Nonprofit Contracting Forum  
*Monday, March 2, 2020, 1pm – 2pm*  
*Koret Auditorium, Main Library*

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<th>Agenda</th>
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<tr>
<td><strong>Welcome</strong></td>
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| **Department Updates**  
Controller’s Office staff will present brief updates from departments regarding:  
- Current and upcoming funding opportunities  
- Funding cycle updates  
- Resources for Nonprofit suppliers |
| **City Budget Outlook**  
Presentation from the Budget and Analysis Division of the Controller’s Office on the FY20-21 budget outlook. |
| **New Initiative: Mental Health SF – Department of Public Health**  
Brief overview of a new initiative focusing on providing help to individuals with serious mental illness and/or substance use disorders who are experiencing homelessness. |
| **New Initiative: Indirect Cost Pilot**  
The Controller’s Office will provide a brief summary of a pilot project to test a proposal to change how indirect costs are negotiated. |
| **Questions, Answers, and Feedback**  
- Time for attendees to ask questions to department and Controller’s Office representatives that are present.  
- Controller’s Office to request feedback from attendees on Indirect Rate Pilot. |
Post-Forum Questions and Answers
As of March 3, 2020

Mental Health SF: “Will housing, benefits, and legal advocacy be considered under this funding area?”

Response from the Department of Public Health (DPH):
  ▪ “Housing, benefits, and legal advocacy - are all important services for the city to support. While Mental Health SF was approved by the Board of Supervisors, there was no funding attached. I expect the coming city budget process will result in funding. The details of what will be included are still being worked out. More to come soon!”

City Budget Outlook: “Will the 3.5% reduction in the general fund trigger budget revisions beginning May 1st for existing grants and contracts?”

Response from the Budget Analysis Division, Controller’s Office:
  ▪ The general fund reduction is an instruction from the Mayor’s Office to departments to make proposals for how they would reduce their General Fund support in the next fiscal year. Departments may propose to reduce their materials and supplies budget, reduce staff, etc., instead of cutting grants and contracts. Between now and June 1, the Mayor’s Office will be working to figure out which proposals to accept and which proposals to reject to balance the budget. It is not at all certain that existing grants and contracts would be cut by 3.5% next fiscal year. In addition, in general, grants and professional services contracts are budgeted at certain dollar levels. After the budget process, departments administer the grant making – dependent on the services the departments need, constrained by their budget. So, a hypothetical reduction to a department’s grant budget line doesn’t necessarily translate into an across-the-board reduction to the size of every existing grant – it could mean prioritizing some services over others, etc. As to process and timeline, after the Mayor’s Office proposed their budget by June 1, the Board’s Budget and Finance committee hears and amends the budget. The full Board finally adopts the budget in late-July, with Mayor’s final approval in early August.”
Nonprofit Contracting Forum
Why are we here?

