

May 9th, 2023

To: Implementation Board
King County Regional Homelessness Authority
400 Yesler Way, Ste 600
Seattle, WA 98104

RE: Joint Provider Letter Concerning Contracts & Invoicing

Dear Implementation Board Members,

The undersigned organizations are writing to you with an urgent request to dramatically improve the contract execution and invoicing for service providers that contract with the King County Regional Homelessness Authority (KCRHA). Major reforms and changes in procedure are needed to ensure that our critical human services infrastructure doesn't break under pressure, and that service agencies can be adequately supported to make progress on our shared goals of ending homelessness in our community. However, it is already May, and contracts with many providers have still not been finalized and funds have not been released.

All involved parties including government agencies, electeds, non-profit organizations, and people with lived experience have had high hopes that the new regional coordination of efforts would solve some of our communities' most challenging problems. This is an incredible responsibility where last year KCRHA administered 320 contracts across 54 organizations worth over \$110 million. There has been ample time for the agency to get its sea legs; to adjust, build out, and stand up internal processes and partnerships.

Providers continue to have serious problems receiving fundamental administrative support from the KCRHA. This jeopardizes our ability to adequately respond to the hunger, health, and homelessness crises faced by so many in our community. This is not the first time this has been flagged for concern, see the May 19th, 2022 *Seattle Times* article "[King County Regional Homelessness Authority is slow to ink contracts — nonprofits feel the pinch.](#)" And again just recently on May 2nd, 2023 in the *Seattle Times*; "[Service providers losing confidence in Regional Homelessness Authority](#)".

For two years in a row providers have gone for months without signed contracts, which is a prerequisite for agencies to submit billing for their monthly expenses. This is not sustainable, and impacts both small and large nonprofits in different ways. For large organizations, it means floating millions of dollars, taking out loans, or securing lines of credit—all of which put additional expense and burden on the organization. If an agency can't take out a loan, they often need to use agency reserves which were intended solely for emergencies. Operating reserves exist for emergencies, like responding to the Covid-19 pandemic; they are not there to cushion what should be a straightforward administrative function from KCRHA. For some small organizations it could result in layoffs, or worse, put them out of business.

For these reasons and more, we request the Implementation Board take the necessary actions for KCRHA to implement the following as soon as possible:

1. **Pause Contract Re-Procurement until 2025.** KCRHA leadership has announced a re-procurement process for all KCRHA contracts to be completed by 2024, with the process beginning in 2023. Given that the KCRHA has not demonstrated proficiency in managing the existing portfolio of contracts, this should be delayed by at least a year so that the KCRHA can demonstrate that it can manage its existing workload and normalize invoice and payment practices and timelines.
2. **Consolidate Duplicative Contracts.** Many providers have multiple contracts to provide the same type of service, same time period, funding source, and the same reporting and billing requirements. In these situations separate contracts create unnecessarily complex accounting, inflexibility in transferring funds between programs, and incredible administrative burden both for provider accounting departments and KCRHA contract monitors. This runs counter to everything the KCRHA was supposed to accomplish; creating a streamlined system that reduces duplicative bureaucracy. Providers that desire contract consolidation should be enabled to do so; it would greatly improve transparency and accountability in program administration.
3. **First Quarter Contract Extensions.** Each year KCRHA consistently falls behind on finalizing service contracts, causing delays in invoicing. Instead of terminating contracts at the end of their term, KCRHA should automatically extend all contracts through the first quarter of each year. Invoices should be approved based on that original contract, if the new contract is not yet executed for that year. When contracts for the current year are completed KCRHA could then revoke the first quarter extension. Every year finalizing all the contracts is attempted in January, causing incredible delays. For small nonprofits without vast operational reserves, significant delays in reimbursement can put them out of business. In other situations it could cause delays in paying employees in a timely manner, exacerbating the staff retention crisis that is already challenging the human services field. The Implementation Board should work with KCRHA staff and with service providers to explore the underlying causes of these persistent and costly delays in contracting.
4. **Monthly Reporting to the Implementation Board.** The Implementation Board should receive monthly reports on the progress KCRHA has made on executing contracts, any delays, what is causing the delays, and plans to get back on track. This is a fundamental service the KCRHA should be able to provide, and the Implementation Board should be engaged on this issue.
5. **Allow 75% Reimbursement Upon Invoice Receipt.** In order to ensure agencies are not caught in a cash flow crisis, KCRHA should provisionally reimburse 75% of a submitted invoice upon its receipt, and the remaining 25% reimbursed upon review. Given the time it takes for KCRHA to fully review and process an invoice, there must be financial relief for contractors when there are delays in processing.
6. **KCRHA Contract Team Must be Proactive.** KCRHA needs to be proactive in its duties to finalize contracts. Regardless of where the contracts get stuck in the process, there appears to be no one at KCRHA who can proactively contact providers and work to

solve whatever is causing the delay. It is often the case that draft contracts get stuck in Fluxx because it is unclear who is responsible for the next step to advance. KCRHA leadership should be engaged in these nuts and bolts issues, and ensure that the contracting team is connecting with agency staff to move the process forward.

7. **Contract Delay Compensation.** It is not uncommon for a provider to incur expenses due to contract or invoice reimbursement delay. For example, if an agency has to take out a line of credit and pay interest that it would not otherwise have had to do if contracts were finalized on time. KCRHA should compensate providers for these financial losses that are tied to administrative delays.
8. **Ensure Contract COLAs.** KCRHA's public statements about wage equity and paying human service workers livable wages must result in actionable financial changes to our current contracts. Even though the agency was reported as saying that delays in signing contracts is creating a staff retention crisis, we have not seen the corresponding commitment to Cost of Living Adjustments to match this urgency. Each year KCRHA has unspent funds and these dollars can go towards increasing COLAs, but instead organizations are expected to ask private funders to cover the wage gap or use whatever small savings they've accrued over the years.

We are requesting that the Implementation Board review contracting procedures, communication expectations, and timeliness concerns and quickly identify solutions.

Sincerely, the following providers:

Shalimar Gonzales, Chief Executive Officer, **Solid Ground**
Sharon Lee, Executive Director, **Low Income Housing Institute**
Mary Steele, Executive Director, **Compass Housing Alliance**
Robin Corak, Executive Director, **Multi-Service Center**
Derrick Belgarde, Executive Director, **Chief Seattle Club**
Ally Baehr, Executive Director, **Elizabeth Gregory Home**
Cara Lauer, Executive Director, **Queen Anne Helpline**
Jerred Clouse, Executive Director, **ROOTS Young Adult Shelter**
Degale Cooper, CEO & President, **YouthCare**
Heather Fitzpatrick, CEO & President, **Wellspring Family Services**
Mahnaz Eshetu, Executive Director, **Refugee Women's Alliance**
Ann Allen, Executive Director, **St. Stephen Housing Association**
Paul Lwali, President & CEO, **Friends of Youth**

CC: CEO Marc Dones, CPO Peter Lynn, King County Regional Homelessness Authority