



# Memorandum

**TO:** HONORABLE MAYOR  
AND CITY COUNCIL

**FROM:** Erik L. Soliván

**SUBJECT:** See Below

**DATE:** June 10, 2026

Approved

Date:

6/10/26

**COUNCIL DISTRICT:** Citywide

**SUBJECT: Amendments to the Standard Consultant Agreement with DST Consulting Services and with The Pun Group, LLP for Grant and Contract Management Services**

## **RECOMMENDATION**

Adopt a resolution authorizing the Housing Director or his designee to negotiate and execute the following amendments to the standard consultant agreements for grant compliance and contract management services, including grant administration, reporting, compliance oversight, and monitoring services:

- (a) Sixth Amendment to the Standard Consultant Agreement with DST Consulting Services to extend the term of the agreement from July 1, 2026, through June 30, 2027, and to increase the compensation by \$250,000, for a revised total maximum compensation not to exceed \$1,065,000, subject to the appropriation of funds, with the compensation increase effective retroactively to April 1, 2026, and available to cover services performed from April 1, 2026, through June 30, 2026, and services to be performed during the extension term; and
- (b) Fifth Amendment to the Standard Consultant Agreement with The Pun Group, LLP to extend the term of the agreement from July 1, 2026, through June 30, 2027, and to increase the compensation by \$525,750, for a revised total maximum compensation not to exceed \$1,392,250, subject to the appropriation of funds, with the compensation increase effective retroactively to April 1, 2026, and available to cover services performed from April 1, 2026, through June 30, 2026, and services to be performed during the extension term.

## **SUMMARY AND OUTCOME**

DST Consulting Services provides professional expertise in U.S. Department of Housing and Urban Development (HUD) mandated reporting, database administration, and grant and contract compliance oversight.

The Pun Group, LLP provides independent financial and programmatic monitoring of subrecipients receiving local, state, and federal grant funds to administer Housing Department (Department) programs.

Extending the agreements with DST Consulting Services and The Pun Group, LLP is necessary to maintain continuity of specialized support functions critical to the Department's administration of federal, state, and local funds supporting housing, homelessness, and community development programs. Approval of these amendments will ensure that the Department can continue to meet its compliance obligations to HUD and the State of California Department of Housing and Community Development, respond to audit recommendations from the California State Auditor and the San José City Auditor, and maintain sound oversight of subrecipients.

## **BACKGROUND**

### **DST Consulting Services**

On March 3, 2026, the City Council approved the fifth amendment to the consultant agreement with DST Consulting Services to further support the Department in providing grant compliance, technical, and programmatic expertise for HUD programs, grant and contract oversight, and federal regulatory and state program compliance.

The Department oversees multiple federal entitlement grants from HUD, including the Community Development Block Grant, HOME Investment Partnerships, Emergency Solutions Grant, and Housing Opportunities for Persons with AIDS programs. Administration of these grants requires strict adherence to federal regulations, reporting timelines, and data quality standards. DST Consulting Services was contracted to assist with these requirements; its primary responsibilities include timely and proper management of HUD's Integrated Disbursement and Information System, preparation of HUD-required planning and performance reports, and oversight of grant and contract compliance.

DST Consulting Services delivers specialized technical knowledge, program-specific expertise, and technical assistance critical to supporting the ongoing operations of the Grants Management team and alignment with HUD regulations.

The Pun Group, LLP

On December 16, 2025, City Council approved the fourth amendment to the consultant agreement with The Pun Group, LLP to continue grant monitoring services and subrecipient oversight for the Department.

The Department oversees the financial and programmatic compliance review of subrecipients administering local, state, and federal grant funds that support homelessness and community development programs. Effective subrecipient monitoring requires conducting financial and programmatic reviews, assessing grantee performance, testing eligibility documentation, and verifying implementation of corrective action plans to address identified findings.

The work performed by The Pun Group, LLP directly supports the City's efforts to implement audit recommendations issued by the California State Auditor and the San José City Auditor, both of which identified the need to strengthen grant compliance monitoring practices, improve internal oversight, and better align program performance metrics with the City's broader strategy to address homelessness.

**ANALYSIS**

DST Consulting Services

DST Consulting Services provides specialized subject-matter expertise and institutional knowledge in HUD systems and federal compliance that directly supports the Grants Management team. Core responsibilities under the existing agreement include accurate administration of Integrated Disbursement and Information System, preparation of HUD-mandated reports, ongoing grant and contract compliance oversight, and technical training to Department staff. Fulfilling these responsibilities requires a depth of knowledge in HUD regulations and federal compliance that exceeds what general staffing resources can provide.

The agreement with DST Consulting Services is currently set to expire on June 30, 2026. Without renewal of this agreement, and additional compensation to cover services, the Department faces significant risks of delays in HUD reporting, Integrated Disbursement and Information System data inaccuracies, and increased audit exposure. Continuity of this agreement is essential to maintaining the City's good standing with HUD and ensuring the effective administration of its federal grant portfolio.

