

Item 2
File 23-0990

Department:
Homelessness and Supportive Housing

EXECUTIVE SUMMARY

Legislative Objectives

- The proposed resolution would approve a third amendment to HSH's agreement with Episcopal Community Services (ECS), extending the term by 10 months, from October 31, 2023 to August 31, 2024. The not-to-exceed amount would increase by \$5,150,877 from \$9,940,476 to \$15,091,353. The August 31, 2024 termination date is the termination date of HSH's booking agreement with the Cova hotel.

Key Points

- Under the grant agreement, ECS operates a non-congregate shelter at the Cova Hotel. The site has 89 units and capacity for 109 guests.
- A May 2023 program monitoring report contained multiple findings regarding ECS's compliance with contractual performance requirements. ECS provided an action plan that included replacement of an individual serving in a key management role. The HSH Program Manager reports that as of July 2023 improvements have occurred in several key performance areas.

Fiscal Impact

- The proposed third amendment would be funded by a combination of \$3.9 million in General Fund funding and \$0.9 million from the State Encampment Resolution Funding Program. Prior contract costs were paid from state sources.

Policy Consideration

- Because the proposed grant extension term is only through August 2024, we recommend the Board of Supervisors approve the proposed resolution. If the request was for a longer duration, we would not recommend more than a twelve month extension so that the agreement could come back to the Board for review and approval. We also recommend that the Board of Supervisors request HSH to provide an update on Episcopal Community Service's performance on this grant agreement as part of the June 2024 budget process. If performance has not improved and an alternative provider has not been identified, the Board should consider terminating funding for this program.

Recommendations

- Approve the proposed resolution but request HSH to provide an update on Episcopal Community Service's performance on this grant agreement as part of the June 2024 budget process.

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 Cova Hotel at 655 Ellis Street (“the Cova”) was one of 25 sites that operated as a Shelter-in-Place Hotel (“SIP Hotel”) as part of the City’s SIP Hotel program during the COVID-19 pandemic. The non-profit Episcopal Community Services (“ECS”) serves as the service provider at the Cova. The hotel is privately owned and HSH has a booking agreement with the hotel that expires on August 31, 2024, which can be terminated by the City with 30 days notice (File 23-0763).

Vendor Selection

In June 2020, HSH selected ECS to provide services at the Cova as a SIP Hotel. The selection was made pursuant to Request for Qualifications #130. The RFQ sought applications from qualified applicants to provide time-limited and as-needed services in shelter in place sites, in congregant settings, and in isolation and quarantine (I&Q) sites in response to COVID-19. HSH intended to make several awards from the solicitation. ECS was one of several organizations that met the minimum qualification requirements. Applicants were required to have at least two years of experience providing services to the target population. Applicants were also required to have two years of experience managing a shelter or similar facility or be currently participating in the City’s COVID-19 response.

In December 2021, HSH transitioned the Cova from a SIP Hotel to an emergency winter shelter under a new agreement, under the procurement authority of Administrative Code Chapter 21B.

Initial Agreement

On December 18, 2021, HSH and ESC entered into the initial agreement, which had a not-to-exceed amount of \$2,525,244 and a term December 18, 2021 through June 30, 2022. The purpose of the agreement was to provide non-congregate winter shelter. Services provided included building operations, daily data entry into the City’s COVID-19 tracking system, and services to participants such as the coordination of support service providers, referrals and linkages to community gateways into the City’s Homelessness Response System, care coordination, and exit planning.

The initial agreement was funded through Project Roomkey, a state funding source launched in April 2020 to provide Californians experiencing homelessness with temporary housing that would allow for safe and supported isolation and quarantining.

First Amendment

On April 1, 2022, the agreement was amended to extend the contract 16 months, changing the expiration date from June 30, 2022 to July 31, 2023 and increasing the not-to-exceed amount from \$2,525,244 to \$9,340,476.

