

July 10, 2024

Anchorage Health Department Report on Henning, Inc.

INTRODUCTION On May 21, 2024, the Anchorage Assembly approved AR 2024-178, As Corrected, which contains the following actions:

Section 1. The Anchorage Health Department (AHD) Acting Director is asked to conduct a full review of all Henning, Inc. contracted operations, prioritizing the E. 56th Avenue Shelter, to ensure Henning is in compliance with MOA contracts and its own policies and procedures.

Section 2. The Anchorage Health Department Acting Director is requested to deliver a report to the Assembly via email with her findings and recommendations by Tuesday, June 4, 2024.

AR 2024-178, As Corrected was accompanied by AIM 81-2024, which included a series of screenshots of text messages along with some added commentary by a source that according to Assembly Chair Constant is “outside of the Municipality.”

OBJECTIVE AND SCOPE Acting Director Kimberly Rash instructed AHD Grants and Contracts staff members to engage in an investigation that involved reviewing the documents submitted with AIM 81-2024, reviewing the third-party oversight contractor’s reports and daily call logs submitted since that contract began in November 2023, reviewing all Incident Reports from the Henning, Inc. contracted operations, and interviewing Henning, Inc. staff members regarding the contents and context of the text messages submitted with AIM 81-2024.

The instruction was to review all contracts with Henning, Inc. “prioritizing” the E. 56th Avenue Shelter (hereafter referred to in this document as “CWS”). AHD has two current contracts with Henning, Inc.: one for non-congregate shelter services taking place at the Alex Hotel and Suites and one for CWS. The Alex Hotel and Suites shelter site was decommissioned May 7, 2024, and is no longer providing services. The investigation for that site will only cover the dates of operation at the site – October 16, 2023, through May 7, 2024. The contract for CWS is currently in place until June 30, 2024.

Items Outside the Scope of Investigation

- AHD does not have a contract in place with Henning, Inc. for the location formerly known as the Golden Lion Hotel at 100 East Tudor Road. The Municipality of Anchorage has a lease agreement in place with Henning, Inc., who is operating a private rental development out of that location. No funds are currently being provided to Henning, Inc. to subsidize their operations, and the location is not considered a “housing program,” but is a private company’s housing development using a Municipally-owned building.

They are subject to Municipal, State, and Federal Fair Housing laws. If a tenant or other individual has a complaint regarding Henning Inc. as a landlord of a private housing development that falls under any applicable Fair Housing law, one method of filing a complaint is through the U.S. Department of Housing and Urban Development's Office of Fair Housing and Equal Opportunity (FHEO). They can file a complaint online with multiple language options here

<https://portalapps.hud.gov/FHEO903/Form903/Form903Start.action>, they can call 1-800-669-9777 or 1-800-347-3739, or by filling out the form here

<https://www.hud.gov/sites/dfiles/OCHCO/documents/903.1.pdf> and mailing it to the address listed on the form.

- AHD does not have a contract with Henning, Inc. to provide services at the shelter location known as the Aviator Hotel. The contract for that site is with the Alaska Hotel Group, who subcontracts with Henning, Inc. for client services.
- The Municipality does not have access to Henning's internal company information and therefore is not able to audit its compliance with "its own policies and procedures." A contractor has a contract, which includes a scope of work/activities, and in the case of Henning, Inc., Emergency Shelter Contractor Policies and Procedures intended to guide services provided at the Municipally-owned and operated shelter sites. All Municipal contracts contain some form of the following language (this example is taken from Henning, Inc. contract 2023003055 for the CWS site, which is in turn a standard Municipal Purchasing Department Contract for Professional Services template):

6. **Independent Contractor**

The Contractor will provide services as an independent contractor to the MOA. Except as this contract provided otherwise, the MOA will not supervise or direct the Contractor.

7. **Compliance with Laws**

The Contractor will acquire and maintain in good standing all permits, licenses and other entitlements necessary to its performance under this contract. All actions taken by the Contractor under this contract will comply with all applicable statutes, ordinances, rules, and regulations. The Contractor will pay all taxes pertaining to its performance under this contract.

8. **Equal Employment Opportunity Contract Compliance**

A. The Contractor will not discriminate against any employee or applicant for employment because of race, color, religion, national origin, ancestry, age, sex, sexual orientation, gender identity, marital status or mental or physical handicap. The Contractor will take affirmative action to ensure that applicants are employed and that employees are treated during employment without limitation, employment, upgrading, demotion or transfer, recruitment or

recruiting advertising, lay-off or termination, rates of pay or other forms of compensation and selection for training including apprenticeship. The Contractor will post in conspicuous places, available to employees and applicants for employment, notices setting forth the provisions of this non-discrimination clause. The Contractor will comply with all laws concerning the prohibition of discrimination including, but not limited to Titel 5 and Title 7 of the Anchorage Municipal Code.

