Recology's Tunnel Road⁹ if the equipment can be handled as appliances. Based on the equipment inventories reported by departments, we estimate disposal costs of \$4,600 for City equipment. If the equipment is deemed hazardous waste, disposal costs would be higher.

POLICY CONSIDERATION

Amended Legislation

The proposed ordinance was amended in the April 27, 2022 Budget & Finance Committee to: (1) specify that the equipment subject to the ban is small off-road equipment, as defined in Title 13, Division 3, Chapter 9, Article 1 of the California Code of Regulations, (2) require ENV to maintain a list of gasoline powered equipment that may continue to be used by the public, (3) allow the Purchaser to provide a waiver for City contractors, (4) increases the waiver threshold for the City users and the list of allowable gasoline equipment from 120 percent to 300 percent of new costs, which now include upfront, infrastructure, and change in operating costs, and (5) at the recommendation of the Budget & Legislative Analyst, require annual reporting to the Board of Supervisors.

The new waiver provision, which now incorporates infrastructure costs in assessing the transition cost of ceasing use of small off-road equipment, may extend the transition from using gasoline powered equipment but also reduces the financial impact on City users and the public.

RECOMMENDATION

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

⁹ Recology's Tunnel Road is a recycling buyback facility.

<p>Item 2 File 22-0059</p>	<p>Department: Children, Youth, and Their Families (DCYF)</p>
<p>EXECUTIVE SUMMARY</p>	
<p style="text-align: center;">Legislative Objectives</p> <ul style="list-style-type: none"> • The proposed resolution would retroactively approve the first amendment to the Black to the Future grant between DCYF and Young Community Developers, and approve the second amendment to the grant, extending the term to June 30, 2024 and increasing the not-to-exceed amount to \$14,609,193. <p style="text-align: center;">Key Points</p> <ul style="list-style-type: none"> • Young Community Developers is a non-profit community-based organization that provides educational and employment-based trainings for Bayview Hunters Point residents. Black to the Future serves approximately 165 children and young adults each year. The initiative provides multiple services for enrolled participants through its 16 partner organizations, including education, violence prevention, and health and wellness services. • In August 2016, DCYF issued a request for proposals (RFP) for the African American Empowerment Collaborative. DCYF was seeking a nonprofit organization to coordinate the services of up to 10 community providers engaged in creating better outcomes for high-risk African American youth and their families. Young Community Developers was the only organization to submit a proposal in response to the RFP and was awarded the grant. • The Department neglected to bring the first amendment, which increased the contract amount to over \$10 million in 2020, for Board of Supervisors approval. We identified the need for retroactive approval of this grant agreement in prior reporting. Since that time, the Controller’s Office has implemented reporting tools to provide accounting staff with dashboards that track contract attributes that require Board of Supervisors’ approval and the City Attorney’s Office has created a quality control checklist that lawyers must complete before approving contracts that includes whether a contract requires Board of Supervisors’ approval. <p style="text-align: center;">Fiscal Impact</p> <ul style="list-style-type: none"> • The proposed grant agreement includes an annual base budget of \$2.1 million. In addition, the proposed grant agreement includes \$540,000 Dream Keeper funding that was added to the grant in FY 2021-22 and for which a program has not yet been developed. Funding is included in each of the next two fiscal years. <p style="text-align: center;">Recommendations</p> <ul style="list-style-type: none"> • Amend the proposed resolution to reduce the not to exceed amount from \$14.6 million to \$12.5 million. • Approve the 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**Young Community Developers**

Young Community Developers is a non-profit community-based organization that provides educational and employment-based trainings for Bayview Hunters Point residents. They have been serving the Bayview Hunters Point neighborhood for over 45 years with programs that address multiple aspects of economic mobility, including job placement programs, affordable housing acquisition, programs for Transition-Aged Youth, and re-entry programs for criminal justice system-involved individuals.

Procurement Process

On August 1, 2016, DCYF issued an RFP for the African American Empowerment Collaborative. DCYF was seeking a nonprofit organization to run the African American Empowerment Collaborative; specifically, the Department wanted an organization to coordinate the services of up to 10 community providers engaged in creating better outcomes for high-risk African American youth and their families. Young Community Developers was the only organization to submit a proposal in response to the RFP. They submitted a proposal for the Black to the Future initiative, which engages partner organizations to provide services in family support and advocacy, education, health and wellness, workforce development, and violence prevention. According to DCYF staff, subcontractors were selected initially through a community engagement process that was facilitated by the lead agency, Young Community Developers. The Collaborative has continued to develop its policies and protocols for the structure of their Collaborative and DCYF has begun to work directly with the Collaboratives on their structure, including asking for written documentation of the structure and other developments as they happen. The complete list of past and current partner organizations is included in Appendix A.

Five panelists scored their proposal; four were DCYF staff and one was a staff member of the SF Probation Department. Their scores are summarized in Exhibit 1 below.

Exhibit 1: Young Community Developers Proposal Scores

	Score (out of 100)
DCYF Reviewer 1	91
DCYF Reviewer 2	100
DCYF Reviewer 3	86
DCYF Reviewer 4	86
SF Probation Dept. Reviewer 1	96

Source: DCYF

DCYF awarded Young Community Developers the grant to form Black to the Future and on September 1, 2016, DCYF entered into a contract with Young Community Developers for a term of September 1, 2016 through June 30, 2018 and a not-to-exceed amount of \$3,410,000. The contract was then amended on May 31, 2018 to extend the term to June 30, 2019 and increase the not-to-exceed amount to \$5,548,978. According to Loren Newquist, Senior Contracts and Compliance Analyst at DCYF, the structure of this grant – making an award to one organization for the purpose of convening and coordinating multiple organizations to form a single initiative – was new for DCYF, which therefore limited the grant to a short two-year term in case the initiative did not succeed. After initial success, DCYF chose to begin a new grant with Young Community Developers for a term of July 1, 2019 to June 30, 2020 with a not-to-exceed amount of \$2,142,645. On January 6, 2020, the Department enacted the first amendment to the agreement to extend the term to June 30, 2023 and increase the grant by \$9,349,100 for a new not-to-exceed amount of \$11,491,745.

Retroactive Approval

Although the first amendment increased the contract amount above \$10 million, the Department neglected to bring the first amendment for Board of Supervisors approval. We identified the need for retroactive approval of this grant agreement during our review of a different retroactive DCYF grant agreement with the Japanese Community Youth Council (File 21-0960). Since that time, the Controller’s Office has implemented reporting tools to provide accounting staff with dashboards that track contract attributes that require Board of Supervisors’ approval and the City Attorney’s Office has created a quality control checklist that lawyers must complete before approving contracts that includes whether a contract requires Board of Supervisors’ approval.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would retroactively approve the first amendment to the grant between DCYF and Young Community Developers and approve the second amendment to the grant, extending the term to June 30, 2024 and increasing the not-to-exceed amount to \$14,609,193.

DCYF’s new five-year funding cycle, to fund grants from FY 2022-23 – FY 2027-28, began in 2019 with the Community Needs Assessment. However, due to the COVID-19 pandemic, planning activities were paused and ultimately did not resume until March 2021. Due to this pandemic-related delay, the entire DCYF funding cycle has been delayed. According to DCYF Senior Analyst

Newquist, the Department is now on track to issue the next RFP in FY 2023-24. This amendment to the Young Community Developers grant will allow the Black to the Future initiative to remain fully funded until a new grant can be issued under the new RFP in FY 2023-24.

Services Provided

Black to the Future serves approximately 165 children and young adults each year. The initiative provides multiple services for enrolled participants through its 16 partner organizations, selected by Young Community Developers and listed in Appendix A to this report. The programs include:

- Education: mentorship, one-on-one tutoring, and after-school supports;
- Violence Prevention: field trips, mediation services, and development of a year-long violence prevention plan; and
- Health and Wellness: one-on-one clinical and therapeutic services, art and play therapy, case management, and healing circles

Performance Monitoring

DCYF did not collect performance metrics from grantees for FY 2020-21 due to the COVID-19 pandemic, so recent annual performance data for Young Community Developers is not available.

FISCAL IMPACT

The proposed grant agreement includes an annual base budget of \$2.1 million, including an annual cost of doing business increase and increases related to the minimum compensation ordinance. Exhibit 2 below shows the base budget for FY 2021-22.

Exhibit 2: FY 2021-22 Grant Budget

Budget Category	FY 2021-22 Amount
Administrative	281,649
Adult Staff	512,720
Youth Staff	416,000
Fringe Benefits	269,329
Materials & Supplies	5,159
Other Program Expenses	237,107
Subcontractors	
Alive & Free	10,000
Brothers Against Guns	68,000
Collective Impact	53,066
Friends of the Children	42,000
Girls Academy	30,000
Hunters Point Family	28,000
Motivating Innovators	25,000
Success Centers	28,000
Urban Ed Academy	30,000
WestSide Community Services	130,500
Total	2,166,530

Source: DCYF

In addition, the proposed grant agreement includes \$540,000 Dream Keeper funding that was added to the grant in FY 2021-22 and for which a program has not yet been developed. Funding is included in each of the next two fiscal years. According to Sherrice Dorsey, DCYF Deputy Director of Program, Planning and Grants, the Dream Keeper funding will be used to support events for families and youth connected with the school district, including African American Parent Advisory Council and the San Francisco Alliance of Black School educators.

As noted above, the proposed resolution would retroactively approve the first amendment to the grant between DCYF and Young Community Developers and approve the second amendment to the grant increasing the not-to-exceed amount to \$14,609,193. Exhibit 3 below shows the actual and projected spending on the grant agreement.

Exhibit 3: Actual and Projected Spending (in dollars)

Actual Spending Through FY 2020-21	3,746,111
Remaining Spending Through FY 2023-24	7,932,458
Subtotal, Projected Spending	11,678,569
Contingency (10%)	793,246
New Not-to-Exceed Amount	12,471,815

Source: BLA Analysis of DCYF fiscal data

As shown above, total actual and projected spending, including a 10 percent contingency on remaining spending, is \$12.5 million. We therefore recommend a reduction in the proposed resolution's not-to-exceed amount from \$14.6 million to \$12.5 million.

RECOMMENDATIONS

1. Amend the proposed resolution to reduce the not to exceed amount from \$14.6 million to \$12.5 million.
2. Approve the resolution, as amended.

Appendix A: List of Black to the Future Partner Organizations

Core Partners (identified in original proposal):

- Hunters Point Family
- Bayview Association for Youth
- Collective Impact
- Bayview Hunters Point YMCA
- Alive and Free

Current Partners:

- Alive & Free
- Brothers Against Guns
- Collective Impact
- Friends of the Children
- Girls Academy
- Hunters Point Family
- Motivating Innovators
- Success Centers
- Urban Ed Academy
- WestSide Community Services

Past Partners:

- The Healing Circle
- Back on Track
- TURF
- 100% College Prep¹

¹ Now under Young Community Developers.

Item 3 File 22-0060	Department: Children, Youth, and Their Families
EXECUTIVE SUMMARY	
<p>Legislative Objectives</p> <ul style="list-style-type: none"> • The proposed resolution would approve the first amendment to the grant agreement between DCYF and the Japanese Community Youth Council for the SF YouthWorks program, which would extend the term by one year to June 30, 2024 and increase the not-to-exceed amount by \$3,356,719 for a new not-to-exceed amount of \$12,886,719. <p>Key Points</p> <ul style="list-style-type: none"> • The Japanese Community Youth Council is a nonprofit organization based in San Francisco that provides child and youth development services. They oversee multiple different youth workforce development programs in San Francisco. • The San Francisco YouthWorks program is a citywide year-round program that places 11th and 12th grade San Francisco students in paid internships in City departments. The program serves approximately 400 student interns per year. Students get internships during the summer and during the school year and receive job readiness trainings and workshops. <p>Fiscal Impact</p> <ul style="list-style-type: none"> • The proposed grant agreement includes a base budget of \$2.0 million. In addition, the FY 2021-22 grant budget included \$371,000 for internship at the Public Library. That funding is not budgeted in the next two fiscal years. <p>Recommendations</p> <ul style="list-style-type: none"> • Amend the proposed resolution to reduce the not to exceed amount from \$12.9 million to \$12 million. • Approve the 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

The Japanese Community Youth Council

The Japanese Community Youth Council is a nonprofit organization based in San Francisco that provides child and youth development services. They oversee multiple different youth workforce development programs in San Francisco, including the Mayor's Youth Employment and Education Program, SF STEM Academy, SF YouthWorks, as well as several college access and preparation programs.