Second Amendment

On August 1, 2023 the second amendment extended the expiration date from July 31, 2023 to October 31, 2023 and increased the not-to-exceed amount by \$600,000 from \$9,340,476 to \$9,940,476 as a bridge until the proposed third amendment could be introduced for consideration by the Board of Supervisors. The amendment also increased the number of participants to be served from 95 to 109. The second amendment also added two service objectives to the grant agreement: ensuring that units are turned over within 14 days and requiring ECS to conduct weekly room inspections.

This grant agreement and subsequent amendments did not require Board of Supervisors' approval because it is less than \$10 million and has a term less than ten years.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would approve a third amendment to HSH's agreement with Episcopal Community Services, extending the term by 10 months, from October 31, 2023 to August 31, 2024, and increasing the not-to-exceed amount by \$5,150,877 from \$9,940,476 to \$15,091,353. The amendment would also authorize HSH to enter into immaterial modifications of the agreement. The level and type of services to be provided would not change. The August 31, 2024 termination date is the termination date of HSH's booking agreement with the Cova hotel.

Services

ESC would continue to provide operations and services at the 95-room Cova Hotel located at 655 Ellis Street, in accordance with the HSH Temporary Shelter Manual. These services include:

- Accepting and facilitating reservations
- Providing accommodations, meals, and storage
- Ensuring the safety of served population, staff, and visitors
- Referral and intake services
- Shelter support services
- Referrals and coordination of services
- Providing support groups, social events, and organized activities
- Conducting wellness checks in accordance to HSH policy
- Providing reasonable accommodations, transfers, and other supports
- Providing exit planning assistance to the served population

In addition, a subgrantee, VIP Security Specialist, Inc. provides security services.

Performance Monitoring

HSH conducted the first annual program monitoring site visit of the Cova, on April 28, 2023. The resulting report contained multiple findings relating to the program's operations, though it also found the program consistently maintained average occupancy above 90% during July 2022 – April 2023.

According to HSH staff, ESC lacked data relating to service and outcome objectives, including: whether clients were oriented within 24 hours, turning over units with 14 days, offering 90% of guests service referrals within one week of placement, ensuring data quality, ensuring clients are document ready for housing, and documentation of staff training.

According to HSH staff, data challenges were attributable to the multiple transitions of the program, from a SIP Hotel managed by the Covid Command Center, rather than HSH to a time-limited winter non-congregate shelter, to its current status as the Cova Non-Congregate Shelter program. Each program model transition brought with it slight variations in data collection and service objectives. At the time of the April 2023 site visit, the Cova Non-Congregate Shelter had been in operation for less than a year, with early months still undergoing a transition period from previous programs.

Operational performance shortcomings included the following:

- ECS had not referred clients to Coordinated Entry for housing or problem-solving assessments, as required per the contract agreement. Additionally, client case folders were found to be disorganized and missing service plans, case notes, and other required documents.
- Staff training logs contained inaccurate records and ECS could not verify that all employees under the contract had completed trainings mandated by HSH. Moreover, 21 of 26 staff who completed a required ADA training, did so the day before the monitoring visit.
- Per contract requirements, wellness checks are required to occur twice daily. However, records indicated they were only occurring once daily. Additionally, no action was taken and a room was left vacant when a client was absent for more than ten days. Also, room inspection logs lacked follow-up notes or action plans in instances when rooms did not pass inspection.
- Per contract requirements, satisfaction surveys were required to be offered quarterly to all guests. However, since September 2022, surveys were only distributed on one occasion, the week of March 20, 2023, about one month before the monitoring visit. Moreover, the monitoring report stated the majority of completed surveys had the same handwriting, suggested they were all completed by one person.
- ESC had no formal outreach policy and had not provided community meetings and outreach to clients on a consistent basis.
- ECS was not tracking client data in their internal database nor was it adding case notes to client case files. No group activities were documented and it was unclear how ECS was tracking data to meet contract objectives.
- ECS had no record of referring any clients to coordinated entry for problem solving assessments. At the time of the monitoring visit, there were approximately 64 current Cova

clients who were “unknown” to the Coordinated Entry program, which indicated they had not been referred to permanent housing.