B. The Contractor will state, in all solicitations or advertisements for employees to work on contract jobs, that all qualified applicants will receive consideration for employment without regard to race, color, religion, national origin, ancestry, age, sex, sexual orientation, or gender identity, marital status, or physical or mental handicap.

C. The Contractor will include the provisions of subsections A and B of this section in every subcontract or purchase order under this contract, so as to be binding upon every subcontractor or vendor of the Contract under this contract.

Objective

It is therefore the objective of this investigation to examine whether or not Henning, Inc. has violated the terms of its contracts and/or endangered clients receiving services under those contracts, with specific attention paid to issues raised as a result of the group text message screenshots included with AIM 81-2024.

Investigation Process

The investigation began with a review of:

- Henning, Inc. contract 2023003055 for congregate shelter services.
- Henning, Inc. contract 2023003054 for non-congregate shelter services.
- Details provided in the group text message screenshots.
- Weekly reports and daily contact logs provided by Restorative and Reentry Services, LLC, the third-party oversight contractor for the Municipal emergency cold weather shelter sites.
- Incident Reports from CWS and the Alex Hotel and Suites.

The investigation included in-person or telephonic interviews with the individuals listed below conducted independent of one another.¹

- A.J. (former Anchorage Health Department employee)
- C.A. (Henning, Inc.)
- S.H.W. (Henning, Inc.)
- S.H. (Henning, Inc.)
- R.S. (Henning, Inc.)

¹ Initials are being used because the identity of the specific employees involved is not material to this report.

- L.S. (Henning, Inc.)
- A.V. (Henning, Inc.)
- C.M. (Restorative and Reentry Services, LLC – third-party oversight contractor)

ITEMS, FINDINGS, AND RECOMMENDATIONS OR ACTIONS

1. **ITEM:** AHD staff members of the Housing and Homelessness program were listed on the Board of Directors of a shelter contractor and the staff list of a contractor. AHD staff members in the Housing Services Division may have violated the Municipal Code of Ethics 1.15.090 – “A municipal employee shall not render services to, or accept employment with, persons or organizations other than the municipality, if the contemporaneous service or employment is incompatible or in conflict with the proper discharge of the employee’s municipal duties.”

FINDING: (1) An AHD employee joined the Board of Directors of Henning, Inc. on May 6, 2024. When asked about her relationship with the contractor, the AHD employee explained that she had inquired with Division Manager A.J. as to whether or not this would be allowed, and A.J. told her there would be no conflict. A.J. confirmed in this investigation that she had given that response and that she was unaware there would be a conflict with an employee in the Housing Services Division serving on the Board of Directors of an entity who had current and past contracts with the Municipality. This investigation finds that there is a conflict as the employee’s position works directly with shelter contractors, and in this specific instance, is positioned to and has worked directly with Henning, Inc. (2) An AHD employee’s name is listed on a screenshot provided as part of the documentation appended to AIM 81-2024 that shows a portion of Henning, Inc.’s organization chart. The AHD employee confirmed to this investigation that she held a part-time, non-permanent position with Henning, Inc. from February 1, 2024, to March 20, 2024. It is a requirement that all Municipal employees submit a completed “Outside Work Status and Change Report” form regarding employment and/or provision of services outside the Municipality of Anchorage within 10 days of a change occurring. The AHD employee did not notify the Division Manager of her outside employment, nor did she submit a completed “Outside Work Status and Change Report” form.

RECOMMENDATION/ACTION: (1) The AHD employee on the Henning, Inc. Board of Directors resigned her position May 23, 2024. (2) The AHD employee who had outside employment with Henning, Inc. without reporting it was referred to her supervisor for further follow up associated with not completing the required form notifying AHD of her outside employment. She was provided guidance on the required process of reporting outside employment. (3) AHD supervisors should receive training on Municipal Code of Ethics 1.15.090 to ensure they can help employees identify conflicts, provide appropriate guidance, and refer employees to the Ethics Board for further advice where appropriate.

- 2. ITEM:** An AHD staff member participated in a discussion and stated that she taken a gun onto Municipal property (CWS), which would be a violation of Municipal Policy and Procedure 40-27.

RECOMMENDATION/ACTION: Appropriate action was taken to prevent the presence of firearms on Municipal property, consistent with Policy and Procedure 40-27.

- 3. ITEM:** An AHD staff member participated in a discussion in which several contractor employees discussed carrying guns onto Municipal property (CWS), which would be a violation of Municipal Policy and Procedure 40-27.