The agreement maximum compensation was exhausted as of April 1, 2026, prior to the expiration of the current term. The proposed amendment increases the maximum compensation by \$250,000 to compensate DST Consulting Services for services provided after the existing compensation limit was reached and to fund continued services during the extended term ending June 30, 2027.

### The Pun Group, LLP

The Pun Group, LLP provides independent financial and programmatic monitoring of subrecipients that administer local, state, and federal grant funds supporting housing, homelessness, and community development programs. Their scope of work includes conducting financial and programmatic reviews, assessing grantee performance, testing eligibility documentation, and verifying implementation of corrective action plans to address identified findings.

The agreement with Pun Group, LLP is currently set to expire on June 30, 2026. Renewal of this agreement, with additional compensation to cover services, is particularly important given the audit recommendations issued by the California State Auditor and the San José City Auditor. The monitoring and compliance review provided under such agreement directly responds to those findings by strengthening the grant monitoring framework, improving internal oversight processes, and ensuring that program expenditures are tied to measurable outcomes.

The agreement maximum compensation was exhausted as of April 1, 2026, prior to the expiration of the current term. The proposed amendment increases the maximum compensation by \$525,750 to compensate The Pun Group, LLP for services provided after the existing compensation limit was reached and to fund continued services during the extended term ending June 30, 2027.

### **EVALUATION AND FOLLOW-UP**

No additional follow-up action with the City Council is expected at this time.

### **FISCAL IMPACTS**

The recommended amendments increase total consultant compensation by \$775,750: \$250,000 for DST Consulting Services and \$525,750 for The Pun Group, LLP. Services under both agreements span Fiscal Years 2025-2026 and 2026-2027, covering April 1, 2026, through June 30, 2027.

Costs attributable to the period from April 1, 2026, through June 30, 2026, will be funded through existing 2025-2026 appropriations for both contracts. Costs attributable to July 1, 2026, through June 30, 2027 for DST Consulting Services are included in the 2026-2027 Proposed Operating Budget, subject to City Council approval. Costs attributable to July 1, 2026, through June 30, 2027 for the Pun Group, LLP will be funded through 2025-2026 General Fund appropriations carried forward into 2026-2027 through the annual rebudget process, subject to City Council approval.

The \$250,000 increase for DST Consulting Services will be funded through Community Development Block Grant administrative funds, consistent with HUD's allowable administrative cost provisions. The \$525,750 increase for The Pun Group, LLP will be funded through the General Fund and through the Community Development Block Grant administrative funds. There are no capital expenditures, matching fund requirements, or ongoing maintenance obligations associated with this action.

### **BUDGET REFERENCE**

The table below identifies the fund and appropriations to fund the contracts.

Fund #	Appn. #	Appropriation Name	Total Appropriation	Amount for Contract	2026-2027 Proposed Operating Budget*	Last Budget Action (Date, Ord. No.)
001	0562	Non-Personal/ Equipment	\$15,464	\$500,000	543**	NA
441	2246	Housing Program Development and Monitoring	\$1,195,516	\$275,000	873*	NA

\* The 2026-2027 Proposed Operating Budget was released on May 2, 2026, approved on June 9, 2026, and is scheduled to be adopted on June 16, 2026, by the City Council.

\*\* Fiscal Year 2025-2026 appropriations are proposed to be carried forward into Fiscal Year 2026-2027 through the annual rebudget process, subject to City Council approval.

### **COORDINATION**

This memorandum was coordinated with the City Attorney's Office and the City Manager's Budget Office.

### **PUBLIC OUTREACH**

This memorandum will be posted on the City Council Agenda website for the June 23, 2026 City Council meeting.

HONORABLE MAYOR AND CITY COUNCIL

June 10, 2026

**Subject: Amendments to the Standard Consultant Agreement with DST Consulting Services and with The Pun Group, LLP for Grant and Contract Management Services**

Page 6

### **BOARD, COMMISSION, COMMITTEE RECOMMENDATION AND INPUT**

No board, commission, or committee recommendation or input is associated with this action.

### **CEQA**

Not a Project, File No. PP17-003, Agreements/Contracts (New or Amended) resulting in no physical changes to the environment.

### **PUBLIC SUBSIDY REPORTING**

This item does not include a public subsidy as defined in section 53083 or 53083.1 of the California Government Code or the City's Open Government Resolution.

/s/

Erik L. Soliván

Director, Housing Department

For questions, please contact Lauren DeCarlo, Housing Policy and Planning Administrator, Housing Department, at [Lauren.DeCarlo@sanjoseca.gov](mailto:Lauren.DeCarlo@sanjoseca.gov) or (408) 535-3860.