


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

1390 Market Street, Suite 1150, San Francisco, CA 94102 (415) 552-9292  
FAX (415) 252-0461

October 3, 2014

**TO:** Budget and Finance Committee  
**FROM:** Budget and Legislative Analyst   
**SUBJECT:** October 8, 2014 Budget and Finance Committee Meeting

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<b>Item 1</b> <b>File 14-0920</b>	<b>Department:</b> <b>Recreation and Park Department</b>
<b>EXECUTIVE SUMMARY</b>	
<b>Legislative Objectives</b>	
<p>Regarding the proposed Geneva Car Barn Project, the proposed resolution would 1) authorize a Lease Disposition and Development Agreement (LDDA) between the City and the Friends of the Geneva Car Barn and Powerhouse (Friends); 2) authorize a 55-year lease between the City and the Friends upon satisfaction of the conditions in the LDDA; 3) authorize an Access License between the City and the Friends; 4) affirm a community plan exemption determination by the San Francisco Planning Department; 5) adopt findings pursuant to the California Environmental Quality Act (CEQA); and 6) authorize the San Francisco Municipal Transportation Agency (SFMTA) Director of Transportation, or designee, and the General Manager of the Recreation and Park Department, or designee, to execute documents and modifications.</p>	
<b>Key Points</b>	
<ul style="list-style-type: none"> <li>• The Geneva Car Barn Project includes 1) façade restoration; 2) seismic upgrades; and 3) interior renovations to provide a 300 person event space, a 99 seat black box theater, three youth training classrooms, and associated spaces for the new uses, including a restaurant and retail space.</li> <li>• Since 2004, RPD and the Friends expended \$2,693,580 on the Car Barn from local, state, federal, and nonprofit organization funding sources. The estimated cost for the completion of the Project is \$24,285,660, including \$16,955,794 in construction costs. The source of funds for the \$24,285,660 in Project costs includes a mixture of City bond funds, City grants, tax credits and fundraising.</li> <li>• There are a number of conditions in the LDDA which the parties must satisfy to enter into the Lease, including approval of construction documents, evidence of a guaranteed maximum price contract or a stipulated sum contract for construction of the improvements consistent with the approved budget and the financing for the Project, and evidence that Friends has the financing to complete the Project.</li> </ul>	
<b>Fiscal Impact</b>	
<ul style="list-style-type: none"> <li>• To date, of the total \$24,285,660 Project costs, \$857,572 has been secured, including \$837,813 of RPD funds and \$19,709 of Friends monies. For the Project to be completed, the Friends will need to secure the remaining \$23,428,088. In addition, under the proposed LDDA and Lease Agreement, the Friends would be responsible for operating and maintaining the completed Project, at the Friends expense.</li> </ul>	
<b>Policy Consideration</b>	
<ul style="list-style-type: none"> <li>• There is no guarantee that Friends will be able to secure sufficient funding to complete the Geneva Car Barn Project. The Friends must secure \$456,242 by April 2015 in order to pay for the final design and construction documents to apply for funding through the Community Opportunity Fund and Federal and potential State tax credits in 2015.</li> <li>• As noted above, Ms. Wood advises that the subject LDDA only provides the framework for the RPD and the Friends to work together to try to secure the necessary funds to complete this Project. Therefore, there is not significant risk to the City to approve the proposed resolution</li> </ul>	
<b>Recommendations</b>	
<ul style="list-style-type: none"> <li>• Amend the proposed resolution to require RPD and the Friends to report back to the Board of Supervisors in April 2015 and again by June 30, 2016, to be heard at a public hearing regarding the amount of funds raised to date and the Friends plans to secure the necessary funds to complete this Project.</li> <li>• Approve the proposed resolution, as amended.</li> </ul>	

## MANDATE STATEMENT

San Francisco Charter Section 9.118 (b) states that any contracts or agreements entered into by a department, board or commission having a term in excess of ten years, or requiring anticipated expenditures by the City and County of \$10,000,000, or the modification or amendments to such contract or agreement having a cost of more than \$500,000 shall be subject to approval by the Board of Supervisors by resolution.

## BACKGROUND

The Geneva Car Barn and Powerhouse (Car Barn) is located at the corner of Geneva Avenue and San Jose Avenue across from the Balboa Park BART Station. The Car Barn is located adjacent to a maintenance yard and vehicle storage facility owned by the San Francisco Municipal Transportation Agency (SFMTA). In 1998, the Car Barn was saved from demolition through the efforts of a neighborhood citizens group, the Friends of the Geneva Car Barn and Powerhouse (Friends), a nonprofit organization. In 2004, the Municipal Railway (now the San Francisco Municipal Transportation Agency (SFMTA) transferred jurisdiction of the Car Barn to the Recreation and Park Department (RPD) (File No. 04-0320) at no cost, with the intent for the RPD to form a partnership with the Friends to renovate the Car Barn. This transfer was subject to the condition that if the RPD Commission determines the property is no longer necessary for a recreational purpose, jurisdiction will revert to the SFMTA.

Since 2004, RPD and the Friends spent \$2,693,580 on the Car Barn from local, state, federal, and nonprofit organization funding sources, for various purposes including roof and building stabilization, project planning, and historic preservation as summarized below in Table 1.

**Table 1: Car Barn Expenditures from 2004 to the Present**

Source of Funds	Purpose	Year(s)	Funds
City General Fund	Project Planning, Fundraising, Program Administration	2006 – Present	\$860,000
Recreation and Park Department (Open Space & General Fund)	Roof and building stabilization, Planning	2004, 2012-13	423,580
San Francisco Municipal Transportation Agency (SFMTA)	Roof and building stabilization	2004	500,000
Caltrans	Roof and building stabilization	2004	500,000
California Cultural Historic Endowment	Historic preservation architect	2008-10	200,000
Environmental Protection Agency	Environmental Testing	2008-10	110,000
Department of Children, Youth, and Families	Program fees and student stipends	2010	50,000
Irvine Foundation	Program Fees	2010-11	50,000
<b>Total</b>			<b>\$2,693,580</b>

**DETAILS OF PROPOSED LEGISLATION**

Under the proposed resolution, for purposes of renovating the Car Barn, the Board of Supervisors would 1) authorize a Lease Disposition and Development Agreement (LDDA) between the City and the Friends; 2) authorize a 55-year lease between the City and the Friends once the conditions of the LDDA have been satisfied; 3) authorize an Access License between the City and the Friends; 4) affirm a community plan exemption determination by the San Francisco Planning Department; 5) adopt findings pursuant to the California Environmental Quality Act (CEQA); and 6) authorize the San Francisco Municipal Transportation Agency (SFMTA) Director of Transportation, or designee, and the General Manager of the Recreation and Park Department, or designee, to execute documents and modifications, and take certain actions in furtherance of these contracts.

According to Ms. Nicole Avril, Project Director at RPD, RPD and the Friends chose to initiate the LDDA and Lease Agreement at this time in order to provide stability for the ongoing fundraising process to renovate the Car Barn. Ms. Avril states that potential funders to the Project sought greater assurances of City involvement in the Project prior to making funding commitments. According to Ms. Avril, approval of the LDDA and Lease Agreement will formalize the relationship between the City and the Friends to provide such assurances to the funding community.