FINDING: There is no evidence to support the claim that Henning, Inc. staff members have possessed a gun or other weapon while providing services under the contracts. The conversation occurred via text message amongst a group of individuals that included Henning, Inc. employees and AHD employee A.J. (1) When interviewed, all Henning, Inc. employees and AHD employee A.J. confirmed that the exchange did happen. Each Henning, Inc. employee stated that they did not, in fact, have weapons with them at any time at the shelter sites, and that the conversation was thought by them all to be a joke. At least two employees confirmed that despite stating they have guns, they do not, in fact, own a gun. Henning, Inc. employees stated that possession of firearms or weapons is prohibited while at work by Henning, Inc. policy. (2) When interviewed, the third-party oversight contractor stated that she has never received a complaint or other contact from a shelter client that one or more Henning, Inc. staff members had guns while in the shelters, and she stated that she herself is unaware of any instance in which a Henning, Inc. staff member had a gun while in one of the shelters. (3) A.J. confirmed that she does own a gun and carries it with her “at all times” by her own admission.

RECOMMENDATION/ACTION: (1) The AHD Emergency Shelter Contractor Policies and Procedures will be updated to state clearly that not only are clients not allowed to carry weapons into shelters, contractor staff and visiting individuals are also prohibited from carrying weapons into Municipally-run shelter sites. (2) Employees may have been confused by Mayoral Directive 2021-01, which declared Anchorage a Second Amendment Sanctuary Municipality. The ongoing applicability of Policy and Procedure 40-27, prohibiting firearms in municipal workplaces, should be clarified and the Municipality should ensure that the required signage prohibiting weapons and explosives is in place.

- 4. ITEM:** An AHD staff member participated in a discussion with several contractor employees in which a contractor employee implied they might “box” (fight) with a client.

FINDING: A review of the texts shared before the screenshotted texts in the AIM, shows that one Henning staff member, R.S., had shared screenshots of a back-and-forth

conversation he had been having with an individual on Facebook. That individual, someone who was then staying at CWS, has been an acquaintance of R.S. for a number of years, and the Facebook messages referenced (1) asking R.S. to spar (box) with him; and (2) requesting a specific type of alcohol. According to R.S., the individual was experiencing some mental health concerns that resulted in somewhat incoherent messages sent through Facebook for some hours over the night, messages which AHD reviewed. The suggestion from Henning, Inc. employee S.H. "He needs boxing lessons," is because R.S. attributes his ability to get and stay sober to his adoption of boxing as an activity.

RECOMMENDATION/ACTION: There is no evidence that the participants in the conversation intended violence towards the client or others. No action recommended.

5. **ITEM:** An AHD staff member participated in discussions regarding available funding that could imply that the staff member would be giving the contractor those funds.

FINDING: In the text messages in the AIM, A.J. inquires, ". . . can henning use era funds . . .". This was in reference to federal Emergency Rental Assistance dollars that had been returned to the Municipality by the original grantee and needed to be spent. There is nothing in the inquiry or subsequent discussion that indicates the Municipal employee had guaranteed Henning, Inc. would receive the funds. When interviewed, A.J. said she asked Henning, Inc. about the funds to gauge what organizations might be able to use the funds. A.J. stated she had also contacted MASH LLC to see if they would be able to use the funds. When interviewed, Henning, Inc. staff members said they did not see this as any guarantee of funds and that A.J. had never guaranteed funds to Henning, Inc. It is not unusual for Municipal employees to discuss potential funding with community service providers and Municipal employees regularly notify community service providers when funds are available so that those providers can pursue open competitive opportunities. A.J. stated that later in the year there was a meeting that included Felix Rivera, Meg Zaletel, Mike Braniff (Department Director for Municipal Parks and Recreation), and herself where Ms. Zaletel indicated the Anchorage Coalition to End Homelessness would be able to use the Emergency Rental Assistance funds. Ultimately, these particular funds were granted to the Anchorage Coalition to End Homelessness as a sole source grant. All sole source grants must be approved by the Purchasing Department and, if over \$50,000, also by the Assembly.

RECOMMENDATION/ACTION: In this situation, the Municipal employee did not guarantee any funding as part of the discussion and the funds eventually went to another community service provider. AHD recommends that communications with community providers regarding funding be conducted via municipal email accounts, not text messages.

6. **ITEM:** Contractor employees engaged in a discussion that appeared to imply they had not had honest dealings with certain community organizations, the third-party oversight contractor, and a private citizen with no connection to the Municipal government other than living in Anchorage.

FINDING: To preface this finding, it should be noted that nothing in the approved Municipal contract template prohibits the dislike of an individual or business, whether or not they have a connection to shelter services. The Municipality also cannot prohibit this type of free speech under the First Amendment. The context for this particular conversation comes from a post on Facebook that had been screenshotted and shared with the group wherein an individual named Roger linked to a blog post about the Golden Lion and the people who had found housing there and then wrote the comment, "This is a feel good story on the surface that belies the truth with a thin (and obnoxious) veneer." The group discussion that followed concerned the fact that this individual frequently posts negative content about Henning, Inc. The blog post mentioned all of the community partner agencies and funders supporting Henning, Inc. and clients at various locations, which include Southcentral Foundation, Cook Inlet Tribal Council, and Alaska Mental Health Trust Authority, and the discussion said that all of these groups must just be "fooled" by Henning, Inc. The meaning of the texts, according to Henning, Inc. employees, is a sarcastic observation that Roger must believe the partner organizations to be gullible since he believes Henning to be a bad company.

