

October 22, 2020

MEMORANDUM

To: Councilmembers
From: Jeff Simms and Amy Gore , Analysts
Subject: CB 119942: Amended Proviso on Navigation Team and Unsheltered Response

On Monday, October 26, 2020, Council is scheduled to consider and vote on [Council Bill \(CB\) 119942](#), which amends a proviso included in Section 24 of [Ordinance \(ORD\) 126148](#). This memo describes the original proviso, the amended proviso, and describes next steps.

Background

Ordinance 126148 (the Budget Revision ORD), passed by Council on August 10, 2020, amended Ordinance 126000, which adopted the 2020 Budget. After a mayoral veto and Council action to overturn the veto, the bill will go into effect on October 22, 2020. The Ordinance includes a proviso on \$2,900,000 of funds appropriated to the Addressing Homelessness Budget Summary Level (BSL) in the Human Services Department's (HSD) budget, stating the funds are appropriated "solely to expand and maintain homelessness outreach and engagement services, which may include flexible financial assistance, case management, and housing navigation services, and may be spent for no other purpose."

The amount of the proviso, \$2.9 million, was an estimate of: (1) unspent 2020 appropriations for HSD Navigation Team staff (\$1.6 million), (2) unspent 2020 appropriations to Finance and Administrative Services (FAS) for clean-up of unsanctioned encampment sites which were transferred to HSD (\$739,000), and (3) existing outreach and engagement contracts for the Navigation Team (\$762,000).

With the proviso, Council's intent was to (1) cut funding for the City's Navigation team, and (2) redirect the unspent 2020 HSD and FAS funds to increase outreach and engagement to people experiencing homelessness in unsanctioned encampments. The increase in outreach and engagement services would be achieved by expanding contracts with community service providers. As noted during the discussion of this proviso, implementation of the proviso will likely result in layoffs of HSD staff, though Council encouraged HSD to find new positions for impacted staff.

Council Bill 119942

Council Bill 119942 amends the proviso originally passed in Section 24 in Ordinance 126148 as follows:

- 1. Reduces Amount of Proviso** - The total amount of the proviso is reduced from \$2,900,000 to \$2,074,000. This reduction accounts for spending that has occurred during the time period between passage of Ordinance 126148 and its effective date. The proviso includes \$245,000 for HSD staff, \$802,000 of HSD staff salary savings, both from vacancies and the reduction of the team size, \$265,000 in savings at FAS, and \$752,000 for the existing outreach and engagement contract.

This amount would allow for \$1,067,000 from savings at HSD and FAS to be used for new or expanded contracts with community organizations for outreach and engagement activities as allowed under the proviso.

Table 1: Proviso Components

HSD Staff (8 FTE) for remainder of 2020	\$245,000
HSD Staff Salary Savings (Vacancy and Team Size Reduction)	\$802,000
FAS Savings (Projected Underspend through the End of 2020)	\$265,000
Annual Appropriation for REACH Contract in Nav Team	\$762,000
Total	\$2,074,000

- 2. Amends List of Activities Allowed under Proviso** - The proposed legislation would modify the proviso adopted in ORD 126148 to:
 - Require that the expanded outreach and engagement services will be achieved through contracts with external service providers, not by HSD staff;
 - Allow these funds to be used for behavioral health services (possibly with a Designated Crisis Response status), and for the technological and other administrative needs of the contracted service providers, in addition to the flexible financial assistance, case management, and housing navigation services allowed in the original proviso; and
 - Allow up to \$245,000 to support costs in HSD for the remainder of 2020 for staff who shall coordinate and support outreach and engagement conducted by contracted service providers and other City departments, only having direct contact with individuals in coordination with service providers to support the storage and retrieval of personal items; funds can be spent for no other purpose.
- 3. Added Policy Intent** – The proposed legislation expresses Council policy intent that HSD will continue to coordinate and respond to unauthorized homeless encampments for the remainder of 2020, and that staff assigned to the Unsheltered Outreach and Response Team in 2020 shall not exceed 8.0 FTEs. It should be noted that the activities authorized by the revised proviso would not include some of the minimum requirements that have been outlined for doing an encampment removal, though such activities could be supported with other funds.

Next Steps

As noted above, CB 119942 is scheduled for a vote at the City Council meeting on October 26. Please contact Jeff Simms if you have any questions or clarifications on this legislation and notify Central Staff (Jeff or Amy) of any potential amendments by noon on Friday, October 23.

cc: Dan Eder, Interim Executive Director
Aly Pennucci, Supervising Analyst and Budget Manager