

Item 1
File 10-0832 *(continued*
from September 15, 2010)

Department(s):
 Human Services Agency (HSA)

EXECUTIVE SUMMARY

Legislative Objective

- The proposed resolution would authorize the Human Services Agency (HSA) to enter into three new grant agreements between the City and County of San Francisco and the non-profit Institute on Aging (IOA) to provide (a) Case Management, (b) Community Living Fund (CLF), and (c) Linkages Program services to seniors and adults with disabilities in the total not-to-exceed amount of \$16,144,866. The CLF grant agreement is for a term of four years, with a one-year option to extend, for a maximum not-to-exceed term of five years, from July 1, 2010 to June 30, 2015. The Case Management and Linkages Program agreements are for terms of three years, each with a one-year option to extend, for maximum not-to-exceed four years, from July 1, 2010 to June 30, 2014.

Key Points

- Under the proposed Case Management grant agreement, the IOA will provide access or care coordination for older persons, adults with disabilities, and/or caregivers experiencing a diminished capacity to function.
- The proposed CLF grant agreement will allow the IOA to provide options for older persons and adults with disabilities to receive assistance, care and support through case management and purchase of services.
- Under the proposed Linkages Program grant agreement, the IOA will provide comprehensive case management to frail elderly adults and adults with disabilities by coordinating and facilitating access to a variety of services, and using designated funds to buy medical equipment and other items.

Fiscal Impact

- The proposed agreement with the IOA for Case Management is \$189,098 per year, or \$756,392 for the four-year term of the proposed grant agreement, including the one-year option to extend the agreement. A comparison of the previous and proposed agreements reflects no changes in the average expenditures.
- The proposed agreement with the IOA for CLF is \$2,830,886 per year, or \$14,154,430 for the five-year term of the proposed grant agreement, including the one-year option to extend the agreement. A comparison of the previous and the proposed CLF agreements reflects increases of \$817,784, or 41 percent, between the average previous expenditures and proposed CLF expenditures, due to significant fluctuations in spending during the first three years of the CLF Program.
- The proposed agreement with the IOA for the Linkages Program is \$308,511 per year, or \$1,234,045 for the four-year term of the proposed grant agreement, including the one-year option to extend the agreement. A comparison of the previous and proposed Linkages Program agreements reflects a minor increase of \$11,565, or four percent, between average annual expenditures and proposed expenditures.
- All three grant agreement programs are funded with a combination of local General Funds and Federal Community Service Block Grant Human Health Related (CSBG-HR) funds. The FY 2010-11 funding allocation of \$3,328,495 for the proposed grant agreements was previously approved by the Board of Supervisors in the HSA's FY 2010-11 budget.

Recommendations

- Given the July 1, 2010 effective date of the proposed grant agreement, amend the proposed resolution to provide retroactive authorization, and approve the proposed resolution, as amended.

MANDATE STATEMENT/ BACKGROUND

Mandate Statement

In accordance with Charter Section 9.118(b), any contracts or agreements with a term of ten years or more and/or over \$10,000,000 is subject to Board of Supervisors approval.

Background

In April 2010, the Human Services Agency (HSA) issued two Request for Proposals (RFPs) (#452 and #453) for the continued provision of services to seniors and adults with disabilities, which included funding for (a) Case Management services (RFP #453), (b) the Community Living Fund (CLF) Program (RFP #452), and (c) the Linkages Program (RFP #453). These services were previously provided under grant agreements between the HSA and various contract service providers, including the Institute on Aging (IOA), a non-profit organization, which ended on June 30, 2010. The previous Case Management and Linkages Program grant agreements extended for three years, from July 1, 2007 through June 30, 2010. The previous CLF grant agreement extended for four years, from July 1, 2006 through June 30, 2010.

According to Mr. David Flores, Senior Contracts Manager at the HSA, advertising for these RFPs was consistent with customary HSA policy and practice. The RFPs were advertised on the City of San Francisco website, through newspaper advertisements managed by the California Newspaper Service, and through e-mail notices to all current San Francisco Department of Aging and Adult Services (DAAS), a department within the HSA, vendors and employee labor organizations.

Case Management

The previous Case Management services grant agreement between the HSA and IOA extended for three years, from July 1, 2007 through June 30, 2010, for a not-to-exceed amount of \$567,294. Because the previous grant agreement was procured separately and did not exceed \$10,000,000, the previous Case Management grant agreement did not require approval from the Board of Supervisors. However, the proposed Case Management grant agreement for \$756,392 is being collectively considered with \$14,154,430 under the proposed agreement with the IOA for CLF services and \$1,234,045 under the proposed agreement with the IOA for the Linkages Program, for a total of \$16,144,866 under the proposed resolution, such that collectively all three grant agreements are subject to Board of Supervisors approval.

