



DATE: February 25, 2025

TO: Mayor and City Council

FROM: Assistant City Manager

SUBJECT: Adopt a Resolution Amending Resolution Number 24-149 to Authorize the City Manager to Negotiate and Execute a Professional Services Agreement with the Presbytery of San Francisco as the Fiscal Sponsor and Agent for First Presbyterian Church of Hayward to Operate the Year-Round Shelter at South Hayward Parish for Fiscal Year 2024-2025 for a Not-to-Exceed Amount of \$447,621

RECOMMENDATION

That City Council adopt a resolution (Attachment II) amending resolution 24-149 to authorize the City Manager to negotiate and execute a professional services agreement with the Presbytery of San Francisco to act as the fiscal sponsor and agent for First Presbyterian Church of Hayward to operate the year-round shelter at South Hayward Parish for Fiscal Year 2024-2025 for a Not-to-Exceed amount of \$447,621.

SUMMARY

On June 25, 2024, City Council adopted a resolution authorizing the City Manager to negotiate and execute a professional services agreement with First Presbyterian Church of Hayward (FPCH) to operate the year-round shelter at South Hayward Parish (SHP) for Fiscal Year 2024-2025 for \$447,621.¹ Agencies are required to submit a recent financial audit for all service agreements above \$20,000. While FPCH is currently in the process of obtaining a financial audit of its operations, the agency has not been able to submit it before the end of the fiscal year.

Additionally, FPCH recently identified financial misappropriation. FPCH notified the City and took corrective actions. In response, staff placed a hold on executing new contracts with FPCH until FPCH could provide an updated final audit and more information on the misappropriation. Additionally, staff extended an option to FPCH to secure an agency who can serve as their fiscal sponsor as an interim alternative.

¹ June 25, 2024, City Council Meeting Agenda and Materials:
<https://hayward.legistar.com/LegislationDetail.aspx?ID=6734720&GUID=4C67E5AB-5FA7-4CE3-B2AC-F82F2ED066A3&Options=ID|Text|&Search=south+hayward+parish>

The Community Services Division's (CSD) Community Agency Funding (CAF) process establishes a fiscal sponsorship option for agencies that are either not non-profits or want to apply for more than \$20,000 without a recent fiscal audit. The fiscal sponsor acts as the fiscal agent for the applicant. The City contracts with the fiscal sponsor and the sponsor serves as a funding pass-through for the other agency. This is a common practice in the CAF process, enabling agencies that do not have a recent fiscal audit to still receive funding from the City for vital community services.

To ensure continuation of these services, the Presbytery of San Francisco has agreed to act as FPCH's fiscal sponsor. As SHP fiscal sponsor, they will contract with the City; provide a recent fiscal audit of their operations and insurance certifications and will be the recipient of the City funds. In their role as the fiscal sponsor, Presbytery of San Francisco will function as a pass through agency to FPCH.

Staff recommends that City Council amend resolution 24-149 to allow the City Manager to negotiate and execute a professional services agreement with the Presbytery of San Francisco to operate the year-round shelter at South Hayward Parish (SHP) for fiscal year 2024-25 for \$447,621. There is no additional expense to the General Fund associated with this request.

BACKGROUND

Beginning on December 1, 2018, FPCH took over operations of winter warming shelter services at SHP with funding support from the City. From 2018 through 2021, the Winter Warming Center provided 18 nightly shelter beds during the fall and winter months, when temperatures fell below 45 degrees or there was a high chance of rain.

On July 13, 2021, City Council approved the City of Hayward Federal Stimulus Expenditure Plan for the City's American Rescue Plan Act (ARPA) award. They also adopted the Let's House Hayward (LHH) Strategic Plan which detailed goals for reducing homelessness in Hayward and strategies and action steps required to achieve those goals.²

As an identified action step in both the Hayward Federal Stimulus Expenditure Plan and LHH Strategic Plan, City Council approved expanded services at the Winter Warming Shelter, authorizing FPCH to operate year-round instead of only during inclement weather.

The shelter began offering its expanded service hours in October 2021. During fiscal years 2022 and 2023, City Council authorized a combined total of \$2,050,000 to ensure the ongoing operations of SHP's nightly shelter², a resource in South Hayward and a partner of the Hayward Evaluation and Response Teams (HEART).