The Procurement Process

In July 2017 DCYF issued an RFP/RFQ for multiple programs throughout its nine service areas as part of its five-year funding cycle. Included in this RFP/RFQ was a request for a vendor to manage the SF YouthWorks program for five years (2018-2023) with a maximum budget of \$1,700,000 per year. The San Francisco YouthWorks program is a citywide year-round program that places 11th and 12th grade San Francisco students in paid internships in City departments. Student interns get work-based learning experiences, get paired with a city staff mentor, receive job readiness trainings and workshops, and get leadership opportunities via the program's Youth Leadership Team.

DCYF received two proposals for SF YouthWorks, one from the Japanese Community Youth Council (with a budget of \$1,700,000 annually) and another from The Imagine Bus Project (with a budget of \$42,520). The RFQ outlined the following evaluation criteria for the proposals:

- Target Population Need: 20 points
- Program Design: 65 points
- Program Impact: 15 points

The RFQ also included an Equity Score that would award 10 additional points to proposals that serve a high percentage of participants from one or more populations of high need that DCYF identified in their Services Allocation Plan.

The proposals were scored by six readers each. The Japanese Community Youth Council proposal was scored by four DCYF staff members and two external readers. The Imagine Bus Project proposal was scored by three DCYF staff members and three external readers. The scores for the two proposals are summarized below in Exhibit 1.

Exhibit 1: SF YouthWorks Proposal Scores

	Target Population Need	Program Design	Program Impact	Equity Score	Total
Japanese Community Youth Council	15.55	55.60	10.83	0	82
The Imagine Bus Project	9.43	27.68	9.17	10	56

Source: DCYF. Note: BLA derived component scores by averaging individual scores provided by DCYF. Totals may not add due to rounding.

Japanese Community Youth Council scored higher and was therefore awarded the grant for \$1,700,000 annually for five years. On April 27, 2018, DCYF executed a grant agreement with the Japanese Community Youth Council for a term of July 1, 2018 through June 30, 2023 for an amount of \$8,500,000 plus a contingency of \$850,000. With the contingency, the total not-to-exceed amount of the grant was \$9,350,000. The dates of this grant are consistent with the five-year funding cycle set out in DCYF's RFP/RFQ.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would approve the first amendment to the grant agreement with the Japanese Community Youth Council, which is set to expire on June 30, 2023. The amendment would extend the term by one year to June 30, 2024 and increase the not-to-exceed amount by \$3,356,719 for a new not-to-exceed amount of \$12,886,719.

DCYF's new five-year funding cycle, to fund grants from FY 2022-23 – FY 2027-28, began in 2019 with the Community Needs Assessment. However, due to the COVID-19 pandemic, assessment activities were paused and ultimately did not resume until March 2021. Due to this pandemic-related delay in planning activities, the entire DCYF funding cycle has been delayed. According to Loren Newquist, Senior Contracts and Compliance Analyst at DCYF, the Department is now on track to issue the next RFP in FY 2023-24. This amendment to the Japanese Community Youth Council grant will allow the SF YouthWorks program to remain fully funded until a new grant can be issued under the new RFP in FY 2023-24.

Services Provided

The SF YouthWorks program aims to serve approximately 400 student interns in City Departments per year. Interns work 20 hours per week for seven weeks during the summer, and 10 hours per week for 28 weeks during the school year. All interns attend training workshops to improve job readiness. The Japanese Community Youth Council manages the payroll system for students, helps them set up direct deposit accounts, and coordinates trainings and internship placements. They also recruit students for the program and provide academic mentoring.

Performance Monitoring to Date

Due to the COVID-19 pandemic, DCYF did not collect performance metrics from any of its grantees in FY 2020-21, so additional performance metrics for the SF YouthWorks program are not available.

FISCAL IMPACT

The proposed grant agreement includes a base budget of \$2.0 million, including an annual cost of doing business increase and increases related to the minimum compensation ordinance. Exhibit 2 below shows the base budget for FY 2021-22.

Exhibit 2: Base Grant Budget

Budget Category	Base Amount
Administrative	263,530
Adult Staff	505,715
Fringe Benefits	250,212
Materials & Supplies	18,102
Other Program Expenses	374,724
Youth Staff	612,443
Total	2,024,727

Source: DCYF

In addition, the FY 2021-22 grant budget included \$371,000 for internship at the Public Library. That funding is not budgeted in the next two fiscal years.

As noted above, the proposed amendment increases the contract's not to exceed amount by \$3.5 million, from \$9.35 million to \$12.9 million. Exhibit 3 below shows the actual and projected spending on the grant agreement.

Exhibit 3: Actual and Projected Spending (in dollars)

Actual Spending Through FY 2020-21	4,870,026
Remaining Spending Through FY 2023-24	6,445,181
Subtotal, Projected Spending	11,315,207
Contingency (10%)	644,518
New Not-to-Exceed Amount	11,959,725

Source: BLA Analysis of DCYF fiscal data

As shown above, total actual and projected spending, including a 10 percent contingency on remaining expenditures, is \$11.9 million. We therefore recommend a reduction in the proposed resolution's not-to-exceed amount from \$12.9 million to \$12 million.

RECOMMENDATIONS

1. Amend the proposed resolution to reduce the not to exceed amount from \$12.9 million to \$12 million.
2. Approve the resolution, as amended.

<p>Item 4 File 22-0061</p>	<p>Department: Children, Youth, and Their Families</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 third amendment to the grant agreement with DCYF and the Japanese Community Youth Council for the Opportunities for All program. It would increase the not-to-exceed amount of the grant by \$2,208,458 for a revised not-to-exceed amount of \$10,326,458 and extend the term by one year through June 2024. <p style="text-align: center;">Key Points</p> <ul style="list-style-type: none"> • Opportunities for All is an initiative launched by Mayor London Breed to connect young people in San Francisco to paid employment, mentorship, and job training services. The goal is to provide a workforce opportunity to every interested young person in San Francisco. • The Japanese Community Youth Council is a nonprofit organization based in San Francisco that provides child and youth development services. They oversee multiple youth workforce development programs in San Francisco. <p style="text-align: center;">Fiscal Impact</p> <ul style="list-style-type: none"> • The proposed grant budget includes a base budget of \$943,382 in FY 2021-22 to cover administrative costs to manage the Opportunities for All program. <p style="text-align: center;">Policy Consideration</p> <ul style="list-style-type: none"> • The original grant was awarded in 2019, prior to the creation of Administrative Code Chapter 21G in 2021, which requires competitive solicitations for grants awards. The Department awarded the grant to Japanese Community Youth Council at the request of the Mayor’s Office. We have not been provided any documentation to justify for the sole source award, such as demonstrated capacity and achievements of the contractor on similar programs. • According to DCYF fiscal data, actual spending in FY 2019-20 and FY 2020-21 was \$1.8 million each year. Budgeted spending in FY 2021-22 is \$4.5 million and projected spending for FY 2022-23 and FY 2023-23 is \$1 million per year. The spike in spending in FY 2021-22 is due to the addition of interdepartmental work orders, including \$2.5 million from the Office of Economic and Workforce Development and one for \$850,000 from the Department of Public Health. None of those work orders have been programmed. <p style="text-align: center;">Recommendation</p> <ul style="list-style-type: none"> • Approval of the proposed resolution is a policy matter for the Board of Supervisors. 	

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

Opportunities for All Program

Opportunities for All is an initiative launched by Mayor London Breed to connect young people in San Francisco to paid employment, mentorship, and job training services. The goal is to provide a workforce opportunity to every interested young person in San Francisco. The program was announced on October 17, 2018 and has had three summer intern cohorts since.

Japanese Community Youth Council

Since the program's inception, the Japanese Community Youth Council has served as the program's intermediary/fiscal sponsor. The Japanese Community Youth Council is a nonprofit organization based in San Francisco that provides child and youth development services. The Japanese Community Youth Council oversees multiple different youth workforce development programs in San Francisco, including the Mayor's Youth Employment and Education Program, SF STEM Academy, SF YouthWorks, as well as several college access and preparation programs.

As the intermediary, the Japanese Community Youth Council is responsible for executing the initiative's goals and coordinating among program partners, which include DCYF, the Office of Economic and Workforce Development, San Francisco Unified School District, employers, and philanthropic funders. They are ultimately responsible for payroll services for all Opportunities for All interns, vetting and training worksites, training staff and youth, and serving as the employer of record for youth interns.

Procurement

There was no competitive procurement process for selecting a vendor to oversee the Opportunities for All initiative. According to DCYF staff, the Japanese Community Youth Council was selected as the vendor by the Mayor's Office because they have a history of successful work on Mayoral initiatives. Opportunities for All is the third program of its kind that the Japanese Community Youth Council has executed in San Francisco – the first is the Mayor's Youth Employment and Education Program, founded 30 years ago, and the second is the San Francisco YouthWorks program which was founded in the 1990s.

On June 28, 2019, DCYF entered into a grant agreement with the Japanese Community Youth Council for a term of July 1, 2019 through June 30, 2023 and a not-to-exceed amount of \$1,958,000. On October 8, 2019, DCYF enacted the first amendment to the grant with the Japanese Community Youth Council to increase the not-to-exceed amount to \$3,828,000. On

January 9, 2020, DCYF enacted the second amendment to the grant to increase the not-to-exceed amount to \$8,118,000.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would approve the third amendment to the grant agreement with the Japanese Community Youth Council. It would increase the not-to-exceed amount of the grant by \$2,208,458 for a revised not-to-exceed amount of \$10,326,458 and extend the term by one year through June 2024.

DCYF’s new five-year funding cycle, to fund grants from FY 2022-23 to FY 2027-28, began in 2019 with the Community Needs Assessment. However, due to the COVID-19 pandemic, assessment planning activities were paused and ultimately did not resume until March 2021. Due to this pandemic-related delay in activities, the entire DCYF funding cycle has been delayed. According to Loren Newquist, Senior Contracts and Compliance Analyst at DCYF, the Department is now on track to issue the next RFP in FY 2023-24. This amendment to the Japanese Community Youth Council grant will allow the Opportunities for All program to remain fully funded through FY 2023-24.

Services Provided

The Japanese Community Youth Council places youth interns in a mix of both on-site and remote internships. They also conduct remote workshops on topics that include job readiness, transferable soft skills development, money management, career interest and identification, and community building.

Performance Monitoring

Due to the COVID-19 pandemic, DCYF did not collect performance metrics from any of its grantees in FY 2020-21, so recent performance metrics for the Opportunities for All program are not available.

FISCAL IMPACT

The proposed grant budget include a base budget of \$943,382 in FY 2021-22 to cover administrative costs to manage the Opportunities for All program.

Exhibit 1: Grant Budget

	FY 2021-22	FY 2022-23	FY 2023-24
Base	943,382	970,303	997,224
Work Orders	3,536,114	47,114	
Carryforward	41,807		
Total	4,521,303	1,017,417	997,224

Source: Proposed Third Amendment

As noted above, the proposed third amendment increases the contract's not to exceed amount by \$2.2 million, from \$8.1 million to \$10.3 million. Exhibit 3 below shows the actual and projected spending for the proposed grant agreement.

