

CITY AND COUNTY OF SAN FRANCISCO

BOARD OF SUPERVISORS

BUDGET AND LEGISLATIVE ANALYST

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TO: Government Audit and Oversight Committee
FROM: Budget and Legislative Analyst 
SUBJECT: May 19, 2022 Government Audit and Oversight Committee Meeting

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<p>Item 5 File 22-0415</p>	<p>Department: Public Health</p>
<p>EXECUTIVE SUMMARY</p>	
<p style="text-align: center;">Legislative Objectives</p> <ul style="list-style-type: none"> • The proposed resolution would approve Amendment No. 1 to the contract between the Department of Public Health (DPH) and Health Right 360 for the provision of residential substance use disorder and mental health outpatient services, extending the term by three years through June 2025, and increasing the not-to-exceed amount by \$79,865,964, from \$84,064,915 to \$163,930,879. <p style="text-align: center;">Key Points</p> <ul style="list-style-type: none"> • Health Right 360 was awarded a contract by DPH following competitive solicitations issued in 2016 and 2017 to provide residential substance use disorder and mental health outpatient services. DPH entered into an original agreement with Health Right 360 with a four-year term from July 1, 2018 through June 30, 2022 in an amount not to exceed \$84,064,915. <p style="text-align: center;">Fiscal Impact</p> <ul style="list-style-type: none"> • Under the proposed amended contract, DPH will support 10 programs for a total annual budget of \$23.4 million. The contract budget supports 192.41 full-time equivalent (FTE) positions for the 10 programs and an additional 16.28 FTE support staff, for a total of 208.68 FTE. • The seven-year budget of \$163,930,879 is based on annual expenditures and a 11.3 percent contingency on future spending. • Funding for the proposed amended contract comes from various state and federal funding sources for mental health and substance use disorders, as well as local General Fund and Proposition C monies. In FY 2021-22, local funding totaled \$8.6 million (including \$2.5 million from Proposition C funding and \$6.1 million from the General Fund), which represented 37 percent of the total annual funding (\$23.4 million). <p style="text-align: center;">Recommendation</p> <ul style="list-style-type: none"> • Approve the proposed resolution. 	

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

The Department of Public Health (DPH) issued two solicitations for new behavioral health providers between August 2016 and August 2017 for the following services:

1. Mental Health Outpatient Programs for Adult/ Older Adult System of Care; and
2. Substance Use Disorder Treatment Services.

Health Right 360, which proposed services under these two Requests for Proposals (RFPs), was one of 47 providers selected to provide services in response to these RFPs. In both cases Health Right 360 was an existing provider of the services under the previous solicitation in 2010.

In addition to the mental health outpatient and substance use disorder treatment services, the original agreement included services to be provided by Health Right 360 on a sole source basis per Administrative Code Section 21.42. These services were part of the Drug MediCal Organized Delivery System pilot and included: Outpatient, Intensive Outpatient, Withdrawal Management, Residential, Perinatal Residential and Residential Stepdown Services. These sole source services were included in the original agreement because Health Right 360 already had experience with Drug MediCal Organized Delivery System in other counties.

In October 2018, the Board of Supervisors retroactively approved the original agreement between DPH and Health Right 360 with a four-year term from July 1, 2018 through June 30, 2022 in an amount not to exceed \$84,064,915 (File 18-0829). The authorizing resolution stated that the contract may be amended to provide for one five-year option to extend the contract through June 30, 2027.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would approve Amendment No. 1 to the contract between DPH and Health Right 360 for the provision of residential substance use disorder and mental health outpatient services, extending the term by three years through June 2025, and increasing the not-to-exceed amount by \$79,865,964, from \$84,064,915 to \$163,930,879.

Under the amended contract, Health Right 360 will provide a variety of services to DPH clients through 10 programs, summarized in Exhibit 1 below.