RECOMMENDATION/ACTION: No action necessary. Nothing from AHD's investigation indicates that Henning, Inc. is attempting to hide illegal or unethical actions from its partner agencies, including the Municipality of Anchorage.

7. **ITEM:** An AHD employee made a comment in a text discussion with contractor employees regarding the potential of the employee committing a crime.

FINDING: According to A.J., when she texted "I'm about to commit a felony sooo yall are better people than me," this was in reference to a phone conversation she had earlier with a Henning, Inc. employee regarding a social media post someone had made that listed A.J.'s home address and the name of the school her children attend. This was also the explanation given when Henning, Inc. staff were interviewed. A.J. claims that her comment was "hyperbole" and that there was never an intention to commit a crime of any sort in connection with that incident or for any other reason. The text conveyed her frustration with someone making her family's private information public.

RECOMMENDATION/ACTION: No action specific to this text is necessary as there is no credible indication that A.J. intended to "commit a felony."

8. **ITEM:** An AHD employee engages in discussion with contractor employees that appears to imply that she is awarding them funds (to include a 10% admin fee).

FINDING: According to interviews with Henning staff and AHD employee A.J., the text messages preceding the screenshotted discussion regarded setting a goal of housing 150 people by the end of April 2024 under the Next Step Initiative. Henning, Inc. is a subcontractor of the Anchorage Coalition to End Homelessness, to which had been appropriated a sole source grant of \$1.5 million dollars to house homeless individuals. A.J. stated in her interview that her text “I got an assembly resolution with your name on it if you succeed” was a “joke.” Interviewers asked her to elaborate on what kind of resolution (for example, an appropriation resolution or a declaration), but she could not remember an exact meaning other than that she did not seriously intend to introduce an Assembly Resolution. The text “Also I’m getting you the 10% admin fee [S]” is in reference to a history of Henning, Inc. offering to do work for free or under cost. AHD staff have consistently declined offers from community providers to do free or below-cost work as it is AHD’s belief and experience that to do so is unsustainable on the part of a contractor and could ultimately result in a cessation of services to clients. Additionally, instructions given in competitive funding opportunities ask applicants to include all expenses in their offers/budgets.

RECOMMENDATION/ACTION: There is no credible indication that a Municipal employee guaranteed that funding would go to this contractor or another. AHD recommends that communications with community providers regarding funding be conducted via municipal email accounts, not text messages.

- 9. ITEM:** Contractor employees engage in discussion where they seem to be concerned about the phone records being subpoenaed.

FINDING: The concern is that the contractor has engaged in activities that would be actionable if the texts were subpoenaed. According to Henning, Inc. employees, it stemmed from a self-awareness that the group texts sometimes contained conversations that “looked bad” to people outside of the organization. This, of course, has been demonstrated by the reaction to this series of screenshots. Interviews with contractor staff, the third-party oversight contractor, reviews of third-party contact logs and weekly reports, of incident reports completed by the contractor during the contract period, and general oversight by an AHD contract administrator did not result in evidence that Henning, Inc. employees have engaged in any actionable/prosecutable activities while providing services to the Municipality.

RECOMMENDATION/ACTION: No action necessary.

- 10. ITEM:** Contractor employees engage in a discussion in which they appear to claim that a client with a service animal was denied a rental at the Golden Lion.

FINDING: A portion of the screenshot that is cut off is an email from an AHD employee to Henning, Inc. requesting additional information regarding a call made to the third-party oversight contractor alleging that the caller had been evicted from the Aviator non-congregate shelter site because of her service animal(s). The explanation provided via email to the AHD employee was sufficient – a client cannot be denied a room at a non-congregate shelter site because of a service animal, but service animals must still be controlled and cared for by the client, and there were repeated breaches of this rule by the client while she was at the Aviator. The solution given to the client was to move to the congregate site, where she could place her service animals in the kennel area but would still have access to them as needed. The client declined that offer. During the interview, Henning, Inc. employees denied falsely claiming that there were no apartments available at the Golden Lion in order to prevent the client from living there with her service animals. There were no rooms available at the time regardless. It should be noted that had Henning, Inc. made a false claim in order to deny renting an apartment based on the prospective tenant owning a service animal, investigation of that complaint would not fall under the Anchorage Health Department. Such a complaint could be made to the U.S. Department of Housing and Urban Development’s Office of Fair Housing and Equal Opportunity (FHEO).

RECOMMENDATION/ACTION: No action necessary. The situation at the Aviator was handled appropriately and within the non-congregate contract scope of work and AHD contractor policies and procedures. Please note the actual contractor for the Aviator non-congregate site is the Alaska Hotel Group, LLC, who subcontracted with Henning, Inc.