Exhibit 3: Actual and Projected Spending (in dollars)

Actual Spending Through June 2021	3,557,708
Base Spending FY 2021-22 - FY 2023-24	2,910,909
Work Orders FY 2021-22 & FY 2022-23	3,583,228
Contingency (10%)	291,091
Total	10,342,936

Source: BLA Analysis of DCYF fiscal data

Note: Our contingency is based on base spending in FY 2021-22 through FY 2023-24, not work orders, which are fixed.

The proposed grant amendment to increase the not to exceed amount to \$10,326,458 is likely sufficient to cover actual and projected expenditures.

POLICY CONSIDERATION

Sole Source Award

The original grant was awarded in 2019, prior to the creation of Administrative Code Chapter 21G in 2021, which requires competitive solicitations for grants awards. The Department awarded the grant to Japanese Community Youth Council at the request of the Mayor's Office. We have not been provided any documentation to justify for the sole source award, such as demonstrated capacity and achievements of the contractor on similar programs.

Unused General Fund Work Orders

According to DCYF fiscal data, actual spending in FY 2019-20 and FY 2020-21 was \$1.8 million each year. Budgeted spending in FY 2021-22 is \$4.5 million and projected spending for FY 2022-23 and FY 2023-23 is \$1 million per year. The spike in spending in FY 2021-22 is due to the addition of interdepartmental work orders, including \$2.5 million from the Office of Economic and Workforce Development and one for \$850,000 from the Department of Public Health. None of those work orders have been programmed.

RECOMMENDATION

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

<p>Item 12 File 22-0286</p>	<p>Department: Homelessness & Supportive Housing (HSH)</p>
<p>EXECUTIVE SUMMARY</p>	
<p style="text-align: center;">Legislative Objectives</p> <ul style="list-style-type: none"> • The proposed ordinance would require HSH to acquire or lease for 10 years at least 20 dwelling units in the Haight-Ashbury neighborhood and provide onsite supportive services to transitional age youth in a Transitional Housing program. The acquisitions must be completed by March 31, 2023. <p style="text-align: center;">Key Points</p> <ul style="list-style-type: none"> • Transitional Housing provides people with a place to temporarily stay while engaging with social services for up to two years. Transitional Housing is considered temporary shelter. • The Real Estate Division did a preliminary search of properties within the Haight-Ashbury neighborhood. There are currently 11 properties (13 spaces) on the market available for lease and none for sale. The lease sites were not the entire building. No hotels were available for lease and no vacant land was available for lease or purchase. HSH intends to continue to seek out properties to acquire for TAY permanent supportive housing. <p style="text-align: center;">Fiscal Impact</p> <ul style="list-style-type: none"> • Based on the range of costs from property acquisitions since July 2020, purchasing 20 units could range from approximately \$5.7 million to \$9 million. Ongoing operating costs are estimated to be \$400,000 per year. • Using current HSH contracts as a baseline, leasing, operating, and support service costs for a site-based transitional housing could range from approximately \$715,000 to \$860,000 per year for 20 beds. <p style="text-align: center;">Policy Consideration</p> <ul style="list-style-type: none"> • According to HSH, expansion of the Department’s housing portfolio has been driven by the availability of properties on the market, rather than specific geographic areas. At the recommendation of the Budget & Legislative Analyst, HSH committed to developing formal policies to govern its property acquisition process by June 2022. Such policies would clarify for the Board of Supervisors and the public how HSH assesses and prioritizes properties for purchase. • According to the Our City, Our Home 6-Month Projection Report for FY 2021-22, HSH budgeted \$89.1 million for TAY housing, \$30.7 million of which is expected to have been expended by the end of FY 2021-22, leaving \$58.4 million available in FY 2022-23. Because Transitional Housing is considered shelter, to use this \$58.4 million in TAY funding, the proposed ordinance would need to be amended to change the programming requirement from transitional housing to permanent supportive housing. <p style="text-align: center;">Recommendation</p> <ul style="list-style-type: none"> • Approval of the proposed ordinance is a policy matter for the Board of Supervisors. 	

MANDATE STATEMENT

City Charter Section 2.105 states that all legislative acts shall be by ordinance, approved by a majority of the members of the Board of Supervisors.

BACKGROUND**Transitional Housing Program**

Transitional Housing provides people with a place to temporarily stay while engaging with social services for up to two years. HSH has a portfolio of approximately 220 Transitional Housing beds across the City as of February 2022. Transitional Housing is considered to be part of HSH's Temporary Shelter portfolio as clients accessing the services are guests and do not have a lease.

Transitional Aged Youth (TAY) Housing Programs*Transitional Housing*

As of February 2022, HSH provides over 150 beds of dedicated Transitional Housing to serve Transitional Aged Youth (TAY) across six programs. Four of these programs are site-based, while two are scattered site programs. The site-based programs serve an average of 27 guests per site. The site-based program facilities are typically leased by the operating non-profit provider. One of the TAY transitional housing sites, 1020 Haight Street, is located in the Haight-Ashbury neighborhood and provides transitional housing for up to 15 TAY guests. Another transitional housing program, Hamilton Transitional Housing, serves families, which can include parenting TAY. Hamilton Housing is located directly above the Panhandle and is adjacent to the Haight-Ashbury neighborhood. The City does not currently own any of the properties providing Transitional Housing.

Site-Based Permanent Supportive Housing

The City has a total portfolio of 264 units of site-based Permanent Supportive Housing for Transitional Age Youth, with another 77 units anticipated to come online in calendar year 2022. There are currently no site-based Permanent Supportive Housing units in the Haight-Ashbury neighborhood.

Scattered Site Supportive Housing

In addition, there is a variety of scattered-site supportive housing resources available for TAY. As of May 1, 2022, there are up to 400 slots of Rapid Rehousing subsidies for TAY, which provide time-limited rental assistance and support services. There are also 176 HUD Emergency Housing Vouchers designated for Transitional Age Youth and an additional 53 slots of Flexible Housing Subsidy Pool housing for TAY that are currently under contract and expected to come online by Fall 2022.

Permanent Supportive Housing (PSH) Expansion

The City has prioritized acquisitions of properties to support long-term supportive housing which provides a permanent solution to homelessness. Since July 2020, the Department of Homelessness & Supportive Housing (HSH) has received approval to acquire eight properties that provide 987 units (1,485 bedrooms) for new permanent supportive housing. Unlike guests in transitional housing, tenants in Permanent Supportive Housing have a lease. Excluding the one-family property with multi-bedroom units, the average cost per unit has been \$388,852 including improvement costs estimated at the time of purchase. The properties have been located in the Lower Nob Hill, Tenderloin, South of Market, Western Addition, Crocker-Amazon, and Mission neighborhoods. A recently acquired property at 5630 Mission Street will provide up to 52 units of supportive housing for TAY.

The Department identified the properties through a request for information in 2021, which received approximately 100 responses, including two in the Haight-Ashbury neighborhood. However, one was acquired by a separate entity and one was not a residential building.

HSH plans to re-open RFI 100-A with narrowed criteria for properties best suited to provide permanent supportive housing for TAY. HSH plans to include geographic preference in this updated RFI to include key geographic areas within the City including the Haight-Ashbury neighborhood.

DETAILS OF PROPOSED LEGISLATION

The proposed ordinance would require HSH to acquire or lease for 10 years at least 20 dwelling units in the Haight-Ashbury neighborhood¹ and provide onsite supportive services to transitional age youth in a Transitional Housing program for a period of two years or less. The acquisitions must be completed by March 31, 2023.

The proposed ordinance would also affirm the Planning Department's determination that the acquisitions are not considered a project under the California Environmental Quality Act (CEQA) and are consistent with the policy priorities of the Planning Code. The ordinance sunsets at the end of December 2023.

Real Estate Division Survey of Properties

The Real Estate Division did a preliminary search of properties within Haight-Ashbury. According to the Director of Property, there are currently 11 properties (13 spaces) on the market available for lease and none for sale. None of the offerings were for lease of the entire building. No hotel or hospitality sites are currently available for lease. No vacant land was available for lease or purchase.

¹ The Haight-Ashbury neighborhood is defined in the ordinance as the area bound by Oak, Baker, Stanyan, and Frederick Streets and the northern border of Buena Vista Park.

Real Estate and HSH estimate that 7,500 square feet would be necessary for a 20-unit TAY facility. The available spaces within the area designated by this ordinance as of May 3, 2022 ranged from 448 square feet to 5,050 square feet, so multiple spaces would have to be leased in order to meet the requirements of the proposed ordinance.

The Director of Property also noted that offerings were predominately multi-tenant commercial or retail spaces with a few offices over retail. It may be difficult to convert these spaces to residential use unless the City could control the entire property. Lease of an entire building would likely only be possible if a landlord had a single tenant that was prepared to leave a suitable building and the City was prepared to step in and lease the entire building. The asking rents ranged from \$41.52 per square foot to \$58.20 per square foot (although there was one outlier at over \$100 per square foot). The outlier aside, the expected annual base rent would range from \$311,400 to \$436,500.

FISCAL IMPACT

Property Acquisition

Based on the range of costs from property acquisitions since July 2020, purchasing 20 units could range from approximately \$5.7 million to \$9 million depending on the characteristics, location, and condition of the building. This acquisition estimate does not include capital costs that may be required for immediate building improvements. Ongoing operating costs are estimated to be \$400,000 per year.

Leasing

Using current HSH contracts as a baseline, leasing, operating, and support service costs for a site-based transitional housing could range from approximately \$715,000 to \$860,000 per year for 20 beds.

POLICY CONSIDERATION

Strategic Considerations

According to HSH, expansion of the Department's housing portfolio has been driven by the availability of properties on the market, rather than specific geographic areas. According to the Director of Property, the proposed ordinance may reduce the City's ability to negotiate on any properties that meet the geographic requirements of the proposed ordinance. We note however, that the City has often has a geographic preference in leasing, for example, when negotiating to continue using community-serving space such as the lease for 2712 Mission Street (22-0171).

At the October 6, 2021 Budget & Finance meeting and at the recommendation of the Budget & Legislative Analyst, HSH committed to developing formal policies to govern its property acquisition process by June 2022. Such policies would clarify for the Board of Supervisors and the public how HSH assesses and prioritizes properties for purchase.

Point in Time Count

According to the 2019 Point in Time Count, there were 1,145 unaccompanied youth under the age of 25 experiencing homelessness. The five largest counts were in the following Supervisorial Districts: District 6 (439), District 10 (253), District 8 (129), District 9 (67), and District 5 (66). In addition, there were 36 homeless youth in Golden Gate Park. HSH expects to have the preliminary results of the 2022 Point in Time Count in June 2022.

Funding Availability

Proposition C

According to the Our City, Our Home (OCOH) 6-Month Projection Report for FY 2021-22, HSH budgeted \$89.1 million for TAY housing acquisitions, \$30.7 million of which is expected to have been expended by the end of FY 2021-22, leaving \$58.4 million available in FY 2022-23. Additional funding may be available for TAY acquisitions in FY 2022-23 if the City receives a Homekey Award for 5630 Mission Street (estimated up to \$15.3 million).

Proposition C funding allocated for acquisitions must be used for acquisition of long-term housing where tenants have leases. As the Transitional Housing model does not traditionally provide leases to tenants, HSH does not believe there is funding available from Proposition C to support the acquisition of a site to fund a Transitional Housing Program required by the proposed ordinance. To use this \$58.4 million in TAY funding, the proposed ordinance would need to be amended to change the programming requirement from transitional housing to permanent supportive housing. The spending plan for FY 2022-23 & FY 2023-24 Proposition C funds will be included in the HSH’s June 2022 budget request.

Homekey

According to HSH, it is possible the City could pursue a future State Homekey Grant to support the acquisition of a property to support an interim housing usage. Without an identified property, it is not possible to speculate on the probability of the City submitting and receiving a Homekey Award for a program fulfilling the requirements of this legislation. HSH anticipates a Notice of Funding Availability for the third round of Homekey funding to be released in October 2022.

