

**CITY AND COUNTY OF SAN FRANCISCO**

**BOARD OF SUPERVISORS**

**BUDGET AND LEGISLATIVE ANALYST**

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February 12, 2021

**TO:** Government Audit and Oversight Committee

**FROM:** Budget and Legislative Analyst



**SUBJECT:** February 18, 2021 Government Audit and Oversight Committee Meeting

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<b>Item 1</b> <b>File 20-1388</b> <i>(Continued from February 4, 2021)</i>	<b>Department:</b> Department of Public Health
<b>EXECUTIVE SUMMARY</b>	
<p style="text-align: center;"><b>Legislative Objectives</b></p> <ul style="list-style-type: none"> <li>The proposed ordinance amends Administrative Code Chapter 41G, Sections 41G.1 through 41G.7, to require the Department of Public Health (DPH) to, among other things, test all residents of Single Room Occupancy buildings (SROs) for COVID-19 and offer residents isolation and quarantine hotel rooms when one or more SRO resident tests positive for COVID-19.</li> </ul> <p style="text-align: center;"><b>Key Points</b></p> <ul style="list-style-type: none"> <li>The proposed ordinance adds to the Administrative Code the provisions under the previously enacted Emergency Ordinances regarding SRO COVID-19 protections. These provisions included protections for SRO residents against COVID-19 spread by allowing SRO residents access to isolation/quarantine hotel rooms if they meet the City Health Officer's criteria for isolation or quarantine, and requiring the Department of Public Health (DPH) to develop a protocol that, in the event a resident of an SRO tests positive for COVID-19, provides for access to testing for other residents, contact tracing, cleaning, and isolation/quarantine hotel rooms as needed for positive and exposed residents and staff.</li> <li>The proposed ordinance includes a sunset provision, stating that Chapter 41G will expire 60 days after termination or expiration of the Stay Safer at Home Order. Once the chapter expires it will be removed from the Administrative Code.</li> <li>DPH testing procedures for SROs differ from the proposed ordinance, which requires testing all residents in an SRO when one SRO resident tests positive. Instead, DPH's policy is to conduct mass testing at SRO buildings when more than two households test positive for COVID-19.</li> </ul> <p style="text-align: center;"><b>Fiscal Impact</b></p> <ul style="list-style-type: none"> <li>We estimate that, if the proposed ordinance had been in effect and implemented as written between June 2020 and November 2020, the City would have incurred increased costs for testing and quarantine/isolation hotel rooms, ranging from \$3.0 million to \$3.9 million. This estimate assumes that FEMA would have reimbursed 50 percent of costs. Actual costs going forward may vary depending on the number of COVID positive cases in SROs. Also, FEMA reimbursement rates to local jurisdictions may increase up to 100 percent, based on a January 21, 2021 Presidential Memorandum.</li> <li>These estimates do not account for costs that may have been avoided if an individual would otherwise have become ill or required hospitalization due to COVID in the absence to testing.</li> </ul> <p style="text-align: center;"><b>Recommendation</b></p> <ul style="list-style-type: none"> <li>Approval of the proposed ordinance is a policy matter for the Board of Supervisors.</li> </ul>	

**MANDATE STATEMENT**

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

**BACKGROUND**

Due to the communal living setting of many residential hotels where bathroom, kitchen and common room facilities are often shared, and a high percentage of those living in residential hotels are age 60 years or older, there are concerns about increased risk to occupants of residential hotels (“SRO residents”) of contracting COVID-19. In response to this increased risk, the Board of Supervisors passed Emergency Ordinance No. 84-20 effective May 29, 2020, putting in place protections for SRO residents against COVID-19 spread by allowing SRO residents access to isolation/quarantine hotel rooms if they meet the City Health Officer’s criteria for isolation or quarantine. The ordinance also required the Department of Public Health (DPH) to develop a protocol that, in the event a resident of an SRO tests positive for COVID-19, provides for access to testing for other residents, contact tracing, cleaning, and isolation/quarantine hotel rooms as needed for positive and exposed residents and staff.