- **Update**
  Share new policy developments

- **Coordinate**
  Work together to improve City services

- **Listen + Learn**
  Ask and answer questions
## Agenda

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<th>Department Updates</th>
<th>Laura Marshall, Controller’s Office</th>
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<td>Budget Updates</td>
<td>Carol Lu, Controller’s Office</td>
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<td>3</td>
<td>New Initiative: Mental Health SF Implementation at DPH</td>
<td>Marlo Simmons, Department of Public Health</td>
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<td>4</td>
<td>New Initiative: Indirect Rate Pilot</td>
<td>Francisco Alvarado, Controller’s Office</td>
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<tr>
<td>5</td>
<td>Q&amp;A</td>
<td>All</td>
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<tr>
<td>Dept.</td>
<td>RFP#</td>
<td>Description</td>
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<tr>
<td>Adult Probation</td>
<td>APD2020-01</td>
<td>Public Safety &amp; Community Corrections Organizational Services</td>
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<tr>
<td>Adult Probation</td>
<td>APD2020-02</td>
<td>Gender Responsive Services</td>
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<tr>
<td>Sheriff</td>
<td>TBD</td>
<td>Street Environmental Services Program ($113K)</td>
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<tr>
<td>Sheriff</td>
<td>TBD</td>
<td>Eviction Assistance ($210k)</td>
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<tr>
<td>Sheriff</td>
<td>TBD</td>
<td>Pretrial Services ($18m)</td>
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<tr>
<td>Human Services</td>
<td>877</td>
<td>Diaper Bank Services</td>
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<tr>
<td>Human Services</td>
<td>860</td>
<td>Domestic Violence Linkages</td>
</tr>
<tr>
<td>Human Services</td>
<td>883</td>
<td>Supportive Employment Services</td>
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<tr>
<td>Dept.</td>
<td>RFP#</td>
<td>Description</td>
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<tr>
<td>Human Services</td>
<td>865</td>
<td>Legal Services for Older Adults</td>
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<tr>
<td>Human Services</td>
<td>863</td>
<td>Transportation for Public Conservator clients</td>
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<tr>
<td>Human Services</td>
<td>871</td>
<td>Home delivered groceries for SRO Buildings</td>
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<tr>
<td>MOHCD</td>
<td>TBD</td>
<td>Funds for capital improvements to buildings where community based services are provided</td>
</tr>
<tr>
<td>OEWD</td>
<td>214</td>
<td>17 service areas: business-facing technical services, city-facing capacity-building services</td>
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<tr>
<td>OEWD</td>
<td>215</td>
<td>Renewals plus workforce services for monolingual Chinese and Spanish speakers</td>
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<tr>
<td>OEWD</td>
<td>122</td>
<td>Re-bidding all existing workforce services</td>
</tr>
<tr>
<td>OEWD</td>
<td>216</td>
<td>Economic development services and the renewal of business development programs</td>
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</tbody>
</table>
### Current & Future Funding Opportunities

<table>
<thead>
<tr>
<th>Dept.</th>
<th>RFP#</th>
<th>Description</th>
<th>Release/Due</th>
</tr>
</thead>
<tbody>
<tr>
<td>DCYF</td>
<td></td>
<td><strong>FY19-20 RFP encompasses 4 funding strategies:</strong></td>
<td>Due March 16, 2020</td>
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<tr>
<td></td>
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<td>Pacific Islander Collaborative ($1.9m)</td>
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<tr>
<td></td>
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<td>Beacon Community School: Bessie Carmichael School ($750k)</td>
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<td></td>
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<td>Comprehensive Year-Round &amp; Summer Learning: SOMA Community Based Services ($130k)</td>
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<td></td>
<td>Innovation Start Up (nonprofit agencies not currently funded by DCYF to pilot innovative approaches) ($600k)</td>
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</table>

Additional details in the Appendix of this slide deck!
Interested in new funding opportunities? Want to know which RFPs are currently open?

The San Francisco City Partner Portal is the answer!

Log onto: https://sfcitypartner.sfgov.org/pages/index.aspx

Step by step directions are in the appendix at the end of this presentation.
**General Updates**

**Human Services Agency:** Deadline for budget amendments for exiting grants is March 31, 2020.

**Department of Public Works:** Quarter 2 program evaluations are ongoing. The department plans to release RFPs for several programs towards the end of the fiscal year.

**Real Estate Assistance:**
OEWD funds Community Vision to provide professional real estate readiness services such as financial planning, lease negotiation, site identification and evaluation to nonprofits. Financial assistance is available to nonprofits with site control of 3 years or more. Applications for technical assistance are accepted on a rolling basis. The next financial assistance request for proposals will be administered by Community Vision in Fall 2020, with notification in December.

https://communityvisionca.org/sfsustainability
General Updates

Homelessness and Supportive Housing (HSH):

- **Budget Modifications on Hold:** All unapproved budget modifications and new requests will be on hold until HSH completes its contract funding model and equity analysis. HSH will be requesting leases, subcontracts, and other documentation to support planning. See appendix for more details on this project.