RECOMMENDATION

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

Item 13 File 22-0317	Department: Public Health
EXECUTIVE SUMMARY	
<p>Legislative Objectives</p> <ul style="list-style-type: none"> • The proposed resolution would approve the second amendment to a Department of Public Health contract with Alternative Family Services Inc., to extend the agreement for five and a half years through Dec. 31, 2027 and increase the total not-to-exceed amount by \$14,960,347 to a total not-to-exceed amount of \$24,959,253. <p>Key Points</p> <ul style="list-style-type: none"> • Alternative Family Services, Inc. (AFS) is a not-for-profit organization providing foster care services, adoption services, and mental health services for children, youth and families in the foster care system in Northern California. The proposed agreement funds an outpatient behavioral health program youth in the foster care system or at risk of being in the foster care system. • The Department did not require a plan of action in either of the two most recent performance monitoring reports completed for this agreement. <p>Fiscal Impact</p> <ul style="list-style-type: none"> • New spending on through December 2027 totals \$14.8 million plus a \$2.1 million contingency. Annual spending on outpatient services funds 16.25 FTE, including 10.71 FTE mental health professionals and 5.54 FTE administrative staff. • The \$14.8 million of new spending is funded by the General Fund (\$6 million), Medical funds (\$8.8 million). <p>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 to such contract is subject to Board of Supervisors approval.

BACKGROUND

Alternative Family Services, Inc.

Alternative Family Services, Inc. (AFS) is a not-for-profit organization providing foster care services, adoption services, and mental health services for children, youth and families in the foster care system in Northern California.

Solicitations

On March 24, 2017, the Department of Public Health (the Department) issued a Request For Proposals (RFP) #1-2017 seeking multiple vendors to provide mental health outpatient treatment services for children, youth and families in the foster care system. This RFP outlined an agreement with an initial term of 1.5 years, with subsequent extension options for the City up to a maximum term of 10 years.

On November 2, 2016, the Department issued RFP 33-2016 seeking multiple vendors to provide specialty mental health services to children, youth and their families, including Therapeutic Visitation Services (TVS), and Treatment Foster Care services. The RFP outlined an initial agreement of one year with four options to extend, for a maximum term of five years, ending on June 30, 2022. As described below, these services are included in the current agreement but not the proposed extension, because the solicitation authority expires on June 30, 2022

Scoring

In response to the 2017 solicitation, AFS applied for one category of services, Mental Health Outpatient Treatment Services. It received 204 points of 230 possible points and placed seventh of 18 applicants in the category. Of the 28 total applicants across four types of services, 25 were approved to provide services, pending budget negotiations.

The Department divided proposals into two batches, each of which was reviewed by a separate panel. One review panel consisted of one representative each from the Department, the San Francisco Unified School District (SFUSD), Contra Costa County Health Services, and the San Francisco Human Services Agency (HSA). A second review panel consisted of two representatives from SFUSD; one representative each from the Department, the Department of Children, Youth and Their Families, Contra Costa County Health Services; and an independent contractor for HSA.

Initial Agreement

On July 1, 2018, the Department entered into an initial contract agreement with AFS for a period from July 1, 2018 through March 31, 2021 to provide outpatient behavioral health services and

Therapeutic Visitation Services to children, youth and families in the foster care system, with a total not-to-exceed amount of \$9,680,288. Because the initial contract agreement amount was lower than \$10,000,000, the contract did not require approval by the Board of Supervisors.

According to a first-year cost breakdown attached to the contract, the outpatient behavioral health services program accounted for 87.6% of costs in Fiscal Year 2018-19, with therapeutic visitation accounting for 12.4% of costs.

2018 Interim Contract

To prevent an interruption in services during an expected gap between expiring contracts and the start of new agreements reflecting the solicitations noted above, during Fiscal Year 2017-18 the Department provided AFS and other providers with interim contracts for the 2018 calendar year. When the Department subsequently entered the 2018 agreement with AFS on July 1, 2018, this created a six-month overlap period between the interim contract and the new agreement, during which the Department paid AFS through the interim contract. These expenditures during this period, totaling \$1,474,512, thus remained available for subsequent expenditures through the new agreement. The Department subtracted this amount from actual and projected expenditures when calculating the not-to-exceed total for the proposed amendment.

First Amendment

On February 1, 2021 the City amended the contract to extend the term of the agreement through June 30, 2022 and increase the not-to-exceed amount to \$9,998,906. The amendment also referenced a third category of services, Treatment Foster Care, which AFS had started providing in FY 2019-20 under the 2016 solicitation. The original two categories of services in the initial agreement, outpatient behavioral health and therapeutic visitation, remained unchanged.

AFS' outpatient behavioral health program accounted for 65.96% of the projected expenditures for FY 2020-2021 described in Appendix B of the contract amendment. Therapeutic Visitation Services and Treatment Foster Care accounted for 28.33% and 5.72% of projected expenditures, respectively.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would approve the second amendment to the Department of Public Health's contract with Alternative Family Services Inc. for the provision of behavioral health outpatient services for children and youth in the foster care system and their families. The proposed amendment would extend the agreement for outpatient services for five and a half years through Dec. 31, 2027, and it would increase the total not-to-exceed amount by \$14,960,347 to a total not-to-exceed amount of \$24,959,253.

Two other services that AFS provides in the current agreement, Therapeutic Visitation Services and Treatment Foster Care, are authorized under a separate solicitation than outpatient services and expire June 30, 2022. The Department has issued a new solicitation for providing these services after that date, and the selected entity or entities will provide them under a new agreement or agreements.

Services Provided

AFS' outpatient behavioral health treatment services include comprehensive assessments of clients' mental health needs, individual and family therapy, and rehabilitation services. AFS also provides case management services to coordinate among stakeholders including attorneys, schools, probation officers, biological families and foster families, as well as linkage to nonprofit organizations and other community resources. The program address is 250 Executive Park Boulevard, Suite 4900, in San Francisco, and clinicians also provide intensive home-based services aimed at improving social and daily living skills.

The outpatient behavioral health program serves youth who are in the foster care system or at risk of being in the foster care system.

Performance Measurement

The Department did not require a plan of action in either of the two most recent performance monitoring reports completed for this agreement.

According to the Department's FY 2019-20 performance monitoring report:

- AFS delivered 321,671 (83.64%) of 384,584 contracted units of service in FY 2019-20 for the outpatient behavioral health services portion of this agreement. The organization provided 92 unduplicated clients with these services, more than its contracted number of 60 unduplicated outpatient clients.
- AFS' outpatient behavioral services program met 50 percent of performance objectives; the performance monitoring report notes "a few areas of low compliance with some of the performance objectives." The report recommended that AFS improve its completion of treatment plans and needs assessments in the electronic medical records system Avatar, as well as its documentation of client improvement.
- The program received 100 percent client satisfaction among the 36% of clients who completed a client satisfaction survey.

FISCAL IMPACT

Exhibit 1 below shows the projected spending during the proposed extension period, which totals \$16,949,167, including a 12% contingency.

Exhibit 1: Proposed Spending

	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	Total
Outpatient Services	2,202,430	2,352,392	2,502,720	2,653,426	2,804,132	1,402,066	13,917,166
MCO & CODB	150,202	150,568	150,947	150,947	150,947	150,947	<u>904,557</u>
Subtotal							14,821,723
Contingency							2,127,445
Total	2,352,632	2,502,960	2,653,667	2,804,373	2,955,078	1,553,012	16,949,167

Source: Public Health

Notes: MCO refers to the requirements of the Minimum Compensation Ordinance. CODB refers to annual cost of doing business increases. FY 2027-28 values are through December 2027.

According to Appendix B of the existing contract, annual spending on outpatient services funds 16.25 FTE, including 10.71 FTE mental health professionals and 5.54 FTE administrative staff. The \$14.8 million of new spending is funded by the General Fund (\$6 million), Medical funds (\$8.8 million)

The proposed contract amendment would increase the total not-to-exceed amount to \$24,959,253. Exhibit 2 below shows the basis for the not-to-exceed amount.

Exhibit 2: Basis for Requested Not-to-Exceed Amount

Projected Spending Through June 2022	9,484,598
Spending on interim contract	(1,474,512)
New Spending	16,949,167
New Not to Exceed	24,959,253

Source: Public Health

RECOMMENDATION

Approve the proposed resolution.

<p>Item 14 File 22-0259</p>	<p>Department: Department of Public Health</p>
<p>EXECUTIVE SUMMARY</p>	
<p style="text-align: center;">Legislative Objectives</p> <ul style="list-style-type: none"> • The proposed resolution approves the third amendment to the contract between the Department of Public Health and Project Open Hand for the administration of food and nutrition services to low-income residents of San Francisco living with HIV/AIDS, to extend the contract term by 4.75 years from June 30, 2022 to March 31, 2027 (for a total contract term of ten years), and to increase the amount by \$9,442,639 (for a total contract amount of \$18,800,344). <p style="text-align: center;">Key Points</p> <ul style="list-style-type: none"> • Project Open Hand was awarded the initial contract in 2017 for an amount not to exceed \$6,258,690 for four years (from April 2017 – March 2021), with six options to renew the agreement annually, for a total possible contract term of ten years (April 2017 – March 2027). The contract has been modified twice, increasing the total not to exceed amount to \$9,357,705 and extending the term through June 2022. • Project Open Hand is a nonprofit that supports the nutritional health of people living with HIV/AIDS through meals, groceries, nutrition assessments, and other food and nutrition services. • Project Open Hand also operates the “Getting to Zero program,” which is focused on reaching eligible HIV+ clients who are not currently served by existing Project Open Hand services and may be reluctant to engage. Nonprofit staff have found new clients through targeted outreach, including through navigation centers, SROs, needle exchange programs, and other avenues. <p style="text-align: center;">Fiscal Impact</p> <ul style="list-style-type: none"> • Of the proposed \$9.5 million spending over the next five years, approximately \$5.4 million (63 percent) will be spent on personnel expenses, supporting approximately 15.4 total full-time equivalent (FTE) positions. \$2.4 million will be spent on operating expenses (28 percent of the budget), and \$0.7 million will fund indirect expenses. There is a contingency of \$1.02 million. • \$6.7 million of the total budget over the five-year period will be used to support expenses related to Project Open Hand’s primary food and nutrition services and are funded with federal funding sources. The remaining \$1.8 million of the budget will cover expenses related to Project Open Hand’s Getting to Zero program, which includes expansion of mobile food delivery access and targeted outreach. <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**Project Open Hand**

Project Open Hand is a nonprofit that supports the nutritional health of people living with HIV/AIDS through prepared meals, groceries, nutrition assessments, and other food and nutrition services. Project Open Hand serves over 350,000 meals and over 70,000 grocery bags to approximately 2,800 People Living with HIV/AIDS annually.

Request for Proposals No.9-2017 for the Provision of Food and Nutrition Services Targeting Low-Income HIV Clients Living in San Francisco

In January 2017, the Department of Public Health (DPH) issued Request for Proposals (RFP) #9-2017 for one provider to provide food and nutrition services for low-income persons living with HIV/AIDS in San Francisco. While DPH received Letters of Intent (LOI) to respond to the solicitation from three organizations, Project Open Hand was the only vendor to submit a proposal by the RFP deadline. DPH determined that Project Open Hand's proposal met the minimum qualifications required by the solicitation and accepted their proposal. As allowed in the RFP, the Department did not proceed with the formal solicitation evaluation process and Project Open Hand's proposal was not scored.

In April 2017, the initial contract agreement was executed with Project Open Hand for a four-year total period from April 1, 2017, through March 31, 2021, in an amount not to exceed \$6,258,690 and with six options to renew the agreement annually, for a total possible contract term of ten years (April 1, 2017, through March 31, 2027). The contract has been amended twice, increasing the contract not-to-exceed amount to \$9,357,705 and extending the term by approximately one year, as shown in table 1 below.

