

CITY AND COUNTY OF SAN FRANCISCO

BOARD OF SUPERVISORS

BUDGET AND LEGISLATIVE ANALYST

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May 23, 2023

TO: Homelessness & Behavioral Health Select Committee

FROM: Budget and Legislative Analyst

SUBJECT: June 2, 2023 Homelessness & Behavioral Health Select Committee Meeting



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Item 9 File 23-0478	Department: Public Health (DPH)
EXECUTIVE SUMMARY	
<p style="text-align: center;">Legislative Objectives</p> <ul style="list-style-type: none"> • The proposed resolution would approve the second amendment to DPH’s grant agreement with the Bayview Hunters Point Foundation for opioid treatment services. The proposed amendment extends the grant term from June 2023 to June 2025 and increases the not to exceed amount from \$9,520,472 to \$14,332,498. <p style="text-align: center;">Key Points</p> <ul style="list-style-type: none"> • The proposed grant agreement would continue to fund two opioid treatment services: (1) methadone maintenance and (2) jail methadone maintenance. <p style="text-align: center;">Fiscal Impact</p> <ul style="list-style-type: none"> • The annual budget for FY 2023-24 is \$2.1 million, which is funded by federal sources (37 percent), state sources (20 percent), and local General Fund and Homeless Gross Receipts Tax funding (43 percent). <p style="text-align: center;">Policy Consideration</p> <ul style="list-style-type: none"> • We have not been provided with any program monitoring reports for this agreement. The organization is currently receiving technical assistance from DPH due, in part, to staff vacancies, resulting in low units of service and clients in substance use treatment programs in FY 2021-22. • In addition, Bayview Hunters Point Foundation was one of two non-profits on “elevated concern” status in the Controller’s Citywide Nonprofit Monitoring and Capacity Building Program Report FY 2021-22, based on their lack of compliance with a grant agreement, financial condition, and governance. The Controller’s Office, Department of Homelessness & Supportive Housing, and Department of Public Health are each providing technical assistance to improve the organization’s financial condition and grant performance. We reviewed the Controller’s Office and DPH’s technical assistance documentation, which showed progress towards each plan’s goals. • We therefore recommend a one-year extension in the proposed agreement’s term through June 30, 2024, pending improvement in the organization’s financial condition and program performance. <p style="text-align: center;">Recommendations</p> <ul style="list-style-type: none"> • Reduce the proposed resolution’s not to exceed amount to \$11.6 million and its term to one-year. • Approve the resolution, as amended. 	

MANDATE STATEMENT

City Charter Section 9.118(b) states that any contract entered into by a department, board or commission that (1) has a term of more than ten years, (2) requires expenditures of \$10 million or more, or (3) requires a modification of more than \$500,000 to such contract is subject to Board of Supervisors approval.

BACKGROUND

The Bayview Hunters Point Foundation

The Bayview Hunters Point Foundation (BHPF) provides mental health services, substance abuse treatment, preventative programs for youth, and other social services for residents of the Bayview and Hunters Point neighborhoods.

Procurement and Current Agreement

In 2016, the Department of Public Health issued a Request for Proposals (RFP 26-2016) to identify outpatient, residential, and opioid substance use treatment providers. Bidders were evaluated¹ based on proposed programming, budget, and financial management capacity. In addition, proposers would earn points for cultural and linguistic competency, having staff dedicated for quality improvement, integrated treatment (behavioral and primary care), residential and medical services, and past performance. As shown below in Exhibit 1, Bayview Hunters Point Foundation scored 94.04 out of 100 possible points, ranking second out of seven proposers. The top five proposers were awarded contracts.

Exhibit 1: Scoring for RFP 26-2016: Opioid Treatment Modality

Rank	Proposer	Score (out of 100)
1	UCSF Psychiatry	95.00
2	Bayview Hunters Point Foundation	94.04
3	Addiction Research & Treatment	89.66
4	Westside Community Services	87.07
5	BAART	86.20
6	Fort Help, Mission	83.97
7	Fort Help, LLC	81.44

Source: DPH

¹ Opioid treatment proposals were evaluated by a panel consisting of a Mental Health Services Manager from Solano County, a DPH Substance Use Treatment Coordinator, a staff person from Health Right 360, and a manager from Tenderloin Neighborhood Corporation.