- Similarly, ESC was unable to verify if they had worked with any housing referral clients to obtain all documents needed to be eligible for participation (i.e., meet document readiness standards) in HSH’s housing referral program.

In addition to the shortcomings listed above, the report stated that the Site Manager was unresponsive to agency requests and most communication and information requested had to be routed through the Director to ensure a timely response and compliance.

Based on the findings of the April 2023 Program Monitoring, HSH required a corrective action memo from ECS by August 15, 2023. Additionally, HSH plans to conduct January 2024 mid-year program monitoring visit.

In a letter dated August 15, 2023, ECS reported it had addressed, or had made plans to address, all of the findings. Additionally, ECS hired a new site manager for the program. HSH reported to our office that the new site manager has worked closely with HSH staff to ensure corrective action is taken and to ensure the program is in compliance and able to produce all required data and metrics for the mid-year program monitoring site visit and compliance review scheduled for January 2024.

Fiscal Monitoring

On June 16, 2023, HSH issued its fiscal and compliance monitoring report of ECS’s FY 2022-23 contracts and grants. The report contained no findings and ECS was found to be in conformance with all governance best practices.

FISCAL IMPACT

The proposed amendment would increase the agreement’s not-to-exceed amount by \$5,150,877 while providing 10 additional months of shelter service from November 2023 through August 2024. The detail of the grant spending is shown below in Exhibit 1.

Exhibit 1: Grant Budget

	Actual	Actual	Budget	Budget
	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
Salaries & Benefits	2,206,876	3,614,379	3,681,296	657,954
Operating Expense	96,523	220,468	153,551	46,597
Indirect Cost	345,510	575,227	575,227	105,683
Other Expenses	(567,976)	1,091,113	1,316,866	245,772
Total Expenditures	2,080,932	5,501,187	5,726,940	1,056,005
Total Actual And Budgeted Spending				14,365,064
Contingency				726,289
Not to Exceed Amount				15,091,353

Source: Proposed Third Amendment

Notes: FY 2021-22 figures are December 2021 through June 2022 and include a negative amount due to underspending relative to budget. FY 2024-25 figures are July 2024 through August 2024.

Funding Sources

The proposed third amendment would be funded by a combination of \$2,856,940 in General Fund funding and \$928,983 from the State Encampment Resolution Funding for a total of \$3,785,923 in FY 2023-24. The General Fund would also fund the remaining \$1 million in costs in FY 2024-25. Funding to continue the site was approved by the Board of Supervisors as part of the FY 2023-24 - FY 2024-25 Adopted Budget.

Evolution of the program from the initial agreement to proposed amendment is summarized in Exhibit 2 below.

Exhibit 2: Program Evolution from Initial Agreement to Proposed Amendment

Agreement	Ending Date	Months Added	Total Program Months	Funding Increase	New Not-To-Exceed Amount	Funding Sources
Initial (12/15/21)	3/31/22	n/a	3.5	n/a	\$2,525,244	Project Roomkey
1 st Amendment	7/31/23	16	19.5	\$6,815,232	\$9,340,476	Project Roomkey
2 nd Amendment	10/31/23	3	22.5	\$600,000	\$9,940,476	Encampment Resolution Funding (or ERF, a state source)
Proposed 3 rd Amendment	8/31/24	10	32.5	\$5,150,877	\$15,091,353	ERF Program and General Fund

Source: Contract Documents

POLICY CONSIDERATION

In October 2018, through passage of Resolution No. 319-18, the City declared a shelter crisis and affirmed its commitment to a continuum of shelter and service options for people experiencing homelessness. As of the 2022 Point-in-Time Count, there were approximately 7,750 people experiencing homelessness in San Francisco on any given night, with about 56 percent of these individuals being unsheltered.

The Cova is a 95-room hotel with 89 rooms available to serve up to 109 guests. Per the last monitoring report, the program had consistently maintained an average occupancy above 90%. According to HSH staff, this non-congregate program continues to be a highly desirable program model of shelter. Continuation of the program at a 90% occupancy rate would provide nightly shelter to approximately 98 individuals.