Exhibit 1: Previous Contract Amendments

No.	Date	Description	Not-to-Exceed Amount
Initial Contract	4/1/17	Established original contract term for 4 years total from April 1, 2017 - March 31, 2021.	\$6,258,690
Amendment #1	12/1/18	Extended the contract term by 3 months from: March 31, 2021 - June 30, 2021, for a total term of 4.2 years, and increased the amount by \$1,225,840	\$7,484,530
Amendment #2	2/1/21	Extended the contract for one additional year from June 30, 2021 – June 30, 2022, for a total term of 5.2 years (April 1, 2017 – June 30, 2022), and increased the amount by \$1,873,175	\$9,357,705

Source: Review of DPH contract documents

DETAILS OF PROPOSED LEGISLATION

The proposed resolution approves the third amendment to the contract between the Department of Public Health and Project Open Hand for the administration of food and nutrition services to low-income people living with HIV/AIDS who reside in San Francisco, to extend the contract term by 4.75 years from June 30, 2022, to March 31, 2027 (for a total contract term of ten years), and to increase the amount by \$9,442,639 (for a total contract amount of \$18,800,344).

Services Provided

Through this contract, Project Open Hand would continue to provide nutrition support for HIV-infected residents of San Francisco. The funding currently provides ongoing food and nutrition services for a minimum of 895 unduplicated clients who are San Francisco residents living with HIV and meet the income eligibility requirements. The contract currently supports approximately 14.9 full-time equivalent (FTE) positions for FY 2021-22, and the proposed Amendment No. 3 will increase the number of full-time equivalent positions by .5 (to 15.4) for FY 2022-23 (and each subsequent year). According to the Department, the proposed Amendment No. 3 reflects changes in personnel needs.¹ Amendment No. 3 continues services through both their primary Food and Nutrition Services Program, and through the Getting to Zero - Expanded Outreach and Access Targeting Underserved Populations Program.

¹ Staff no longer reflected in the proposed amendment include: Wellness Center Receptionist; Manager, Distribution; Manager, Grocery Services; Manager, Volunteer Services; Supervisor, Operations; and other positions. New staff reflected in the proposed amendment include Client Engagement Specialist; Inventory Operations Coordinator II; Director, Operations; Purchasing Supervisor; Kitchens Logistics Supervisors; and Director, Wellness Programs, among others.

Food and Nutrition Services Provided through Project Open Hand

Project Open Hand provides food and nutrition services for people living with HIV/AIDS through prepared meals, groceries, nutrition assessments, and other services, described below:

- **Nutrition and Grocery Centers**
 - At one of two grocery centers, clients may shop for a week's worth of groceries and/or pick up meals designed to meet the medical needs of People Living with HIV. Prepared meals provide a minimum of one-third of the daily nutritional requirements for People Living with HIV, and clients may select from various options such as no dairy, vegetarian, pescatarian, and diabetic meals, among others.
 - Marginally-housed clients without cooking facilities are provided with pre-packaged groceries containing "no-cook" items.
- **Dietetic and Nutritional Counseling**
 - Registered Dietitians meet with all new clients to evaluate nutritional needs, and if necessary, provide ongoing support to clients in need of assistance with identifying nutritionally-dense foods that complement their medical regimen and reduce their individual symptoms.
- **Outreach and Development of a Client Referral Network**
 - Project Open Hand's bilingual outreach coordinators participate in health fairs and attend various events, as well as maintain relationships with key points of access both inside and outside the HIV service system to identify new clients and work with their medical providers to determine eligibility.
- **Home-Delivered Meals**
 - For clients unable to pick up meals from the Grocery Center, they may have meals delivered to their home by volunteers and Project Open Hand staff, who deliver meals on eight routes throughout San Francisco on a daily basis. Project Open Hand staff and volunteers delivering meals also conduct client wellness checks and take note of obvious health changes.

Project Open Hand's Getting to Zero Program

In 2017, Project Open Hand received additional City funding as part of San Francisco's Getting to Zero effort.² The additional funding provided to Project Open Hand as a part of Getting to Zero is being used to reach HIV+ residents who are not currently served by any of Project Open Hand's services and may be reluctant or unable to engage. Project Open Hand staff have found new clients through street-level and direct-population outreach, including targeting navigation centers, SROs, needle exchange programs, mobile health services, city and free clinics, and other

² In 2013, stakeholders from UCSF, DPH, the private healthcare sector, government officials and activists established Getting to Zero – San Francisco, a multi-sector strategic initiative with the goal of achieving zero new HIV infections, zero premature HIV-related deaths, and zero HIV/AIDS stigma.

avenues. According to the Department, Project Open Hand has been able to reach an additional 336 new clients in FY 2019-20 through targeted outreach strategies.

Exhibit 2 below shows the actual units of service achieved in FY 2019-20, compared to the contracted targets.

Exhibit 2: Project Open Hand Contract Performance FY 2019-20

Units of Service	Contracted	Actual	Actual as Percentage of Contracted
Food and Nutrition Services (Main Program)			
Grocery Bags	15,589	14,124	91%
Prepared Meals	68,039	61,339	90%
Nutrition Counseling Hours	247	235	95%
Unduplicated Clients Served	800	913	114%
Getting to Zero			
Prepared Meals	22,040	22,244	101%
Grocery Bags	3,062	4,536	148%
Unduplicated Clients Served	120	336	280%
Total Unduplicated Clients Served through POH	920	1,249	136%
Total	109,897	103,727	94%

Source: Monitoring Reports FY 19-20, Project Open Hand Food and Nutrition Services (GTZ Program) and Project Open Hand Food and Nutrition Services

As shown in Exhibit 2, services for groceries, prepared meals and nutrition counseling hours for the Food and Nutrition Services program did not meet their budgeted contractual targets, however Project Open Hand exceeded their goal for number of clients by 136 percent. Additionally, Project Open Hand did not meet budgeted targets for the Getting to Zero Program for the prepared meals and grocery bags service categories. The Department considers meeting 90 percent of performance targets as acceptable, and above 90 percent as exceeding standards.

According to program monitoring reports for FY 2019-20, Project Open Hand received ratings of “exceeds standards” for both programs. Overall, Project Open Hand achieved approximately 94 percent of their contractually required Units of Service. According to the Department, monitoring reports for FY 2020-21 are still in the process of being completed.

The proposed third amendment would provide a similar level of service: an increase of approximately 502 grocery bags and 90 additional nutritional counseling hours per year.

FISCAL IMPACT

Exhibit 3 below summarizes the uses of the proposed contract spending for Project Open Hand's primary food and nutrition services program and Getting to Zero program over the next five years.

Exhibit 3: Summary of Proposed Contract Spending from 2022 through 2027

Uses	Year 1 (2022-23)	Year 2 (2023-24)	Year 3 (2024-25)	Year 4 (2025-26)	Year 5 (2026-27)	Total
Personnel Expenses	1,084,675	1,084,675	1,084,675	1,084,675	1,028,587	5,367,287
Operating Expenses	488,000	488,000	488,000	488,000	458,723	2,410,723
Indirect Costs (9%)	148,376	148,376	148,376	148,376	140,450	733,954
Subtotal	\$1,721,051	\$1,721,051	\$1,721,051	\$1,721,051	\$1,627,760	8,511,964
Contingency (12%)	206,526	206,526	206,526	206,526	195,331	1,021,436
Total	1,927,577	1,927,577	1,927,577	1,927,577	1,823,091	9,533,400

Source: Department of Public Health

Note: Personnel expenses include both salaries and benefits, and operating expenses include property rental, building maintenance, utilities, materials and supplies, and other costs.

As shown in Exhibit 3 above, personnel expenses comprise the majority (63 percent, or \$5.4 million) of total contract expenses. Operating expenses are 28 percent (\$2.4 million total) and indirect costs comprise the remaining 9 percent of the contract budget (\$733,954 total). The \$9,442,639 increase in the not to exceed amount is approximately \$90,000 lower than budgeted expenses of \$9,533,400 due to contingency adjustments between the current contract and the proposed amended contract.

The majority of the budget over the five-year period (approximately \$6.7 million) will cover expenses related to Project Open Hand's food and nutrition services (including providing grocery bags, prepared meals and nutritional counseling to clients), and are funded by federal funding sources.

The remaining \$1.8 million of the budget will cover expenses related to Project Open Hand's Getting to Zero program including outreach and expanding program access to eligible clients not already receiving services, through increasing mobile food delivery access to other sites in San Francisco (namely the Mission and the Southeast/Bayview areas) where clients may be living or accessing services without requiring them to come to the Tenderloin for these services, or to seek these services through an HIV program, which may be a deterrent due to stigma. Expenses under the Getting to Zero program are covered by General Fund monies.

RECOMMENDATION

Approve the proposed resolution.

<p>Item 15 File 22-0332</p>	<p>Department: Department of Public Health</p>
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EXECUTIVE SUMMARY

Legislative Objectives

- The proposed resolution would approve the third amendment to the contract between the Department of Public Health and Homeless Children’s Network for the administration of behavioral health services for Black/African American individuals, children, and families, to extend the contract by 2.5 years from June 20, 2022, to December 31, 2024, and to increase the amount by \$10,340,308 for a total not to exceed amount of \$19,976,478.

Key Points

- The Homeless Children’s Network was awarded the initial contract in in January 2019 for an amount not to exceed \$2.24 million for 3.5 years (from January 2019 – June 2022). The contract has been amended twice to include additional services for children under age 21 who are enrolled in Medicaid, and to expand programming as part of the City’s Dream Keeper Initiative.
- The Homeless Children’s Network provides trauma-informed behavioral health services to homeless and formerly homeless youth, children and families, with a focus on supporting the Black/African American community. The current contract funds the Ma’at Program, which provides case management, therapy, crisis intervention and other mental health services tailored to the needs of the Black/African American community. Additional services are also funded through the Dream Keeper Initiative, including expansion the Ma’at Program to provide services to LGBTQ+ Black/African American children, families and adults residing primarily in Bayview Hunters Point, Western Addition and Castro.
- The proposed resolution would continue to fund the same level of services in FY 2022-23 and would require the Homeless Children’s Network to continue to serve 177 clients annually through the Ma’at Program and 120 clients through Dream Keeper Initiative-related programming. Dream Keeper program funds are budgeted to decrease after FY 2022-23.

Fiscal Impact

- Of the proposed new spending of approximately \$10.3 million over the next 2.5 years, approximately \$7.7 million will be used to support the Ma’at Program, \$1.9 million will fund Dream Keeper Initiative-related services, and there is \$0.7 million contingency.

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**Homeless Children's Network (HCN)**

Homeless Children's Network (HCN) is a nonprofit organization that provides trauma-informed services to homeless and formerly homeless children, youth and families, including behavioral health services, case management, basic needs support, violence prevention, and other services.

RFQ #21-2018 Black/African American Family Behavioral Health Services

In June 2018, the Department of Public Health (DPH) issued Request for Qualifications (RFQ) #21-2018 for culturally responsive behavioral health treatment for Black/African American children, youth and families. In response to this RFQ, DPH received proposals from five organizations. Proposals were assessed by a panel of DPH and nonprofit staff. The Homeless Children's Network received the highest score and was selected to provide behavioral health treatment services through the solicitation.

In January 2019, the initial contract agreement with Homeless Children's Network was executed for a 3.5-year total period from January 1, 2019 through June 30, 2022, in an amount not to exceed \$2,240,000. The contract agreement was amended twice, increasing the not-to-exceed amount to approximately \$9.6 million as shown in Exhibit 1 below.