- 11. ITEM:** Contractor accepts tenants at the Golden Lion on recommendation from an AHD Employee and may not charge them rent.

FINDING: The single-room occupancy housing development operating out of the old Golden Lion Hotel is a private business (Henning, Inc.) leasing space that belongs to the Municipality of Anchorage. For six months at the beginning of the lease, the contractor received a \$250,000 grant to off-set start-up expenses. AHD does not have jurisdiction over the contractor’s private business operating out of that address. There is no law prohibiting a landlord from not charging rent to an individual, unless that lack of charge can be connected in some way to discrimination against another tenant that is prohibited under the Fair Housing Act. If an individual believes that they were discriminated against at the Golden Lion as a tenant, they must pursue a resolution through the U.S. Department of Housing and Urban Development. Neither Henning, Inc. nor AHD employee A.J. refute the fact that there have been approximately three instances of A.J. inquiring with Henning, Inc. if they have a room currently available for a potential client experiencing a crisis. One example given by A.J. and accompanied by

screenshots of the texts was an exchange with an individual working for the ACLU who texted on August 25, 2023, at 4:05 PM, “Hey, I’m trying to help a woman in desperate need of emergency shelter. I keep calling around and can’t find a place that will take her, either because of capacity or because of her criminal history. I can’t even get anyone on the phone at ACEH. Can you help?” A.J. connected with Henning, Inc. staff to secure the woman a room at the Golden Lion for a couple of days until something more permanent could be obtained. Another example given by A.J. was the family of a 5-year-old girl whose family was living at the Third and Ingra camp prior to abatement and whose father had been the victim of gun violence in the camp. The third example given was an individual camping in a tennis court on Government Hill. Assembly Chair Christopher Constant requested assistance via text from A.J., who picked the individual up and worked with Henning, Inc. staff to provide a place for the individual until more permanent arrangements could be made. None of these actions are illegal or violate Municipal code or employee policy and procedure.

RECOMMENDATION/ACTION: No action necessary. A.J. has not violated any Municipal code or policy/procedure prohibiting this series of actions, and Henning, Inc. is allowed to make business decisions for themselves regarding allowing a person to stay for free in a property it runs as a private business. Henning, Inc. staff did not indicate any coercion or pressure to provide services for free at the behest of a Municipal employee.

12. ITEM: Contractor employee wrote a text message suggesting a post on Facebook encouraging family and friends to vote for Dave Bronson.

FINDING: The Contractor employee in question, S.H.W., explained that her text combined several topics: (1) Employees could use Facebook posts on their own Facebooks to encourage their friends and families to vote for Dave Bronson; (2) They could post pictures of Dave Bronson working with clients on their own Facebooks to encourage their friends and families to vote for Dave Bronson; and (3) When taking shelter clients to get ID cards, staff should encourage them to register to vote. She further explained that it was not her intent that Henning, Inc. should be encouraging clients to vote for Dave Bronson. She stated that she did write her own Facebook post encouraging people to vote for Dave Bronson, but she did not do so as a representative of Henning, Inc. The Facebook post, when viewed, does not purport to be the opinion of Henning, Inc. The employee stated that she did not discuss with clients who they “should” vote for. Interviews with Henning, Inc. staff and the third-party oversight contractor turned up no observed instances or accusations of Henning, Inc. or Municipal staff asking clients to vote for any particular political candidate. The employee in question does not have any pictures of clients on her Facebook page.

RECOMMENDATION/ACTION: No action necessary. The employee posted on her own Facebook page and did not do so purporting to be a representative of Henning, Inc. Furthermore, unlike a Municipal grant agreement, there is no language in approved Municipal contract templates prohibiting political speech by contractors, who are usually private, for-profit ventures. Non-profits are prohibited by federal law from advocating as an organization for a particular political candidate. If Henning, Inc. had, in fact, made a Facebook post or other public plea for individuals to vote for a particular candidate, that would have been a violation of the conditions of IRS code 501(c)(3) that grants their tax-exempt status, but AHD would not be able to take punitive action as Henning, Inc. is under contract, with no language prohibiting “campaigning,” as there is in a grant. A review of the Henning, Inc. Facebook page shows that there are no posts encouraging election of a particular political candidate. AHD does recommend that the Municipal Attorney and Risk Management departments consider adding language to contracts that prohibit a contractor from advocating for a particular political candidate while actively providing contracted services. This would be similar to the language already found in grant agreements. This will likely need research and consideration as it is not against the law for for-profit entities to engage in political activity in the way that it is for non-profits, as non-profits risk losing their tax-exempt status.

- 13. ITEM:** Text exchanges regarding client voter registration and voting could be regarded as efforts to get clients to vote for a particular political candidate.