Exhibit 1: Health Right 360 Programs under Amendment No. 1

Program	Location(s)	Unduplicated Clients	Description
Residential Treatment Services	890 Hayes Street 815 Buena Vista West	350	Short-term residential stays of 30 to 90 days for adults with substance use disorders
Residential Step-down Services	214 Haight Street 2024 Hayes Street	92	Residential setting in which peers in recovery support each other's recovery while continuing treatment and related services, such as case management, to achieve treatment goals
Residential Perinatal Services	2261 Bryant Street	42	Multi-services residential substance abuse treatment for pregnant and post-partum women
Residential Withdrawal Management	890 Hayes Street 815 Buena Vista West	761	Short-term residential stays of up to five days for withdrawal management (detoxification) provided in a safe, recovery-oriented environment
Outpatient Drug Free (and Intensive Outpatient Treatment)	1563 Mission Street 1601 Donner Avenue 2020 Hayes Street 1735 Mission Street	532	Substance use disorder services for clients stepping down from more intensive levels of care and clients maintaining stability in managing their behavioral health disorders. Services include individual and group counseling, relapse prevention, vocational and educational classes, social services, family reunification, and urine surveillance as a tool when appropriate
Representative Payee Services	1016 Howard Street	n/a	Financial case management services focused on stabilizing basic needs of housing, medical, mental health, and substance misuse care
Adult Outpatient Mental Health Services	1563 Mission Street 2020 Hayes Street	38	Outpatient mental health and substance use disorder services for individuals with co-occurring psychiatric and substance use disorders. The program includes harm reduction interventions, such as motivational enhancement therapy, to build trust and engagement during the pre-contemplation and contemplation phases of treatment.
Asian Drug and Alcohol Prevention and Treatment	2020 Hayes Street	19	Outpatient mental health and substance use disorder services for individuals with co-occurring psychiatric and substance use disorders. The program includes harm reduction interventions, such as

Program	Location(s)	Unduplicated Clients	Description
(ADAPT) Mental Health Services			motivational enhancement therapy, to build trust and engagement during the pre-contemplation and contemplation phases of treatment.
Women's Community Clinic Primary Care	1735 Mission Street	n/a	Preventive health care services for uninsured women in San Francisco.
Women's Community Clinic Western Addition Health Care Training (WAHT) Workforce Initiative	1735 Mission Street	n/a	Community-based workforce development and training in health professions for women, with a focus on Western Addition residents.

Source: Proposed Amendment No. 1

Performance Monitoring

DPH has not yet complete contract monitoring for FY 2021-22. We reviewed monitoring reports for all programs in FY 2019-20, which showed that the contractor generally met performance and objectives and contracted units of service. Due to COVID, monitoring during FY 2019-20 was a "desk audit" and did not include review of underlying client charts and site visits.

The notable exceptions in FY 2019 -20 include:

- the Withdrawal Management program provided 79.8 percent of contracted units of service
- the Residential SUD program provided 68 percent of contracted performance objectives (due in part to no walk-ins logged) but provided 128.5 percent of contracted units of service

FISCAL IMPACT

Under the proposed amended contract, DPH will support 10 programs for a total annual budget of \$23.4 million, as shown in Exhibit 2 below. The contract budget supports 192.41 full-time equivalent (FTE) positions for the 10 programs and an additional 16.28 FTE support staff, for a total of 208.68 FTE.

Exhibit 2: Annual Contract Budget, FY 2021-22

Program	Amount	FTE
Residential Treatment	\$8,944,183	63.25
Residential Step-Down	3,191,967	30.25
Perinatal Residential	1,442,412	14.05
Residential Withdrawal Management	3,102,471	29.50
Outpatient / Intensive Outpatient	5,750,980	46.58
Representative Payee Program	180,955	2.00
Adult Outpatient	386,272	3.30
ADAPT Mental Health	231,795	2.10
Women's Community Clinic Primary Care	63,283	0.35
Women's Community Clinic WAHT	114,790	1.03
Total	\$23,409,108	208.68*

Source: Proposed Contract Amendment No. 1

*Includes 192.41 FTE program staff detailed above and 16.28 FTE support staff

The seven-year budget of \$163,930,879 is based on annual expenditures shown below in Exhibit 3 and a 11.3 percent contingency on future spending.