Exhibit 1: Previous Contract Amendments

No.	Date	Description	Not-to-Exceed Amount
Initial Contract	1/1/19	Established original contract term from: January 1, 2019 - June 30, 2022.	\$2,240,000
Amendment #1	7/1/19	Increased the contract amount by \$4,168,000 to reflect annualization and expansion of treatment services and programming for Black/African American families via the Ma'at Program	\$6,408,000
Amendment #2	7/1/21	Increased the contract amount by \$3,228,170 (\$2,400,000 to fully fund the incorporation of Dream Keeper Initiative/SFPD Reallocation funding) and \$828,170 for further expansion to the Ma'at Program.	\$9,636,170

The first amendment included additional comprehensive and preventive health care services for children under age 21 who are enrolled in Medicaid, and the second amendment expanded programming as part of the City's Dream Keeper initiative. The length of the agreement was not increased. The RFQ stated that selected recipients would be awarded an initial contract term of 2 years, with one option to extend for an additional four years (for a total contract period of six years). According to the Department, the initial contract exceeded the term listed in the solicitation by 1.5 years because the Department determined that it would be inefficient to create a term that ended mid-year. According to the Department, after the contract with the Homeless Children's Network expires, a new solicitation will be issued for the same services.

Dream Keeper Initiative

The Homeless Children's Network was awarded \$1.2 million in annual funding from the City's Dream Keeper Initiative, an allocation of \$120 million in the FY 2020-21 – FY 2021-22 budget, administered by the Human Rights Commission, to benefit the Black community. In May 2021, a Revision to the Program Budget was issued prior to Amendment No. 2 to incorporate Dream Keeper Initiative programming and use existing expenditure authority in the current contract. The second amended contract funds Dream Keeper Initiative-related services, including expansion of the Ma'at program to provide mental health treatment to Black LGBTQ youth and families, community engagement with Black-led and Black-serving San Francisco Agencies, Black Sacred Space facilitated conversations for the Black/African American community over the course of a year, and additional events designed to provide a bridge between the Black LGBTQ+ community and Homeless Children's Network services.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would approve a third amendment to the contract between the Department of Public Health and Homeless Children's Network for the administration of behavioral health services for Black/African American individuals, children and families, to extend the contract by 2.5 years from June 20, 2022, to December 31, 2024, and to increase the amount by \$10,340,308 for a total not to exceed amount of \$19,976,478.

Services Provided

Through this contract, the Homeless Children's Network would continue to administer the Ma'at program and would continue to provide outreach and engagement services for Black/African American communities as part of the Dream Keeper Initiative. The programs supported in this contract are described below:

- **The Ma'at Program**
 - The Ma'at Program, located at 3450 Third Street, provides case management, therapy, crisis intervention and other mental health services using an Afri-centric, strength-based, trauma-informed mental health model tailored to the needs of the Black/African American community. Ma'at program services support San Francisco residents living in emergency, domestic violence, and transitional shelters, as well as those families referred by homeless agencies.
 - The Ma'at Program uses innovative approaches including healing circles, drumming circles, workshops, pop-up events and other alternative strategies to connect the Black/African American community in San Francisco to mental health support.
 - The target population is Black/African American children ages 0-18 and their families in all neighborhoods living in San Francisco. The current contract requires the Homeless Children's Network to support 177 clients through their Ma'at Program.
- **Dream Keeper Initiative Programming**
 - Services funded through the Dream Keeper Initiative are focused on supporting expansion of the Ma'at program to provide mental health services to LGBTQ+ Black/African American children, families and adults residing primarily in the Bayview Hunters Point, Western Addition and Castro areas.
 - Funds contribute towards an expansion of existing direct mental health services, group support, healing circles, individual and community wellness services, and case management services to Black/African American individuals and families.
 - Funds also support the Soul of Pride Community Hub under the Ma'at program, which includes mental health providers, case management, linkage to culturally responsive health care, housing, and additional services for the Black LGBTQ+ community.
 - Dream Keeper Funding also supports the Early Childhood Mental Health Consultation Initiative, which includes strategic planning and outreach with early

childhood staff to provide support and feedback on how to improve programming for Black/African-American clients aged 0-5 years.

Amendment 3 Proposed Service Changes

The proposed amendment would provide the same level of service in FY 2022-23. The proposed amendment would require the Homeless Children's Network to continue to serve 177 clients annually through the Ma'at Program (no change from the current contract). The Dream Keeper funding is intended to provide mental health services to an additional 120 clients and funds community outreach activities. Dream Keeper program funds is budgeted to decrease after FY 2022-23 (see below).

Contract Monitoring

While program monitoring reports were prepared for FY 2019-20 describing the service delivery and compliance requirements the Ma'at Program, the Department did not assign rating scores due to the impact of COVID. In FY 2019-20, the program met 60 percent of its performance objectives, and the percentage of program clients indicating satisfaction with the program's services was less than 50 percent. According to the Department, performance objectives were not met due to additional time needed to implement significant program expansions, compounded by doing business during the pandemic. FY 2020-21 monitoring reports have not yet been completed. Due to issues with data infrastructure, Homeless Children's Network has not been able to sufficiently track the number of clients participating in each program. The Homeless Children's Network hired a consulting firm, Ceres Policy Research, to identify the number of clients participating in each service funded through the Dream Keeper Initiative. Due to issues with monitoring, the current performance of the Homeless Children's Network is not yet known.

Ceres Policy Research and Evaluation of Dream Keeper Funding

Ceres Policy Research's evaluation report shows that the Dream Keeper Initiative programming served a minimum of 96 clients total from April 2021 through June 2021. Services include general mental health services, early childhood consultation, and mental health services tailored to the Black LGBTQ community. It is unknown whether Homeless Children's Network was able to provide services to 120 clients as required in the contract, or whether there may be participation overlap among service categories.

Impact of COVID-19

Due to the COVID-19 pandemic, Homeless Children's Network transitioned from in-person to remote teletherapy, which includes providing technical support and assistance to families who are new to telehealth.

FISCAL IMPACT

Exhibit 2 provides an overview of the budget for each program through December 2024.

Exhibit 2: Homeless Children’s Network Budget, by Program, During Proposed Extension

Uses	FY 2022-23	FY 2023-24	FY 2024-25*	Total
Ma’at Program	2,857,085	3,218,798	1,641,181	7,717,064
Dream Keeper	1,222,500	450,000	225,000	1,897,500
<i>Subtotal</i>	<i>4,079,585</i>	<i>3,668,798</i>	<i>1,866,181</i>	<i>9,614,564</i>
Contingency				726,651
Total Uses	4,079,585	3,668,798	1,866,181	10,341,215

Source: Department of Public Health

Note: FY 2024-25 only includes July 2024 – December 2024.

Exhibit 2 above shows that of the total contract budget for the Homeless Children’s Network, the standard Ma’at Program comprises 75 percent (approximately \$7.7 million total) of the total budget and funds 20.15 FTE.

The Dream Keeper Initiative portion of the extension budget is approximately 18 percent (\$1.9 million total) and funded 7.55 FTE in FY 2021-22. Exhibit 2 shows that the program budget is decreasing in FY 2023-24 because it is not yet known whether the Department will continue funding the Dream Keeper Initiative portion of the budget after FY 2022-23 or whether the ongoing funding will be subject to solicitation. The Dream Keeper program will be funded by Mental Health Services Act (MHSA) funding during the proposed extension.

Costs for the proposed extension are funded by the General Fund (\$7 million) and state and federal funding sources (\$2.6 million).

RECOMMENDATION

Approve the proposed resolution.

Item 16 File 22-0333	Department: Department of Public Health
EXECUTIVE SUMMARY	
<p>Legislative Objectives</p> <ul style="list-style-type: none"> • The proposed resolution would approve the first amendment to the contract between the Department of Public Health and Seneca Family Agencies (“Seneca Center”) for the administration of behavioral health services to children and families living in San Francisco, to extend the contract term by 5.5 years through December 31, 2027 (for a total agreement term of 9.5 years) and to increase the not to exceed amount to \$57,114,486. <p>Key Points</p> <ul style="list-style-type: none"> • Seneca Center was awarded the contract in July 2018 for an amount not to exceed \$40,529,444 for four years (from July 2018 – June 2022), with one option to renew the contract for six years (File 18-0828). • Seneca Center provides mental health treatment services for children, youth (including justice-involved and foster youth) and families. Ten services are currently provided through the contract, including short-term, one-to-one behavioral intervention treatment, intensive therapeutic foster care, longer-term wraparound services, and others. Six services are being discontinued because the authorization provided by the respective competitive solicitations is expiring. <p>Fiscal Impact</p> <ul style="list-style-type: none"> • The Department is projected to spend \$36.5 million on the current contract through June 2022, and new spending in the proposed amendment totals approximately \$17 million over the next 5.5 years, for a total not to exceed amount of \$57.1 million, including a 12 percent contingency. • Of the proposed new spending of \$17 million, approximately \$4.7 million is funded by the General Fund and the remaining \$12.3 million is funded by State and Federal sources. <p>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

Seneca Family Agencies (“Seneca Center”)

The Seneca Family Agencies (“Seneca Center”) is a nonprofit organization that provides mental health treatment services for children and families. Seneca Center works with public mental health, education, child welfare and juvenile probation agencies, among other service providers, to provide various services, including medication-assisted treatment, trauma-informed treatment services, cognitive behavioral therapy, and other forms of mental health treatment.

Department of Public Health Solicitations Issued for Behavioral Health Services

In November 2016, July 2016, March 2017 and September 2017, the Department of Public Health issued solicitations for behavioral health providers to provide the following services:

1. Mental Health Outpatient Treatment Services (Children, Youth and Families)
2. Continuum of Care Reform Services (Behavioral Health Network for Foster Care Youth)
3. (MHSA) School-based Programs
4. Mental Health Treatment Support & Training Services

Seneca Center submitted proposals under these four solicitations and was one of the agencies selected to provide services. In July 2018, the initial contract was executed with Seneca Center for a four-year total period from July 1, 2018 through June 30, 2022, in an amount not to exceed \$40,529,444, with one six-year option to extend (File 18-0828).

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would approve the first amendment to the contract between the Department of Public Health and Seneca Family Agencies for the administration of behavioral health services to children and families living in San Francisco, to extend the contract term by 5.5 years through December 31, 2027 (for a total agreement term of 9.5 years) and to increase the amount by \$16,585,042, for a total not-to-exceed amount of \$57,114,486.

Services Currently Provided

Through this contract, Seneca Center would continue to provide mental health treatment services for children, youth (including justice-involved and foster youth) and families. Seneca Center currently provides ten services through this contract, described below:

- **Therapeutic Behavioral Services (TBS)**
 - TBS services are short-term, intensive, one-to-one behavioral intervention available to clients whose behaviors place them at risk of placement in higher level care.
- **Intensive Therapeutic Foster Care**
 - This program provides foster home placements and intensive therapies for San Francisco youth who are at risk of placement in a residential treatment program. The goal of the program is for clients to return to their kin families within 6-9 months.
- **Short Term Connections -Intensive Support Services**
 - Short Term Connections provides short-term stabilization for Court Dependents (youth in juvenile dependency cases) who are deemed to be at risk of losing a placement, in need of intensive care and/or are at risk of psychiatric hospitalization.
- **Long Term Connections – Wraparound Services**
 - Long-Term Connections provides family-like living environments for San Francisco youth who are placed in or at risk of placement in a Community Treatment Facility, group home or residential treatment program.
- **School-Based Services**
 - School-Based Services are located within school sites to help build inclusive environments, particularly for students facing academic, behavioral, and/or social-emotional challenges that place them at risk of referral for more restrictive education settings.
- **Youth Transitional Services**
 - The goal of Youth Transitional Services is to work with and provide mental health services to justice-involved youth to reduce the likelihood of re-offending.
- **AIIM Higher**
 - AIIM Higher is a partnership between the Department of Public Health, Juvenile Justice Center, and Seneca to provide data-driven assessment, planning and linkage services to connect probation-involved youth with mental health needs to community-based services with the long-term goals of reducing recidivism and increasing psychosocial functioning.
- **San Francisco Connections Dialectical Behavioral Therapy (DBT) Program**
 - The San Francisco DBT Program provides comprehensive Dialectical Behavioral Therapy or other applicable therapeutic models to youth ages 3-21, who hold full-scope Medi-Cal and either reside in or are part of the San Francisco Dependency System. Services include individual and family therapy, multi-family group skills training, and other services.
- **SOAR**
 - SOAR (Strength, Opportunity, Achievement, Resilience) is a school-based services model that is implemented at public district school partner sites and is designed

to increase the achievement of all students, particularly students facing academic, behavioral, and/or social-emotional challenges that place them at risk of referral for more restrictive education settings.