- **Expiring Procurements and Agreements:** Most agreements with expiring procurement authorities will be renewed using the Emergency Ordinance until a new procurement is released. Most new procurements to begin in 2021.

- **Agreements Funded via HUD Continuum of Care (CoC):** HSH will continue to use previous allocations until new project term allocations are received. Final invoices with documentation should be submitted no later than 30 days after the end of the project period.

- **More updates in the Appendix of this slide deck!**
City Budget Outlook

Carol Lu, Budget and Analysis Division, Controller’s Office
City Budget Outlook

Deficit at Time of Budget Instructions ($M)

- FY 16 & FY 17: $104.2
- FY 17 & FY 18: $340.0
- FY 18 & FY 19: $402.4
- FY 19 & FY 20: $261.6
- FY 20 & FY 21: $270.8
- FY 21 & FY 22: $419.5

Legend:
- First year of budget (BY)
- Second year of budget (BY+1)
Mind the gap: rate of revenue growth is slowing, while costs are increasing
## City Budget Outlook

### Sources Increase / (Decrease)

<table>
<thead>
<tr>
<th></th>
<th>FY 20-21</th>
<th>FY 21-22</th>
<th>FY 22-23</th>
<th>FY 23-24</th>
</tr>
</thead>
<tbody>
<tr>
<td>89.0</td>
<td>346.0</td>
<td>289.4</td>
<td>423.6</td>
<td></td>
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</tbody>
</table>

### Uses

- Baselines & Reserves: (45.5) / (54.0) / (127.1) / (163.3)
- Salaries & Benefits: (167.9) / (269.6) / (338.5) / (407.5)
- Citywide Operating Budget Costs: (66.9) / (167.8) / (235.0) / (314.6)
- Departmental Costs: (3.9) / (78.8) / (119.9) / (168.8)

### Uses (Increase) / Decrease

<table>
<thead>
<tr>
<th></th>
<th>FY 20-21</th>
<th>FY 21-22</th>
<th>FY 22-23</th>
<th>FY 23-24</th>
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<tbody>
<tr>
<td>(284.3)</td>
<td>(570.1)</td>
<td>(820.5)</td>
<td>(1,054.2)</td>
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### Projected Cumulative Surplus / (Shortfall)

<table>
<thead>
<tr>
<th></th>
<th>FY 20-21</th>
<th>FY 21-22</th>
<th>FY 22-23</th>
<th>FY 23-24</th>
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<tr>
<td>(195.4)</td>
<td>(224.1)</td>
<td>(531.1)</td>
<td>(630.6)</td>
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### Two Year Deficit

<p>| | |</p>
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<tr>
<td>(419.5)</td>
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</table>
Continued, but slowing, revenue growth:

- Moderated business tax growth
- Minimal growth in other local taxes (sales, hotel, parking, etc.)
- Strong current year transfer tax revenue projected to settle at historic average
Recent budgets were balanced with the help of volatile sources such as prior year fund balance and transfer tax.

When not paired with equal amounts of one-time uses, this will lead to shortfalls absent steps to balance.
Projected Expenditure Growth

- Salary and benefit growth driven by negotiated and projected wage increases, as well as pension and health cost increases.

- Citywide operating costs are largely driven by debt and real estate lease costs, as well as inflation on non-personnel & grants to nonprofits.

- Departmental costs include GF support of IHSS program and Free City College.

- Baselines and set asides are driven by formula. When revenues grow, they grow.
City Budget Outlook - Uses

Projected Employer Pension Contributions ($M)

Pension obligations have increased nearly 7-fold between FY 2007-08 and FY 2020-21:

- Fall 2018 discount rate change
- Returns below assumption
Our current expansion is the longest since 1945

Length of economic expansion in years by start year, sorted longest to shortest

- 2009: 10 years
- 1991: 9 years
- 1961: 8 years
- 1982: 7 years
- 2001: 6 years
- 1975: 5 years
- 1949: 4 years
- 1954: 3 years
- 1945: 2 years
- 1970: 1 year
- 1958: 0 years
- 1980: 0 years
City Budget Outlook – Recession Scenario

- Recessions trigger additional employer contributions to the retirement system
- Reserves and reduced baseline funding requirements solves 86% of the shortfall
- Remaining gap closed through expenditure reductions
City Budget Outlook

Budget Instructions to Departments

• 3.5% reduction in General Fund support (growing to 7% in second year)

• Departments instructed not to load new General Fund supported positions or budget enhancements in the budget system.