As the pandemic continued, the Board amended and reenacted the Emergency Ordinance (No. 161-20) effective September 11, 2020. Ordinance No.161-20 maintains the provisions as the original ordinance and includes an updated provision requiring residential hotels to post information in common areas after a positive COVID-19 test, advising SRO residents of their rights under this Emergency Ordinance to access isolation/quarantine hotel rooms, COVID-19 testing, and face coverings as well as information informing residents about the language-accessible COVID-19 telephone line. On December 15, 2020, the Board of Supervisors reenacted the Emergency Ordinance (No. 271-20) in response to another surge of COVID-19, which was retroactive to November 11 and expired on January 11, 2021.

**DETAILS OF PROPOSED LEGISLATION**

The proposed ordinance amends the Administrative Code to include the protocols established in previously enacted Emergency Ordinances for SRO residents during the COVID-19 pandemic. If enacted, this ordinance will add Chapter 41G, Sections 41G.1 through 41G.7, to the Administrative Code, which requires:

- Posting in building common spaces a copy of this Chapter of the Administrative Code along with the telephone numbers for the Eviction Defense Collaborative, Single Room Occupancy Collaborative, and Residential Hotel’s Operator or on-site representative.
- Placing SRO residents in isolation/quarantine hotel rooms for up to 14 days if they meet the standards for isolation or quarantine as established by the County Health Officer Directives Nos. 2020-02 and 2020-03. SRO residents in isolation/quarantine hotels will be

provided essential services at no cost, including three meals, adequate heat, and clean restrooms.

- Making every effort to identify and address any barriers an SRO resident may have for refusing isolation/quarantine placement.
- Complying with the City Language Access Ordinance and translation of all materials and vital information.
- Posting a notice that advises SRO residents when a COVID-19 case has been identified in the building, their rights to access isolation and quarantine hotel rooms, COVID-19 testing, and face coverings.
- DPH initiate contact and establish testing for all occupants of the residential hotel where the positive COVID-19 resident resides. Testing will be provided either onsite at the residential hotel or offsite in the neighborhood of the residents needing testing. When necessary, DPH will also receive information from the residential hotel operator to conduct contact tracing.
- DPH to order SRO owners to clean all common areas following a COVID-19 positive test of a resident.
- DPH to distribute face coverings to all SRO residents and all residential hotel employees who need them.
- DPH to establish a telephone hotline for SRO residents to ask questions about accessing COVID-19 screenings, testing, etc.
- DPH to provide data for the City's Data Tracker on total number of 1) Residential Hotels citywide with a confirmed COVID-19 case; 2) Confirmed positive COVID-19 cases in San Francisco and rates of cases by population size by zip code; 3) SRO Residents who have completed isolation or quarantine in a city hotel room; and 4) SRO Residents who have died due to COVID-19 related complications.

The proposed ordinance includes a sunset provision, stating that this Chapter 41G will expire 60 days after termination or expiration of the Stay Safer At Home Order. Once the chapter expires it will be removed from the Administrative Code.

If the related emergency ordinance outlining these provisions is reenacted before the enactment of this ordinance, the emergency ordinance will sunset upon enactment of this ordinance.