On April 16, 2010, the HSA issued a RFP (#453) for a new grant agreement for the continuation of Case Management services to seniors and adults with disabilities for a period of four years, from July 1, 2010 through June 30, 2014, including a one-year option to extend the agreement. According to a June 30, 2010 Memorandum issued by Ms. Anne Hinton, Executive Director of DAAS, the purpose of the RFP was to award grant agreements to service providers that would provide access or care coordination for older persons and adults with disabilities and/or caregivers who are experiencing diminished capacity to function. Case Management services include assessing needs, developing care plans, authorizing services, arranging services, coordinating the provision of services among providers, follow-up monitoring and reassessment, discharge and termination.

HSA received 14 proposals from respondents to the Case Management services RFP. On June 13, 2010, 12 grantees were selected, including the IOA. According to Mr. Flores, the proposed resolution does not include the grant agreements with the other 11 grantees for Case Management services, which were also selected by HSA on June 13, 2010 and approved by the DAAS Commission on August 4, 2010 because the proposed resolution only includes grants awarded to the IOA. The total amount of all 12 Case Management grant agreements is \$2,055,680 for FY 2010-11, or \$8,222,720 for all 12 Case Management grant agreements for the four year period from July 1, 2010 through June 30, 2014, which includes a one-year option to extend each agreement. The grant agreements associated with the other 11 grantees are not subject to Board of Supervisor approval because each of the 11 individual grant agreements has a term of less than ten years and is for a total amount of less than \$10,000,000.

The Mayor's proposed FY 2010-11 budget included \$167,000 for Case Management Services with IOA, or an estimated \$668,000 for the not-to-exceed four-year term of the proposed grant agreement, which includes the one-year option period. On August 4, 2010 the DAAS Commission approved a revised grant agreement amount of \$756,392 for IOA Case Management services that included the original estimated \$668,000 and an additional \$88,392 made available through the Board of Supervisors' budget addbacks. Table 1 at the bottom of this section shows the original as compared to the revised, final amount of the Case Management grant agreement, which includes addbacks approved by the Board of Supervisors.

Community Living Fund (CLF)

The previous Community Living Fund (CLF) grant agreement between the HSA and IOA extended for four years, from July 1, 2006 through June 30, 2010, for a not-to-exceed \$8,309,790. Because the previous grant agreement did not exceed \$10,000,000, the previous CLF grant agreement did not require approval from the Board of Supervisors.

On April 14, 2010, HSA issued RFP #452 for the provision of the CLF. According to the Memorandum issued by Ms. Hinton, in July 2006 the City launched the CLF so that older adults and adults with disabilities could access the services necessary to allow them to continue living independently in their homes. The CLF is intended to reduce unnecessary institutionalization by providing options for older adults and adults with disabilities to receive assistance, care and support through (1) coordinated case management, and (2) purchase of services. The IOA has been the only contractor providing CLF services since its inception in 2006.

IOA was the only respondent to RFP #452 for the Community Living Fund. According to Mr. Flores, DAAS staff determined that the IOA was fully responsive to all RFP requirements. DAAS staff also determined that because IOA was the incumbent vendor, had shown no significant performance deficiencies, and had clearly demonstrated its qualifications to perform the services solicited, the IOA's proposal response did not require a review panel evaluation. Instead, DAAS staff made a recommendation of the CLF grantee award to IOA to the DAAS Executive Director, Ms. Hinton, who subsequently confirmed the recommendation.

The proposed grant agreement for IOA to provide the CLF is budgeted at \$2,830,876 per year, or a total of \$14,154,430 for the not-to-exceed five year term of the grant agreement, including the

one-year option period. On June 15, 2010, the DAAS Commission approved the CLF program budget.

Linkages Program

The previous Linkages Program grant agreement between the HSA and IOA extended for three years, from July 1, 2007 through June 30, 2010, for a not-to-exceed amount of \$755,924. Because the previous agreement did not exceed \$10,000,000, the previous Linkages Program agreement did not require approval from the Board of Supervisors.

On April 16, 2010, HSA issued RFP #453, which included the Linkages Program. According to the Memorandum issued by Ms. Hinton, the Linkages Program provides comprehensive case management services to frail elderly adults and adults with disabilities. Under the Linkages Program, case managers are responsible for locating, coordinating, and monitoring services through a designated organization and using designated funds to buy medical equipment and other specialized items for clients.