• Focus on accountability and equitable outcomes.

• Demonstrate the effective use of resources, help identify programs and funding that can be reprioritized.

• Mayor’s policy priorities: housing, shelter, clean and safe streets, healthy and vibrant neighborhoods.
Mental Health SF
Marlo Simmons
Acting Director, Behavioral Health Services, Department of Public Health
Mental Health SF

Compromise legislation passed by the San Francisco Board of Supervisors on Dec. 10, 2019

Primary focus is to help people with serious mental illness and/or substance use disorders who are experiencing homelessness.
Mental Health SF: Principles

- Prioritize people experiencing homelessness, who are incarcerated, and/or who are in crisis
- Low barrier
- Consumer focused
- Harm reduction
- Treatment on demand
- Involuntary treatment (when needed)
- Integrated services (mental health/substance use)
- Coordinated communication
- Culturally competent services and language access
- Data and research driven
- Housing (HSH)
“Mental Health SF”
Common Priorities

- Target population -- homelessness and co-occurring behavioral health disorders
- Increased access points and hours
- Care coordination and case management expansion
- Expanded harm reduction policies and service sites

Strategic Alignment

- Mental Health Reform
- Mental Health SF Legislation
- Ongoing Behavioral Health System (BHS) Quality Improvement
- Statewide Medi-Cal Reform Healthier CA For All
Vision

For our clients
People experiencing homelessness, and individuals who are justice system-involved, have low-barrier access to welcoming, high-quality behavioral health care that matches their needs.

For our system of care
Design a system of care grounded in evidence-based practices that reduces harm, increases recovery, and is suited to efficiently deliver behavioral health services to people experiencing homelessness.
Mental Health Service Center

24/7 assessment, diagnosis, treatment (or referral), case management
Urgent Care
Pharmacy
Transportation

Office of Coordinated Care

Coordinate multiple levels of case management and navigation services
Develop and maintain ‘real-time’ inventory of city-funded behavioral health programs and capacity
Coordinate with Jail Health and Psychiatric Emergency Services
Manage data collection and analysis
Mental Health SF: Programs/Services

**Crisis Response Team**
- Intervene with people on the street experiencing a substance use or mental health crisis
- Coordination among all City outreach teams

**Service expansion**
- Crisis residential
- Drug Sobering Center
- Crisis response street team
- Secure inpatient
- Transitional residential treatment beds
- Long-term supportive housing
Mental Health SF

Office of Private Health Insurance Accountability
Support SF residents to access private insurance mental health benefits (navigators)
Educate privately insured residents about city-funded services available to them (suicide hotline, support groups, etc.)

Implementation working group (membership)
- SUD (2)
- Labor
- Client (2)
- Police/fire/EMT
- BH Forensics - clinician
- TAY – clinician
- Residential treatment
- Dual dx – clinician – DPH
- Supportive housing provider
- DPH rep
Mental Health SF: Timeline of Reports

- **Spring 2020**: Implementation Workgroup Convenes
- **February 2021**: DPH Implementation Plan
- **October 2020**: Implementation Work Group Progress Report
- **October 2021**: Implementation Work Group Progress Report due (annually through 2026)
Moving Forward: Common Themes

EFFICIENCY  COORDINATION OF CARE  QUALITY IMPROVEMENT  EQUITY  TIMELY ACCESS
We cannot solve our problems with the same thinking we used when we created them.

