Dear San Francisco Department of Homelessness and Supportive Housing (HSH) Providers:

Thank you for your continued partnership and focus on preventing and ending homelessness for people in San Francisco. I am deeply grateful and inspired by your commitment in caring for our most vulnerable neighbors, especially as we work together to respond to the rapidly evolving situation related to COVID-19.

Each year, the HSH Contracts team sends providers a communication regarding upcoming agreements, invoicing updates, and end of year reminders. This year, we are including links to obtain important information related to COVID-19 as well.

Please share this communication within your organization.

COVID-19

HSH COVID-19 Site
This website contains important updates for HSH providers and is updated regularly: https://sfgov1.sharepoint.com/sites/HOM-Ext-Providers.

Department of Public Health (DPH) COVID-19 Site
The DPH website has several pages dedicated to COVID-19, which are available to the public:

Controller Guidance Continuity of Payment for Nonprofit Suppliers in the Event of COVID-19 Related Disruptions
On March 11, 2020, the Controller’s Office released a policy for the Continuity of Payment for Nonprofit Suppliers in the Event of COVID-19 Related Disruptions Policy: http://openbook.sfgov.org/webreports/details3.aspx?id=2806. This guidance may be updated as the situation related to COVID-19 changes. Questions regarding this policy should be directed to assigned HSH Contract Analysts, as listed in CARBON.
Agreements

The HSH Contracts team is continuing its efforts to ensure HSH providers have an executed agreement prior to the end of each agreement term, so services continue uninterrupted and our nonprofit partners are paid in a timely fashion.

Changes to Agreements

- **Agreement Boilerplates** – In Spring 2019, the Office of Contract Administration (OCA) and City Attorney released new boilerplates for contracts and grants. The generic boilerplates may be viewed on the HSH website’s Procurement page under “Sample Agreements”: [http://hsh.sfgov.org/overview/procurements/](http://hsh.sfgov.org/overview/procurements/). Providers must thoroughly read their own agreement for specific details.

- **Appendix A, Services to be Provided** – HSH often receives requests to modify Appendix A, Services to be Provided, including the percentage targets in objectives. It is HSH’s goal to develop Appendix As that are standardized within and across the Homelessness Response System with the activities HSH has outlined in its Strategic Framework[^1], and not based on a provider’s unique service delivery model or desired objectives. At this time, HSH will not be modifying Appendix As per provider request, other than to correct errors.

- **Appendix B, Budget** – The Contracts team has updated this appendix for fiscal year 2020-21. Among other improvements, the new template more accurately captures annualized salaries and full-time equivalents (FTE). In order to better understand costs, the Contracts team will be requesting more detailed narratives, to capture calculations and background information. Additionally, any Housing and Urban Development (HUD) Continuum of Care (CoC) Administrative costs must be provided in detail. Providers must respond to requests to review and update the Appendix B, Budget in a timely manner to avoid delays in finalizing agreements and invoicing.

- **Appendix C, Method of Payment** – The Contracts team has revised this appendix to include guidance on using HSH’s web-based Contracts Administration, Reporting, and Billing Online (CARBON) system; the line item variance policy; spend down requirements; required documentation for invoicing per funding source; and advance process. The generic Appendix C, Method of Payment template may be viewed here: [http://hsh.sfgov.org/wp-content/uploads/Appendix-C-Method-of-Payment-1-20-FOR-POSTING.pdf](http://hsh.sfgov.org/wp-content/uploads/Appendix-C-Method-of-Payment-1-20-FOR-POSTING.pdf). Providers must thoroughly read their own Appendix C, Method of Payment for agreement-specific details.

Changes to Standard Operating Procedures

- **Limits on Indirect** – In June 2018, the Controller released Guidelines for the Cost Categorization in Nonprofit Contracts and Grants[^2]. The Contracts team has been working to implement the guidelines, including the amount of subcontractor costs that are subject to indirect. Additionally, the Contracts team has been working to update the Appendix B, Budgets to ensure line items,

such as Master Lease costs, are not subject to indirect. Contract Analysts will provide additional instruction on how to update Appendix B, Budgets in accordance with these, and other guidelines.

- **Subcontractor Budgets and Agreements** – The Contracts team will be requesting detailed budgets for subcontractor costs, such as Property Management and Support Services, as well as copies of subcontractor agreements for such services.

- **Leases** – The Contracts team will be requesting copies of leases between providers and landlords for all master leased buildings. This will help HSH plan and budget for master lease increases.

### Cost of Doing Business Increase for FY 2020-21

Any Board of Supervisors (BoS) approved Cost of Doing Business (CODB) for 2020-21 will be applied to applicable budgets. Once the CODB percentage is approved, HSH will calculate CODB per the HSH policy³, and Contract Analysts will request that providers allocate the CODB. If a provider does not respond by the provided deadline, Contract Analysts will place the CODB amount in the budget as a line item placeholder until the amount has been allocated.

### Plan for Expiring Agreements

Many providers have agreements with HSH with terms that expire on or before June 30, 2020. The Contracts team is working to prepare the information necessary to ensure there is a current agreement in place for the following fiscal year.