Lease Disposition and Development Agreement

The Lease Disposition and Development Agreement (LDDA) sets the terms for the renovation of the Car Barn and establishes the conditions that the Friends and the City must satisfy before the Lease Agreement becomes effective and the premises are delivered to the Friends. In addition, the LDDA states that following the completion of the Project, the Friends proposes to maintain and operate the building as a community center providing programming for youth and adults in the surrounding neighborhood, City and region, at the Friends cost.

The scope of the Project will include: 1) façade restoration; 2) seismic upgrades; and 3) interior renovations to provide a 300 person event space, a 99 seat black box theater, three youth training classrooms, and associated spaces for the new uses. The design will incorporate the shell and infrastructure for a 2000 square foot restaurant and a 730 square foot retail space.

The LDDA specifies a Schedule of Performance, which commences approximately February 2015 and has an estimated completion date of December 2018. A timeline of key Project milestones is included as Table 2 below.

**Table 2: Key Car Barn Project Milestones and Estimated Completion Dates**

Milestone	Estimated Date of Completion
Submission of preliminary construction documents	Q1 2015
Submission of updated budget and Financing Plan	Q1 2015
Submission of final construction documents	Q3 2015
Submission of final budget	Q3 2015
Submission of final Financing Plan	Q4 2015
Submission of final operating budget	Q4 2015
Submission of application for building permit	Q1 2016
Close of escrow and delivery of the executed lease All funding must be secured by this date	Q3 2016 – Q3 2017
Commencement of construction	Q3 2016-Q3 2017
Completion of construction	Q4 2018

Source: LDDA

The LDDA specifies that the Friends must demonstrate the financial capacity to execute the Project by submitting a financing plan for approval by the RPD. As shown in Table 2 above, the renovation Project is estimated to be completed by the fourth quarter of 2015. This Financing Plan must include: 1) final project budget; 2) sources and expected uses of funds; 3) operating budget; 4) bona fide commitments for debt financing and grant financing; 5) documentation of pledges of funds raised; and 6) guarantee of the maximum price for project construction. The Friends must provide updates to the Financial Plan to the City through written reports every six months after the effective date of the LDDA until close of escrow. In addition, the LDDA states that the City, in its sole discretion, may obtain a third-party cost estimator's report at the Friends sole cost, to evaluate the Friends' proposed construction budget.

The estimated cost for the completion of the Project is \$24,285,660 with \$16,955,794 in construction costs, \$6,143,078 in soft costs, plus \$339,000 for art enrichment and \$847,788 for a construction contingency, as shown in Table 3 below.

**Table 3: Car Barn Project Budget**

<b>Project Element</b>	<b>Cost</b>
Construction Cost	\$16,955,794
Soft Costs	
Design Team	\$1,313,814
Bids, Permitting and Contract Management	681,186
Regulatory Approvals	200,000
Data/Surveys	65,000
Project Manager	300,000
Furniture, Fixtures & Equipment	500,000
Hazardous Abatement	102,000
Fire Security Modification	75,000
Transaction Costs to Realize Tax Credits <sup>1</sup>	2,906,078
Soft Costs Subtotal	6,143,078
Art Enrichment (2% of construction costs)	339,000
Construction Contingency (5% of construction cost)	847,788
<b>Total Project Cost</b>	<b>\$24,285,660</b>

Source: LDDA

The Recreation and Park Department anticipates that the source of funds for the \$24,285,660 in total Project costs will include a mixture of City bond funds, City grants, tax credits and fundraising. The details for the funding sources are included in Table 4 below.

<sup>1</sup> Transaction costs include legal fees, economic studies, consulting services, and other costs to secure the tax credit financing.

**Table 4: Car Barn Project Financing Plan**

Source of Funds	Description	Status/Timing	Amount
2000 Neighborhood Park General Obligation Bonds	To complete design & 50% of construction documents	Appropriated in April 2014	\$837,863
Community Opportunity Fund	RPD competitive grant funding	Application to be submitted Q2 2015	3,000,000
Federal Historic Preservation Tax Credits	Federal program providing 20% of rehabilitation hard costs on certified historic structures	Q2 2016	3,964,000
State Historic Preservation Tax Credits	California potential program to provide 25-30% rehabilitation costs on certified historic structures	To be determined	3,964,000
New Market Tax Credits	20% of hard and soft costs for qualified projects	Awards announced Q2 2016 and final funds Q4 2016	5,689,000
Additional fundraising	To be secured from private and public sources	Q3 2016	6,830,797
<i>Total Funding</i>			<i>\$24,285,660</i>

Source: LDDA

Section 7.4 of the LDDA specifies that the Friends shall pay for the cost of construction of the Project. However, Section 7.4 also states that the City and the Friends agree to work together to jointly secure private and public sources of funding for construction of the improvements.

Ms. Anita Wood of the City Attorney's Office advises that while it is the goal of the RPD and the Friends to share the cost of the Project with funds secured from public and private sources, the City does not have any contractual obligation to provide funds for the Project. The LDDA only specifies that RPD staff will spend reasonable time and resources to assist the Friends' fundraising efforts and will present the Project to prospective funders as appropriate, and RPD will provide preliminary construction documents. Ms. Wood further advises that the LDDA only provides the framework for the RPD and the Friends to work together to try to secure the necessary funds to complete this Project. If the required funds are not secured by December 31, 2017, when the Lease Agreement would be delivered and construction would commence, the LDDA could be terminated.

#### Lease Agreement

The proposed Lease Agreement stipulates provisions, uses, and obligations in which the Friends will occupy the Geneva Car Barn. The term of the lease shall begin prior to the commencement

of construction activities at the Car Barn and extend 55 years. According to Ms. Avril, the 55 year lease term was established because it is a requirement for tax credit financing applications.

The Friends have the right to terminate the Lease Agreement by providing written notice to the City not less than 180 days prior to vacating and surrendering the premises. As stated in the Lease Agreement, no base rent will be payable by the Friends to RPD because the Project will have numerous public benefits and will lessen the burden on the City to operate and maintain the property. Under the Lease Agreement, the Friends would be responsible for operation and maintenance of the Car Barn. The key provisions of the Lease Agreement are summarized in Table 5 below.