### **COVID Cases in SROs**

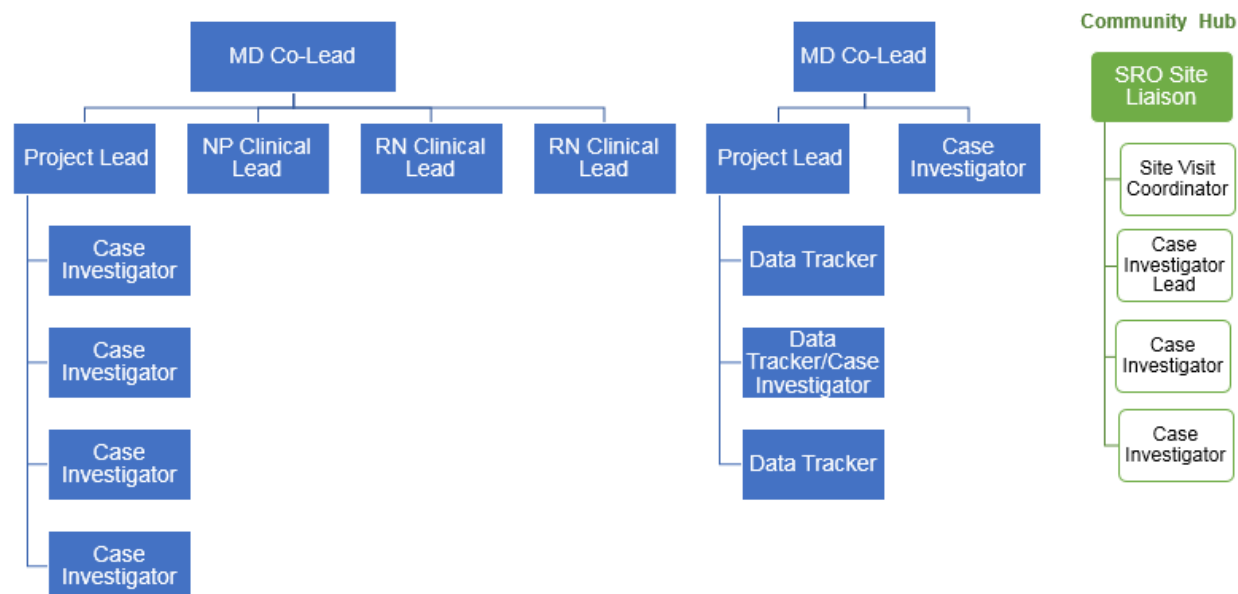
Data from the City's SRO COVID dashboard shows that as of January 15, 2021, 912 SRO residents have tested positive for COVID-19, 219 residential hotel buildings have had at least one resident test positive, 356 COVID-19 positive SRO residents have stayed at an isolation and quarantine site, and 9 SRO residents have died from complications associated with COVID-19. According to DPH, the SRO case fatality rate of 1.1 percent is similar to the citywide fatality rate.

### **DPH Outbreak Management Group**

The DPH SRO Team Outbreak Management Group is comprised of twenty DPH staff who are responsible for managing community outreach, clinical testing and outbreak investigation for SROs and permanent supportive housing, as well as data tracking and analysis. Exhibit 1 below

illustrates the current team's organization chart. The two physician epidemiologist co-leads of the team oversee team leads, clinical leads, and case investigators. The SRO Community Hub is located in the Community Mitigation branch of the COVID Command Center and works with the SRO Team Outbreak Management Group. The Community Hub notifies property managers or building owners of COVID cases and provides guidance on environmental cleaning standards as well as information about the prior relevant emergency ordinance. The Community Hub staff also assist the clinical leads and case investigators in the Outbreak Management Group with case investigation and outreach, and the primary points of contact for SRO owners and other permanent supportive housing providers.

### Exhibit 1. DPH Outbreak Management Group Organization Chart



Source: DPH

Note: NP refers to Nurse Practitioner and RN refers to Registered Nurse

DPH is currently managing all testing event operations at SRO hotels. Wherever possible these tests are conducted through the City's Public Health Lab, however, capacity issues can require tests go through the CityTestSF program under the current City contract with Color Genomics (File 20-1192) for COVID-19 testing. Pricing assumptions below assume testing costs as charged under the Color contract in addition to results disclosure tasks that are not part of the contract with Color Genomics.

### DPH Testing Procedures at SROs

To date, the DPH SRO Outbreak Management Group has generally deployed mass testing at SRO buildings when there are more than two cases in separate households within 14 days, plus additional markers for risk of intrabuilding transmission. According to the physician epidemiologist leads of the SRO response team, the current policy is based on (though has a lower threshold than) the California Department of Public Health guidance, which defines

outbreaks in residential congregate settings as three confirmed or probable cases.<sup>1</sup> DPH states that instances of mass testing at SRO buildings with one case did not result in identification of additional cases beyond what would be expected based on community prevalence. According to DPH, because there is widespread community transmission of COVID-19, and because SRO residents work and engage outside their residence in the community, a single case in an SRO does not necessarily indicate that there will be spread outside of the household in that building.

DPH's testing procedures for SROs differ from the proposed amendment to the Administrative Code, which requires testing all residents in an SRO when one SRO resident tests positive.