FINDING: Because the larger exchange is in the AIM documents immediately following the text from an employee asking other employees to make a Facebook post asking them to vote for Dave Bronson, there is an appearance of Henning Inc’s purpose in helping and incentivizing registering and voting amongst clients being to convince the clients to vote for a particular political candidate. Separation and examination of the texts does not contain any reference to a particular candidate. When interviewed and asked, “Did Henning, Inc. make efforts to get clients registered to vote and then vote,” the response was consistently that in essence, while they talked about it in texts like the one screenshotted, that never resulted in any organized efforts devoted to registering or voting. All staff members, when asked if any client had asked them about registering, responded “No.” All staff members when asked if any client had asked them about voting, responded “No.” All staff members were also asked how they would handle a situation in which a client asked about registering or voting and how that could be done and the response was always that they would try to help the individual get transportation to wherever they needed to go in order to register and/or vote, typically in the form of a bus pass. Additionally, when asked about the potential “incentives” of “cigs, coffee bus passes” listed in his text, R.S. replied that it was meant to be humorous, as those are popular with clients, but that they did not use those items with regards to voting, and do not use cigarettes as incentives at all. R.S. stated that sometimes a Henning, Inc. staff member will offer a cigarette while trying to de-escalate a client in crisis, or provide a cup of coffee, but those items are not given out in “exchange” for something. Other Henning, Inc. employees reported in their interviews that sometimes

incentives are given out for things like helping clean up eating areas after meals, but it's usually either a bus pass or something like a candy bar.

RECOMMENDATION/ACTION: AHD recommends that the Municipal Attorney and Risk Management departments consider adding language to contracts that prohibit a contractor from advocating for a particular political candidate while actively providing contracted services. This would be similar to the language already found in grant agreements. This will likely need research and consideration as it is not against the law for for-profit entities to engage in political activity in the way that it is for non-profits, as non-profits risk losing their tax-exempt status.

- 14. ITEM:** One of the more frequent complaints delivered to the third-party oversight contractor is that phone calls to the shelters' main lines are not consistently answered, especially at night.

FINDING: This was a concern identified earlier this year and AHD requested that 24/7 phone lines be established, and they were. Reports have continued to be made to the third-party oversight contractor that phones are not always answered. The most common reports are from Providence Social Work staff and APD when they are trying to discharge or drop off a client to the shelter in the middle of the night.

RECOMMENDATION/ACTION: AHD revised the Emergency Shelter Contractor Policies and Procedures to require a 24/7 phone line and that voicemails left must be returned within 60 minutes. AHD also recommends that contracts provide for financial penalties for substantiated and continued failures to answer the phone or promptly respond to messages. Additional staffing is not necessarily required and may be an unnecessary expense if the issue is one of contractor prioritization. If contractors report that they are unable to return the calls within the required timeframe due to staffing, then staffing levels, and funding, can be re-visited.

- 15. ITEM:** Clients at the non-congregate shelter sites have a conflict with their roommate/want a different roommate.

FINDING: There were frequent complaints from clients at the Alex and Aviator shelter sites about roommates. These ranged from not getting along with a roommate to concerns about safety due to a roommate using drugs or being threatening. This is to be expected at a low-barrier non-congregate shelter where clients have to share rooms. Shelter staff were always responsive to these concerns, reassigned roommates as needed, and discharged clients found to be in violation of shelter policies.

RECOMMENDATION/ACTION: AHD recommends that the process currently used by ECWS service providers be continued.

- 16. ITEM:** Clients at the congregate (CWS) shelter want to move to the non-congregate sites.

FINDING: Clients at CWS frequently reported to the third-party oversight contractor that they wanted to be moved to the Alex or Aviator shelter sites. There was a clear process established for moving clients amongst the shelters. Shelter staff consistently communicated this information to clients and encouraged them to connect with shelter staff. This process works to move clients who are actively engaging in case management from the congregate shelter to a non-congregate shelter where they can further stabilize and work with housing specialists. Clients discharged for not following non-congregate rules are given the ability to go back to CWS and work on regaining the option of moving back to a non-congregate shelter. This system encourages clients to actively engage in case management and housing navigation.

RECOMMENDATION/ACTION: AHD recommends that the process currently used in the ECWS system be continued. The current process seemingly has worked, and the contractor has been adhering to it. The frequency of comments from clients wanting to be moved from the congregate setting to a non-congregate room are to be expected. Most individuals would rather have a semi-private room and bath than live in a congregate situation.

17. ITEM: Clients are not receiving their mail.

FINDING: This concern came up several times at the start of the contracts but was not a consistent concern. Shelter staff worked to help clients get mail forwarded to shelter locations and had a process for mail distribution. CWS was challenging because USPS would not allow the CWS address to be used as a mail forward location. CWS staff worked through this problem with clients to ensure clients could receive their mail at the shelter.