**Table 5: Key Lease Agreement Provisions for Car Barn**

Term	55 years upon commencement of construction activities
Rent	\$0; Not required to pay rent, 100% of revenues will be spent according to a budget approved by City annually
Condition of premises	Delivered as-is
Allowed uses	<ul style="list-style-type: none"> <li>• Recreational, educational and cultural programming for youth and adults</li> <li>• Public and private special events and exhibitions</li> <li>• Operation of a café and culinary training</li> <li>• Operation of a retail establishment</li> </ul>
Utilities	<ul style="list-style-type: none"> <li>• Friends shall provide utilities for restaurant and kitchen, retail space, powerhouse, theater and related spaces</li> <li>• City shall provide utilities for office building entry area, reception area, staff offices, first floor hallway, community meeting room, student lounge and the design, audio/visual and literary arts studios and related spaces.</li> </ul>
Subleasing	<ul style="list-style-type: none"> <li>• Friends has right to sublet portion of premises consistent with primary uses</li> <li>• Friends shall provide written notice to City of proposed sublease of one year or more. City shall have the right to reasonably object to such sublease.</li> <li>• Rent charged shall be determined by Friends</li> </ul>
Facilities Maintenance	<ul style="list-style-type: none"> <li>• Friends must maintain a capital repair budget</li> <li>• Friends shall conduct a physical needs assessment at least every 7 years</li> </ul>
Ownership of Improvements	<ul style="list-style-type: none"> <li>• Friends shall own any improvements during the term of the Lease. Ownership will return to City upon expiration or termination of the lease without compensation to Friends.</li> </ul>

### Access License

The Car Barn is located adjacent to a property owned by the SFMTA, which is the Cameron Beach Rail Yard maintenance and vehicle storage facility. The proposed resolution would



approve an Access License, which permits the Friends to have ingress and egress during construction and operation of the Car Barn facility to the freight elevator and loading dock located along the eastern wall of the Car Barn. The term for this Access License is 55 years, to coincide with the proposed Lease Agreement for the Project. Through use of this Access License, the Friends agree to not interfere with activities of the SFMTA. The Friends shall pay a one-time non-refundable permit fee of \$5,000 to the City for this Access License.

#### Exempt Community Plan and Adopt California Environmental Quality Act (CEQA) Findings

Under the proposed resolution, the Board of Supervisors will affirm a community plan exemption and adopt findings pursuant to CEQA for the Project. The San Francisco Planning Department issued a Certificate of Determination, which found that the Project would not result in significant impacts beyond those analyzed and disclosed in the Balboa Park Station Area Plan Final Environmental Impact Report. The Certificate of Determination further states that the Project is exempt from environmental review under CEQA and the California Public Resources Code.

### **FISCAL IMPACT**

#### **Only \$857,572 of the \$24,285,660 in Car Barn Project funds have been secured to date**

As shown in Table 6 below, to date a total of \$857,572 has been secured, such that the Friends with assistance from RPD will need to secure the remaining \$23,428,088 to fund the Project prior to commencement of construction in Q3 2016.

**Table 6: Funds to be Secured for Car Barn Project**

<b>Total Project Costs</b>	<b>\$24,285,660</b>
<u>Previously Secured funds</u>	
2000 Neighborhood Park Bonds	\$837,863
Private Fundraising	<u>19,709</u>
Funds Previously Secured	\$857,572
<u>Not yet secured</u>	
Community Opportunity Fund	\$3,000,000
Federal Historic Preservation Tax Credits	3,964,000
State Historic Preservation Tax Credits	3,964,000
Federal New Market Tax Credits	5,689,000
Public and Private Fundraising	<u>6,811,088</u>
<b>Remaining Funds to be Secured</b>	<b>23,428,088</b>

#### Community Opportunity Fund

The Friends plans to apply for \$3,000,000 from RPD's Community Opportunity Fund, which is a City-wide program funded with 2012 General Obligation Clean and Safe Neighborhood Parks

Bonds. Proposed projects are competitively selected; to be eligible for funding, projects must be located on land owned by the RPD, must be a capital project, and meet the following three evaluation criteria:

- 1) Enhance park aesthetic or reduce maintenance;
- 2) Have broad community support; and
- 3) Have a complete design, budget and schedule.

The Friends anticipate submitting an application to RPD for funding from the Community Opportunity Fund in Fall 2015 upon completion of the final project design. Section 7.1(d) of the LDDA states that while RPD staff will support the Friends' efforts to apply for the grant, the City cannot make a commitment of an award from the Community Opportunity Fund for the Project. In addition, the LDDA states that if the Friends do not receive a \$3,000,000 Community Opportunity Fund grant, the Friends may, at its sole discretion, raise other funds, or terminate the LDDA.

#### Federal and State Historic Preservation Tax Credits

Historic Preservation Tax Credits are a financing mechanism which offers funds for the rehabilitation of buildings determined to be certified historic structures. Typically, these tax credits are used by private entities that have a tax liability, however, governments and nonprofits that do not have a tax liability may also apply for these tax credits which can be transferred to private partners in exchange for funds to fulfill construction needs. In the case of the Project, RPD, as the owner of the building, has applied for Federal tax credits and will work with the Friends, the Friends' legal counsel and a firm with tax credit expertise to seek a private investor who will provide the upfront financing costs for construction.

The Federal Historic Preservation Tax Credit program offers a 20% tax credit, which the Friends estimates to be \$3,964,000 in value to the Project. The program is administered by the National Park Service and the Internal Revenue Service, in partnership with the State Historic Preservation offices. Projects must meet the following eligibility criteria to receive tax credit funding:

- 1) Be listed in the National Register of Historic Places;
- 2) Meet a "substantial rehabilitation test" which shows that the cost of rehabilitation is greater than the pre-rehabilitation value;
- 3) Rehabilitation will be conducted according to the Secretary of the Interior's published Standards for Rehabilitation; and
- 4) After the rehabilitation, the building must be used for income producing purposes for five years.

The application for funding of Federal Historic Preservation Tax Credits is conducted through the California State Historic Preservation office that initially reviews the project. RPD submitted its application for these funds in 2009. The application is conducted in three phases. Phase 1 was approved in 2009 and Phase 2 was approved in 2013. The third, and final, phase is submitted after the rehabilitation is completed to ensure that the actual rehabilitation has

adhered to what was originally applied for during the previous phases. Funding will be awarded upon successful completion of the third phase. No funds have been secured to date.

In April 2014, California State Historic Preservation Tax Credits were authorized by both the California State Senate and State Assembly, and are awaiting the Governor's signature to enact the law. This legislation includes up to a 25 percent credit for qualified rehabilitation expenditures or up to a 30 percent credit for qualified rehabilitation expenditures if the structure meets more stringent criteria. The application process and specific requirements for the California State Historic Preservation Tax Credits are currently unknown as it has not yet been signed into law. The Car Barn Project financing plan includes \$3,964,000 of State Historic Preservation Tax Credits.

#### New Markets Tax Credits

The Federal New Markets Tax Credits (NMTC) program was established by Congress in 2000 to spur new or increased investments into operating businesses or real estate projects in low-income communities. Administrated by the US Treasury, the Federal New Markets Tax Credits are available to community development entities that apply for the tax credits and then, in a process similar to the Historic Preservation Tax Credits, work with investors that provide bridge financing to pay for construction costs for the project.

The Northern California Community Loan Fund (NCCLF), a nonprofit organization, provides lending and consulting services to nonprofits and plans to include the Car Barn Project in its application for NMTC funding. Based on its analysis of the project, NCCLF estimates that the potential amount of NMTC funding would be \$5,689,000. No funds have been secured to date.