Exhibit 2: Contract Budget

Year	Amount	Annual Increase	Percent Increase
FY 2018-19	\$19,761,907		
FY 2019-20	22,567,653	2,805,746	14%
FY 2020-21	22,400,876	-166,777	-1%
FY 2021-22	23,409,108	1,008,232	5%
FY 2022-23	24,111,381	702,273	3%
FY 2023-24	24,834,722	723,341	3%
FY 2024-25	<u>25,579,764</u>	745,042	3%
Subtotal, 7 Years	\$162,665,411		
Less Unspent Funding	(\$7,161,809)		
Contingency (5.4%)	8,427,278		
Total	\$163,930,879		

Source: Proposed Contract Amendment No. 1

According to DPH staff, the annual contract budget increased by \$2.8 million (14 percent) in FY 2019-20 due to the annualization of new programming added in FY 2018-19, and additional funding added in FY 2019-20. Specifically, these years reflected the Department's implementation of the Federal/State Drug-MediCal Organized Delivery System (ODS), which required multiple system changes, including the requirement for residential treatment programs to become Drug-MediCal certified requiring more licensed staff, and for the first time, allowed for reimbursement of residential step-down services when the client participated in intensive outpatient/outpatient services. Health Right 360 was a pilot vendor to implement these changes. As a result, funding increases supported the implementation of Withdrawal Management programming, rate increases for residential treatment programs, funding to support new

residential step-down beds and the corresponding outpatient and intensive outpatient services. The net decrease of one percent in FY 2020-21, reflected the reduction of grant funding, offset by other changes. The proposed annual funding reflects the value of projected Cost of Doing Business increases of three percent each year, if the Department receives funding to support this allocation.

Funding for the proposed amended contract comes from various state and federal funding sources for mental health and substance use disorders, as well as local General Fund and Proposition C monies. In FY 2021-22, local funding totaled \$8.6 million (including \$2.5 million from Proposition C funding and \$6.1 million from the General Fund), which represented 37 percent of the total annual funding (\$23.4 million).

RECOMMENDATION

Approve the proposed resolution.

<p>Item 6 File 22-0416</p>	<p>Department: Public Health</p>
<p>EXECUTIVE SUMMARY</p>	
<p style="text-align: center;">Legislative Objectives</p> <ul style="list-style-type: none"> • The proposed resolution would approve an amendment to the contract between the Department of Public Health (DPH) and Family Service Agency for behavioral health services for families, extending the term by five years through June 2027, and increasing the not-to-exceed amount by \$41,072,068, from \$36,533,164 to \$77,605,232. <p style="text-align: center;">Key Points</p> <ul style="list-style-type: none"> • The Family Service Agency was awarded a contract by DPH following a competitive solicitation in 2017 to provide mental health services to children and families, transitional age youth, and adults and older adults. DPH entered into an original agreement with the Family Service Agency with a four-year term from July 1, 2018 through June 30, 2022 in an amount not to exceed \$36,533,164. <p style="text-align: center;">Fiscal Impact</p> <ul style="list-style-type: none"> • Under the proposed amended contract between DPH and the Family Service Agency, DPH will support 10 programs for a total annual budget of \$9.5 million. The contract budget supports 52.04 full-time equivalent (FTE) positions for the 10 programs and an additional 7.29 FTE support staff, for a total of 59.33 FTE. • The nine-year budget of \$77.6 million is based on annual expenditures and a 14.8 percent contingency on future expenditures. • Funding for the proposed amended contract comes from various state and federal funding sources for mental health and substance use disorders, as well as local General Fund monies. In FY 2021-22, local funding totaled \$1.9 million from the General Fund, which represented 21 percent of the total annual funding (\$9.5 million). <p style="text-align: center;">Recommendation</p> <ul style="list-style-type: none"> • Approve the proposed resolution. 	