### FISCAL IMPACT

We estimate that, if the proposed ordinance had been in effect and implemented as written between June 2020 and November 2020, the increased costs to the City of implementation would range from \$3.0 million to \$3.9 million, summarized in Exhibits 3 and 4 below. This assumes that 50 percent of costs would have been reimbursed by FEMA.

#### Estimated Costs of COVID Testing and Isolation/Quarantine Rooms

Based on information provided by DPH, during the six-month period of June 2020 to November 2020, we estimate that DPH incurred costs of \$1,869,531 to conduct 61 mass testing events across 40 SRO buildings for SRO residents in buildings where two or more individuals tested positive, and to provide isolation/quarantine rooms for 279 SRO residents who tested positive and accepted those placements. The number of mass testing events per SRO building was approximately 1.5. Assuming 50 percent of these costs are reimbursed by the Federal Emergency Management Agency (FEMA), costs to the City are estimated at \$934,766 for testing and for isolation/quarantine hotel rooms for SRO residents in this six-month period, shown in Exhibit 2.

#### Exhibit 2. Estimated Costs for Actual DPH SRO Testing Events and Isolation/Quarantine Hotels, June 2020 – November 2020

	Number of Occurrences	Cost per Occurrence	Total
<b><u>Actual Testing Events</u></b>			
Testing Events	61	\$9,069	\$553,209
Isolation/Quarantine Hotel Rooms	279	\$4,718	<u>1,316,322</u>
Total			\$1,869,531
<b>Net Cost to City with 50% FEMA Reimbursement</b>			<b>\$934,766</b>

Source: DPH and BLA Analysis

Note: Isolation & Quarantine Room costs are estimated at \$337 per person per night based on our review of the City's contracts for rooms and associated services, with an assumed duration of 14 days, based on guidance from the Centers for Disease Control.

<sup>1</sup> October 13, 2020 CDPH guidance to local health departments on non-healthcare congregate facilities COVID-19 outbreak definitions and reporting guidance: <https://www.cdph.ca.gov/Programs/CID/DCDC/Pages/COVID-19/OutbreakDefinitionandReportingGuidance.aspx>

According to DPH, the policy as outlined in this ordinance of a holding mass testing event for one or more COVID-19 positive tests would have required 314 mass testing events across 172 SROs from June 2020 to November 2020, or roughly 1.8 testing events per SRO building. We estimate that this cost would have been approximately \$9,622,816, of which \$4,811,708 would be funded by the City after FEMA reimbursement.

If the number of testing events across 172 SROs was closer to 1.5 events per building, as was the case for what DPH implemented June through November 2020, there would have been approximately 258 testing events across the 172 SROs. Under this scenario, we estimate costs to be closer to \$7,907,042, of which \$3,953,521 would be City costs after FEMA reimbursement, shown in Exhibit 3 below.

**Exhibit 3. Estimated Costs for Potential DPH SRO Testing Events and Isolation/Quarantine Hotels, June 2020 – November 2020**

	Number of Occurrences	Cost per Occurrence	Total
<b><i>Based on 258 SROs with One Positive COVID Test</i></b>			
Testing Events (1.5 per SRO)	258	\$9,069	\$2,339,802
Isolation/Quarantine Hotels	1,180	\$4,718	<u>5,567,240</u>
Total			\$7,907,042
<b>Net Cost to City with 50% FEMA Reimbursement (258 Testing Events)</b>			<b>\$3,953,521</b>
<b><i>Based on 314 SROs with One Positive COVID Test</i></b>			
Testing Events (1.8 per SRO)	314	\$9,069	\$2,847,768
Isolation/Quarantine Hotels	1,436	\$4,718	<u>6,775,048</u>
Total			\$9,622,816
<b>Net Cost to City with 50% FEMA Reimbursement (314 Testing Events)</b>			<b>\$4,811,408</b>

Source: DPH and BLA Analysis

The net increase in costs to the City if the ordinance had been in effect for the six-month period between June 2020 and November 2020, assuming 50 percent FEMA reimbursement, would have ranges from \$3.0 million (for 258 testing events) to \$3.9 million (for 314 testing events), as shown in Exhibit 4.