#### Public and Private Fundraising

Based on the Financing Plan provided in the LDDA, and shown above in Table 6, the Friends and RPD need to raise a total of \$6,811,088 in additional public and private funds. In May of 2014 the Board of Supervisors authorized \$837,863 to pay for 100 percent of the design and 50 percent of the construction documents with the Friends agreeing to raise an additional \$475,951 to complete the construction documents, for a total design budget of \$1,313,814, as shown in Table 3 above. According to Ms. Avril, the construction documents need to be finished by the Fall of 2015 in order to apply for the Community Opportunity funds and tax credit financing in 2015. Therefore, the \$475,951 funds need to be raised by April of 2015, to allow sufficient time for the construction documents to be completed by the Fall 2015.

However, in the five months since May of 2014, the Friends have only raised \$19,709 of the \$475,951, leaving a balance of \$456,242 to be raised over the next five months, or by April 2015 to pay for these final construction documents. The Budget and Legislative Analyst recommends that the RPD and the Friends report back to the Board of Supervisors in April 2015, to be heard at a public hearing regarding the amount of funds secured to date and the Friends plans to secure the necessary funds to complete this Project.

According to Mr. Tim Wirth, Executive Director of the Friends, funding proposals totaling \$338,000 have been submitted to potential funders. Additionally, Mr. Wirth advises that the

Friends have been invited to apply for two additional grants totaling \$100,000, although being invited to apply for funding does not guarantee that funding will be awarded. Mr. Wirth states that decisions from these funders are made on a quarterly basis. Mr. Wirth further states that a formal capital campaign and a comprehensive fundraising plan have not yet been developed.

Mr. Wirth acknowledges that the total \$6,811,088 fundraising goal is predicated on the ability to successfully raise funds from Federal and State tax credits and the Community Opportunity Fund and all of the grants currently being requested.

### **Ongoing Operation and Maintenance of Car Barn**

In 2011, the Friends retained Ventura Partners, a development consulting and property management firm, to perform an analysis of potential operating revenues and expenses for the Project. This analysis found a range of market rate rents to be \$.90 - \$1.85 per sq. ft. per month for similar non-profit oriented space. The analysis estimated event rental rates to be \$800-\$1,000 for theater events, \$1,200 per day for parties/receptions and \$25-\$75 per hour for classes.

As stated in the proposed Lease, the Friends will operate and manage the Geneva Car Barn for the purpose of providing recreational, educational and cultural programming for youth and adults, at the Friend's expense. According to Mr. Wirth, the Friends will hire a part-time events manager and a facilities manager to perform ongoing operations, maintenance and subleasing functions for the Project.

Using expected rental rates, staffing costs, and required reserves<sup>2</sup>, the Ventura Partners analysis provided two scenarios for estimated Project cash flow. Scenario 1 estimated a positive cash flow of \$110,893 in the first year of operations. Scenario 2 used more conservative assumptions and estimated positive cash flow of \$15,896 in the first year of operations, as summarized in Table 7 below.

**Table 7: Car Barn Cash Flow Analysis**

Scenario	Estimated Annual Cash Flow
Scenario 1 <sup>3</sup>	\$110,893
Scenario 2, Conservative <sup>4</sup>	\$15,896

<sup>2</sup> Annual operating reserve and capital replacement reserve are required after all operating expenses have been met.

<sup>3</sup> For Scenario 1, rent for permanent space was calculated at \$15 per sq. ft. and other tenant space was calculated at \$9 per sq. ft. Rent for hourly use was calculated at \$35 per hour for the theater and \$75 per hour for the Power House space, with an average use of 26 hours per month for each. Rent for event use is calculated at \$1,000 per event for the theater and \$1,200 per event for the Power House with an average of four events per month in the theater and eight events per month in the Power House. The vacancy rate for the Project was calculated at 10 percent.

<sup>4</sup> For Scenario 2, Conservative, rent for permanent space was calculated at \$12 per sq. ft. and other tenant space was calculated at \$6 per sq. ft. Rent for hourly use was calculated at \$35 per hour for the theater and \$75 per hour for the Power House space, with an average use of 26 hours per month for each. Rent for event use is calculated at \$1,000 per event for the theater and \$1,200 per event for the Power House with an average of four events per month in the theater and eight events per month in the Power House. The vacancy rate for the Project was calculated at 25 percent.

According to Mr. Wirth, NCCLF reviewed these two scenarios and found them to be reasonable for the Project. The Budget and Legislative Analyst notes that this cash flow analysis was completed in 2011, and over the past three years, lease costs per square foot in the City have increased significantly. In addition, while event rental rates for event space are stipulated in the San Francisco Park Code, Ms. Avril advises that RPD would seek an amendment to the Code to codify event space rental rates specifically for the Geneva Car Barn.

## **POLICY CONSIDERATION**

### **Scenarios In Case of Fundraising Shortfall**

There is no guarantee that Friends will be able to secure sufficient funding to complete the Geneva Car Barn Project. As noted above, the Friends must secure \$456,242 by April 2015 in order to pay for the final design and construction documents to apply for funding through the Community Opportunity Fund and Federal and potential State tax credits in 2015. To date, the Friends have secured \$19,709. If \$456,242 is not secured by the April 2015 deadline, the Project would need to be delayed until this funding would be secured. The Budget and Legislative Analyst therefore recommends that RPD and the Friends report back to the Board of Supervisors in April 2015, to be heard at a public hearing regarding the amount of funds secured to date and the Friends plans to secure the necessary funds to complete this Project.

If the Friends are able to secure \$456,242 necessary to complete the final design and construction documents by April 2015, the Project would have a remaining fundraising goal of \$22,971,846 to be secured from sources such as the Community Opportunity Fund, tax credit financing and public and private fundraising by December 31, 2017, as specified in the LDDA. If the Friends cannot secure these funds by this deadline, the LDDA will expire, and all related documents, including the Lease Agreement and Access License, would not come into effect. However, as shown in Table 4 above, by the second quarter of 2016, RPD and the Friends should know whether they have secured Federal Historic Preservation Tax Credits and New Market Tax Credits. Therefore, the Budget and Legislative Analyst recommends that RPD and the Friends again report back to the Board of Supervisors by June 30, 2016, to be heard at a public hearing regarding the amount of funds raised to date and the Friends plans to secure the necessary funds to complete this Project.

According to Ms. Avril, should this scenario occur, the City may elect to complete the Project to be funded through a General Obligation parks bond in 2018, currently estimated to be a minimum of \$150,000,000, to address various RPD projects throughout the City. The Car Barn could potentially be included as a designated project in this future bond measure. However, these bonds would need approval from the Board of Supervisors to be placed on the ballot and subsequently receive City voter approval. Should this future General Obligation bond measure pass, ongoing debt service payments would be made from increased property taxes assessed on all property owners in the City to pay down the incurred debt.

Alternatively, the City could elect to scale back the Project design to make the renovation less expensive and thus reduce the amount of City funding needed to complete the Project. Should the City elect to scale back the Project design, new design specifications would need to be developed and tax credit financing would need to be re-applied for based on the new design.

In a third scenario, the City could elect to not add any additional funding to the Project. In this scenario, the City would not incur any new costs to complete the Project beyond the \$2,693,580, shown in Table 1, which has already been expended on the Project.

