

CITY AND COUNTY OF SAN FRANCISCO

BOARD OF SUPERVISORS

BUDGET AND LEGISLATIVE ANALYST

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TO: Government Audit and Oversight Committee

FROM: Budget and Legislative Analyst



SUBJECT: June 11, 2021 Special Government Audit and Oversight Committee Meeting

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Item 7 File 21-0610	Department: Homelessness and Supportive Housing
EXECUTIVE SUMMARY	
<p style="text-align: center;">Legislative Objectives</p> <ul style="list-style-type: none"> • The proposed resolution would approve the First Amendment to the Department of Homelessness & Supportive Housing’s (HSH) Agreement with St. Vincent de Paul to extend the term of the grant agreement from June 2021 to June 2025 and increase the not-to-exceed spending authority from \$9,999,999 to \$40,038,573. <p style="text-align: center;">Key Points</p> <ul style="list-style-type: none"> • St. Vincent de Paul was selected to operate the Division Circle Navigation Center in 2018. The contract was originally procured under a streamlined vendor selection process allowed by the Shelter Crisis Ordinance (File 18-0032), which enabled the Department to bypass competitive bidding and other procurement process requirements for shelter-related agreements. During the pandemic, shelter operations were shifted to the COVID Command Center. HSH issued a Request for Qualifications for emergency homeless services and selected St. Vincent de Paul to operate the Division Circle Navigation Center during the pandemic. That agreement expires on June 30, 2021. • Monitoring of provider compliance with public health orders has been overseen by COVID Command Center. Since January 2021, HSH has monitored client outcomes. HSH grant staff will reassume responsibility for performance monitoring during the proposed grant extension. <p style="text-align: center;">Fiscal Impact</p> <ul style="list-style-type: none"> • The proposed resolution increases the total not-to-exceed grant amount by \$30,038,574. Of this total, \$28,664,527 represents the funding of the extended term grant budget and \$1,373,047 is an increase in the contingency amount. • The HSH intends to fund the proposed extended term grant budget of \$28.7 million with \$22.2 million in General Fund monies and \$6.5 million in Proposition C monies. Funding for contingency expenses would be determined when needed. <p style="text-align: center;">Recommendation</p> <p>Approve the proposed resolution.</p>	

MANDATE STATEMENT

Section 9.118(b) of the City Charter mandates that (a) grants or agreements entered into by a department, board or commission having a term in excess of ten years, or (b) requiring anticipated expenditures by the City and County of ten million dollars, or (c) the modification or amendments to such grant or agreement having an impact of more than \$500,000 shall be subject to approval of the Board of Supervisors by resolution.

BACKGROUND

St. Vincent de Paul

St. Vincent de Paul is a non-profit organization originally established in 1860, and which today provides homeless services through the operation of two residential centers, as well as domestic violence services and two safe house shelters in San Francisco.

Prior Agreement

The Department of Homelessness & Supportive Housing (HSH) had an existing agreement with St. Vincent de Paul Society of San Francisco for the period of May 2018 to June 2020 in the not to exceed amount of \$9,742,147 to operate the Division Circle Navigation Center that opened in June 2018. St. Vincent de Paul was selected as the agency that would operate Division Circle Navigation Center under a streamlined vendor selection process allowed by the Shelter Crisis Ordinance (File 18-0032), which enabled the Department to bypass competitive bidding and other procurement process requirements for shelter-related agreements.

Existing Agreement

During the COVID-19 pandemic, HSH shifted its emergency shelter to the Emergency Operations Center (EOC), and then the COVID Command Center (CCC) so that citywide shelter referrals could be centrally managed and shelter sites repurposed, if needed, for public health priorities. HSH created a new agreement with St. Vincent de Paul to incorporate additional service objectives and requirements for the COVID-19 emergency response. The existing agreement has a term of May 2020 – June 2021 and a not to exceed amount of \$9,999,999.

