

Hello! Absolutely, glad to dive into this (and really appreciate your deep dive into this subject matter).

Responses below in red. But of course, if these don't fully address your questions, glad to follow up! + Sam Wolff and Tara Moss

On Thu, Nov 3, 2022 at 5:41 PM Nelson, Sara <[Sara.Nelson@seattle.gov](mailto:Sara.Nelson@seattle.gov)> wrote:

Hi Lisa,

Thank you and everyone on your team for meeting with me on Tuesday. I came away with a more nuanced understanding of and appreciation for PDA's work. After digesting the information you provided, I have a couple follow-up questions and I figure it would be easier to ask via email than a phone call. I'm forwarding correspondence with Central Staff so you know what information I already have and can refer to it if you want.

- To understand where the money in the \$7.8 million request will live (LEAD, CoLEAD, JustCare, REACH) and what it will do, could you just provide your 2022 and proposed 2023 budgets for each program, similar to the attached RHA budget for the ROW program? That'll also help me understand how those programs all fit together. It doesn't have to include all the line-item expenses or be in that format – what I'd like to know is:
  - Funding received and spent in 2022 for each program, including underspends and reasons for them (you mention the \$3.2M – where is that now?, etc.) **We are not yet to the end of the year, but we can send you current profit/loss runs for these programs. There is/will be no underspend in PDA's hands; our Seattle LEAD HSD contract and all of our JustCARE/CoLEAD funding work on an actual cost reimbursement basis. We can, at most, break even. "Underspend" for these programs refers to public dollars that were appropriated for the programs but go unused. (There were \$3.9M in appropriated dollars for LEAD that we were not going to be able to use as intended (to create ongoing new referral capacity) because they weren't transferred to us early enough in 2022 to create the number of annualized positions that those funds were meant to pay for, so, if they'd remained dedicated to LEAD, there would have been a substantial underspend for the year, and that was obvious by May. I will ask our Finance team to send a P/L run through either Sept 30, as we haven't processed October AP yet; will copy everyone on this thread. In terms of potential "underspend," you can best compare our actual expenditures and "burn rate" with the contracted amounts we have been offered. The 2022 HSD award letter (**\$10,374,000**), 2022 July-Dec RHA proposed amended CoLEAD budget (**\$2,295,436**--note this is exclusive of \$2M+ in lease and maintenance costs for the two buildings RHA took over from us in July), and Aug 2021-June 2022 JustCARE contract (\$17,830,084, 6/11 of which is **\$9,725,500**), are attached; these total **\$22,394,936**. Subtracting \$1,091,400 the City used to directly lease the Civic Hotel for July-Dec 2022, the funds expected to go to PDA itself**

(not including certain other leasing costs handled directly by King County, the City or KCRHA) in 2022 are **\$21,303,936**.

- City funding for 2023 and 2024 as reflected in the Mayor's proposed budget, broken down by program. Will it be the same amount as in 2022 (\$21.7M)? The Mayor's proposed budget is only \$11,322,750, plus \$1.9M slated to establish and operate tiny homes. I've attached the anticipated breakdown that HSD/Mayor's team provided to CMs Herbold & Lewis in a meeting on Oct 20. Regarding division of funds between the programs: the problem is that, as I think everyone acknowledged after that Oct 20 meeting, this analysis omits the cost of remaining in our current facilities, which I understand CBO projects that we would need to do through at least Q2 and likely Q3. The City has a right to renew the lease at the Civic Hotel at \$194,633/month, and the rooms we use at another Georgetown motel cost \$64,800/month. The cost of operating where we are through start of Q4 is \$2,334,897, and that isn't accounted for in the Mayor's proposed division of funds between the programs. If we take those funds out of the money allocated to LEAD, not only does LEAD not have any room to take new referrals, it is reduced from its actual allocation of \$6.4M in 2022 to \$4,331,853, a layoff budget. We'd actually be ceasing services to current clients, not bringing on anyone new, and REACH would be letting existing staff go. In short, there is no way to continue CoLEAD on the proposed budget without reducing LEAD from its current funding allocation by \$2.3M.
- How does KCRHA's contribution fit in, beyond the ROW work which I assume Seattle is paying for in its entirety? Seattle actually isn't paying for any of the ROW work -- that is entirely supported by state funds secured by KCRHA. They are planning to support half of CoLEAD through June 2023, with hopes of going further (the [Governor's press conference yesterday at the Civic Hotel](#), where we operate CoLEAD, suggests some hope that that will happen via the 2023 state budget). But that assumes the City continues to support the other half of CoLEAD -- they are a blended ecosystem that can't operate stably if either half is lost.
- Requested \$7.8M: which program will that be applied to and what will it deliver -- I understand it could be backfill for 2022 but for what -- just LEAD? The proposed add of \$7.8M would allow LEAD to be restored to the \$10.3M intended for 2022 (plus the Mayor's inflation adjustment, to \$10.7M), and then would provide for 12 months of half of CoLEAD (assuming KCRHA carries the other half through the entire year for ROW work, which we are pretty confident can happen, depending on state budget). The CoLEAD portion for the year from the City would be \$8.4M (again, that's for half of CoLEAD for twelve months), for staffing, operations, direct program costs, admin and leasing costs to stay where we are for an estimated 9 months.