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

The Department of Public Health (DPH) solicited for new behavioral health providers between March 2017 and August 2017 for the following services:

1. Children, Youth and Family System of Care, Mental Health Outpatient Treatment Services, and Optional Specialized Mental Health Treatment Services.
2. Mental Health Outpatient Programs for Adult/ Older Adult System of Care
3. Intensive Case Management Full Services Partnerships¹ (FSP) and Non-Full Service Partnerships (Non-FSP) Programs
4. Transition Age Youth System of Care.

The Family Service Agency of San Francisco (doing business as Felton Institute), which proposed services under these four RFPs/RFQs, was one of 39 providers selected to provide services in response to these four RFP/RFQs.

In addition, DPH advises that the Family Service Agency has continued to provide a Fiscal Management role for two programs: Healing Circle (\$46,266) and MCAH-Nurse Family Partnership (\$51,540). The Family Service Agency was not selected through a solicitation process, but instead authorized under Administrative Code, Chapter 21.42.

In October 2018, the Board of Supervisors approved an original agreement between DPH and the Family Service Agency with a four-year term from July 1, 2018 through June 30, 2022 in an amount not to exceed \$36,533,164 (File 18-0660).

Interim Contract

To prevent an interruption in services during an expected gap between expiring contracts and the start of new agreements reflecting the solicitations noted above, during Fiscal Year 2017-18 DPH provided Family Service Agency and other providers with interim contracts for the 2018 calendar year. When the Department subsequently entered into the 2018 agreement with Family Services Agency on July 1, 2018, this created a six-month overlap period between the interim contract and the new agreement, during which DPH paid Family Services Agency through the interim contract. These expenditures during this period, totaling \$3,675,156, thus remained

¹ Full Service Partnership programs are an intensive and comprehensive model of case management based on a client-and family-centered philosophy of doing “whatever it takes” to assist individuals diagnosed with severe mental illness or severe emotional disturbance to lead independent, meaningful, and productive lives.

available for subsequent expenditures through the new agreement. DPH subtracted this amount from actual and projected expenditures when calculating the not-to-exceed total for the proposed amendment.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would approve Amendment No. 1 to the contract between DPH and Family Service Agency for behavioral health services for families, extending the term by five years through June 2027, and increasing the not-to-exceed amount by \$41,072,068, from \$36,533,164 to \$77,605,232.

Services under Proposed New Contract

According to the contract, the Family Service Agency will provide a variety of services to DPH clients through 10 programs, summarized in Exhibit 1 below.

Exhibit 1: Family Service Agency Programs under Amendment No. 1

Program	Location	Unduplicated Clients	Description
Geriatrics Services West	6221 Geary Blvd	130	Targeted case Management, mental health services, medication support services, and crisis intervention for older adults
Geriatric Services at Franklin	1500 Franklin Street	135 (Outpatient) 61 (Intensive Case Mgmt.)	Targeted case Management, mental health services, medication support services, and crisis intervention for older adults
Older Adult Full Service Partnership at Franklin	1500 Franklin Street	46	Targeted case Management, mental health services, medication support services, and crisis intervention for older adults
Adult Intensive Case Management & Full Service Partnership	1500 Franklin Street	68 (Intensive Case Mgmt.) 51 (Full Service Partnership)	Targeted case Management, mental health services, medication support services, and crisis intervention for adults
Transitional Age Youth Full Service Partnership	1500 Franklin Street	34	Targeted case Management, mental health services, medication support services, and crisis intervention for transitional age youth
Prevention and Recovery in Early Psychosis (PREP)	6221 Geary Blvd	40 (Fee for Service) 20 (EPI Plus)	Serves individuals and families experiencing early signs and symptoms of schizophrenia and other psychotic disorders. Services include outreach and engagement, screening and assessment, mental health consultation, and individual and group therapy.
Full Circle Family Program	1663 Mission Street	40	Targeted case Management, mental health services, medication support services, and crisis intervention for children and youth and their families
Transitional Age Youth System of Care Capacity Building	1663 Mission Street	n/a	Training, education, and capacity building for behavioral health services providers working with transitional age youth
Healing Circle	315 Franklin Street	n/a	Fiscal intermediary and program management services in support of the Healing Circle program
Maternal Child and Adolescent Health-California Homes Visiting Program	1500 Franklin Street	n/a	Administrative and fiscal services for Maternal Child and Adolescent Health-California Homes Visiting Program