#### **Scenarios in Case of Operating Shortfall of Geneva Car Barn**

If, over the 55 year term of the proposed lease, the Geneva Car Barn Project is unable to earn sufficient revenue to cover operating expenses, or if the Friends are unable to provide sufficient programming for the Project, Friends will be in default under the Lease Agreement. According to Ms. Avril, RPD has expertise in operating arts centers, given its current operation of the Harvey Milk Arts Center and the Mission Arts Center, and could potentially take over management of this Project, or issue a Request for Proposals (RFP) for a third party operator to take over management of the Project.

As noted above, Ms. Wood advises that the subject LDDA only provides the framework for the RPD and the Friends to work together to try to secure the necessary funds to complete this Project. Therefore, there is not significant risk to the City to approve the proposed resolution.

#### **RECOMMENDATIONS**

1. Amend the proposed resolution to require RPD and the Friends to report back to the Board of Supervisors in April 2015 and again by June 30, 2016, to be heard at a public hearing regarding the amount of funds secured to date and the Friends plans to secure the necessary funds to complete this Project.
2. Approve the proposed resolution, as amended.

<p><b>Item 2</b> <b>File 14-0907</b></p>	<p><b>Department:</b> Department of Public Health (DPH)</p>
<p><b>EXECUTIVE SUMMARY</b></p>	
<p style="text-align: center;"><b>Legislative Objectives</b></p> <ul style="list-style-type: none"> <li>• The proposed resolution would (1) approve a performance contract between the California Department of Health Care Services and the Department of Public Health (DPH) for the DPH Community Behavioral Health Services to provide services funded by (1) State Mental Health Services Act, and Federal PATH and Mental Health Services Block Grant funds to persons with mental illness and / or substance abuse problems, retroactive to July 1, 2014 through June 30, 2015; and (2) designate the Director of Community Behavioral Health Services to enter into the contract, including any amendments to the contract.</li> </ul> <p style="text-align: center;"><b>Key Points</b></p> <ul style="list-style-type: none"> <li>• The California Department of Health Care Services allocates Mental Health Services Act (Proposition 63) funds annually to the DPH Community Behavioral Health Services to provide mental health services. Beginning in December 2013 (Fiscal Year 2013-14), the California Department of Health Care Services requested that the DPH annually obtain Board of Supervisors approval by resolution for the performance contract.</li> <li>• In March 2014, the Board of Supervisors approved a resolution (File 14-0056) that approved the performance contract between the California Department of Health Care Services and the DPH for Fiscal Year 2013-14.</li> <li>• The proposed performance contract defines the mental health services to be performed by Community Behavioral Health Services and the requirements that Community Behavioral Health Services must meet to receive Mental Health Services Act, PATH, and Mental Health Services Block Grant funds.</li> </ul> <p style="text-align: center;"><b>Fiscal Impact</b></p> <ul style="list-style-type: none"> <li>• The proposed performance contract is a “zero dollar” contract. Mental Health Services Act, PATH, and Mental Health Services Block Grant funds are approved in the State budget each year and incorporated into the annual DPH budget, subject to Board of Supervisors appropriation approval. FY 2014-15 Mental Health Services Act, PATH, and Mental Health Services Block Grant funds are \$34,444,651.</li> </ul> <p style="text-align: center;"><b>Recommendation</b></p> <ul style="list-style-type: none"> <li>• Approve the proposed resolution.</li> </ul>	

**MANDATE STATEMENT / BACKGROUND****Mandate Statement**

The California Department of Health Care Services requires Board of Supervisors approval, by resolution, for the performance contract between the California Department of Health Care Services and the San Francisco Department of Public Health in order for the Department of Public Health to receive (1) State Mental Health Services Act funds, (2) Federal Projects for Assistance in Transition from Homelessness (PATH) funds and (3) Federal Community Mental Health Services Block Grant funds. The resolution designates the county official authorized to enter into the contract.

**Background****Mental Health Services Act**

Proposition 63, approved by California voters in November 2004, created the Mental Health Services Act and Mental Health Services Fund. Proposition 63 imposed a 1 percent tax on incomes greater than \$1,000,000 per year and dedicated such tax revenues for expanded access to public mental health programs in California. Under the State Welfare and Institutions Code, tax revenues deposited to the Mental Health Services Fund are expended for the implementation of the Adult and Older Adult Mental Health System of Care Act<sup>1</sup>, Innovative Programs<sup>2</sup>, Prevention and Early Intervention Programs<sup>3</sup>, and the Children's Mental Health Services Act.<sup>4</sup>

Under the performance contract between the State and the Department of Public Health (DPH), the California Department of Health Care Services allocates approximately \$30 million annually to San Francisco, equal to 1.9 percent of available Mental Health Services funds based on a statewide formula determined by the California Department of Health Care Services. Under the Mental Health Services Act, the allocation to San Francisco is based on the DPH Community Behavioral Health Services' three-year plan or annual update to the three-year plan, which is subject to annual approval by the Board of Supervisors, by resolution. The resolution to approve the FY 2014-15 annual update to the Mental Health Services Act Program and Expenditure Plans is pending before the Board of Supervisors Neighborhood Services and Safety Committee action (File 14-0759).

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<sup>1</sup> The Adult and Older Adult Mental Health System of Care Act (Welfare and Institutions Code 5800-5814.5) establishes a comprehensive and coordinated system of care that includes community-based treatment, outreach services and other early intervention strategies, case management and interagency collaboration.

<sup>2</sup> Innovative Programs (Welfare and Institutions Code 5830) are established but not specifically defined in the Code. The California Department of Mental Health (which was later merged into the Department of Health Care Services) established guidelines that include (1) introduction of new mental health practices, (2) changes in existing mental health practices, and (3) introduction of a new application to the mental health system of a community-driven approach that has been successful in a non-mental health setting.

<sup>3</sup> 20 percent of Mental Health Services Act funding is allocated to Prevention and Early Intervention Programs, which include outreach to families, employers, primary health care providers, and others to identify early signs of mental illness, access to medically necessary care, and reductions in the stigma to mental illness diagnosis.

<sup>4</sup> 51 percent of Mental Health Service Act funding is allocated to children's services.



### Substance Abuse and Mental Health Grants

The Substance Abuse and Mental Health Services Administration (SAMHSA) is one of eight federal Public Health Service agencies in the U.S. Department of Health and Human Services. SAMHSA provides (1) Projects for Assistance in Transition from Homelessness (PATH) funds and (2) Community Mental Health Services Block Grant funds. The California Department of Health Care Services administers the SAMHSA funds and allocates these Federal funds to San Francisco. The PATH funds are allocated to housing and case management services to persons with mental health and substance abuse issues. The Mental Health Services Block Grant funds are allocated to counties to target children and youth with serious emotional disturbances and adults and older adults with serious mental illness.

### **DETAILS OF PROPOSED LEGISLATION**

The proposed resolution would approve the performance contract between the DPH and the California Department of Health Care Services in order for the DPH Community Behavioral Health Services to (1) receive State funds for providing services funded under the State Mental Health Services Act, (2) receive Federal PATH and Mental Health Services Block Grant funds in order to provide services to persons with mental illness and / or substance abuse problems retroactive to July 1, 2014 through June 30, 2015; and (3) designate the Director of Community Behavioral Health Services to enter into the performance contract, including any related amendments to the contract.

