

**CITY AND COUNTY OF SAN FRANCISCO**

**BOARD OF SUPERVISORS**

**BUDGET AND LEGISLATIVE ANALYST**

1390 Market Street, Suite 1150, San Francisco, CA 94102 (415) 552-9292  
FAX (415) 252-0461

June 15, 2021

**TO:** Government Audit and Oversight Committee

**FROM:** Budget and Legislative Analyst



**SUBJECT:** June 18, 2021 Special Government Audit and Oversight Committee Meeting

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<b>Item 6</b> <b>File 21-0637</b>	<b>Department:</b> Department of Public Health
<b>EXECUTIVE SUMMARY</b>	
<p style="text-align: center;"><b>Legislative Objectives</b></p> <ul style="list-style-type: none"> <li>• The proposed resolution approves the First Amendment to DPH’s agreement with Edgewood Center for Children and Families to extend the term of the agreement by six years to June 30, 2027, and increase the amount by \$33,074,459 to not-to-exceed \$57,298,967.</li> </ul> <p style="text-align: center;"><b>Key Points</b></p> <ul style="list-style-type: none"> <li>• The Board of Supervisors approved the existing agreement with Edgewood in 2018 to provide behavioral health services for children and adolescents, including counseling, residentially based treatment, outpatient behavioral health, wraparound services, school-based behavioral services, and a crisis and triage assessment center.</li> </ul> <p style="text-align: center;"><b>Fiscal Impact</b></p> <ul style="list-style-type: none"> <li>• According to data provided by DPH, Edgewood has overspent its existing \$24,224,508 agreement by \$34,628. The proposed amendment includes funding to cover those expenses.</li> <li>• The proposed First Amendment budget is \$29,530,767, plus a 12 percent contingency, totaling \$33,074,459. The First Amendment budget for residential treatment, school-based services, and crisis and triage assessment is only through FY 2022-23, because the original solicitation for these services was only through that fiscal year. In addition, the proposed amendment does not include a budget for Early Childhood Mental Health Consultation Initiative after FY 2021-22 and the Kinship Behavioral Health Outpatient service component is not included in the proposed amendment. Any future amendments to the agreement to add funding for these or other services requires Board of Supervisors approval.</li> </ul> <p style="text-align: center;"><b>Policy Consideration</b></p> <ul style="list-style-type: none"> <li>• The Board of Supervisors approved a \$350,000 grant to Edgewood in February 2020 to mitigate Edgewood’s operating deficit. The grant agreement required Edgewood to submit a corrective action plan to the Department to address staff misconduct, as well as business and financial sustainability plans. DPH stated Edgewood has conducted an internal assessment of their programs using outside consultants. DPH informed our office that at the present time, the Department is satisfied that Edgewood has taken the necessary remedial and corrective action and that Department and Edgewood currently meet on a quarterly basis to conduct ongoing program monitoring.</li> </ul> <p style="text-align: center;"><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

The Department of Public Health (DPH) contracted with Edgewood Center for Children and Families, a non-profit organization, to provide behavioral health services for children and adolescents, including counseling, residentially based treatment, outpatient behavioral health, wraparound services, school-based behavioral services, and maintains a crisis and triage assessment center since 2010. The 2010 agreement was competitively procured and expired at the end of 2017. When DPH and Edgewood were unable to complete negotiations on the new contract, DPH agreed to an interim sole source agreement with Edgewood through August 31, 2018 in the amount of \$9,999,299.<sup>1</sup>

Prior to the interim agreement, DPH issued multiple Requests for Proposals/ Requests for Qualifications (RFP/RFQ) for a range of family and youth based mental health support, treatment, and intervention services: RFQ 17-2016 (July 20, 2016) RFP 33-2016 (November 2, 2016); RFP 1-2017 (March 7, 2017); and RFP 11-2018 (February 22, 201). Edgewood was awarded agreements in each program area in which the agency submitted proposals.

## DETAILS OF PROPOSED LEGISLATION

The proposed resolution approves the First Amendment to DPH's agreement with Edgewood Center for Children and Families to extend the term of the agreement by six years to June 30, 2027 and increase the amount by \$33,074,459 to not-to-exceed \$57,298,967.

### Services provided

Services that will be provided by Edgewood under the terms of the amended agreement include:

- Counseling Enriched Education Program
- Residential Center Treatment
- Behavioral Health Outpatient

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<sup>1</sup> The Office of Contract Administration approved the interim agreement in accordance with Administrative Code Section 21.42, which allows the Department of Public Health to enter into sole source agreements with health and behavioral non-profit health providers at the recommendation of the Health Commission.

- Therapeutic Behavioral
- Wraparound Services
- Early Childhood Mental Health Consultation
- School-Based Behavioral Health Services
- Crisis, Triage and Assessment Center

Services are described in Appendix 1 at the end of this report.

### **Actual Spending**

According to data provided by DPH, Edgewood has overspent its existing \$24,224,508 agreement by \$34,628. As described below, the proposed amendment includes funding to cover those expenses.

### **Performance Monitoring**

As noted above, the City required Edgewood to provide the City with a plan for prompt corrective action plan when it provided a \$350,000 grant in February 2020 to ensure the financial viability of the organization. DPH stated Edgewood has conducted an internal assessment of their programs using outside consultants. DPH informed our office that at the present time, the Department is satisfied that Edgewood has taken the necessary remedial and corrective action and that Department and Edgewood currently meet on a quarterly basis to conduct ongoing program monitoring.

## **FISCAL IMPACT**

Table 1 below shows the total spending for the proposed increase of \$33.1 million in the First Amendment.