- The SOAR program will not be funded in proposed Amendment No. 3.
- **Comprehensive Assessment and Stabilization Services (COMPASS)**
 - COMPASS provides individualized client and family-driven treatment intended to support the behavioral, emotional, and placement stability of youth who are dependents of the juvenile court or are receiving foster care services and are at risk of psychiatric hospitalization or are experiencing a placement disruption.

Amendment 3 Proposed Service Changes

Proposed Amendment No. 3 will continue to fund all of the above programs listed in FY 2022-23, except for the SOAR, Long-Term Connections, Compass, and Intensive Therapeutic Foster Care programs. AllIM Higher and Short-Term Connections will not be funded after FY 2022-23. Except for SOAR, the programs are not being funded in the proposed extension because of the expiration of the original solicitation authority.

The SOAR program will be eliminated because the agency determined it was not a good fit to provide services in the classroom. Instead, the proposed amendment will increase funding for the Transitional Aged Youth (TAY) Full-Service Partnership, which provides mental health, psychiatric, case management, and team-building support services to young adults living in San Francisco.

Contract Monitoring

While program monitoring reports were prepared for FY 2019-20 describing the service delivery and compliance requirements for each program, the Department did not assign rating scores due to the impact of COVID. Seven programs did not meet their full contracted units of service requirement. According to the Department, some programs experienced a reduction in their ability to provide services due to COVID, while other programs experienced an increase in the acuity and intensity of clients served. Due to the COVID-19 pandemic, Seneca Center shifted from in-person to remote teletherapy for several services including wraparound, outpatient therapy and Dialectical Behavioral Therapy, but continued to deliver 24/7 Mobile Response and other crisis services in-person. Seneca Center also assisted with the City of San Francisco's efforts to move homeless and vulnerable populations to shelter-in-place hotels.

One program, the COMPASS program, was unable to provide information on performance objectives due to problems with the data-collection software. During the FY 2019-20 monitoring period, the Department temporarily waived multiple performance objectives for Seneca programs because of severe database reporting connectivity/access issues. The San Francisco Connections Dialectical Behavioral Therapy Program, the TAY Full-Service Partnership program and the Long-Term Connections – Wraparound Services program did not meet 100 percent of contracted performance objectives because there was a disruption to the data-collection software access that rendered most of the data minimal and not useful for reporting a meaningful summary of the achievements during the fiscal year.

FISCAL IMPACT

Exhibit 1 below summarizes the changes between the existing agreement as of FY 2021-22 and the proposed amendment, July 2022 – December 2028 (FY 2022-23 – FY 2027-28)

Exhibit 1: Changes in Services

	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28
Long Term Connections	5,240,137	0	0	0	0	0	0
AIIM Higher	666,810	666,810	0	0	0	0	0
Youth Transitional Services	217,666	217,666	217,666	217,666	217,666	217,666	108,833
Intensive Therapeutic Foster Care	780,889	0	0	0	0	0	0
Short Term Connections	1,366,410	1,366,410	0	0	0	0	0
TBS SF	10,000	10,000	10,000	10,000	10,000	10,000	5,000
School-based Services	471,661	471,661	471,661	471,661	471,661	471,661	235,831
Outpatient and DBT	1,711,090	1,711,090	1,711,090	1,711,090	1,711,090	1,711,090	855,545
Compass	1,179,253	0	0	0	0	0	0
TAY Full-Service Partnership	605,619	605,619	605,619	0	0	0	0
Minimum Compensation Ordinance	4,683	0	0	0	0	0	0
Cost of Doing Business Increases	539,946	151,478	90,481	72,313	72,313	72,313	36,156
Total	12,794,164	5,200,734	3,106,517	2,482,730	2,482,730	2,482,730	1,241,365

Source: Department of Public Health

Note: FY 2027-28 covers the period July 2027 to December 2027.

New spending in the proposed amendment totals \$16,996,806, of which \$4,712,054 is funded by the General Fund and \$12,284,392 is funded by State and Federal Sources.

Exhibit 2 below summarizes the not to exceed amount of the proposed contract.

Exhibit 2: Not To Exceed Amount

Spending through June 2022	36,542,764
New Spending	16,996,806
Contingency (12%)	3,574,916
Not To Exceed	57,114,486

Source: Department of Public Health

Note: The contingency is calculated as 12% of expenditures in FY 2021-22 (\$12,794,164) and new spending FY 2027-28 (\$16,996,806)

Program Expirations

As shown above in Exhibit 1, the Long-Term Connections, AIIM Higher, Intensive Therapeutic Foster Care, Short-Term Connections, TAY Full-Service Partnership, and Compass programs are not funded for the entire extension term. According to DPH, this is because the authorization provided by the respective competitive solicitations is expiring. The Department plans to undertake a competitive procurement process prior to each program's expiration to identify contractors to continue each program.

RECOMMENDATION

Approve the proposed resolution.

<p>Item 17 File 22-0382</p>	<p>Department: Public Health (DPH)</p>
<p>EXECUTIVE SUMMARY</p>	
<p style="text-align: center;">Legislative Objectives</p> <ul style="list-style-type: none"> • The proposed resolution would approve Amendment No. 2 to the contract between the Department of Public Health (DPH) and Community Forward SF Inc. for the Medical Respite and Sobering Center program, extending the term by two years through June 2024, and increasing the not-to-exceed amount by \$17,031,257, for a total not to exceed \$40,218,177. <p style="text-align: center;">Key Points</p> <ul style="list-style-type: none"> • In 2017, DPH awarded a contract to Community Awareness and Treatment Services (CATS, now known as Community Forward) to operate the Medical Respite and Sobering Center, for a term of two years and an amount not to exceed \$8,823,784. In 2019, the Board of Supervisors approved Amendment No. 1 to the contract, extending the term by three years through June 2022 and increasing the not-to-exceed amount to \$23,186,920. • Under the contract, Community Forward operates the Medical Respite at 1171 and 1179 Mission Street and Sobering Center at 1185 Mission Street. The Medical Respite has 75 beds to provide temporary housing with supportive services for medically frail homeless people leaving the hospital or emergency department. The Sobering Center provides safe temporary shelter and medical oversight for inebriated individuals who are typically homeless. • The proposed Amendment No. 2 would also add funding for the Managed Alcohol Program, COVID-19 Medical Respite, and Sobering Center. The Managed Alcohol Program has 20 beds to provide temporary housing and supportive services to homeless people with alcohol use disorder. The COVID-19 Medical Respite and Sobering Center has 35 units to provide temporary housing/shelter for medically frail homeless people with medical necessity related to COVID-19. <p style="text-align: center;">Fiscal Impact</p> <ul style="list-style-type: none"> • The proposed Amendment No. 2 would increase the not-to-exceed amount of the Community Forward contract by \$17,031,257 for a total not to exceed \$40,218,177. Based on revised projected expenditures that more accurately estimate future year spending, while retaining a 12 percent contingency and annual escalation, the Budget and Legislative Analyst recommends amending the proposed resolution to reduce the not-to-exceed amount of the contract by \$1,418,177, for a total not to exceed \$38,800,000. <p style="text-align: center;">Recommendations</p> <ul style="list-style-type: none"> • Amend the proposed resolution to reduce the not-to-exceed amount of the contract by \$1,418,177, for a total not to exceed \$38,800,000. • Approve the 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 November 2013, the Department of Public Health (DPH) issued a Request for Proposals (RFP) to solicit providers for fiscal intermediary services for the San Francisco Homeless Outreach Team (SF HOT) and Medical Respite and Sobering Center. Community Awareness and Treatment Services (CATS), now known as Community Forward SF Inc. (Community Forward), was deemed the highest scoring responsive and responsible proposer.

In July 2017, DPH executed a contract with CATS for the Medical Respite and Sobering Center program for a term of two years, from July 2017 through June 2019, in an amount not to exceed \$8,823,784.¹ The contract scope of work defined (a) the support services to be provide by CATS to Medical Respite and Sobering Center clients, and (b) CATS' responsibility for constructing additional Medical Respite and Sobering Center space to add beds, which was completed in FY 2017-18. In April 2019, the Board of Supervisors approved Amendment No. 1 to the contract, extending the term by three years through June 2022, and increasing the not-to-exceed amount by \$14,363,136, for a total not to exceed \$23,186,920 (File 19-0105).

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would approve Amendment No. 2 to the Medical Respite and Sobering Center contract between DPH and Community Forward, extending the term by two years through June 2024 and increasing the not-to-exceed amount by \$17,031,257, for a total not to exceed \$40,218,177.

Under the contract, Community Forward operates the Medical Respite at 1171 and 1179 Mission Street and Sobering Center at 1185 Mission Street. The Medical Respite has 75 beds to provide temporary housing with supportive services for medically frail homeless people leaving the hospital or emergency department. Due to the COVID-19 pandemic, Medical Respite capacity is capped at approximately 50-55 beds. The Sobering Center provides safe temporary shelter and medical oversight for inebriated individuals who are typically homeless. Clients to both facilities are referred by hospitals, shelter referrals from the DPH Emergency Shelter Nursing Team, and the Homeless Outreach Team.

¹ CATS had been providing behavioral health services, including fiscal intermediary service to support SF HOT, through a 2010 contract with DPH. After the 2013 RFP, DPH amended the 2010 contract with CATS to add Medical Respite and Sobering Center services. In December 2015, the Board of Supervisors approved an amendment to extend the contract through December 2017. In July 2017, DPH removed the Medical Respite and Sobering Center programs from the larger CATS contract to create a stand-alone contract.

In addition to the medical respite and sobering center, the proposed Amendment No. 2 would add funding for the Managed Alcohol Program and COVID-19 Medical Respite and Sobering Center at Site 42, located at 465 Grove Street. The Managed Alcohol Program has 20 beds to provide temporary housing and supportive services to homeless people with alcohol use disorder. The COVID-19 Medical Respite and Sobering Center has 35 units to provide temporary housing/shelter for medically frail homeless people with medical necessity related to COVID-19. Like the main Medical Respite and Sobering Center programs, this program provides services to individuals leaving the hospital or emergency department or are inebriated.

Performance Monitoring

DPH suspended scoring of contractors due to the COVID-19 pandemic. However, the FY 2019-20 monitoring reports for the Community Forward contract generally show satisfactory performance and no plans of corrective action have been identified. According to Michelle Ruggels, DPH Business Office Director, monitoring reports for FY 2020-21 are in progress but have not yet been completed.

FISCAL IMPACT

The proposed Amendment No. 2 would increase the not-to-exceed amount of the Community Forward contract by \$17,031,257 for a total not to exceed \$40,218,177. Actual and projected expenditures by year are shown in Exhibit 1 below.

