



CITY & COUNTY OF SAN FRANCISCO  
NON-PROFIT CONTRACTING TASK FORCE



REPORT TO THE BOARD OF SUPERVISORS ON  
RESOLUTION NO. 806-01



September 26, 2002

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**ATTACHMENTS:**

- A - San Francisco Human Services Network Survey
- B - The Civil Grand Jury Report
- C - The Board of Supervisor's Resolution No. 806-01

## **INTRODUCTION**

The City of San Francisco depends on contracts with local nonprofit health and human service organizations to provide care for San Francisco's most vulnerable populations. During the 2000 – 2001 fiscal year, the City contracted for over \$314,000,000 of nonprofit services including but not limited to services assisting our elderly, poor, youth, displaced and unemployed families, as well as serving those at risk from drugs, violence, mental illness, criminal justice involvement, or HIV/AIDS. (See the San Francisco Human Services Network Survey, Attachment A.) While San Francisco has evolved an enviable partnership between City and nonprofit contractors, various reviews have found that the contracting process remains cumbersome, placing unnecessary burdens on our system of care.

In September of 2002, the Civil Grand Jury found that: 1) the City's current system of management is too decentralized, placing costly and unnecessary administrative burdens on nonprofit organizations; 2) procedures vary widely between City Departments, organizations may have contracts with several departments using disparate reporting and administrative procedures; 3) failure to address this growing burden for the nonprofit community will ultimately create a crisis at the core of San Francisco's safety net, wasting resources directed at our most vulnerable populations. (See Attachment B.)

Based on these findings and the San Francisco Human Services Network Survey (Attachment A), the Board of Supervisors created the City Nonprofit Contracting Task Force "Task Force" through Board Resolution No. 806-01. (See Attachment C) The Task Force was charged with reviewing current procedures and making recommendations to the Board for improving the City's nonprofit human service contracting process. The recommendations are preliminary and require more time to create an implementation plan. The Task Force began operation in March 2002.

## **MEMBERS OF THE TASK FORCE**

The Task Force consists of fourteen members. Seven represent City departments with responsibilities for the majority of the City's professional services contracts: the Director of the Office of Contract Administration, the Controller, the Director of the Department of Public Health, the Director of the Department of Human Services, the Director of Aging and Adult Services, the Director of the Mayor's Office of Community Development, and the Director of Children, Youth & Their Families. The other seven represent non-profit health, affordable housing development, and human services providers: Nancy Rubin, Edgewood Center; Jim Illig, Project Open Hand; Salvador Menjivar, Hamilton Family Center; Tony Michelini, Catholic Charities of the Archdiocese of San Francisco; Tiffany Mock-Goeman, Continuum; Sandy Mori, Kimochi, Inc.; and Jonathan Vernick, Baker Places, Inc.

The Task Force held its first meeting on March 28, 2002. In subsequent meetings, committees were established to focus on the areas of best practices, master contracts, standardized forms and contract monitoring. The Task Force met every other week, and the committees met during the alternate weeks. The committees reported their recommendations to the Task Force.

## **METHODOLOGY**

The Task Force chose to set up four committees. Each committee was to research and develop specific proposals to remedy the identified problem areas. Additionally the City Attorney and Controllers Office were asked to do research into specific areas that surfaced in discussions. Specifically, the Controller's Office presented to the committee the work that had been started by

previous committees prior to these current efforts, and also prepared an inventory of all of the existing contracts, which included analysis of a variety of aspects (total amounts, number of different departments contracting with agency, length of contract relationship, etc.).