The initial agreement was executed when the State, with federal COVID-19 response funding, developed the Project Roomkey program to provide the homelessness with temporary housing that would allow for safe and supported isolation and quarantining during the COVID-19 pandemic. After the pandemic response ended, the program continued with state Encampment Resolution funding (ERF) designated for programs that help people experiencing homelessness transition out of encampments toward safe and stable housing pathways.

If approved, 75% of the funding for this program would come from the City's General Fund and 25 percent would come from the State ERF program.

Per the last monitoring report, the program had no record of referring any clients to service providers nor was it able to verify that it had assisted any program participants in meeting document readiness standards which are necessary for participation in HSH's Housing Referral Program.

In response to HSH, ECS submitted a corrective action plan to address the deficiencies. HSH reports it is satisfied with the progress being made. The HSH Program Manager reports that as of July 2023 the Site Manager had been replaced, rooms are cleaned and ready for a new guest within 72 hours except for those rooms with significant damage, the number of daily room inspections has increased, and other improvements have occurred.

Because the proposed grant extension term is only through August 2024, we recommend the Board of Supervisors approve the proposed resolution. If the request was for a longer duration, we would not recommend more than a twelve month extension so that the agreement could come back to the Board for review and approval. We also recommend that the Board of Supervisors request HSH to provide an update on Episcopal Community Service's performance on this grant agreement as part of the June 2024 budget process. If performance has not improved and an alternative provider has not been identified, the Board should consider terminating funding for this program.

RECOMMENDATIONS

1. Request HSH to provide an update on Episcopal Community Service's performance on this grant agreement as part of the June 2024 budget process.
2. Approve the proposed resolution.

Item 3 File 23-0991	Department: Homelessness and Supportive Housing (HSH)
EXECUTIVE SUMMARY	
<p>Legislative Objectives</p> <ul style="list-style-type: none"> • The proposed resolution would approve the third amendment to the grant agreement between Episcopal Community Services (ECS) and the Department of Homelessness and Supportive Housing (HSH) for support services, property management, and master lease stewardship at the Henry Hotel, located at 106 Sixth Street and consisting of 121 units of permanent supportive housing for adults without children. • The amendment would extend the term by 20 months from November 1, 2023 through June 30, 2025. The grant amount would increase by \$4,853,433 for a total not to exceed amount of \$14,591,945. <p>Key Points</p> <ul style="list-style-type: none"> • According to the FY 2020-21 and FY 2021-22 program monitoring data provided by HSH, ECS met seven out of 11 program objectives in FY 2021-22, including a unit occupancy rate of 76 percent, which was below the 97 percent target. In addition, the FY 2020-21 & FY 2021-22 program monitoring report from December 2022 found significant pest control (insect) issues throughout the building. The Department recommended that ECS develop a pest control plan and support services plan to address the habitability concerns of residents, and HSH reports that no pest issues were found during a FY 2022-23 site visit. • The Department reports that monthly meetings are occurring among HSH, ECS, and subcontracted property management firm, Caritas, to monitor unit turnover, occupancy rates, housing retention, and tenant engagement, concerns, and satisfaction surveys. <p>Fiscal Impact</p> <ul style="list-style-type: none"> • The total cost of program services is \$19.2 million over the six-year term, which is funded by \$5.4 million in operating revenues consisting of tenant rents and Continuum of Care rental assistance revenue and \$13.8 million in City funds, which is almost entirely from the General Fund. Annual costs in the extension term are approximately \$3.7 million. • Total expenditures increased by 19 percent from FY 2021-22 to FY 2022-23 driven by an increase in higher subcontracted property management services provided by Caritas due to wage enhancements and utility costs. Costs increase by another 9 percent in FY 2023-24 primarily due to an additional 1.70 full-time equivalent positions, which funds two case manager positions—one of which is bilingual. <p>Recommendation</p> <p>Approve the proposed resolution.</p>	

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

Episcopal Community Services (ECS) is a non-profit that provides services to individuals who have experienced homelessness in San Francisco. The City entered into a grant agreement with ECS on June 1, 2019 to provide support services, property management, and master lease stewardship at the Henry Hotel for formerly homeless and income-eligible adults 18 and older, without the custody of minor children, pursuant to the grant agreement.