- Where will the \$2.5M THV funding live, broken down by type of expense (capital vs. staffing)? **We don't know the answer to this; we didn't request the THV move, and haven't been involved in that plan. We do know a Councilmember asked when the Mayor's team expected this move to occur, as part of the official budget question process, and were told not till Q3 or Q4; that's all we know.**
- Basically, how much City of Seattle funding did PDA receive in 2022, what was it spent on and how much City funding do you hope to receive (directly from Seattle and via KCRHA) in the 2023 – 2024 and how will it be spent? **Yes, this is the bottom line! You may already have gleaned these answers from the first question above, but here is the analysis presented without extra words :)**

2022 City funds awarded

LEAD amended contract \$10,374,000, reduced by \$1,091,000 for City to directly lease the Civic Hotel=**\$9,283,000**

City funds via King County for JustCARE **\$9,725,500**

3rd Ave Project expected amendment to LEAD contract for Nov-

Dec **\$380,000**

**Total \$19,388,500**

2022 anticipated expenditures of City funds

\$6.4M LEAD

\$380K 3rd Ave Project (almost all passthrough to We Deliver Care)

\$9,725,500 JustCARE

\$2,883,000 CoLEAD (not fully staffed till December)

**Total \$19,388,500**

2023 expected expenditures using City and KCRHA/State ROW funds

\$10.7M for LEAD (City funds)

\$5,245,084 for ROW (KCRHA/State funds -- 6 month budget attached)

\$5,245,084 for CoLEAD (City funds--mirror)

\$2,334,897 for City CoLEAD facilities (downtown & Georgetown)

\$1,670,000 for 3rd Ave Project [almost all passthrough to We Deliver

Care]

**\$25,195,065 total [City and KCRHA combined]**

- I realize that REACH is a project of ETS but they are a subcontractor of PDA and you mentioned them a couple times so which agency pays those employees and does funding come from the City? I'm still unclear how what they do is different from the field work performed by JustCare. **The vast majority of City LEAD funds are subcontracted to REACH. All of the LEAD outreach workers, case managers and supervisors are at REACH. PDA only houses our small project management team (about 4 FTEs total). ... JustCARE outreach until this spring was a small blended team (4 FTEs most of the time) of REACH and PDA**

workers (separate from LEAD). As of July, PDA has assumed the entire field team (1 FTE supervisor and two line staff).