Source: Proposed Contract Amendment No. 1

Performance Monitoring

DPH has not yet complete contract monitoring for FY 2021-22. We reviewed monitoring reports for all programs in FY 2019-20, which showed that the contractor generally met performance and objectives and contracted units of service. Due to COVID, monitoring during FY 2019-20 was a “desk audit” and did not include review of underlying client charts and site visits.

FISCAL IMPACT

Under the proposed amended contract between DPH and the Family Service Agency, DPH will support 10 programs for a total annual budget of \$9.5 million, as shown in Exhibit 2 below. The contract budget supports 52.04 full-time equivalent (FTE) positions for the 10 programs and an additional 7.29 FTE support staff, for a total of 59.33 FTE.

Exhibit 2: Family Service Agency Annual Contract Budget, FY 2021-22

Program	Amount	FTE
Geriatrics Outpatient Services West	\$1,157,293	5.77
Geriatric Services at Franklin	1,059,058	5.75
Geriatric Intensive Case Management at Franklin	942,542	5.51
Older Adult Full Service Partnership at Franklin	1,075,523	5.88
Adult Care Management (Non-MHSA)	927,513	4.83
Adult Full Service Partnership (MHSA)	952,069	4.99
Transitional Age Youth Full Service Partnership (MHSA)	590,212	2.72
Prevention and Recovery in Early Psychosis (PREP) – Cost Recovery	815,003	4.94
PREP – Fee for Service	383,525	2.33
PREP Expansion (EPI Plus)	478,357	3.95
Full Circle Family Program	745,582	4.29
Transitional Age Youth System of Care Capacity Building	226,500	0.97
Healing Circle	46,266	0.11
Maternal Child and Adolescent Health-California Homes Visiting Program	51,540	0.00
Total	\$9,450,983	59.33*

Source: Proposed Contract Amendment No. 1

*Includes 52.04 FTE program staff detailed above and 7.29 FTE support staff

Note: MHSA refers to Mental Health Services Act funding.

The nine-year budget of \$77.6 million is based on annual expenditures shown below and a 14.8 percent contingency, as shown in Exhibit 3 below.

Exhibit 3: Family Service Agency Contract Budget

Year	Amount
FY 2018-19	\$8,714,802
FY 2019-20	8,728,649
FY 2020-21	8,939,558
FY 2021-22	9,450,983
FY 2022-23	9,460,330
FY 2023-24	9,469,957
FY 2024-25	6,947,423
FY 2025-26	6,957,636
FY 2026-27	6,968,156
Subtotal, 9 Years	\$75,637,494
Contingency (14.8%)	5,910,538
Less Spending on Interim Contract and Unspent Amount*	(3,942,800)
Total	\$77,605,232

Source: Proposed Contract Amendment No. 1

*Includes \$3,675,156 spending on interim contract and \$267,644 unspent in FY 2018-19

Funding for the proposed amended contract comes from various state and federal funding sources for mental health and substance use disorders, as well as local General Fund monies. In FY 2021-22, local funding totaled \$1.9 million from the General Fund, which represented 21 percent of the total annual funding (\$9.5 million).

RECOMMENDATION

Approve the proposed resolution.