Exhibit 1: Actual and Projected Contract Expenditures by Year

Year	Expenditures
FY 2017-18 (Actual)	\$4,092,040
FY 2018-19 (Actual)	3,644,714
FY 2019-20 (Actual)	4,486,467
FY 2020-21 (Actual)	5,143,949
<i>Subtotal Actual Expenditures</i>	<i>\$17,367,170</i>
FY 2021-22 (Projected)	6,659,259
FY 2022-23 (Projected)	6,816,140
FY 2023-24 (Projected)	6,978,275
<i>Subtotal Projected Expenditures</i>	<i>\$20,453,674</i>
Actual and Projected Expenditures	\$37,820,844
Contingency (11.7% of Projected Expenditures)	2,397,333
Total Not-to-Exceed	\$40,218,177

Source: Proposed Amendment No. 2

DPH has estimated FY 2021-22 expenses to be \$6,659,259 based on staffing costs, operating costs, indirect costs, and an HVAC repair capital expenditure. DPH projects costs in future years to increase by approximately 2.4 percent. A contingency of approximately 11.7 percent is included in case annual escalation exceeds 2.4 percent. According to Kelly Hiramoto, DPH Office of Contracts Management and Compliance Acting Supervisor, DPH anticipates that the COVID-19 Program will last through June 30, 2023 and that the Managed Alcohol Program will last indefinitely. Projected expenditures in FY 2021-22 are shown in Exhibit 2 below. The Medical

Respite, Sobering Center, and COVID-19 Programs are funded by the City's General Fund. The Managed Alcohol Program is funded by Proposition C funds.²

Exhibit 2: Projected FY 2021-22 Contract Expenditures

	Medical Respite/ Sobering Center	Managed Alcohol Program	COVID-19 Program	Total
Salaries	\$1,836,114	\$153,088	\$268,035	\$2,257,237
Benefits	550,834	45,926	80,411	677,171
Operating Expenses ³	1,966,131	279,421	408,680	2,654,232
Capital Expenses (HVAC)	232,324	-	-	232,324
Subtotal Direct Expenses	\$4,585,403	\$478,435	\$757,126	\$5,820,964
Indirect Expenses (15%, Excluding Capital) ⁴	652,962	71,765	113,569	838,296
Total	\$5,238,365	\$550,200	\$870,695	\$6,659,260

Source: Proposed Amendment No. 2

As mentioned above, DPH anticipates that the COVID-19 program will end June 30, 2023. DPH also does not anticipate additional capital improvements beyond the HVAC repair. Therefore, the projected expenditures provided by DPH, which show annual 2.4 percent increases, are likely overestimates for FY 2022-23 and FY 2023-24. Revised actual and projected expenditures are shown in Exhibit 3 below.

Exhibit 3: Actual and Projected Expenditures, Revised by BLA

	Medical Respite/ Sobering Center	Managed Alcohol Program	COVID-19 Program	Total
FY 2021-22 (Projected)	\$5,238,365	\$550,200	\$870,695	\$6,659,260
FY 2022-23 (Projected)	5,126,186	563,405	891,592	6,581,182
FY 2023-24 (Projected)	5,249,214	576,927	-	5,826,141
Subtotal Projected Expenditures	\$15,613,765	\$1,690,532	\$1,762,286	\$19,066,584
Contingency (12%)	1,873,652	202,864	211,474	2,287,990
Total Projected Expenditures	\$17,487,417	\$1,893,396	\$1,973,761	\$21,354,574
Actual Expenditures (Through FY 2020-21)				\$17,367,170
Revised Actual and Projected Expenditures				\$38,721,744

Source: BLA Analysis of Proposed Amendment No. 2-

Based on revised projected expenditures that more accurately estimate future year spending, while retaining a 12 percent contingency and annual escalation, the Budget and Legislative

² Proposition C, approved by San Francisco voters in November 2018, is a gross receipts tax to fund housing and homelessness services.

³ Operating expenses include rent, utilities, building repair and maintenance, materials and supplies, training, insurance, laundry, permits, equipment, travel, security, janitorial services, vehicle costs, client related costs, food and food preparation, and set-up costs.

⁴ Indirect expenses include management and administrative staffing costs and operating costs incurred by the provider that are indirect to the services provided in the contract.

Analyst recommends amending the proposed resolution to reduce the not-to-exceed amount of the contract by \$1,418,177, for a total not to exceed \$38,800,000.

RECOMMENDATIONS

1. Amend the proposed resolution to reduce the not-to-exceed amount of the contract by \$1,418,177, for a total not to exceed \$38,800,000.
2. Approve the resolution as amended.

<p>Item 18 File 22-0383</p>	<p>Department: Department of Public Health (DPH)</p>
<p>EXECUTIVE SUMMARY</p>	
<p style="text-align: center;">Legislative Objectives</p> <ul style="list-style-type: none"> • The proposed resolution would approve Amendment No. 2 to the behavioral health services contract between the Department of Public Health (DPH) and University of California, San Francisco (UCSF), extending the term by five years through June 2027, and increasing the not-to-exceed amount by \$63,722,165, for a total not to exceed \$86,533,675. <p style="text-align: center;">Key Points</p> <ul style="list-style-type: none"> • In 2016 and 2017, DPH issued Requests for Proposals (RFPs) for behavioral health service providers. UCSF met the minimum score in several categories and was awarded a contract. In 2018, the Board of Supervisors approved a contract with UCSF for a term of four years, from July 2018 through June 2022, and an amount not to exceed \$22,811,510. In 2020, DPH executed Amendment No. 1 to the contract, which added two programs to the contract but did not change the contract term or not-to-exceed amount. • Under the contract, UCSF operates 10 mental health and substance abuse programs that serve approximately 870 unduplicated clients. <p style="text-align: center;">Fiscal Impact</p> <ul style="list-style-type: none"> • The proposed Amendment No. 2 would increase the not-to-exceed amount of the contract by \$63,722,165, for a total not to exceed \$86,533,675. DPH has included a contingency of approximately 11.4 percent to account for escalation, new programs, and/or expansions of existing programs, as well as a Cost of Doing Business increase in FY 2023-24. The contract is funded approximately 20 percent by Federal sources, 27 percent by State sources, 36 percent by the City’s General Fund, 4 percent by Proposition C funds, and 14 percent by interdepartmental work orders. <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

In 2016 and 2017, the Department of Public Health (DPH) issued Requests for Proposals (RFPs) for behavioral health providers for the following services:

1. Substance Use Disorder Treatment Services and Support;
2. Mental Health Outpatient Programs for Adults and Older Adults; and
3. Intensive Case Management.

Each RFP had multiple categories and DPH awarded multiple contracts to respondents who had a score of at least 70 percent of the maximum score. University of California, San Francisco (UCSF) met the minimum score in several categories and was awarded a contract. In September 2018, the Board of Supervisors retroactively approved a contract with UCSF for a term of four years, from July 2018 through June 2022, and an amount not to exceed \$22,811,510 (File 18-0716). In June 2020, DPH executed Amendment No. 1 to the contract, which added the Citywide Linkage Homeless Mentally Ill Outreach and Treatment (HMIOT) and DHS Pre-Trial Felony Mental Health Diversion Program, with no change to the contract term or not-to-exceed amount.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would approve Amendment No. 2 to the contract between DPH and UCSF, extending the term by five years through June 2027, and increasing the not-to-exceed amount by \$63,722,165, for a total not to exceed \$86,533,675. Amendment No. 2 would add the Citywide Linkage HMIOT CCRT SIP program to the list of services in the contract.

Under the contract, UCSF provides the following services:

1. Citywide Linkage: short-term intensive case management to adults with severe mental illness requiring support with stabilization in the community;
2. Citywide Linkage HMIOT Citywide Community Response Team (CCRT): supports linkage of psychiatric emergency patients to case management, entering temporary housing, and residential treatment for mental health and substance use needs, as well as limited time intensive case management to adults experiencing psychiatric crisis that are not linked to care with the goal of stabilization and linkage to the appropriate level of care;
3. Citywide Linkage HMIOT CCRT Shelter-In-Place (SIP): limited time intensive case management to adults residing in SIP hotels that are not linked to care and requiring stabilization and assistance with obtaining housing; Once the SIP hotel program is wound

down, the Department intends to continue to engage client from the Street Crisis Response Team, and Psychiatric Emergency Services.

4. Citywide No Violence Alliance (NoVA): therapy and intensive case management to individuals exiting jail under Pre-Trial Diversion's Assertive Case Management program who are identified as high-risk and high-needs clients;
5. Citywide Roving Team: behavioral health case management for formerly homeless individuals living in the Department of Homelessness and Supportive Housing's (HSH) Housing First Master Lease Program;
6. Citywide Services for Supportive Housing: behavioral health and other onsite support services to assist tenants at the Richardson and Rene Cazenave Apartments to maintain housing stability and improve access to resources;
7. Citywide Assisted Outpatient Treatment: comprehensive clinical case management to severely mentally ill adults who have been ordered by the court or entered into a settlement agreement with the court to participate in outpatient treatment.
8. Citywide STOP: outpatient substance abuse services to clients enrolled in UCSF intensive case management programs;
9. Citywide Substance Use Disorders Intensive Case Management (SUD ICM): intensive case management to chronically intoxicated adults who are high users of the Sobering Center, Managed Alcohol Program, ambulances, emergency rooms, or hospitals; and
10. Citywide Mental Health Diversion (MHD) Project: pre-trial diversion program to provide new pathways to dismissal of charges for felony-charged individuals with serious mental illness who are at risk of being found incompetent to stand trial.

Between these 10 programs, DPH estimates that UCSF serves approximately 870 unduplicated clients.

DPH suspended scoring of contractors due to the COVID-19 pandemic. However, the FY 2019-20 monitoring reports for the UCSF contract generally show satisfactory performance and no plans of corrective action have been identified. According to Michelle Ruggels, DPH Business Office Director, monitoring reports for FY 2020-21 are in progress but have not yet been completed.

FISCAL IMPACT

The proposed Amendment No. 2 would increase the not-to-exceed amount of the contract by \$63,722,165, for a total not to exceed \$86,533,675. DPH estimates that total contract expenditures in FY 2021-22 are \$9,772,015 and uses this amount as a baseline for future year projections. The sources and uses of funds in FY 2021-22 are shown in Exhibit 1 below.

Exhibit 1: Sources and Uses of Funds FY 2021-22

Sources	Amount
Federal Sources	\$1,948,478
State Sources	2,599,976
General Fund	3,479,115
Proposition C	391,434
Interdepartmental Work Orders	1,353,012
Total Sources	\$9,772,015

Uses	Amount
Salaries	\$5,522,571
Employee Benefits	2,368,981
Operating Expenses ¹	833,461
<i>Subtotal Direct Expenses</i>	<i>\$8,725,013</i>
Indirect Expenses (12%) ²	1,047,002
Total Uses	\$9,772,015

Source: Proposed Amendment No. 2

DPH uses the FY 2021-22 estimated expenditure amount of \$9,772,015, which funds approximately 59.4 full-time equivalent (FTE) employees, as a baseline for future years. DPH also projects a Cost of Doing Business increase of approximately \$341,043 (3.5 percent) in FY 2023-24. Actual and projected expenditures by year are shown in Exhibit 2 below.

Exhibit 2: Actual and Projected Contract Expenditures by Year

Year	Amount
FY 2018-19 (Actual)	\$4,977,519
FY 2019-20 (Actual)	6,544,562
FY 2020-21 (Actual)	8,187,957
<i>Subtotal, Actual Expenditures</i>	<i>\$19,710,038</i>
FY 2021-22 (Projected)	9,772,015
FY 2022-23 (Projected)	9,772,015
FY 2023-24 (Projected)	10,113,058
FY 2024-25 (Projected)	10,113,058
FY 2025-26 (Projected)	10,113,058
FY 2026-27 (Projected)	10,113,058
<i>Subtotal, Projected Expenditures</i>	<i>\$59,996,262</i>
Contingency (11.4% of Projected Expenditures)	6,827,375
Total Not-to-Exceed	\$86,533,675

Source: Proposed Amendment No. 2

DPH has included a contingency of approximately 11.4 percent to account for escalation, new programs, and/or expansions of existing programs. As shown in Exhibit 1 above, the contract is funded approximately 20 percent by Federal sources, 27 percent by State sources, 36 percent by

¹ Operating expenses include rent, utilities, building maintenance and repair, materials and supplies, training, temporary staffing, insurance, licenses, permits, equipment, travel, consultants, and other miscellaneous expenses.

² Indirect costs include administrative staffing, payroll, human resources, and computer support expenses.

the City's General Fund, 4 percent by Proposition C funds, and 14 percent by interdepartmental work orders.

RECOMMENDATION

Approve the proposed resolution.