- Which programs and what funding was specifically for COVID-related exigencies. Was that funding intended as one-time? I understand the need may remain. CoLEAD in April 2020, to which we added a field team to form JustCARE in fall 2020. Initially, we had 4 months of City LEAD underspend funds for May-August 2020, and then added 4 months of County CARES Act funds Sept-December 2020. Yes, this was expected to be short term. But it was so impactful (the only thing that was working for people living unsheltered, discharging from jail, etc) that the County Council asked to extend it for one month in Jan 2021, to see if there was a new round of COVID relief funding; and then extended it through July 2022 with County ARPA funds. Then, the City got involved to leverage another 12 months' continuation, from July 2021-June 2022; the City contributed \$7.5M for half of 150 rooms (the County contributing a like \$7.5M), all in COVID funds; and the City added an additional \$5.5M in general funds to expand to 239 rooms. So by June 2022, we'd stretched over two years with short term funding; however, it may be useful to know that the Aug 2021-June 2022 contract was the product of a successful response to a competitive RFP the County ran, on behalf of the City and County.
- From your email to Michael Bailey, you got \$7.5M in ARPA funds for use in 2022. You also mentioned 150 rooms. Is that what PDA used to acquire the 150 rooms? If not, what was that \$7.5M used for and what funds were used to acquire rooms? Yes (also covered in previous question): City \$7.5M ARPA matched \$7.5M in County ARPA, for 150 rooms, and City added \$5.5M in general funds to add 89 more rooms, for July 2021-June 2022 JustCARE.
- On the call you said the main reason LEAD has such a high, enduring caseload and so few people have exited the program is because it takes up to 7 years to get them into PSH (the slide Sam provided says 2-3 years; either way, that's long).
  - Are they all candidates for PSH, not shelter/transitional housing? no, we have also placed folks in scattered site apartments with vouchers, HEN, and using other income (SSI for example). And I didn't mean to suggest that housing placement is the only thing remaining for people to work on long-term -- just that, as we understand from all the Housing First research, other goals will be more swiftly and stably achieved when people are housed, not trying to work on sobriety, work, and mental health while unsheltered. As you heard from Johnny, he worked on drug use, employment and housing (along with resolving intrusive and unhelpful probation requirements I don't think he had time to discuss), cyclically, for years.
  - With so much vacancy in county-acquired hotel rooms (and any City-funded properties that may have vacancies), what are the barriers preventing placement of LEAD/JustCare/CoLEAD/REACH clients into those rooms? Placement in all of these properties (except possibly for the City-acquired hotel in North Seattle that I heard Rep Macri discuss yesterday that we aren't familiar with) are only through King County

DCHS (Health Through Housing--the hotel purchase program) or KCRHA Coordinated Entry (CEA) (for all other homeless housing, housing vouchers, and to some degree, Health Through Housing). As we discussed, for years, Coordinated Entry has systemically prioritized medically vulnerable individuals and deprioritized our participant population (which is younger/more able-bodied, related to their ability to do the activities that cause problems for others). Neither we nor any other provider can self-authorize placement into any of those permanent housing facilities. This is why we experienced such a huge shift in our housing placement rates when we entered the partnership with CEA this spring/summer to move our legacy JustCARE population on into permanent housing -- CEA changed their prioritization approach, and intentionally worked with us, and we were able to place > 80% of our folks into permanent housing.

To the extent that you're asking why we can't place people directly from the street into these permanent housing resources, the answer is the same (we don't control access to those resources), but also, we and KCRHA have experienced in the ROW project that it is a much slower and less efficient process to place people from the street directly into permanent housing, than to do what Marc Dones calls "low friction moves" into CoLEAD bridge housing/temporary lodging, work with people there to resolve barriers to permanent housing (housing debt, ID, income source), and then make good matches with permanent housing destinations. Many of our folks come into CoLEAD seeming like they would need permanent supportive housing (the most expensive resource), but after a few months of work with our team, it becomes clear they can live independently, perhaps with occasional case management support.

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I know this is a lot, but City support has grown from an initial \$6.1M in 2020 (increased by \$3.5 that year) to \$21.7 in 2022 and I'm new to these discussions. I very much appreciate you engaging with me, Lisa! Absolutely, glad to be in this dialogue, and we greatly appreciate the time and care you are putting into this question. Let me know if you need anything more; and I'll send you (tomorrow I hope) actual cost expense/receipt runs (essentially, a P/L statement) for each program for 2022 through September.

Sara

**Sara Nelson**

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