Item 8 File 22-0418	Department: Public Health
EXECUTIVE SUMMARY	
<p style="text-align: center;">Legislative Objectives</p> <ul style="list-style-type: none"> • The proposed resolution would approve the first amendment to the Department’s 2018 agreement with BAART to provide opioid abuse and addiction treatment services, extending the agreement’s end date from June 30, 2022 to June 30, 2027 and increasing the not-to-exceed amount from \$35,952,000 to \$98,283,105. The proposed amendment would provide the City the option of an additional one-year extension. <p style="text-align: center;">Key Points</p> <ul style="list-style-type: none"> • Bay Area Addiction, Research and Treatment, Incorporated (known as BAART), is a non-profit organization providing Medication-Assisted Treatment (MAT), counseling and other services to clients dealing with opioid abuse and/or addiction. BAART’s San Francisco clinics are located at 1111 Market Street and 433 Turk Street. • In July of 2018, the Department of Public Health (the Department) entered into an agreement with BAART to provide medication assisted treatment and related services for clients with opioid abuse, with an initial term through June 30, 2022 and a not-to-exceed amount of \$35,952,000. The agreement gave the City the option to extend the agreement for an additional six-year term ending June 30, 2028. • The contract award followed a 2016 Request For Proposals seeking multiple vendors to provide opioid treatment services. The Board of Supervisors approved the initial agreement on July 24, 2018, retroactive to July 1, 2018. • The Department did not require a plan of action for any of the three programs covered by the agreement for either FY 2018-19 or FY 2019-20. <p style="text-align: center;">Fiscal Impact</p> <ul style="list-style-type: none"> • The proposed contract amendment would increase the agreement’s not-to-exceed amount by \$62,331,105. Of the \$11,601,282 in costs in FY 2022-23, federal and state sources total \$8,104,390, Proposition C funds \$3,128,886, and the General Fund provides \$368,006. • Starting in FY 2022-23, annual spending on the contact increases from \$10,036,839 to \$11,601,282, reflecting the annualization of new programming at the Market Street location to expand normal operating hours to 24 hours per day, seven days per week. This expansion was funded by Proposition C Homeless Services. <p style="text-align: center;">Recommendation</p> <ul style="list-style-type: none"> • Approve the proposed resolution. 	

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

BAART

Bay Area Addiction, Research and Treatment, Incorporated (known as BAART), is a non-profit organization providing Medication-Assisted Treatment (MAT), counseling and other services to clients dealing with opioid abuse and/or addiction. According to its website, BAART and its affiliated programs operate 35 locations across nine states.

BAART's San Francisco clinics are located at 1111 Market Street and 433 Turk Street.

2018 Agreement

In July of 2018, the Department of Public Health (the Department) entered into an agreement with BAART to provide MAT and related services for clients with opioid abuse and/or addiction, with an initial term through June 30, 2022 and a not-to-exceed amount of \$35,952,000. The agreement gave the City the option to extend the agreement for an additional six-year term ending June 30, 2028. The Board of Supervisors approved the agreement on July 24, 2018, retroactive to July 1, 2018.

The award followed a 2016 Request For Proposals seeking multiple vendors to provide opioid treatment services.

Prior Agreement

Between 2010 and 2018, BAART provided similar services under a prior contract with the Department, also awarded after a competitive solicitation. This 2010 agreement had a final not-to-exceed amount of \$51,359,308 after two amendments.

Services

The Department's agreement with BAART covers two types of programs:

- **Addiction Research and Treatment, Inc. (ART):** This program provides Medication Assisted Treatment for opioid abuse and addiction, including methadone and buprenorphine treatment. ART also provides detoxification services, individual and group counseling, education, treatment planning. BAART operates two ART clinics, one at 1111 Market Street and one at 433 Turk Street. Each program is budgeted to serve 595 clients. In FY 2021-22, the hours at the Market Street location were expanded to make services available 24 hours per day, seven days per week. This expansion was funded by Proposition C Homeless Services.

- **ART – FACET:** This program provides pregnant and parenting women with methadone treatment, group and individual counseling, parenting support and training, support groups, medical services, drug screenings, and case management. The program is budgeted to serve 18 clients.

Both programs serve residents abusing and/or addicted to opioids, and both focus on residents of the Tenderloin, Mission District, and South of Market neighborhoods. The target populations for both programs include people experiencing homelessness who live in the streets, in shelters, or in residential hotels.