-Albert Einstein
Indirect Cost Pilot
Background:

- The Mayor’s Nonprofit Working Group of FY16-17 identified the limitations of a flat indirect cost rate (typically 12-15%) applied to nonprofit contracts and grants.
  - This rate often does not support nonprofits to cover the actual costs of administering City-funded programs.
- The Controller’s Office facilitated a process during FY18-19 to develop three new proposals for how the City could treat indirect costs in nonprofit contracts and grants.
Indirect Rates - Proposals

The collaborative process of FY18-19 resulted in three proposals:

<table>
<thead>
<tr>
<th>Option 1: Standardized Rate</th>
<th>Option 2: Department-wide Negotiated Rate</th>
<th>Option 3: Citywide Negotiated Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Standard rate with cap</td>
<td>• Negotiated rate that applies to all contracts a department has with a nonprofit</td>
<td>• Fully-negotiated, Citywide rate that applies to all contracts regardless of department or funding source</td>
</tr>
</tbody>
</table>
Options 1 and 3

Too little? Too much?

Option 1: Standardized Rate (15%)

• Most contracts already at 15%.
• Nonprofits having difficulty operating programs with a 15% indirect rate.

→ Wouldn’t help most nonprofits.

Option 3: Citywide Negotiated Rate

• Departments would be required to implement indirect rate negotiated by other departments.
• Contract complexity varies by department; Citywide rate might not take all the complexity into account.
• Increased amount of inter-departmental cooperation needed during negotiations; could cause delays.

→ Departments should handle negotiations by themselves before asking them to negotiate for each other.

Does too little

Does too much
Option 2: Department-Wide Negotiated Rate

Best Option

Option 2: Department-wide Negotiated Rate

- Allows departments to account for contract complexities.
- Increases rate standardization.
- Allows nonprofits to ask for higher indirect rates if needed.
- Intermediate step towards a Citywide Negotiated Rate.

Just right

- The Controller’s Office chose to test Option 2 and will work with City departments to launch a pilot program this spring.
What a Pilot Can Tell Us

**Time**

The Pilot can help answer:
- Is there an increased workload?
- Can staff manage the increase?
- Do negotiations extend the contracting timeline?

**Fairness**

The Pilot can help answer:
- Do negotiations lead to different rates across nonprofits and/or between departments? If so, why?
- Are smaller departments and nonprofits put at a disadvantage by the negotiating process?
- What elements of the negotiation process should be standardized within and across departments?

**Cost**

The Pilot can help answer:
- What rates result from the negotiation?
- What would it cost to scale the pilot Citywide?
- How should the City address mixed funding sources when negotiating an agency-wide indirect rate?

**Training**

- What training is needed for both department and nonprofit staff to be successful and prepared?
**Pilot Program Preliminary Timeline**

**Select Departments**
- Complete!
- Select 1 large and 1 medium sized department with multiple contracts with selected nonprofits
- HSA & MOHCD

**Select Nonprofits**
- In progress!
- Select up to 8 nonprofits with multiple contracts with pilot departments

**Train Participants**
- Develop training for department and nonprofit staff on true cost budgeting, cost guidelines, allowable costs prior to negotiations

**Modify Contracts**
- Each department negotiates a rate that applies to all contracts each selected nonprofit has with that department
Other Controller’s Office Policy Updates

Pending Policies and Tools

• Time to Pay Dashboard
• Audit Requirements
• Invoice Template and Review Policy
• Advance Payment
• Budget Flexibility
Questions, Answers, and Feedback

Please ask for the microphone or use an index card

Questions for Audience about the Indirect Rate Pilot Program:

• What would an approach like a “department-wide indirect rate” mean for your organization?
• Do you see this as potentially beneficial compared to your current experience of indirect rates?
• Are there any other questions about the process we should use the pilot to explore?
Thank you!

Slides will be posted at: [www.sfcontroller.org/nonprofits](http://www.sfcontroller.org/nonprofits)
You can email [Francisco.Alvarado@sfgov.org](mailto:Francisco.Alvarado@sfgov.org) with questions.