Existing Agreement with Episcopal Community Services

In June 2019, HSH approved a grant agreement with ECS for a three-year term starting on July 1, 2019, and expiring on June 30, 2022, with a total not to exceed amount of \$8,877,679. The Department then amended the agreement in March 2022 for an additional 12 months through June 30, 2023 and increased the not to exceed amount by \$860,833 for a total of \$9,738,512. A second no-cost amendment was approved to continue providing services for four months through October 31, 2023. The agreement has not previously required Board of Supervisors approval because it has had a term of less than ten years and has had anticipated expenditures of less than \$10 million.

Vendor Selection

ECS was selected for this service by HSH under Administrative Code Chapter 21B, which allows the Department to enter into service contracts without a competitive process to more quickly respond to the homelessness crisis. This code section sunsets in March 2024 or if the Point-in-Time Count falls below 5,250. According to the Department, ECS was selected because it has been providing supportive housing services at the Henry Hotel since 2014. ECS was previously selected to provide these services by the Human Services Agency under a competitive solicitation process in 2014.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would approve the third amendment to the grant agreement between ECS and HSH for support services, property management, and master lease stewardship, extending the term by 20 months from November 1, 2023 through June 30, 2025. The grant amount would increase by \$4,853,433 for a total not to exceed amount of \$14,591,945.

Services Provided

According to Appendix A of the proposed agreement, ECS will provide:

- **Support Services**, including but not limited to tenant outreach; intake and assessment; case management; housing stability support; coordination with property management; wellness and emergency safety checks; planning support groups, social events and organized activities; and exit planning; and
- **Property Management**, including program applicant selection and intake; tenant lease set-up; annual tenant re-certification; collection of rents, security deposits, and other receipts; lease enforcement, written notices and eviction prevention; building service payments; building maintenance; coordination with support services; wellness checks and emergency safety checks; front desk coverage; and exit planning; and
- **Stewardship of the Master Lease**, including furnishing a copy of the master lease agreement and any amendments to HSH; maintenance of all Lessee responsibilities; and prompt notification to HSH of any situation that could impact the term of the master lease agreement.

The Henry Hotel, located at 106 Sixth Street, includes 121 units, and is owned by a private entity. Potential tenants are referred to units via HSH's Coordinated Entry System, which uses an assessment, centralized data system, and prioritization method that considers levels of vulnerability, length and history of homelessness, and severity of housing barriers. Further, eligibility for permanent supportive housing (PSH) varies based on the funding source, an individual's enrollment in specific benefits programs, income criteria, and/or the ability to live independently within the structure of the housing program, according to the grant agreement.

System of Care

According to HSH's Housing Inventory Dashboard, the Department has 11,194 units of permanent supportive housing.¹ Of these units, 9,137 units are site-based PSH, which includes the 121 units at Henry Hotel. During the 2022 Point-in-Time count, San Francisco counted 4,397 residents who were unsheltered, a 15 percent decrease from 5,180 residents in 2019.

Performance Monitoring

According to FY 2020-21 and FY 2021-22 program monitoring data provided by HSH, ECS met seven out of 11 program objectives in FY 2021-22, as shown in Exhibit 1 below. One objective—maintaining a minimum occupancy rate of 97 percent²—was not included in the FY 2020-21 or FY 2021-22 program monitoring report due to an administrative error, but occupancy rates were provided to HSH in monthly reporting. HSH staff reported to our office an average occupancy rate of 76 percent in FY 2021-22. In addition, the FY 2020-21 & FY 2021-22 program monitoring report from December 2022 found significant pest control (insect) issues throughout the building. The Department recommended that ECS develop a pest control plan and support services plan to address the habitability concerns of residents, and HSH reports that no pest issues were found during a site visit in FY 2022-23. Further, HSH reports that monthly meetings are occurring among

¹ HSH Housing Inventory Dashboard: <https://hsh.sfgov.org/services/the-homelessness-response-system/housing/>

² HSH reports that the 97 percent occupancy rate will be lowered to 93 percent (upon renewal of the grant agreement) to align with the Department's systemwide goal for its PSH portfolio.