The proposed performance contract defines the mental health services to be performed by the DPH Community Behavioral Health Services and specifies the requirements that the DPH Community Behavioral Health Services must meet in order to receive the State Mental Health Services Act funds, Federal PATH funds, and Federal Mental Health Services Block Grant funds.

### **San Francisco Mental Health Services Act Three-Year Integrated Plan**

The proposed performance contract requires that all expenditures be consistent with the San Francisco Mental Health Services Act 2014-17 Integrated plan, a three-year program and expenditure plan, and any annual updates to the three-year plan, as previously approved by the Board of Supervisors. As noted above, a resolution approving the San Francisco Mental Health Services 2014-17 Integrated Plan (File 14-0759) is currently pending in the Board of Supervisors Neighborhood Services and Safety Committee.

Table 1 below lists the services funded by the Mental Health Services Fund and administered by the DPH Community Behavioral Health Services in FY 2014-15.

**Table 1: Services in the San Francisco Mental Health Services Act 2014-17 Integrated Plan**

Services	Description
<b>Recovery-Oriented Treatment Services</b>	<ul style="list-style-type: none"> <li>• Includes services traditionally provided in the mental health system (individual or group therapy, medication management, treatment), with a focus on recovery</li> </ul>
<b>Mental Health Promotion &amp; Early Intervention (PEI) Services</b>	<ul style="list-style-type: none"> <li>• Aims to reduce risk factors</li> <li>• Promotes a holistic view of wellness</li> <li>• Delivers programs in community settings</li> </ul>
<b>Peer-to-Peer Support Services</b>	<ul style="list-style-type: none"> <li>• Offers recovery and other support services that are provided by and family members</li> </ul>
<b>Vocational Services</b>	<ul style="list-style-type: none"> <li>• Helps consumers secure employment (e.g., training, job search and retention services)</li> </ul>
<b>Housing</b>	<ul style="list-style-type: none"> <li>• Helps individuals with serious mental illness who are homeless or at-risk of homelessness secure or retain permanent housing</li> <li>• Facilitates access to short-term stabilization housing</li> </ul>
<b>Behavioral Health Workforce Development</b>	<ul style="list-style-type: none"> <li>• Recruits members from unrepresented and under-represented communities</li> <li>• Develops skills to work effectively in the mental health field</li> </ul>
<b>Capital Facilities/ Information Technology</b>	<ul style="list-style-type: none"> <li>• Improves facilities</li> <li>• Increase client access to personal health information</li> </ul>

*Source: Proposed San Francisco Mental Health Services Act 2014-17 Integrated Plan*

**FISCAL IMPACT**

The proposed resolution approves the performance contract between the DPH and the California Department of Health Care Services for the DPH Community Behavioral Health Services to provide State- and Federally-funded services to persons with mental illness and / or substance abuse issues. Board of Supervisors approval of the performance contract is required by the State in order for the DPH Community Behavioral Health Services to receive the applicable State and Federal funds used to provide services to persons with mental illness and / or substance abuse issues. Approval of the proposed resolution retroactively authorizes the DPH to accept Mental Health Services Act, PATH and Mental Health Services Block Grant funds that were included in the FY 2014-15 DPH budget, as previously appropriated by the Board of Supervisors.

The proposed performance contract is a “zero dollar” contract. Mental Health Services Act, PATH, and Mental Health Services Block Grant funds are approved in the State budget each year and incorporated into the annual DPH budget, subject to Board of Supervisors appropriation approval. The Board of Supervisors previously appropriated \$34,374,445 in State Mental Health Services Act funds and Federal PATH and Mental Health Services Block Grant funds in the DPH FY 2014-15 budget, as shown in Table 2 below.

**Table 2: Budgeted Expenditures**

	<b>Appropriated by the Board of Supervisors in the Fiscal Year 2014-15 Annual Appropriation Ordinance</b>	<b>FY 2014-15 DPH Estimated Amount</b>	<b>Difference</b>
<b>Mental Health Services Act (State)</b>	\$30,973,615	\$30,973,615	\$-
<b>Mental Health Block Grant (Federal)</b>	2,828,081	2,872,039	43,958
<b>PATH (Federal)</b>	576,749	598,997	22,248
<b>Total</b>	<b>\$34,374,445</b>	<b>\$34,444,651</b>	<b>\$66,206</b>

As shown in Table 2 above, the Department of Public Health, is proposing to expend \$66,206 more than the grant amounts included in the FY 2014-15 budget approved by the Board of Supervisors. This increase is not subject to Board of Supervisors approval because each grant increase (\$43,958 for the Mental Health Block Grant, and \$22,248 for the PATH grant) is less than the threshold of \$50,000 for Board of Supervisors approval under City Administrative Code Section 10.170-1.

Services funded by the State Mental Health Services Act and Federal Mental Health Block Grant funds are provided by DPH staff and non-profit and for-profit contractors. According to Ms. Marlo Simmons, DPH Mental Health Services Act Director, Mental Health Services Act funds are allocated to 49 different non-profit and for-profit contractors and approximately 100 full-time equivalent (FTE) DPH positions to provide mental health services.

Federal PATH funds are passed through from the State to DPH, which allocates the funds to four non-profit providers for housing and case management services, including (1) South of Market Mental Health Services, (2) the Curry Senior Center, (3) Hyde Street Community Services and (4) Swords to Plowshares.

## RECOMMENDATION

Approve the proposed resolution.

<p><b>Item 5</b> <b>File 14-0848</b></p>	<p><b>Department:</b> Human Services Agency (HSA)</p>
<p><b>EXECUTIVE SUMMARY</b></p>	
<p><b>Legislative Objectives</b></p> <p>The proposed resolution would retroactively amend Resolution 457-10, as previously approved by the Board of Supervisors, to: (1) increase the total not-to-exceed amount for six existing grant agreements between HSA and the Institute on Aging by \$26,754,995, from \$16,144,866 to \$42,899,861; and (2) extend the agreements' termination dates by five years from July 1, 2014 through June 30, 2019.</p> <p><b>Key Points</b></p> <ul style="list-style-type: none"> <li>• In September 2010, the Board of Supervisors approved a resolution (Resolution 457-10) that authorized the Human Services Agency (HSA) to enter into three grant agreements totaling \$16,144,866 with the non-profit Institute on Aging to (1) provide case management to seniors and adults with disabilities; (2) administer the Community Living Fund, assisting individuals with limited incomes to move out of nursing facilities into independent living in the community; and (3) provide assessments and coordination of services designed specifically for disabled adults ages 18 and older under the Linkages Program.</li> <li>• Currently, HSA has 11 existing grant agreements with the Institute on Aging, including the three grant agreements approved under Resolution 457-10, to provide various services to seniors and adults living with disabilities. HSA wants to combine these 11 grant agreements into a master agreement, of which five are listed and six are not listed in the proposed resolution. HSA requests to (1) increase the total amount of the agreement by \$26,754,995, from \$16,144,866 to \$42,899,861; and (2) extend the agreements' termination dates by five years from July 1, 2014 through June 30, 2019.</li> </ul> <p><b>Fiscal Impact</b></p> <ul style="list-style-type: none"> <li>• HSA is requesting to extend the termination dates for the 11 existing grant agreements, five of which are listed in the proposed resolution and six of which were incorrectly omitted from the proposed resolution, by five years from June 30, 2014 to June 30, 2019. However, because 10 of these 11 grant agreements had earlier termination dates, as specified in the original RFPs, the Budget and Legislative Analyst recommends reducing 10 of the 11 grant agreements by \$3,906,562, in order to correspond with the original RFP termination dates, including options to extend the terms of the grant agreements.</li> </ul>	