The IOA was the only respondent to RFP #453 for the Linkages Program. According to Mr. Flores, DAAS staff determined that the IOA was fully responsive to all RFP requirements. DAAS staff also determined that because the IOA was the incumbent vendor, had shown no significant performance deficiencies, and had clearly demonstrated its qualifications to perform the services solicited, the IOA's proposal did not require a review panel evaluation. DAAS staff made a recommendation of the Linkages Program award to IOA to the DAAS Executive Director, Ms. Hinton, who subsequently confirmed the recommendation.

The Mayor's proposed FY 2010-11 budget included \$300,000 for the Linkages Program with IOA, or an estimated \$1,200,000 for the not-to-exceed four-year term of the proposed grant agreement, which includes the one-year option period. On August 4, 2010 the DAAS Commission approved a revised grant agreement amount of \$1,234,044 for the IOA Linkages Program that includes the original estimated \$1,200,000 and an additional \$34,044 made available through the Board of Supervisors' budget addbacks.

Table 1 below shows the grant term periods, the original grant agreement amounts, the additional budget addbacks previously approved by the Board of Supervisors and the revised, final grant agreements that are included in the proposed resolution.

TABLE 1: Proposed Grant Agreements with the Institute on Aging (IOA)				
Service	Grant Term	Not to Exceed Amount, before Addbacks	Addback Amount	Not to Exceed Amount, including Addbacks
Case Management	7/1/10 – 6/30/13, including option to extend through 6/30/14	\$668,000	\$88,392	\$756,392
Community Living Fund (CLF)	7/1/10 – 6/30/14, including option to extend through 6/30/15	\$14,154,430	\$0	\$14,154,430
Linkages Program	7/1/10 – 6/30/13, including option to extend through 6/30/14	\$1,200,000	\$34,044	\$1,234,044
TOTAL		\$16,022,430	\$122,436	\$16,144,866
Source: Human Services Agency				

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would authorize the Human Services Agency (HSA) to enter into three new grant agreements between the City and County of San Francisco and the non-profit Institute on Aging (IOA) to provide (a) Case Management, (b) Community Living Fund (CLF), and (c) Linkages Program services to seniors and adults with disabilities in the total not-to-exceed amount of \$16,144,866. The CLF grant agreement is for a term of four years, with a one-year option to extend, for a maximum not-to-exceed five years, from July 1, 2010 through June 30, 2015. The Case Management and Linkages Program grant agreements are each for terms of three years, each with a one-year option to extend, for a maximum not-to-exceed four years, from July 1, 2010 through June 30, 2014. The different grant agreements terms reflect HSA's decision to maintain the same term periods as in the previous grant agreements.

FISCAL ANALYSIS

The proposed resolution would authorize the HSA to enter into three new grant agreements to provide (a) Case Management, (b) Community Living Fund (CLF), and (c) Linkages Program services in the total amount of \$16,144,866, as shown in Table 1 above.

Of the total \$16,144,866 for the three subject grant agreement amounts, \$3,328,495 was previously approved by the Board of Supervisors in the HSA's FY 2010-11 budget.

According to Mr. Flores, all three grant agreement programs are funded with a combination of General Funds and Federal Community Service Block Grant- Human Health Related (CSBG-HR) funds.¹ The FY 2010-2011 allocation of funding sources is shown below in Table 2.

TABLE 2: Proposed IOA Grant Agreement Funding Sources and Amounts: FY 2010-11		
Case Management	Amount	Percentage of Funding
General Fund	\$165,461	87.5%
CSBG-HR*	\$23,637	12.5%
Subtotal	\$189,098	100%
CLF		
General Fund	\$1,655,662	59%
CSBG-HR	\$1,175,224	41%
Subtotal	\$2,830,886	100%
Linkages Program		
General Fund	\$269,947	87.5%
CSBG-HR	\$38,564	12.5%
Subtotal	\$308,511	100%
TOTAL	\$3,328,495	
*Community Services Block Grant – Health Related (CSBG-HR)		
Source: Human Services Agency		

Table 3 below shows annual budgets from FY 2010-11 through FY 2014-15 associated with each of the three proposed grant agreement budgets. According to Mr. Flores, annual funding amounts for all three grant agreements will remain flat throughout the term of the contract, such that no COLA adjustments are anticipated.