HSH, ECS, and subcontracted property management firm, Caritas, to monitor unit turnover, occupancy rates, housing retention, and tenant engagement, concerns, and satisfaction surveys.

Exhibit 1: Henry Hotel Met Seven out of 11 Program Monitoring Metrics in FY 2021-22

Objectives	Achieved?	FY 2021-22 Actual
Support Services		
Engage at least 95% of tenants once every 30 days	Yes	126/131 tenants (96%) received outreach once every 30 days
Support services to 100% of households showing signs of housing instability	Yes	
Assessment to 100% of tenants within 90 days of move-in and annually thereafter for primary medical care, mental health, substance use treatment needs, maximizing income, and assisting in applying for benefits	Yes	
Review existing service plans with tenants at least once every 6 months	Yes	174 new or updated service plans for 115 residents
Administer an annual survey to all tenants	Yes	
Property Management		
Upon turnover, each unit is clean and/or repaired within 21 days, on average	No	45% of units were turned over within 21 days
Report vacancies in a timely fashion according to established procedures; process all tenant referrals in the pre-established timeframe of 2 weeks	Yes	All 19 vacated units were typically reported to HSH within four days; most vacant units took approximately 14-21 days to turnover
Minimum occupancy rate of 97 percent	No	76% in FY 2021-22
Outcome Objectives		
90% of tenants will maintain housing for a minimum of 12 months, move to other housing, or be provided with more appropriate placements	No	118/138 (86%) maintained their housing for at least 12 months
85% of tenant lease violations will be resolved without loss of housing to tenants	Yes	99% of tenant lease violations were resolved without loss of housing
At least 50% of tenants shall complete an annual Tenant Satisfaction Survey and of those, 80% will be satisfied or very satisfied with program services	Partially	66 (54%) of residents completed the survey; of those, 78% reported agreeing or strongly agreeing that the support services at the site were helpful

Source: HSH

The proposed grant extension funds increased wage floors for frontline workers (janitors, maintenance, desk clerks and case managers) as well as implementing a standard ratio of one case manager for 25 clients in adult PSH.

The proposed third amendment originally did not include a unit occupancy objective. We recommended HSH include an occupancy objective of 93 percent in the final version of the agreement, consistent with other permanent supportive housing agreements. HSH implemented this recommendation and submitted a revised version of the agreement to the legislative file.

Fiscal and Compliance Monitoring

HSH conducted the FY 2022-23 Citywide Nonprofit Fiscal and Compliance Monitoring for ECS in June 2023. The monitoring letter indicates that there were no findings identified during the fiscal and compliance monitoring.

HSH Future Procurement Plans

HSH currently reports that it intends to re-procure their PSH portfolio before this proposed extension ends in 2025. They anticipate a new agreement will be in place by FY 2025-26. We note that the competitive process for selecting new master lease providers is complicated by the fact that the Henry Hotel is privately owned and leased to ECS, which is then funded by the City. If ECS is not selected to provide housing services in a new procurement cycle, the City would likely have to arrange for current residents to be moved to other City-funded housing or for the lease to be transferred to a new provider.

FISCAL IMPACT

The proposed not to exceed amount of \$14,591,945, includes \$13,800,876 in City funding for actual and projected expenditures and \$791,069 in contingency spending authority. The total cost of program services is \$19.2 million over the six-year term, which is funded by \$5.4 million in operating revenues consisting of tenant rents and Continuum of Care rental assistance revenue³ and \$13.8 million in City funds. City funds are provided almost entirely from the General Fund, with Proposition C Gross Receipts Tax Revenues contributing \$30,988 for one-time COVID-19 bonus pay in FY 2020-21. Exhibit 2 below summarizes the revenues and expenditures under the proposed amended agreement.