**Recommendations**

- Amend the proposed resolution to:
  - Remove the Aging and Disability Resource Center , which was incorrectly included in the proposed resolution,
  - Add (1) Linkages, (2) Center for Elderly Suicide Prevention, (3) Young Adults with Disabilities Home Delivered Meal Services; (4) Citywide Information and Assistance Supervisor; (5) Clinical Supervision Collaborative; and (6) Forensic Center, which were inadvertently omitted from the proposed resolution;
  - Specify the termination date of June 30, 2015 for five grant agreements: (1) Alzheimer’s Day Care Resource Center; (2) Adult Day Care; (3) Elder Abuse Prevention; (4) Center for Elderly Suicide Prevention; and (5) Forensic Center;
  - Specify the termination date of June 30, 2017 for one grant agreement: Young Adults with Disabilities Home Delivered Meal Services;
  - Specify the termination date of June 30, 2018 for four grant agreements: (1) Case Management; (2) Linkages; (3) Citywide Information and Assistance Supervisor; and (4) Clinical Supervision Collaborative; and
  - Reduce the requested increase in the not-to-exceed grant amount for 10 of the 11 grant agreements by \$3,906,562, from \$26,756,995 to \$22,848,433. Therefore, the total grant agreement amounts would increase for the 11 grant agreements by \$22,848,433 from the original not-to-exceed grant amount of \$16,144,866 to the not-to-exceed grant amount of \$38,993,299.
- Approve the proposed resolution as amended.

## MANDATE STATEMENT / BACKGROUND

### Mandate Statement

City Charter Section 9.118(b) states that a 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 with a \$500,000 impact or more is subject to Board of Supervisors approval.

### Background

In September 2010, the Board of Supervisors approved a resolution (Resolution 457-10) that authorized the Human Services Agency (HSA) to enter into three grant agreements with the non-profit Institute on Aging, wherein the HSA allocated funds to the Institute on Aging, which provides the following services to seniors and adults with disabilities:

- (1) Case management;
- (2) Assist individuals with limited incomes to transition out of nursing facilities and back to living independently in the community under the Community Living Fund<sup>1</sup> program; and
- (3) Provide assessments and coordination of services designed specifically for disabled adults ages 18 and older under the Linkages Program.

The three grant agreements were the product of three separate competitive Requests for Proposals (RFP). The total amount for the three grant agreements was for not-to-exceed \$16,144,866, as shown in Table 1 below. The HSA grant agreements with the Institute on Aging for case management services and the Linkages Program are currently set to expire on June 30, 2015. The HSA grant agreement with the Institute on Aging for the Community Living Fund expired on June 30, 2014.

**Table 1: Original Grant Agreement between HSA and the Institute on Aging**

	<b>Term (Including Extensions)</b>	<b>Total Not-to-Exceed Amount</b>
Case Management	7/1/10 to 6/30/15	\$756,392
Community Living Fund	7/1/10 to 6/30/14	14,154,430
Linkages Program	7/1/10 to 6/30/15	1,234,044
<b>Total</b>		<b>\$16,144,866</b>

### Additional Services

At the time the Board of Supervisors approved the resolution for the three grant agreements in September 2010, wherein the HSA has allocated a total of \$16,144,866 to the Institute on

<sup>1</sup> In July 2006, the Board of Supervisors approved an ordinance (File 06-0793) establishing the Aging and Adult Services Community Living Fund to be used to fund aging in place and community placement alternatives to individuals who may otherwise require care within an institution. Funding to Community Living Fund is provided through the Annual Appropriations Ordinance as approved by the Board of Supervisors.

Aging, there were three other existing grant agreements between the HSA and the Institute on Aging that were not subject to Board of Supervisors approval because those three other grant agreements were for less than \$10 million. Those three other agreements with the Institute on Aging provide services to seniors and adults with disabilities under: (1) the Aging and Disabilities Resource Center, (2) the Alzheimer's Day Care Resource Center, and (3) Young Adults With Disabilities Home Delivered Meal Services.

In FY 2011-12, the HSA divided the services that were provided under the Alzheimer's Day Care Resource Center into four different grant agreements for: (1) the Alzheimer's Day Care Resource Center, (2) the Center for Elderly Suicide Prevention, (3) Elder Abuse Prevention, and (4) the Medication Oversight Project.

Further, in FY 2011-12, the HSA awarded new grant agreements, allocating funding to the Institute on Aging, for the Adult Day Care and for the Forensic Center. Those grant agreements were not subject to Board of Supervisors approval because the grant allocations were for less than \$10 million.

The HSA currently has 11 grant agreements with the Institute on Aging, as shown in Table 2 below. According to Mr. Curto, since all of the grant agreements were with the Institute on Aging, the HSA has been billing the expenditures for all 11 grant agreements against the \$16,144,866 authorized by the Board of Supervisors under Resolution 457-10.

### Remaining Authority

According to Mr. Justin Chan, HSA Contract Manager, the HSA has expended \$15,802,697 of the \$16,144,866 in grant allocations to the Institute on Aging and has \$342,169 remaining, as shown in Table 2 below.

**Table 2: Not-to-Exceed Grant Allocation Agreements and Actual Expenditures**

<b>Grant Agreements</b>	<b>Authorized Budget</b>	<b>Actual Expenditures</b>	<b>Actual Expenditures Under/ (Over) Budget</b>
Community Living Fund	\$14,154,430	\$11,736,568	\$2,417,862
Linkages/Respite Purchase of Services	1,234,044	1,220,635	\$13,409
Case Management	756,392	734,287	\$22,105
Alzheimer's Day Care Resource Center		618,567	(\$618,567)
Center for Elderly Suicide Prevention		434,564	(\$434,564)
Young Adults w/ Disabilities Home Meal Services		284,788	(284,788)
Adult Day Care		271,621	(271,621)
Forensic Center		176,481	(176,481)
Elder Abuse Prevention		157,881	(157,881)
Intake Services		126,990	(126,990)
Aging and Disabilities Resource Center		40,315	(40,315)
<b>Total</b>	<b>\$16,144,866</b>	<b>\$15,802,697</b>	<b>\$342,169</b>

## DETAILS OF PROPOSED LEGISLATION

The proposed resolution would retroactively amend Resolution 457-10, as previously approved by the Board of Supervisors, to: (1) increase the total not-to-exceed amount for six existing grant agreements between HSA and the Institute on Aging by \$26,754,995, from \$16,144,866 to \$42,899,861; and (2) extend the agreements' termination dates by five years from July 1, 2014 through June 30, 2019. The HSA has allocated grant funding to the Institute on Aging to provide the following services:

1. Community Living Fund – Case Management and Purchase of Services
2. Aging and Disability Resource Center
3. Alzheimer's Day Care Resource Center
4. Case Management
5. Elder Abuse Prevention Services
6. Adult Day Health/Adult Day Care Services

The Aging and Disabilities Resource Center listed above has not received funding and has been inactive since Fiscal Year 2011-12 and was incorrectly included in the proposed resolution. Therefore, of the six grant agreements in the proposed resolution, only five are still active and ongoing.