**Table 1: Total Edgewood Agreement Spending, FY 2021-22 to FY 2026-27**

<b>Program</b>	<b>Total</b>
Counseling Enriched Education Program	4,979,944
Residentially-Based Treatment	317,202
Behavioral Health Outpatient	8,427,630
Therapeutic Behavioral Services	7,044,126
Wraparound	2,499,374
Early Childhood Mental Health Consultation Initiative	689,555
School-Based Behavioral Health Services	306,974
Crisis, Triage and Assessment Center Hospital Diversion	760,372
Crisis, Triage and Assessment Center Hospital Diversion	591,980
Crisis, Triage and Assessment Center CSU	3,913,610
<b>Subtotal</b>	<b>29,530,767</b>
Contingency (12%)	3,543,692
<b>Total</b>	<b>33,074,459</b>

Source: DPH

### **Sources of funding**

Sources of funding for the proposed amendment include \$9 million in General Fund and \$20 million of State and Federal funding. Funds for contingency expenses would be determined as needed.

### **FY 2020-21 Overspending**

As noted above, the proposed amendment includes \$34,628 to fund overspending on the existing Edgewood contract in FY 2020-21 in the Counseling Enriched, Wraparound, and Early Childhood Mental Health Consultation programs.

## **POLICY CONSIDERATION**

### **Certain Services Are Not Funded for the Entire Agreement Term**

DPH is seeking approval of an amended agreement for which the cost of certain service components is not yet known and subject of a future procurement process. The proposed amendment does not include a budget for the following services after FY 2022-23:

- Residentially Based Treatment
- School-Based Behavioral Health Services
- Crisis, Triage and Assessment Center Hospital Diversion
- Crisis, Triage and Assessment Center Hospital Diversion
- Crisis, Triage and Assessment Center CSU

In addition, the proposed amendment does not include a budget for Early Childhood Mental Health Consultation Initiative after FY 2021-22 and the Kinship Behavioral Health Outpatient

service component is not included in the proposed amendment. According to information provided by DPH, the original Requests for Proposals under which Edgewood was selected as a service provider did not provide for service beyond FY 2022-23 for the five listed above and beyond FY 2021-22 for the Kinship Behavioral Health Outpatient service. Any future amendments to the agreement to add funding for these or other services requires Board of Supervisors approval.

#### **Prior Grant Agreement Required Corrective Action Plan**

In September 2018, the Board of Supervisors approved a new agreement with Edgewood with a term July 2018 through July 2021 and a total not to exceed amount of \$24,224,508 (File 18-0728). Between June 2019 and December 2019, the City became aware of allegations of misconduct and child abuse by Edgewood staff, and ceased referring patients to Edgewood's residential programs. In April 2019, Edgewood submitted a letter to the Department stating that it was experiencing a cash flow crisis and was at risk of ceasing operations. DPH subsequently asked, and received, Board of Supervisor approval of a grant in the amount of \$350,000 for a term of 90 days (File 20-0145). The grant agreement required Edgewood to submit a corrective action plan to the Department to address staff misconduct, as well as business and financial sustainability plans.

### **RECOMMENDATION**

Approve the proposed resolution.

**Appendix 1: Services**

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- Counseling Enriched Education Program: Providing intervention and treatment to improve functioning of youth 5-21 years of age so they may transition to a less restrictive school placement and be able to tolerate the demands of more mainstream educational and community settings.
- Residentially-Based Treatment (RBT): Providing intervention and treatment to improve functioning of Seriously Emotionally Disturbed (SED) children and adolescents so they may transition to a lower level of care and build permanency.
- Behavioral Health Outpatient: Providing mental health services to San Francisco residents, and to seek to make outpatient mental health, case management and medication support services more accessible to them.
- Therapeutic Behavioral Services (TBS): These services supplement other specialty mental health services by addressing target behaviors or symptoms that endanger the child or youth's current living situation or planned transition to a lower level of placement. Coaches use functional behavior analysis to work with children, youth, and their families to develop plans and work with caregivers to enable teaching youth how to eliminate target behaviors and use more adaptive behaviors.
- Wraparound (WRAP): Providing the skills and support necessary for youth to function in their communities in family and family-like environments. WRAP principles and practices, including youth and family voice and choice, comprehensive assessment, and intervention techniques are used for youth at-risk or stepping down from higher levels of treatment. Intervention and treatment are comprehensive and focused on permanency planning.
- Early Childhood Mental Health Consultation Initiative (ECMHCI): Improving children's readiness to enter kindergarten, to strengthen and support families, and to support continuous quality improvement of high quality early care and education programs through outreach, consultation, training, parent support groups, linkages, interventions, and mental health services for staff who care for and educate children aged 0-5 years at 24 sites throughout the City.
- School-Based Behavioral Health Services: Building the capacity of teachers to handle behavioral issues as they arise, the capacity of families to provide the support their children need to succeed, and the capacity of children to deal with issues that may be impeding their academic and social progress at Dr. Charles R. Drew Academy (Charles Drew) and Hillcrest Elementary School (Hillcrest).
- Crisis, Triage and Assessment Center (CTAC): Edgewood's Crisis, Triage and Assessment Center include a continuum of care including Crisis Stabilization, Hospital Diversion and Partial Hospitalization. The program offers an intensive service for behavioral health crisis stabilization, assessment and acute intervention. The purpose of this intensive level of care is to avoid psychiatric hospitalization as well as to provide a step-down from inpatient hospitalization to further stabilize symptoms and continue skills

- development and family/caregiver support.
- Kinship Behavioral Health Outpatient: The goal of the Kinship Behavioral Health Outpatient program is to seek to make outpatient mental health, case management and medication support services more accessible to children who are dependents of San Francisco Human Services Agency (HSA).