RECOMMENDATION/ACTION: AHD recommends that the process currently used in the ECWS system be continued.

18. ITEM: Client belongings are missing or have been stolen.

FINDING: There were some reports from clients of their belongings going missing or being stolen by other clients at CWS. Generally, this was a matter of a client's tote being mislabeled or temporarily misplaced in the storage area. Staff quickly found clients' items when this was brought to their attention. The issue of clients stealing from each other was more difficult to resolve as there was generally nothing to back up the allegations.

RECOMMENDATION/ACTION: The current system for inventorying and tracking client belongings stored in totes is working. Items were sometimes misplaced, but quickly found. To reduce the risk of clients stealing from one another, staffing levels would need

to be increased at the congregate shelter to provide more staff to patrol the shelter floor.

- 19. ITEM:** Perceived lack of availability of transportation to the shelters and from the shelters to other locations.

FINDING: The third-party oversight contractor frequently received calls from or spoke with clients who had questions about transportation to the shelters or from the shelters to other locations. For most of the sheltering season, clients could be transported back and forth between downtown and CWS via the 3rd Avenue Resource Center's shuttle. Bus passes were also provided by AHD to shelter operators for clients. These resources addressed much of the transportation needed but transportation at night and for clients with mobility issues was still a concern at times. Henning, Inc. used a rideshare account to assist clients in these situations.

RECOMMENDATION/ACTION: AHD revised the contract requirements for shelter operators to require the contractor to provide transportation services by providing daily bus passes to any client that requests one as well as appropriate transportation services (e.g., Anchor Rides, Taxis, rideshare services) for individuals with mobility issues to go to and from necessary appointments (medical, housing, benefit, and job related).

- 20. ITEM:** Ongoing maintenance problems at the shelters such as clogged plumbing, rodents, or heating problems.

FINDING: There were maintenance issues at the shelters at different times. CWS had continuous plumbing issues as a result of overuse – it was not designed for constant daily use by 200 people – age, and vandalism. AHD found that the operators promptly responded to maintenance issues. The Contractor called for extermination services as necessary in response to pest eradication and management.

RECOMMENDATION/ACTION: AHD recommends that the congregate shelter be relocated from the current location on E. 56th Avenue to a more appropriate facility for long term operations.

- 21. ITEM:** Clients reported being unsatisfied with the amount or quality of food at the shelters.

FINDING: Complaints about food were primarily at sites with a particular food contractor whose contract was eventually terminated on February 15, 2024. After that, all shelters were served by the same food contractor and complaints were rare. Shelter staff worked with the food contractor to get clients meals that meet any special dietary requirements.

RECOMMENDATION/ACTION: AHD revised the Emergency Shelter Contractor Policies and Procedures to require shelter operator staff to verify provided meals are meeting food standards and report to AHD any problems with the food vendor.

- 22. ITEM:** A high number of clients struggled with mental health conditions at the shelters, in particular, among the congregate (CWS) population.

FINDING: The emergency cold weather shelters operated by the Municipality are the lowest barrier shelters in Anchorage and serve some of the most vulnerable individuals in our community. Many clients of the shelters, and particularly at CWS, have mental health or substance use disorders or co-occurring disorders. Henning, Inc. has a mental health specialist on staff who focuses on serving clients with significant mental health issues, even though this was not a requirement under the current contract. According to reports from the third-party oversight contractor, clients have been able to increase their level of mental health stability while in shelter.

RECOMMENDATION/ACTION: AHD revised the contract requirements for shelter operators to require a minimum of 1 full-time equivalent mental health specialist and 1 full-time equivalent qualified medical specialist to be on staff.

- 23. ITEM:** Clients have contacted the third-party oversight contractor and the Municipal Ombudsman's office to complain about their discharge from a shelter.

FINDING: The third-party oversight contractor received several calls from clients complaining about being discharged. Often, when the contractor would ask the client about the discharge, the clients would admit they had broken shelter rules. All discharges reviewed were found to be appropriate.

RECOMMENDATION/ACTION: AHD recommends that the client discharge process remain unchanged. It is to be expected that clients discharged from a shelter for violating rules might complain about the discharge.

- 24. ITEM:** Clients having difficulty entering shelter after curfew.

FINDING: The third-party oversight contractor received some calls from shelter clients who were concerned they would be unable to enter a shelter after the curfew time even if they have a valid reason like a work schedule. In those cases, clients were successfully redirected to speak with shelter staff so that they could receive a curfew exception.

RECOMMENDATION/ACTION: AHD revised the Emergency Shelter Contractor Policies and Procedures to require the shelter operator to have a process to allow clients into the shelter after curfew if they have work or other necessary appointments/meetings that end after curfew.