## FISCAL IMPACT

The HSA is requesting authorization to increase the not-to-exceed amounts for 11 existing grant agreements, totaling \$26,754,995, as shown in Table 3 below, rather than the six grant agreements listed in the proposed resolution. These 11 existing grant agreements (a) include five grant agreements listed in the proposed resolution<sup>2</sup>; and (b) include six other existing grant agreements.

All funding allocated under the 11 grant agreements is subject to Board of Supervisors appropriations approval.

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<sup>2</sup> As noted above, one of the grant agreements, the Aging and Disabilities Resource Center is no longer active and has not received funding since FY 2011-12.



**Table 3: Summary of Sources and Expenditures Totaling \$26,359,604**

Sources	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	Total
City General Funds	\$3,263,269	\$3,426,433	\$3,597,754	\$3,777,642	\$3,966,524	\$18,031,622
Federal Funds	1,578,711	1,657,646	1,740,528	1,827,555	1,918,933	8,723,373
<b>Total Sources</b>	<b>\$4,841,980</b>	<b>\$5,084,079</b>	<b>\$5,338,282</b>	<b>\$5,605,197</b>	<b>\$5,885,457</b>	<b>\$26,754,995</b>
<b>Expenditures</b>						
<u>Five Active Grant Agreements Listed in Proposed Resolution</u>						
Community Living Fund	\$3,393,481	\$3,563,156	\$3,741,312	\$3,928,379	\$4,124,799	\$18,751,127
Case Management	100,673	105,706	110,992	116,541	122,368	556,280
Alzheimer's Day Care Resource Center	85,380	89,649	94,131	98,838	103,780	471,778
Adult Day Care	93,524	98,200	103,110	108,266	113,679	516,779
Elder Abuse Prevention	75,639	79,421	83,392	87,561	91,939	417,952
<u>Six Grant Agreements, Incorrectly Omitted from the Proposed Resolution</u>						
Linkages	330,365	346,884	364,228	382,439	401,561	1,825,477
Center for Elderly Suicide Prevention	276,563	290,391	304,911	320,156	336,164	1,528,185
Young Adults w/ Disabilities Home Meal Services	89,051	93,503	98,178	103,087	108,241	492,060
Citywide Information and Assistance Supervisor	108,268	113,681	119,365	125,334	131,600	598,248
Clinical Supervision Collaborative	203,000	213,150	223,808	234,998	246,748	1,121,704
Forensic Center	86,036	90,338	94,855	99,598	104,578	475,405
<b>Total</b>	<b>\$4,841,980</b>	<b>\$5,084,079</b>	<b>\$5,338,282</b>	<b>\$5,605,197</b>	<b>\$5,885,457</b>	<b>\$26,754,995</b>

**Contract Extensions**

HSA is requesting to extend the termination dates for the 11 existing grant agreements, five of which are listed in the proposed resolution and six of which were incorrectly omitted from the proposed resolution, by five years from June 30, 2014 to June 30, 2019. However, because 10 of these 11 grant agreements had earlier termination dates, as specified in the original RFPs, the Budget and Legislative Analyst recommends reducing 10 of the 11 grant agreements by \$3,906,562, as shown in Table 4 below, in order to correspond with the original RFP termination dates, including options to extend the terms of the grant agreements. Reducing the requested grant agreement amounts to correspond with the original grant agreement termination dates would require the HSA to issue new RFPs for each of the services provided

under the respective 10 grant agreements in time to enter new agreements with the selected providers.

**Table 4: Original Grant Agreement Termination Dates**

	Original Grant Agreement Termination Dates as Advertised in the RFP	Requested Amount for Agreement Term from Original Agreement Termination Date through June 30, 2019
<u>Five Active Grant Agreements Listed in the Proposed Resolution</u>		
Community Living Fund ( <i>Proposed</i> )	June 30, 2019	\$0
Case Management	June 30, 2018	122,368
Alzheimer's Day Care Resource Center	June 30, 2015	386,398
Adult Day Health / Adult Day Care Services	June 30, 2015	423,255
Elder Abuse Prevention	June 30, 2015	342,313
<u>Six Grant Agreements Incorrectly Omitted from the Proposed Resolution</u>		
Linkages	June 30, 2018	401,561
Center for Elderly Suicide Prevention	June 30, 2015	1,251,622
Young Adults w/ Disabilities Home Meal Services	June 30, 2017	211,328
Citywide Information and Assistance Supervisor	June 30, 2018	131,600
Clinical Supervision Collaborative	June 30, 2018	246,748
Forensic Center	June 30, 2015	389,369
<b>Total</b>		<b>\$3,906,562</b>

Of the 11 grant agreements, only the agreement between HSA and the Institute on Aging to administer the Community Living Fund has a termination date of June 30, 2019. In January 2014, the HSA issued an RFP for an organization to administer the Community Living Fund. According to Mr. Chan, the non-profit Institute on Aging was the only organization to submit a proposal and was subsequently awarded the grant agreement. According to Mr. Curto, the HSA awarded a new grant agreement to the Institute on Aging to administer the Community Living Fund but is now requesting to include that grant agreement under a master agreement for all 11 grant agreements between HSA and the Institute on Aging.

## RECOMMENDATIONS

1. Amend the proposed resolution to:

- Remove the Aging and Disability Resource Center , which was incorrectly included in the proposed resolution,
- Add (1) Linkages, (2) Center for Elderly Suicide Prevention, (3) Young Adults with Disabilities Home Delivered Meal Services; (4) Citywide Information and Assistance

Supervisor; (5) Clinical Supervision Collaborative; and (6) Forensic Center, which were inadvertently omitted from the proposed resolution;

- Specify the termination date of June 30, 2015 for five grant agreements: (1) Alzheimer's Day Care Resource Center; (2) Adult Day Care; (3) Elder Abuse Prevention; (4) Center for Elderly Suicide Prevention; and (5) Forensic Center;
- Specify the termination date of June 30, 2017 for one grant agreement: Young Adults with Disabilities Home Delivered Meal Services;
- Specify the termination date of June 30, 2018 for four grant agreements: (1) Case Management; (2) Linkages; (3) Citywide Information and Assistance Supervisor; and (4) Clinical Supervision Collaborative; and
- Reduce the requested increase in the not-to-exceed grant amount for 10 of the 11 grant agreements by \$3,906,562, from \$26,756,995 to \$22,848,433. Therefore, the total grant agreement amounts would increase for the 11 grant agreements by \$22,848,433 from the original not-to-exceed grant amount of \$16,144,866 to the not-to-exceed grant amount of \$38,993,299.

2. Approve the proposed resolution as amended.