**Exhibit 4: Estimated Increased Costs to the City between June 2020 and November 2020**

Estimated Costs	258 Testing Events	314 Testing Events
Testing based on one resident with positive COVID test	\$7,907,042	\$9,622,816
Testing based on DPH policy	<u>1,869,531</u>	<u>1,869,531</u>
Estimated increase	\$6,037,511	\$7,754,285
<b>Net Cost to City with 50% FEMA Reimbursement</b>	<b>\$3,018,756</b>	<b>\$3,876,643</b>

Source: BLA

These estimates provide a range of potential costs for implementing this ordinance over the period of June to November 2020. The costs going forward would vary depending on the change in the number of positive COVID cases in SROs.

We also assume 50 percent FEMA reimbursement; however, this may increase due to changing Federal reimbursement rates to states and localities for COVID-19 assistance.<sup>2</sup>

These estimates do not account for costs that may have been avoided if an individual would otherwise have become ill or required hospitalization due to COVID in the absence to testing.

## RECOMMENDATION

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

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<sup>2</sup> On January 21, 2021 a Presidential Memorandum outlined that FEMA will cover 100 percent of costs related to the safe opening and operation of a number of facilities, including non-congregate shelters, healthcare facilities, and other eligible applicants: <https://www.whitehouse.gov/briefing-room/presidential-actions/2021/01/21/extend-federal-support-to-governors-use-of-national-guard-to-respond-to-covid-19-and-to-increase-reimbursement-and-other-assistance-provided-to-states/>.



**Attachment: Method for Estimating Costs of COVID Testing and Quarantine/Isolation Rooms***Testing Event Cost Estimates*

The cost per occurrence for a testing event is estimated based on \$125 dollars per test multiplied by an average of 60 SRO residents in a residential hotel. This estimate also includes 38 hours of related staff time for registering and creating the list of those to be tested, conducting the tests, and disseminating results. This work is conducted by DPH Health Worker IIIs and Public Health Nurses. Exhibit A.1 below demonstrates how \$9,069 per testing event was determined.

**Exhibit A.1. Estimated Cost per One Testing Event**

<b>Test</b>		<b>Total</b>
No. Tests (Avg # of residents in SRO)		60
Cost per Test		\$125
Subtotal Test Cost		\$7,500
<b>Staffing</b>	<b>Wage/Hr.</b>	<b>Total</b>
Health Worker III, Outreach, 16 Hours	\$34.25	\$548
PHN (RN), Testing & Orders, 6 Hours	78.89	473
Health Worker III, Results Disclosure, 16 Hours	34.25	548
Subtotal Staffing Cost		\$1,569
<b>Total Testing Cost</b>		<b>\$9,069</b>

Source: DPH and BLA Analysis

Note: Wages assume Step 3 in each job class in FY 2020-21 and do not include benefits.

The estimates do not include programmatic staffing (1.5 FTE of physician-leadership, 2 program leads and 2 data trackers) and coordination.

There are a portion of SRO residents who are tested which do not incur City costs. As of October 2020, DPH estimates that 41 percent of SRO resident cases of COVID-19 were tested at the Public Health Laboratory and 58 percent were tested at another laboratory. While these estimates assume that DPH will be doing all testing, and incurring costs to the city for this testing, city costs under this ordinance could potentially be reduced if there is a large number of SRO residents who utilize offsite testing.

*Isolation/Quarantine Hotel Room Cost Estimates*

The cost for isolation/quarantine hotels is estimated to be approximately \$337 per room per night, totaling \$4,718 for 14 days. Exhibit A.2 shows the breakdown in costs for the isolation/quarantine hotel rooms. These estimated costs cover four isolation/quarantine room sites for a total of 272 rooms.

**Exhibit A.2. Isolation/Quarantine Room Cost Estimate**

<b>I/Q Room Cost</b>	<b>Cost per month</b>	<b>Cost per day (30 days)</b>	<b>Cost per room per day (272 rooms)</b>
Leases	\$538,800	\$17,960	\$66
Food	231,283	7,709	28
Laundry & Supplies	34,394	1,146	4
Disinfection	251,015	8,367	31
CBO Contracts*	1,696,945	56,565	208
<b>Total</b>	<b>\$2,752,438</b>	<b>\$91,748</b>	<b>\$337</b>
<b>Total Cost over 14 days</b>			<b>\$4,718</b>

Source: DPH and BLA Analysis

\*CBO Contract costs include costs for medical and non-medical staffing, transportation to and from I/Q hotel rooms, administration, security and janitorial services. These costs are based on the current contract estimates for services provided by HealthRight 360 and Episcopal Community Services.