### **TASK FORCE RECOMMENDATIONS TO THE BOARD**

1. Extend the Task Force expiration date for six months, while also enabling all members to designate representatives to explore these issues in greater detail, and to develop an implementation plan.
2. Establish a procedure to acknowledge compliance status with basic City requirements for non-profit organizations.
3. Ensure that contractual and grant requirements imposed on non-profits be the minimum requirements set by the funding source. Additional requirements should only be added by Board of Supervisors policy.
4. Establish accounting principles for non-profits.
5. Waive site monitoring reviews if audits or site monitoring by other regulatory agencies address the department's site monitoring review objectives.
6. Consolidate contracts, where appropriate, from various departments into a primary or lead department to administer the overall contract for a non-profit.
7. Develop methods for streamlining and contract approvals including: a) central depository of documents for compliance; b) on-line approval capability; and c) consolidation of documents.
8. Increase automation where possible.
9. Create a review/appellate process for substantive changes to standardized requirements.
10. Develop and process documents early in the cycle to assure timely payment for ongoing services.
11. Whenever possible, coordinate one joint program monitoring visit per year per contract by a lead City department . Departments will provide timely written notice of 14 days as well as a timely written report back within 30 days, if possible, but not beyond 90 days. Fiscal site visits should utilize other City department visits within a twelve-month period.
12. Develop standard monitoring protocol, language and definitions in advance with providers for purposes of improving contracts to be distributed at the time of contract execution.
13. Provide training for monitors to ensure adequate knowledge and understanding of program and services prior to monitoring.
14. Coordinate City-wide response for agencies requiring technical assistance and create a formal methodology to identify technical resources within departments.
15. Conduct risk assessment of programs or agencies by auditing or monitoring the agency in an appropriate fashion including but not limited to performance, financial stability, staff turnover, leadership, contract longevity, and audit findings, with the goal of implementing tiered monitoring based on risks.
16. Develop electronic submission for all reporting functions (programmatic and fiscal) to include electronic fund transfers.
17. Establish on-line (user-friendly) reporting forms with instructions for use.
18. Create a standard and simplified set of forms that: a) do not duplicate data from one section to another; b) are consistent, simplified, and non-duplicative; c) allows contractors to provide all

needed data in a standardized format for all departments; and d) reflects the minimum requirements of the funding source.

## **COMMITTEES FINDINGS AND RECOMMENDATIONS**

### **I. Best Practices Committee**

The committee was to review contracting processes in other jurisdictions and report back to the Task Force with recommendations that could therefore be incorporated into the other committee recommendations.

The Best Practices Committee reviewed work in San Diego, Alameda, Marin, Los Angeles, Baltimore and Denver, as well as practices in State and Federal government. While it was found that many other jurisdictions are faced with similar problems, many have elements of solutions that can serve to benefit San Francisco. Two themes emerged in the research done by the Best Practices committee: accountability and assuring quality. Keeping these as essential goals of contract letting and execution the Best Practices committee forwarded to the Task Force the following recommendations, they were all considered, and where deemed appropriate, incorporated.

The committee forwarded to the full committee a series of recommendation that included: establishing a procedure to acknowledge the status of compliance with basic City requirements for nonprofit organizations; setting up contractual requirements to reflect minimum requirements of the funding source; establishing accounting standards for nonprofits; moving all reporting functions (programmatic and fiscal) towards electronic submission to include electronic fund transfers; establishing on-line (user-friendly) reporting forms with instructions for use; performing site visit monitoring jointly by funding agencies for the program issues and fiscal site visits should rely upon and utilize other department visits within twelve-month period wherever possible; waiving site visits upon desk audits or other regulatory agency's reports within the previous twelve-month period; and utilizing consolidation of funding from various departments into a primary or lead department to administer the overall contract.

### **II. Master Contracts Committee**

This committee was created to recommend ways to simplify, streamline and standardize the contracting process for nonprofit human service providers.

The committee found that there is a complicated contract renewal process for ongoing services. Multiple agreements with different departments or divisions for the same services must be processed as separate contracts each year. The contracts must be redone and recertified each year, often after services have begun.