Agreements will either be amendments, new, or will be merged. Generally, an agreement will be categorized as the following:

1. **Amendment** if its term is expiring and it has a valid procurement term;
2. **New** if its term is expiring and it does not have a valid procurement term; or
3. **Merged** if the service could fit into an existing or new agreement.

Generally,⁵ the timeline for this work is as follows:

- **December to March**: The Contracts team has begun to prioritize agreements and to develop Appendix B, Budgets and other agreement information.

- **March to May**: The Contracts team will send a notification and email Appendix B, Budgets for provider review and update. Providers must accurately reflect staff salaries, full time equivalent (FTE), and provide clear budget narratives.

- **May to June**: HSH will review agreements internally for final approval, route for provider signature, then City approval.

HSH Contract Analysts will send more detailed and individualized information for each agreement.

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⁴ Generally, will be procured through the Emergency Ordinance, unless a previous Request for Qualifications has been conducted.

⁵ Generally, agreements that require Board of Supervisor approval and/or Office of Contract Administration (OCA) approval will occur on earlier timelines.
Continuing Agreements
Generally, for agreements with current terms, HSH plans to update the 2020-21 Appendix B, Budget in CARBON and calculate any applicable CODB in July and August.

For Housing and Urban Development (HUD) Continuum of Care (CoC) funded agreements, HSH will provide an official subrecipient allocation once it has been received from HUD. In the interim, HSH will use the current allocation as the basis for the new project period’s budget.

To ensure timely payment, providers must promptly respond to requests to review, update, allocate, and provide a narrative for funding within the requested timeline.

Year-end and Other Reminders

Housing and Urban Development (HUD) Continuum of Care (CoC)
The HSH Housing Subsidy Team convenes CoC funded providers on a monthly basis. These convenings provide information on regulations, spend down, and other vital topics to ensure that HSH and its providers are fully utilizing this funding source. All CoC subrecipient providers are expected to send a representative to these meetings. Please email charles.minor@sfgov.org to receive an invite.

Providers must also review the CoC Eligible Costs when allocating costs in their budget.

Invoicing and Spend Down
Providers must submit all invoices and any required documentation in the format specified in the Appendix C, Method of Payment, after costs have been incurred, and within 15 days after the month the service has occurred. Providers must submit all final invoices within 15 days after the end of the fiscal year or project period. This allows HSH to plan for review and reconcile any issues in order to deliver swift payments.

Generally, providers are expected to spend down ongoing funding proportionally to the budget or project period. Providers must report unexpected delays and challenges to spending funds, as well as any lower than expected spending to the assigned HSH Contract Analyst and Program Manager, as listed in CARBON, prior to, or in conjunction with the invoicing period.

Failure to spend significant amounts of funding, especially non-General Fund dollars, may result in reductions to future allocations. HSH may set specific spend down targets and communicate those to providers.

Budget Revisions
Budget Revisions allow providers to revise their approved budget during the fiscal year to adjust for immediate and unexpected program needs. Budget Revisions do not add money to the budget. HSH encourages providers to review the Budget Revision policy in advance of the deadline listed in the policy, however, some flexibility will be provided due to the circumstances of COVID-19.

Per the Controller’s Office Continuity of Payment Policy, providers that experience disruptions resulting from the COVID-19 emergency, such as a required closure, may receive an extension for

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budget revisions through April 30, 2020, or longer pending the degree of disruption. Providers must contact the assigned HSH Contract Analyst, as listed in CARBON, to request an extension. To ensure prompt payment providers should make reasonable efforts to meet the March 31st deadline for budget revisions.

**May Invoice Procedures**
In order to address potential year-end cash flow issues, nonprofit providers may submit May actual costs and projected June expenditures when submitting the May invoice. May invoices are due no later than June 15, 2020. The June invoice, due no later than July 15, 2020, should include June actuals. Any difference between the projected and actual costs incurred will be reconciled by HSH and payment will be adjusted accordingly.

**Advances**
All fiscal year 2019-20 advance recoveries must be made before the close of the fiscal year.

Nonprofit advance requests for 2020-21 funding must be made in accordance with the Appendix C, Method of Payment⁹ on executed agreements.

**Reports and Other Requirements**
For HSH to conduct year-end processes in a timely manner, HSH asks that providers review their agreements carefully to ensure that all year-end requirements and reports are delivered within the specified timeline. Questions regarding year-end reports should be directed to the assigned HSH Program Manager, as listed in CARBON.

**HSH Funding Model and Equity Analysis**
HSH is working with the Controller’s City Performance team to create operational funding models to ensure alignment of programmatic resources to achieve greater efficiency, equity, and impact and to enable HSH to make data-driven decisions about resources. The results of the analysis will provide HSH with a framework and holistic approach when making funding decisions. At this time, HSH will be holding all unapproved budget modifications and new requests until that work concludes.

We look forward to continued improvements of processes and operating procedures. Providers are also strongly encouraged to visit the Provider Updates page: [http://hsh.sfgov.org/overview/provider-updates/](http://hsh.sfgov.org/overview/provider-updates/). Please do not hesitate to contact the assigned HSH Contract Analyst, as listed in CARBON, or me directly at [gilda.kemper@sfgov.org](mailto:gilda.kemper@sfgov.org) with any questions.

Thank you on behalf of HSH,

**Gilda Kemper**

Gilda Kemper, Contracts Manager

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