¹ CSBGs allow county welfare agencies to draw down Federal funding for the cost of staff that assist clients to qualify for Medi-Cal. Activities are categorized as Community Service Block Grant (CSBG). Health Related Block Community Service Block Grants (CSBG-HR) provide a Federal match of 50 percent and may include activities such as informing clients of the benefit of Medi-Cal, assisting clients in completing application materials, and collecting past medical records that are necessary to submit with the application materials. According to Mr. Flores, in order to receive this federal funding, the IOA staff submit time study documentation to CSBG to obtain additional federal revenues to offset the General Fund subsidy. The time study is the State approved process for allocating administrative costs across programs. For one month in each quarter, case management staff record daily activities in 15 minute increments to the program(s) served. Administrative costs are then allocated based on the aggregate time spent on each program. This methodology is approved by the Federal government and mandated by the State. DAAS program staff also coordinate the quarterly time study submissions and relay the information to the HSA Finance Department staff, who submit this information in the County Expense Claim, which is the State mandated mechanism for reporting administrative costs. The time study data, along with costs data, is entered into the County Expense Claim on a quarterly basis. The State aggregates the County Expense Claim data from the 58 counties to report to the Federal government. The State uses the County Expense Claim to reimburse counties for the Federal and State share of revenues for the various programs that counties administer.

	FY 10-11	FY 11-12	FY 12-13	FY 13-14	FY 14-15*	TOTAL
Case Management	\$189,098	\$189,098	\$189,098	\$189,098	n/a	\$756,392
CLF	\$2,830,886	\$2,830,886	\$2,830,886	\$2,830,886	\$2,830,886	\$14,154,430
Linkages	\$308,511	\$308,511	\$308,511	\$308,511	n/a	\$1,234,045
Total	\$3,328,495	\$3,328,495	\$3,328,495	\$3,328,495	\$2,830,886	\$16,144,866

*Only the proposed CLF agreement includes an option to extend the grant agreement through FY 2014-15.

Source: Human Services Agency

Table 4 below compares the costs of the previous IOA grant agreement with the proposed IOA grant agreement.

	Previous Agreements' Average Actual Annual Expenditures* (A)	Proposed Agreements' Annual Budgets (B)	Increased Amount (B-A) = C	Percent Difference (C)/(A)
Case Management	\$189,098	\$189,098	\$0	0
CLF	\$2,013,102	\$2,830,886	\$817,784	41%
Linkages	\$296,946	\$308,511	\$11,565	4%
Total	\$2,499,146	\$3,328,495	\$829,349	

*The Budget Analyst calculated the average annual actual expenditures over the terms of the previous contracts: FY 2007-08 through FY 2009-10 for the Case Management and Linkages Program, and FY 2006-07 through FY 2009-10 for CLF.

Source: Human Services Agency

As shown in Table 4 above, the annual cost comparisons between the previous agreement and the proposed agreement reflect (a) no change between the actual average expenditures and proposed annual Case Management budget, (b) increases of \$817,784, or 41 percent, between the actual average expenditures and proposed annual CLF budget, and (c) increases of \$11,565, or four percent, between the actual average expenditures and proposed annual Linkages Program budget.

According to Mr. Flores, the increases of \$817,784 between the actual average expenditures over the four-year duration of the previous grant agreement and the proposed annual CLF budget is the result of increases in programmatic spending over the past four years. Initially when the CLF program began in FY 2006-07, the Mayor and Board of Supervisors decided to make an annual investment of \$3,000,000 in the CLF program, and \$2,400,000 of this amount was contracted to IOA. However, as a result of under spending associated with delays in programmatic start-up, the IOA's spending in CLF didn't fully expand until FY 2009-10. The IOA CLF actual expenditures were \$168,000 in FY 2006-07, \$1,600,000 in FY 2007-08, \$2,800,000 in FY 2008-09, and \$3,800,000 in FY 2009-10.

POLICY CONSIDERATION

According to Mr. Flores, the IOA has continued to provide Case Management, CLF, and Linkages Program services since the June 30, 2010 end date of the previous three grant agreements. The delay in requesting approval for the proposed resolution is the result of delays associated with finalizing the 2010-11 HSA budget. Upon approval of the proposed resolution, HSA will pay for all services rendered since the July 1, 2010 commencement date of all three grant agreements.

Given the July 1, 2010 effective date of the proposed grant agreements and that IOA has been providing services associated with all three grant agreements since July 1, 2010, the Budget and Legislative Analyst recommends amending the proposed resolution to provide retroactive approval of the proposed resolution.

RECOMMENDATIONS

- Given the July 1, 2010 effective date of the three proposed grant agreements, amend the proposed resolution to provide retroactive approval of the proposed resolution.
- Approve the proposed resolution, as amended.