³ Federal funding that supports non-profit providers (and others) to rehouse homeless individuals; Henry Hotel serves 54 individuals through COC rental assistance revenue.

Exhibit 2: Revenues and Expenditures under Proposed Amendment

	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	Extension Term		Total
					FY 2023-24	FY 2024-25	
Revenues							
HSH Revenues							
General Fund	\$1,919,573	\$2,195,802	\$1,997,192	\$2,380,527	\$2,686,022	\$2,587,772	\$13,766,888
Proposition C		30,988					30,988
COVID-19	3,000						3,000
Subtotal, HSH	\$1,922,573	\$2,226,790	\$1,997,192	\$2,380,527	\$2,686,022	\$2,587,772	\$13,800,876
Other Revenues							
Rental Income	772,296	772,296	295,740	225,740	295,740	295,740	2,657,552
CoC Rent Assist	-	-	553,636	791,304	710,304	710,304	2,765,548
Subtotal, Other	772,296	772,296	849,376	1,017,044	1,006,044	1,006,044	5,423,100
Total Revenues	\$2,694,869	\$2,999,086	\$2,846,568	\$3,397,571	\$3,692,066	\$3,593,816	\$19,223,976
Expenditures							
Salary/Benefits	468,827	468,827	472,168	476,808	665,957	665,957	3,218,544
Op. Expenses	1,252,864	1,249,864	1,331,682	763,778	646,852	646,852	5,891,892
Indirect (12%)	206,243	206,244	216,461	186,088	196,922	196,921	1,208,879
Other Expenses	835,688	956,576	723,036	1,970,897	2,084,085	2,084,085	8,654,367
Capital Expenditure	(68,753)	117,575	103,221	-	98,250	-	250,292
Total Expenditures	\$2,694,869	\$2,999,086	\$2,846,568	\$3,397,571	\$3,692,066	\$3,593,816	\$19,223,976

Source: Appendix B of Proposed Agreement

Other Expenses refer to operational expenses that are not subject to the indirect cost recovery, including the master lease payment.

Total expenditures increased by 19 percent from FY 2021-22 to FY 2022-23 driven by an increase in Other Expenses from higher subcontracted property management services provided by Caritas due to wage enhancements and utility costs. Costs increase by another 9 percent in FY 2023-24 primarily due to an additional 1.70 full-time equivalent (FTE) position, which funds two case manager positions—one of which is bilingual.

Projected Annual Expenditures in the Extension Term

Annual expenditures are projected to be \$3,692,066 in FY 2023-24 and \$3,593,816 in FY 2024-25, with FY 2023-24 higher by \$98,250 due to one-time capital expenditures for pest management, bathroom and faucet replacement, and unit furnishings. Annual expenditures include \$665,957 (18 percent) in salaries and benefits to fund 6.81 FTE positions, \$646,852 (18 percent) in operating expenses, \$196,922 in indirect costs (five percent), and \$2.1 million (56 percent) in other expenses, which includes master lease rental payments.

Within annual expenditures, \$2,789,785 in FY 2023-24 (76 percent) funds property management, and a total of \$902,281 (24 percent) funds support services for a total of \$3.7 million, or \$2,543 per unit per month. Costs in FY 2023-24 and FY 2024-25 are funded by the General Fund (72 percent), federal Continuum of Care Assistance (20 percent), and tenant rents (8 percent).

Actual Expenditures

Actual expenditures through FY 2022-23 totaled \$11.9 million (with a total of \$8,527,082 funded by local revenue), with \$1.2 million remaining of the existing agreement's not to exceed spending authority of \$9,738,512. The term of the existing contract expires at the end of October 2023, and ECS is projected to spend \$760,000 of the remaining \$1.2 million in spending authority by then.

RECOMMENDATION

Approve the proposed resolution.