Note: Lease, Food, Laundry & Supplies, and Disinfection cost estimates are based on actual spending provided by DPH.

According to Drew Murrell, Deputy Finance Office at DPH, the isolation/quarantine hotel room cost estimate project that DPH will cover the costs for hotel room leases, food, laundry and supplies, and disinfection costs in addition to the CBO contracts. The CBO contract costs cover staffing and service delivery at the isolation/quarantine sites, which was work that was previously done by City Disaster Service Workers. DPH is currently still finalizing the CBO contracts with providers and anticipates that there may be some changes as providers are experiencing challenges with meeting staffing at the needed levels. According to Mr. Murrell, DPH will continue to fill gaps in staffing as needed to ensure patient needs are met across the sites.

Under DPH's current practice of testing SRO residents when there are cases in more than two cases in separate households within 14 days (and conducting repeat testing as needed to contain an outbreak), 279 individuals were placed in isolation/quarantine hotel rooms following 61 testing events, as shown in Exhibit 2 above, or approximately 4 to 5 isolation/quarantine hotel room placements for every testing event. Based on these results, we estimated if DPH were to test SRO residents when one individual at a hotel tests positive, then 1,416 SRO residents would be placed in isolation/quarantine rooms following 314 testing events (the number of testing events that would have occurred had DPH tested all residents after one individual in the hotel tested positive). While DPH offers access to these rooms for close contacts of the positive person and will offer rooms to all residents if a building has over a 10 percent positivity rate, according to the physician epidemiologist leads of the SRO response team, there has been low uptake of isolation and quarantine among SRO residents.

*Cleaning and Personal Protective Equipment Costs*

Residential hotel cleaning costs are not included in the estimates provided as this is not currently a City cost. At the beginning of the pandemic, the Mayor's Office of Housing and Community Development (MOHCD) released purchase orders from emergency contracts for janitorial services managed by the Emergency Operations Center in collaboration with the Office of Contract Administration. These janitorial services provided cleaning for market rate and

affordable residential hotels through September. There were five janitorial service companies under contract to provide emergency as-needed services.<sup>3</sup> These contractors remain available as a resource to residential hotel owners, but owners are now expected to contract directly for their cleaning needs according to Benjamin McCloskey, Deputy Director Finance and Administration for MOHCD. Mr. McCloskey estimates that MOHCD spent approximately \$1.65 million on cleaning services for residential hotels up through September; the majority of this was reimbursable through FEMA. However, according to Mr. McCloskey, as of September 15, 2020 FEMA is only reimbursing for cleaning costs where emergency work related to the pandemic is performed, which does not include cleaning SRO hotels. According to the January 21, 2021 Presidential Memorandum on FEMA reimbursement, disinfecting services for the safe opening and operation of certain facilities, like non-congregate shelter and healthcare facilities, will be covered at 100 percent Federal cost share until September 30, 2021.

Personal protective equipment (PPE) costs are not included in our estimates. DPH reported that the COVID Command Center currently has sufficient PPE to meet the requirements of the proposed ordinance. However, there are PPE costs included in the CBO contract costs for services provide at the isolation/quarantine hotel sites.

The fiscal impact of this ordinance is based on what we estimate DPH would have spent on SRO testing and isolation/quarantine hotels during the six-month period of June through November 2020 had it implemented the ordinance as written. These estimates provide a guideline for potential costs going forward. There is uncertainty around how these estimated costs may change given that cases could decline or surge depending on factors such as vaccine rollout and controlling the spread of more contagious variants of the virus.

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<sup>3</sup> These contractors include: YMM Janitorial, YADEJS, Inc., MEK Enterprises, Clean-A-Rama Maintenance Service, and Aim To Please Janitorial Services, Inc.