In July 2017, DPH entered into a contract with Bayview Hunters Point Foundation for opioid treatment services. The contract had an initial five-year term, from June 2017 to June 2022, with a five-year option to extend through June 2027. The original agreement's not to exceed amount of \$8,123,500 was budgeted for the initial five-year term. The contract was amended in December 2022 to extend the term through June 2023 and increase the not to exceed amount to \$9,520,472. The original agreement and first amendment did not require Board of Supervisors' approval because they were under \$10 million and 10 years.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would approve the second amendment to DPH's grant agreement with the Bayview Hunters Point Foundation for opioid treatment services. The proposed amendment extends the grant term from June 2023 to June 2025 and increases the not to exceed amount from \$9,520,472 to \$14,332,498.

Services Provided

The proposed grant agreement would continue to fund two opioid treatment services: (1) methadone maintenance and (2) jail methadone, which are described below.

- **Methadone Maintenance:** This program provides daily methadone dosing, prescription buprenorphine, medication-assisted treatment for alcohol dependence, and related case management. Services are provided at the Bayview Hunters Point Foundation at 1625 Carroll Avenue. (165 clients per year).
- **Jail Methadone:** The program methadone for people who are incarcerated and require detoxification or methadone maintenance to manage their opioid addiction. Services are provided in the City's jails. (66 clients per year).

Overall, the proposed grant agreement's scope of services would be budgeted at 231 clients per year across both programs. Funding includes 14.96 FTE staff.

FISCAL IMPACT

Exhibit 2 below shows the proposed costs for the two grant-funded programs.

Exhibit 2: Current and Proposed Program Costs

	FY 2023-24	FY 2024-25	Total
Methadone Maintenance	\$1,603,260	\$1,603,260	\$3,206,520
Jail Methadone	358,575	358,575	717,150
Cost of Doing Business Increase	156,692	241,433	398,125
Total	\$2,118,527	\$2,203,268	\$4,321,795

Sources: DPH

Exhibit 3 below shows the build up to the resolution's not to exceed amount.

Exhibit 3: Grant Agreement Not To Exceed Amount

Projected Spending Through June 2023	\$9,237,976
Projected Spending Through June 2025	4,321,795
Contingency (18%)*	772,727
Not To Exceed Amount	\$14,332,498

Source: DPH

Note: The contingency is based on 12% of projected spending plus \$254,112 in projected underspending under the existing contract.

Funding Sources

The proposed two-year spending plan is funded by federal sources (37 percent), state sources (20 percent), and local General Fund and Homeless Gross Receipts Tax funding (43 percent).

POLICY CONSIDERATION

We have not been provided with any program monitoring reports for this agreement. The organization is currently receiving technical assistance from DPH due, in part, to staff vacancies, resulting in low units of service and clients in substance use treatment programs in FY 2021-22.

In addition, Bayview Hunters Point Foundation was one of two non-profits on “elevated concern” status in the Controller’s Citywide Nonprofit Monitoring and Capacity Building Program Report FY 2021-22, based on their lack of compliance with a grant agreement to provide fiscal sponsor service to United Council of Human Services, invoicing departments for costs not yet incurred, and turn over in leadership.² DPH considers the organization “high risk” due to its financial condition, including the inability to produce financial statements for FY 2020-21 and FY 2021-22. The Controller’s Office, Department of Homelessness & Supportive Housing, and Public Health are each providing technical assistance to improve the organization’s financial condition and grant performance. We reviewed the Controller’s Office and DPH’s technical assistance documentation, which showed progress towards each plan’s goals.

We therefore recommend a one-year extension in the proposed agreement’s term through June 2024, pending updated performance and financial condition data and a reduction in the not to exceed amount of the proposed resolution from \$14.3 million to \$11.6 million.

² These issues are also noted in the Controller’s November 2022 audit, “The City Must Determine Whether United Council of Human Services Should Continue Providing Services to San Francisco Residents Despite Continuing Noncompliance with City Grants.”

RECOMMENDATIONS

1. Reduce the proposed resolution's not to exceed amount to \$11.6 million and its term to one-year.
2. Approve the resolution, as amended.