City departments will use a central repository of compliance documents for each nonprofit service contractor, containing updated copies of required paperwork such as nonprofit determination letter, board of directors list, insurance coverage certificates, etc. This central repository should be maintained by the Office of Contract Administration and should be accessible on-line to program managers in every contracting department, and eventually to contractors for their own information. City departments shall process documents early in the cycle to assure timely payment for ongoing services. When ever possible consolidate contracts

from various departments into a primary or lead department to administer the overall contract with a nonprofit service provider using multi-year contracting.

### **III. Standardized Form Committee**

This committee is responsible for recommending changes to the contract exhibits/addendum, focusing on budget, with the goal of standardization, simplification and streamlining.

The committee found that City departments require the same information using different forms, which results in duplicated efforts by the contractor. Some contract requirements established to address historical problems may no longer be necessary, but continue to be used. This committee also recognized that different departments have different requirements, so it will have to be determined what becomes a standard, and what is outside of the standard.

This committee recommended to create a simplified, standard set of contract/budget forms to be used by City departments. The work of this committee is expected to continue during the next phase which includes the Task Force work on the implementation plan.

### **IV. Contract Monitoring Committee**

Monitoring is an integral part of the contractual relationship between city government and non-profit agencies. The fundamental purposes of monitoring are to ensure fiscal and programmatic accountability and compliance and to achieve the highest level of services through partnership between both parties.

The objective of the committee was to identify methods to refine and improve monitoring practices. The committee defines “monitoring” as the whole process by which a City agency evaluates a community-based organization: quantitatively, qualitatively, programmatically and fiscally.

The committee found that forms, monitoring review practices, data collection, and reporting are not standard both between and within departments. The City needs a more clear and consistent level of supervision and adequate training or standard practices for qualified monitors. There are no formal procedures to solicit feedback from agencies on the monitoring relationship. Timelines and deadlines are not clearly established for both sides.

The Contract Monitoring committee forwarded to the entire Task Force the following recommendations based on the findings of the committee: coordination of joint program monitoring visits per agency by lead City department with timely written notice and a timely written report back; coordination of City-wide response for agencies requiring technical assistance and creation of a formal methodology to identify technical resources with departments; utilization of risk assessment of programs or agencies based on performance, financial stability, staff turnover, leadership, contract longevity, and audit findings, with the goal of tiered monitoring based risks; development of standard monitoring protocol, language and definitions, to be distributed at the time of contract execution or modification; solicitation of feedback and recommendations annually from the agencies regarding the monitoring protocol; training for monitoring personnel to ensure adequate knowledge and understanding of program and services prior to monitoring; and evaluation of agencies’ performance only on items listed or referenced in the contract.

**CONCLUSION**

We would like to thank the Board of Supervisors for creating this Task Force and enabling us to begin to address some of the pervasive issues affecting non-profit service providers which were so clearly described in the Grand Jury Report (Attachment B) and the San Francisco Human Services Network Survey (Attachment A). Since the inception of this Task Force, the Task Force or its subcommittees have been meeting weekly for two to three hours per week. We believe the above findings and recommendations as presented to the Board of Supervisors are only the preliminary step toward solving these issues.

Certain issues raised during our deliberations remain unresolved. For example, the Task Force would like to explore the use of Multiyear Agreements that may include contract amounts that exceed the annual available funding as well as designing an outside fiscal monitoring agency and developing monitoring guidelines. Despite the time dedication that is required, the members of the Task Force would be willing to dedicate more time to explore these issues more fully. Therefore, this Task Force would like to request that the Board extend our expiration date to complete this important work. Thank you in advance for your focus on the issues we have raised and for the time extension for the Task Force.

The following members of the Task Force hereby present this report to the Board of Supervisors of the City and County of San Francisco:

**CITY DEPARTMENTS****NON- PROFIT AGENCIES**


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Judith A. Blackwell  
Director  
Office of Contract Administration  
Co-Chair, Task Force

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Nancy Rubin  
Chief Executive Officer  
Edgewood Center  
Co-Chair, Task Force  
Chair, Best Practices Committee

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Ed Harrington  
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