


**CITY AND COUNTY OF SAN FRANCISCO**

**BOARD OF SUPERVISORS**

**BUDGET AND LEGISLATIVE ANALYST**

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**TO:** Homelessness & Behavioral Health Select Committee   
**FROM:** Budget and Legislative Analyst  
**SUBJECT:** April 28, 2023 Homelessness & Behavioral Health Select Committee Meeting

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<b>Item 2</b> <b>File 23-0353</b>	<b>Department:</b> Department of Public Health (DPH)
<b>EXECUTIVE SUMMARY</b>	
<p><b>Legislative Objectives</b></p> <ul style="list-style-type: none"> <li>• The proposed resolution would approve Amendment No. 2 to the substance use disorder services contract between the Department of Public Health (DPH) and Westside Community Mental Health Center, Inc. (Westside), extending the term by three years through June 2026, and increasing the not-to-exceed amount by \$6,526,688, for a total not to exceed \$15,580,935.</li> </ul> <p><b>Key Points</b></p> <ul style="list-style-type: none"> <li>• Westside operates the Westside Methadone Maintenance Program at 1301 Pierce Street to provide methadone and counseling for opiate addiction. The target population is adults addicted to heroin, with a particular focus on the African American population residing in the Western Addition, Tenderloin, and South of Market Area, as well as the homeless population.</li> <li>• The contract is budgeted to service 280 clients per year, but served 190 clients in FY 2020-21 and 196 clients in FY 2021-22. The Westside facility was under renovation in FY 2020-21 and services were provided in a mobile van and trailers through FY 2021-22, which impacted service provision. According to DPH, prior to the renovation, Westside service 299 clients in FY 2018-19 and 243 in FY 2019-20.</li> <li>• From FY 2012-13 through FY 2019-20, Westside operated at a financial deficit and depleted its reserves. More recently, Westside operated at a surplus in FY 2020-21 and FY 2021-22. DPH currently rates Westside as a “moderate risk” agency, meaning that it has a good financial standing, but requires close monitoring as it could fall into financial trouble.</li> </ul> <p><b>Fiscal Impact</b></p> <ul style="list-style-type: none"> <li>• Annual program costs in FY 2023-24 are \$1.9 million. Costs are funded approximately 50 percent by federal sources, 27 percent by state sources, and 23 percent by the City’s General Fund.</li> </ul> <p><b>Recommendation</b></p> <ul style="list-style-type: none"> <li>• Approve the proposed resolution.</li> </ul>	

## 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 is subject to Board of Supervisors approval.

## BACKGROUND

In 2016, the Department of Public Health (DPH) issued a Request for Proposals (RFP) for substance use disorder services, which included the category of narcotic treatment modality. DPH received seven responses and an evaluation panel reviewed and scored them, as shown in Exhibit 1 below.<sup>1</sup>

### Exhibit 1: Proposals and Scores from RFP (Narcotic Treatment Modality)

Proposer	Score (Out of 100)
UCSF Psychiatry DSAAM	95.00
Bayview Hunters Point Foundation	94.04
Addiction Research & Treatment	89.66
Westside Community Services	87.07
BAART, BHS	86.20
Fort Help, Mission	83.97
Fort Help, LLC	81.44

Source: DPH

Westside Community Services (also known as Westside Community Mental Health Center, or Westside) was selected under this RFP and was awarded a contract, along with all other proposers. In June 2018, DPH retroactively executed a contract with Westside Community Services for a term of five years, from July 2017 through June 2022, and an amount not to exceed \$8,869,794.<sup>2</sup> The original agreement included funding for medication assisted opiate addiction treatment, counseling, HIV testing, and payment for services provided in FY 2012-13 and FY 2013-14, which totaled \$140,367.<sup>3</sup>

In July 2022, DPH executed Amendment No. 1 to the contract, extending the term by one year through June 2023, and increasing the not-to-exceed amount by \$184,453, for a total not to exceed \$9,054,247. The first amendment removed HIV testing because this service became a

<sup>1</sup> The evaluation panel consisted of a Mental Health Services Manager from the County of Solano, a Substance Use Disorder Programs Coordinator from DPH, a Representative from HealthRight 360, and a Manager from the Tenderloin Neighborhood Corporation.

<sup>2</sup> According to DPH staff, the 2017 agreement was approved in 2018 because of delays in completing solicitations of behavioral health service providers. Existing contracts were extended for 18 months to ensure continuity of services while new contracts were procured.

<sup>3</sup> Michelle Ruggels, Director of the DPH Business Office advises that the resolution to a reimbursement discrepancy identified in the delayed FY 2012-13 and FY 2013-14 annual State Cost Report Settlement pertaining to Westside's Methadone Maintenance Program was to use this contract in FY 2017-18 to reimburse previously unreimbursed deliverables totaling \$140,367.

stand-alone contract under the DPH Section Community Health Education and Prevention (CHEP) that manages HIV prevention services.

## DETAILS OF PROPOSED LEGISLATION

The proposed resolution would approve Amendment No. 2 to the substance use disorder services contract between DPH and Westside, extending the term by three years through June 2026, and increasing the not-to-exceed amount by \$6,526,688, for a total not to exceed \$15,580,935. The resolution would also authorize DPH to make further immaterial amendments to the contract.

Under the contract, Westside operates the Westside Methadone Maintenance Program at 1301 Pierce Street to provide methadone and buprenorphine treatment for opiate addiction to reduce the impact of opiate abuse and addiction for adults. The target population is adults addicted to heroin, with a particular focus on the African American population residing in the Western Addition, Tenderloin, and South of Market Area, as well as the homeless population. Services include intake, individual and group counseling, patient education, medication services, collateral services, crisis intervention, treatment planning, medical psychotherapy, and discharge. DPH estimates that the contract annually serves approximately 280 unduplicated clients and funds approximately 12.62 full-time equivalent (FTE) positions.