² August 15, 2023, City Council Meeting Agenda and Materials:
<https://hayward.legistar.com/LegislationDetail.aspx?ID=6315670&GUID=E8D2E2F9-CC73-4FD3-A1AC-100E5B8DEB99&Options=&Search=>

DISCUSSION

In early 2024, FPCH notified the City that without continued funding, the emergency shelter operations at SHP would not be able to operate at full capacity in FY 2024-2025. In response, staff explored different funding opportunities to support SHP's emergency operations and encouraged FPCH staff to engage other potential funders to fill their FY 2024-2025 funding gap.

On June 25, 2024, City Council approved funding for FPCH's FY 2024-2025 emergency shelter operation contract.³ The funding included the combined use of the General Fund, HEART pilot program budget funded through salary savings, and CDBG-CV, as outlined in Table 1. The HEART program partners with SHP, with HEART staff bringing unhoused community members to SHP for services including showers, meals, and other support.

City Council authorized the City Manager to enter into a professional services agreement with First Presbyterian Church of Hayward (FPCH) to operate the year-round shelter at South Hayward Parish (SHP) for \$447,621 for fiscal year 2024-2025.

Table 1: FY24-25 South Hayward Parish Shelter Recommended Funding

| Source | Amount |
|---------------------------------------|------------------|
| FY 2025 General Fund Allocation (CSD) | \$25,000 |
| FY 2025 HEART Program Budget | \$250,000 |
| CDBG-CV | \$172,621 |
| Total | \$447,621 |

Subsequently, in late 2024, FPCH notified staff that they had become aware of financial misappropriation in their business office. FPCH is working with legal counsel and there is an ongoing law enforcement investigation. FPCH has taken several steps to understand the scope of the misappropriation; however, staff recommends not entering into new agreements directly with FPCH until they have completed a financial audit and there is more information on the outcome of the investigation. Therefore, the agreement authorized by Resolution 24-149 has not been executed.

South Hayward Parish's emergency shelter is a resource for the City's unhoused community members. With 23 beds, it is the only emergency shelter for homeless adults in Hayward and is a component of the City's homeless response system. To ensure continuation of these services, the Presbytery of San Francisco has agreed to act as FPCH's fiscal sponsor. As fiscal sponsor, the Presbytery acts as the fiscal agent for FPCH. The City would contract with the Presbytery and the Presbytery serves as a funding pass-through for FPCH. The fiscal sponsor process is used frequently in the CAF process, where agencies that are either not a non-profit

³ June 25, 2024 City Council Meeting Agenda and Materials:
<https://hayward.legistar.com/LegislationDetail.aspx?ID=6734720&GUID=4C67E5AB-5FA7-4CE3-B2AC-F82F2ED066A3&Options=ID|Text|&Search=south+hayward+parish>

or do not have a recent fiscal audit work with a fiscal sponsor to meet minimum contracting requirements. This process is not new and aligns with existing practice. Staff recommend this approach for this fiscal year, as it is consistent with existing practice while preserving a resource in the City's response to homelessness.

Staff recommend that City Council amend Resolution 24-149 and authorize the City Manager to enter into the shelter operations agreement with the Presbytery of San Francisco for \$447,621 to continue year-round shelter operations at South Hayward Parish.

ECONOMIC IMPACT

There is a positive economic impact from addressing unsheltered homelessness by moving individuals into emergency housing with supportive services to help transition them to more permanent housing opportunities.

FISCAL IMPACT

This item has no associated fiscal impact. Funds associated with the referenced agreements were previously appropriated.

STRATEGIC ROADMAP

This agenda item supports the Strategic Priority of Preserve, Protect, and Produce Housing, under

- Project H2: Implement the Homelessness Reduction Strategic Plan

NEXT STEPS

If City Council approves, staff will move forward to negotiate and execute a professional services agreement with the Presbytery of San Francisco for \$447,621 to operate the year-round shelter at South Hayward Parish for fiscal year 2024-2025. Staff will include an update on this agreement, the status of the City's partnership with FPCH, and an analysis of program costs and outcomes at the next Let's House Hayward Strategic Plan work session.

Prepared by: Emily Hwang, Management Analyst II

Recommended by: Amy Cole-Bloom, Community Services Manager
Regina Youngblood, Assistant City Manager

Approved by:



Dr. Ana M. Alvarez, City Manager