Performance Monitoring

Key findings from the Department’s Fiscal Year 2019-20 performance monitoring reports for this agreement are shown below. The ART programs served more clients (769 and 708) than they are each budgeted for (595), but overall services (such as counseling and medication assisted treatment) were below the contract target:

- **The Addiction, Research, & Treatment (ART) program’s Market Street location** met 90% of performance objectives and met 207,320 (75%) of its 276,459 contracted units of service. This location served 769 unduplicated clients.
- **The ART program’s Turk Street location** met 93% of performance objectives and met 199,140 (72%) of its 276,459 contracted units of service. This location served 708 unduplicated clients.
- **The FACET program** met 90% of performance objectives and met 1,506 (34%) of its 4,415 contracted units of service. This program served 11 unduplicated clients.

The Department did not require a plan of action for any of the three programs for either FY 2018-19 or FY 2019-20. Due to the Covid-19 pandemic, for FY 2019-20 the Department conducted a desk audit only and did not score the programs.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would approve the first amendment to the Department’s 2018 agreement with BAART to provide opioid abuse and addiction treatment services, extending the agreement’s end date from June 30, 2022 to June 30, 2027 and increasing the not-to-exceed amount from \$35,952,000 to \$98,283,105. The proposed amendment would provide the City the option of an additional one-year extension.

FISCAL IMPACT

The proposed contract amendment would increase the agreement’s not-to-exceed amount by \$62,331,105. Of the \$11,601,282 in costs in FY 2022-23, federal and state sources total \$8,104,390, Proposition C funds \$3,128,886, and the General Fund provides \$368,006. Exhibit 1 below shows the sources of funds for Fiscal Year 2022-2023.

Exhibit 1: Funding Sources, FY 2022-23

Federal Drug Medi-Cal	5,144,750
Federal Perinatal Drug Medi-Cal	42,655
State Drug Medi-Cal	2,770,250
State Perinatal Drug Medi-Cal	22,970
State Perinatal Non Drug Medi-Cal	123,765
County General Fund	368,006
County Proposition C Homeless Services	3,128,886
Total	11,601,282

Source: Public Health

Salaries comprise the largest category of funding uses, followed by operating expenses and employee benefits. The project budget also includes indirect costs, including additional administrative, security and billing staff. Exhibit 2 shows uses of funds in Fiscal Year 2022-23.

Exhibit 2: Funding Uses, FY 2022-23

Funding Uses	Market Street	Turk Street	FACET	Total
Salaries	4,193,793	2,033,112	121,212	6,348,117
Employee Benefits	1,174,262	569,271	33,939	1,777,472
Operating Expenses	933,092	977,987	51,409	1,962,488
Indirect Costs	945,165	537,056	30,984	1,513,205
Total Funding Uses	7,246,312	4,117,426	237,544	11,601,282

Source: Public Health

The total not to exceed amount of the contract is based on \$33,315,926 actual and projected spending through FY 2021-22. Starting in FY 2022-23, annual spending on the contact increases from \$10,036,839 to \$11,601,282. The increase of \$1,564,443 reflects the annualization of new programming in FY 2021-22 at the Market Street location to expand normal operating hours to 24 hours per day, seven days per week.

As shown below, total spending during the proposed extension term of \$58,006,410, plus 12 percent contingency, resulting in a not-to-exceed amount of \$98,283,105.

Exhibit 3: Not to Exceed Amount

FY 2018-19	\$ 6,339,423
FY 2019-20	\$ 8,467,268
FY 2020-21	\$ 8,472,396
FY 2021-22	\$ 10,036,839
Subtotal, Current Contract	\$ 33,315,926
FY 2022-23	\$ 11,601,282
FY 2023-24	\$ 11,601,282
FY 2024-25	\$ 11,601,282
FY 2025-26	\$ 11,601,282
FY 2026-27	\$ 11,601,282
Proposed New Spending	\$ 58,006,410
Contingency (12%)	\$ 6,960,769
Not to Exceed	\$ 98,283,105

Source: Appendix B of First Amendment

RECOMMENDATION

Approve the proposed resolution.