Please take the survey we will send later this week!
Additional RFP/RFQ Information

• Link to DCYF RFQ [here](#).
• Link to OEWD RFQ 214 [here](#).
  • For more information on OEWD’s funding opportunities. Please contact Marissa Bloom at [oewd.procurement@sfgov.org](mailto:oewd.procurement@sfgov.org)
Instructions for Using the City Partner Portal

Log onto:
https://sfcitypartner.sfgov.org/pages/index.aspx
Partner with the City

Find an Opportunity
Anyone can view City business opportunities. Jump ahead to search now.

Announcements
February 18, 2020:
As part of the ongoing review of corruption charges against former Public Works Director Mohamad Allin, the Controller's Office has... Read More

Sign Up
Register your organization to start placing bids with the City.

Get Started

Need Support?
Feel free to contact us with your questions.
Connect with Support
“Event Name” is generated by Central Contracts and “Event ID” is generated by PeopleSoft when the RFP is inputted into this system.

Tip: Search by department

List of all RFPs currently posted
<table>
<thead>
<tr>
<th>Department</th>
<th>Event Name (case-sensitive)</th>
<th>Event ID</th>
<th>Event Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Human Services Agency</td>
<td>EXT HSA</td>
<td>Revised RFP 870 for Natural</td>
<td>SFGOV-0000003564</td>
</tr>
<tr>
<td></td>
<td>EXT HSA</td>
<td>RFP 866 Legal Services for Adults</td>
<td>SFGOV-0000003555</td>
</tr>
<tr>
<td></td>
<td>EXT HSA</td>
<td>RFP 865 Legal Services for Older Adults</td>
<td>SFGOV-0000003554</td>
</tr>
</tbody>
</table>

Click on the RFP you’d like more information on.
Click “See Attachments” to download full RFP package.
Important! Portal only includes RFPs that are currently public and open for submissions.

- Searching for RFPs that have been "Awarded", "Cancelled", "Not Awarded", or "Pending Award" will return this error screen.

Please note: DCYF and PUC RFPs are not available through this portal. To view DCYF RFPs, please visit https://www.dcyf.org/
To view PUC RFPs, please visit https://sfwater.org/index.aspx?page=5
Contract and Budget Updates from Department of Homelessness and Supportive Housing (HSH)
Contract & Budget Updates

Winter 2020
HSH goals are to:

1. Ensure alignment of programmatic resources to achieve greater efficiency, equity, and impact; and
2. Enable HSH to make data-driven decisions about resources.

The results will provide HSH with a framework and holistic approach when making funding decisions.

Therefore, HSH will be holding all unapproved budget modifications and any new requests until the work concludes.
Some Changes

- HSH will be requesting copies of leases between nonprofits and landlords, for master leased buildings. This will help us better plan.

- HSH will be requesting detailed budget information for subcontracted services, especially property management and support services.

- HSH will be requesting copies of subcontracts.
As a reminder, please visit the Provider Updates section of the HSH website to review the policy and procedure for budget revisions.

Please make sure to submit timely invoices, on a monthly basis.
- Contract Managers are reaching out to providers with overdue invoices.
Most agreements with expiring procurement authorities will be renewed using the Emergency Ordinance until a new procurement is released.
  • New procurements will begin in 2021, with the exception of ESG funded programs, which will be procured fall/winter 2019.

HSH’s goal is to continue executing amended agreements before expiration.
  • To ensure we continue to meet this goal, we ask that providers promptly respond to Contract and Program Manager requests.
HUD Continuum of Care (CoC) Funded Agreements

- Until we receive the new project term allocations, we will use your previous allocation. We will send a funding notification once the allocation is finalized.

- We ask that CoC funded providers submit all final invoices and proper supporting documentation no later than 30 days after the end of the project period.

- Timely submittal of invoices and necessary documentation ensure that we are able to draw down and leverage HUD funding.