### Fiscal and Performance Monitoring

#### *Program Performance*

FY 2020-21 program monitoring indicated that Westside met 75 percent of contracted performance objectives<sup>4</sup> and 80 percent of contracted units of service.<sup>5</sup> In FY 2020-21, Westside served 190 clients and was budgeted to service 280. The Westside facility was under renovation in FY 2020-21 and services were provided in a mobile van and trailers through FY 2021-22, which impacted service provision. According to DPH, prior to the renovation, Westside service 299 clients in FY 2018-19 and 243 in FY 2019-20.

DPH required a plan of action in the FY 2020-21 program monitoring report because Westside did not record initial requests for service (phones and walk-ins) despite repeated requests to address this issue. According to DPH, Westside submitted a corrective action plan, indicating that the staff were retrained on April 4-5, 2022 and used this training opportunity to enter the data for the intakes that occurred during FY 2020-21.

The FY 2021-22 program monitoring report indicated that Westside met 94 percent of contracted performance objectives, including the objective linked to the prior Plan of Action, 60 percent of

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<sup>4</sup> Performance objectives included (1) At least 80% of psychiatric emergency services (PES) episodes occurring in FY 2020-21 will not be followed by a readmission to PES within 30 days; (2) At least 70% of clients admitted to a methadone maintenance treatment program will stay in treatment  $\geq$  12 months; (3) 100% of initial requests for services (phone and walk-ins) will be recorded in the Avatar Timely Access Log; and (4) 100% of clients discharged during FY 2020-21 will have the CalOMS Discharge Status field completed.

<sup>5</sup> Units of service refer to client encounters. According to the FY 2020-21 and FY 2021-22 monitoring reports, medication assistant treatment consisted entirely of methadone, which DPH reports is often preferred by clients. During COVID, buprenorphine could be authorized via telehealth, rather than in-person visits, which may also explain why Westside had not buprenorphine clients in FY 2020-21 and FY 2021-22.

its target for contracted units of service (client encounters), and served 196 clients out of a contracted 280 clients. Surveys indicated that 71.7 percent of clients were satisfied with the services provided to them.

However, the FY 2021-22 program monitoring report required a new Plan of Action because the monitor could not locate credentialing documents, emergency responses plans, fire clearance certifications, and required facility signage.

#### *Financial Condition*

From FY 2012-13 through FY 2019-20, Westside operated at a deficit for eight consecutive years. DPH's external auditors noted a "going concern" in their audited financial statements as Westside depleted its operating reserves in FY 2018-19 and FY 2019-20, and the Controller's Office issued an "elevated concern" and initialized a technical assistance workplan in September 2019. However, Westside operated at a surplus in FY 2020-21 and FY 2021-22. DPH currently rates Westside as a "moderate risk" agency, meaning that it has a good financial standing, but requires close monitoring as it could fall into financial trouble. Specifically, DPH is monitoring Westside's ability to repay a \$1 million Payroll Protection Program (PPP) loan and its transition from a cost reimbursement model to fee-for-service.

### **FISCAL IMPACT**

The proposed Amendment No. 2 would increase the not-to-exceed amount of the contract by \$6,526,688, for a total not to exceed \$15,580,935. The estimated annual sources and uses of funds for the three-year contract extension are shown in Exhibit 2 below.

#### **Exhibit 2: Westside Sources and Uses**

<b>Sources</b>	<b>FY 2023-24</b>	<b>FY 2024-25</b>	<b>FY 2025-26</b>	<b>Total</b>
Federal Sources	\$892,954	\$892,954	\$892,954	\$2,678,862
State Sources	480,822	480,822	480,822	1,442,466
City General Fund	486,260	560,662	638,039	1,684,961
<i>Subtotal</i>	<i>\$1,860,036</i>	<i>\$1,934,438</i>	<i>\$2,011,815</i>	<i>\$5,806,289</i>
Contingency (12%)	223,204	232,133	241,418	696,755
<b>Total Sources</b>	<b>\$2,083,241</b>	<b>\$2,166,570</b>	<b>\$2,253,233</b>	<b>\$6,503,044</b>

<b>Uses</b>	<b>FY 2023-24</b>	<b>FY 2024-25</b>	<b>FY 2025-26</b>	<b>Total</b>
Methadone Maintenance Program	\$1,860,036	\$1,934,438	\$2,011,815	\$5,806,289
Contingency (12%)	223,204	232,133	241,418	696,755
<b>Total Uses</b>	<b>\$2,083,241</b>	<b>\$2,166,570</b>	<b>\$2,253,233</b>	<b>\$6,503,044</b>
Actual Expenditures (through FY 2022-23) <sup>6</sup>				9,077,893
<b>Total Not-to-Exceed</b>				<b>\$15,580,935</b>

Source: DPH. Totals may not add due to rounding.

<sup>6</sup> This amount includes actual expenditures of \$7,074,777 through FY 2021-22 and projected expenditures (including a contingency) of \$2,003,116 in FY 2022-23.

The contract includes a 12 percent contingency to account for cost escalation, new programs, and/or expansion of the methadone maintenance program. The not-to-exceed amount also includes an annual four percent cost of doing business increase.

The total not-to-exceed amount is funded approximately 50 percent by federal sources, 27 percent by state sources, and 23 percent by the City's General Fund.

### **RECOMMENDATION**

Approve the proposed resolution.