25. ITEM: Drug use by clients at shelters.

FINDING: The Emergency Shelter Contractor Policies and Procedures require contractor staff to confiscate alcoholic beverages and illicit drugs from shelter clients upon entry to the shelter. AHD is aware that, at times, clients were still able to enter a shelter with these items and use them while at that shelter. This was reported to the third-party oversight contractor by clients and is also evident from incident reports and reports of overdoses at the shelter locations. Shelter operators did discharge clients found to be using or in possession of drugs at the shelter locations and distributed Narcan to clients in addition to staff having access to Narcan.

RECOMMENDATION/ACTION: AHD recommends that the policies and procedures continue to be followed as written. While some clients still brought contraband items into the shelter, staff swiftly handled those situations. AHD further recommends that Narcan continue to be widely distributed and has revised the Emergency Shelter Contractor Policies and Procedures to require staff to carry Narcan at all times.

26. ITEM: Clients reporting no contact from shelter staff such as case managers and housing specialists.

FINDING: The third-party oversight contractor received several calls complaining that they had experienced no contact with shelter staff since intake at the shelter. This complaint came mainly from the congregate shelter site. It is difficult to verify if this was actually the case, and in some instances, clients confused the third-party oversight contractor with being a case manager and refused shelter staff attempts because of that. AHD found shelter staff to be responsive when notified that a client wanted to connect.

RECOMMENDATION/ACTION: AHD revised the Emergency Shelter Contractor Policies and Procedures to require that the contractor must have a case management and/or housing specialist contact with client within 48 hours of intake.

SUMMARY

AHD finds that Henning, Inc. has not engaged in any activities that would indicate the need to terminate the current Contract, which includes a specific scope of work and Emergency Shelter Contractor Policies and Procedures. Additionally, AHD finds that the contractor has not engaged in any activities that would mean the Contractor is not a responsible entity for the purposes of future contract and/or grant awards.

The investigation did prompt discussions amongst staff regarding what we would call “gaps” or areas that would benefit from attention in the form of additional service requirements in the contract scope of work, more detail in the Emergency Shelter Contractor Policies and Procedures, or in some cases training opportunities for AHD staff that will result in greater consistency in communication with and direction to contractors in the future.

During the investigative process, AHD was told by the third-party oversight contractor that Assembly Chair Constant had contacted her on May 15 to tell her that he was in receipt of some Henning text messages that were concerning. As the direction for this investigation on May 21 was accompanied by statements that there was immediate concern for the vulnerable adults receiving services in the Municipal congregate and non-congregate shelters, it is also concerning to AHD that we did not find out about the text messages until almost a full seven days after their receipt. If at any time a Municipal employee or Assembly Member is alerted to concerning information, it should be brought to the attention of an appropriate official so that follow up and engagement can occur quickly.

The text messages sent amongst the employees could be seen as being in poor taste to people outside of the conversation, but the texts themselves are not a violation of contract conditions nor has investigation revealed them to be connected to any violation of contract conditions. The third-party oversight contractor expressed no concern during her interview with regards to the Contractor's previous services or continuing to provide services for the remainder of the contract or in the future.

Prior to the beginning of this investigation, AHD staff had already engaged in a review of third-party oversight daily contact logs, the creation of which was requested by AHD staff and the form created for the contractor to use, after AHD felt that it was not getting enough information about the frequency and types of contacts the third-party contractor was receiving. The purpose of a follow-up review was to identify patterns and/or gaps where additional instruction or guidelines needed to be in place for shelter contractors. Some of the findings and recommendations contained in this document are now included in the revised Emergency Shelter Contractor Policies and Procedures that will be issued with the upcoming Intent to Bid process put forth by the Purchasing Department to select contractors to keep the congregate shelter open through the summer. Those changes include, but are not limited to:

- Explicit prohibition on the possession of weapons by anyone other than emergency responders when at a Municipally-run shelter.
- Requiring that contractor staff provide receipts when storing contraband items like alcohol and weapons that belong to clients entering the shelters.
- Requiring a 24-hour phone line with voicemail and requiring that contractor staff respond to voicemails within 1 hour.
- Requiring that contractor staff provide "care kits" to individuals turned away from shelters because of space that includes items like an emergency blanket, food, water, and resource information.
- Requiring that clients must have contact with a case manager within 48 hours of entering the shelter.
- Institution of a donations procedure designed with health and safety measures.

This investigation also resulted in AHD staff identifying opportunities for department- and potentially Muni-wide training to help Municipal employees. In particular:

- Understanding professional communication and why engaging in certain forms of communication, especially with contractors and grantees, can be a breach of professionalism.
- The extent of the weapons policy for personnel
- How to determine a conflict of interest

We are confident in continuing to contract with Henning, Inc. to provide shelter services both now and in the future.

ATTACHMENTS

A – Henning Contract 2023003055

B – Henning Contract 2023003054

C – Municipal Policy and Procedure 40-27

D – Mayoral Directive 2021-01

E – Municipal Code of Ethics

F – AR 2024-178, As Corrected

G – AIM 81-2024