Procurement

To meet the need for emergency homeless services, HSH issued a multi-service, multi-site RFQ on June 4, 2020, and then reissued the RFQ on June 29, 2020 to expand the pool of qualified applicants. HSH received 20 responses, with all but one organization meeting the Minimum Qualifications. HSH negotiated directly with the pool of respondents that satisfied the Minimum Qualifications (MQs), and providers were matched with programs/sites based on responses to the RFQ, contract requirements, and applicant's ability to provide the required services. Given emergency conditions brought about by the COVID-19 pandemic, HSH awarded service contracts to all nineteen qualifying participants. HSH selected St. Vincent as the Contractor for the extended operating agreement to operate Division Circle Navigation Center,

due to satisfaction with St. Vincent's prior performance on other City contracts and to ensure continuity of the navigation center services

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would approve the First Amendment to HSH's Agreement with St. Vincent de Paul and will increase the term from June 2021 to June 2025. The proposed resolution will increase total funding by the amount of \$30,038,574 over the initial grant of \$9,999,999 for a total not-to-exceed amount of \$40,038,573. The resolution will also authorize HSH to amend or modify the grant if such modification is deemed by HSH, after consultation with the City Attorney, to provide benefits to the City, and will not result in an increase the material obligations of the City.

Services Provided

St. Vincent de Paul will provide navigation center services to adults experiencing homelessness at Division Circle Navigation Center. The Navigation Center has been set up to provide emergency shelter and services to 186 people if operated at full capacity (Note that total number of occupants may be less under mandated COVID-19 social distancing guidelines). Services outlined in the grant agreement include intake, wellness checks, health screening, and ensuring access to medical care; coordination with other service providers, referrals to Access Points (including the requirement that St. Vincent refer 100 percent of guests to Problem Solving and Coordinated Entry); provision of reasonable transportation accommodations, and exit planning. St. Vincent is required to turn over all vacated beds within two days as measured through data input into the RTZ System, a room management system. The provider is required to provide case management for guests, coordinate onsite services through Public Health and Human Services, submit interim and final audited financial reports to the Department, and to comply with various data reporting requirements.

Actual Spending

In FY 2018-19, when the program first opened under a prior agreement, the provider spent 100% of the program budget. In FY 2019-20, the center was closed for a several months in order to safely shelter people experiencing homelessness during the COVID-19 pandemic and then reopened with reduced guests to comply with COVID-19 public health guidance. This impacted spending, with the provider spending approximately 62% of the allocated annual budget. According to HSH, due to ongoing decreased COVID-capacity, HSH does not anticipate the provider to spend its entire FY 2020-21 grant budget. For FY 2020-21, HSH expects that St. Vincent de Paul will spend 80% of total budget by year-end, leaving approximately \$1.5 million unspent.

Performance requirements and Departmental oversight

The current grant requires St. Vincent de Paul to allow on-site visits and monitoring by HSH staff, and to provide HSH with financial, operational and other reports upon request. St. Vincent de Paul also agrees to allow City employees to conduct on-site visits, and inspect, audit,

examine records as part of ongoing monitoring of Grantee performance in accordance with public health guidance.

As noted above, due to the impacts of the pandemic, Division Circle Navigation Center was temporarily closed in early 2020 and re-opened on May 1, 2020 operating in accordance with public health guidance for congregate shelter. Throughout most of the COVID-19 pandemic, monitoring of non-profit provider compliance has been conducted by the COVID-19 Command Center (CCC) to ensure timely data entry into the Alternative Shelter Program's room management system (RTZ) and client well-being. The CCC has been also conducting recurrent site visits to ensure providers are adhering to COVID-19 public health guidance.

As this program recently transitioned from the COVID Command Center back to HSH's Temporary Shelter Division, HSH grant staff will reassume responsibility for programmatic monitoring of grantee performance and ongoing program oversight beginning on July 1, 2021.

FISCAL IMPACT

As shown in Exhibit 1, the proposed resolution increases the total not-to-exceed grant amount by \$30,038,574. Of this total, \$28,664,527 represents the funding of the extended grant term budget and \$1,373,047 is an increase in the contingency amount.

Exhibit 1: Change in Not-to-Exceed Amount

	Current	Proposed	Change
Grant	\$7,934,303	\$36,598,830	\$28,664,527
Contingency	\$2,065,696	\$3,439,743	\$1,374,047
Not-To-Exceed	\$9,999,999	\$40,038,573	\$30,038,574

Source: HSH

According to Appendix B of the proposed amendment, HSH intends to fund the proposed extended term grant budget of \$28.7 million with \$22.2 million in General Fund monies and \$6.5 million in Proposition C monies. Funding for contingency expenses would be determined when needed.

RECOMMENDATION

Approve the proposed resolution.