



Office of the City Manager

CONSENT CALENDAR

June 12, 2007

To: Honorable Mayor and  
Members of the City Council

From:  Phil Kamlarz, City Manager

Submitted by: Fred Medrano, Director, Health and Human Services

Subject: Contract Amendment: Berkeley Food and Housing Project

RECOMMENDATION

Adopt a Resolution authorizing the City Manager to execute an amendment to Contract No. 7050 with the Berkeley Food & Housing Project for operating costs for the Russell Street Residence supportive housing facility, third party flexible client assistance spending administration and representative payee services to increase the amount by \$135,000 for a total contract amount not to exceed \$212,500 and to extend the expiration date to June 30, 2008; authorizing an advance payment in the amount of \$95,000 to contractor; and authorizing the annual renewal of such contract for an additional two years through June 30, 2010.

FISCAL IMPACTS OF RECOMMENDATION

The recommended contract amendment with the Berkeley Food & Housing Project (“BFHP”), totaling \$135,000 is funded by four sources: 1) AB 2034 State grant funds in the amount of \$60,000 (Budget Codes: 069-4469-440.35-10 (Expenditure); 069-4469-331.40-70 (Revenue)); 2) Mental Health Services Act (“MHSA”) Proposition 63 funding in the amount of \$50,000 (Budget Codes: 063-4401-440.35-10 (Expenditure); 063-4401.331.40-77 (Revenue)); 3) City General Fund in the amount of \$15,000 (Budget Code: 010-4401-440.35-10); and 4) State Medi-Cal (payee services) in the amount of \$10,000 (Budget Codes: 065-4426-440.35-10 (Expenditure); 065-4401-331.40-70 (Revenue)). The contract has been entered into the City contract database and assigned CMS No. HBAYA. On a three-year combined basis, this contract with BFHP totals \$405,000.

CURRENT SITUATION AND ITS EFFECTS

The Department of Health and Human Services, Mental Health Division provides a broad array of community-based mental health services. Consistent with the Mental Health Division’s long-standing goal of engaging community partner agencies in the provision of such services, these recommended contracts reflect significant and strategic investments in partner agencies to

develop and augment community capacity to meet dynamic and changing community mental health needs.

In addition to annual baseline funding of \$30,000 to defray operating costs associated with the Russell Street Residence, the proposed contract with the BFHP reflects an important administrative and internal controls improvement project for the Mental Health Division. Specifically, since the inception of the AB 2034 Grant Program in 2001, significant emphasis has been placed on comprehensive case management services to the target population—the severely and persistently mentally ill homeless. The unique needs of this population require the flexible and prompt allocation of resources necessary to secure food, housing, drug/alcohol treatment, clothing, transportation and other client assistance. As the Division’s clinical service delivery model has adapted and developed to meet these client needs, the Division’s and City’s administrative and fiscal processes have not, given their inherent limitations and legitimate municipal controls that impede the effective delivery of needed resources to these clients.

As a result, the concept of a third-party fiscal administrator (“TPA”) was developed. Such a TPA, under contract with the City’s Mental Health Division, would be authorized to issue weekly payments (utilizing contract funds) to the myriad of housing, treatment and other vendors, as authorized by the Division’s lead fiscal and clinical staff. An amount of \$95,000 of the total proposed contract with the BFHP (\$135,000) is designated as flexible spending/client assistance for the 13-month contract period, June 1, 2007 through June 30, 2008. A 12.5% administrative fee, customary for such services, is built into this proposed contract budget.

Additionally, this TPA will serve as the representative administrative payee for designated Berkeley Mental Health clients pending the 3-4 month registration process involved with the County’s substitute payee program (involving direct vendor payments using client SSI and other client income based on Mental Health Division clinical staff instructions). This is a critically needed function and matter of internal control as it will eliminate the storage of client (cash) funds at the Mental Health Division clinic and eliminate the need for staff clinicians to handle such funds. The remaining amount of \$10,000 of the total proposed contract budget (\$135,000) reflects the cost for BFHP to administer and establish accounting, tracking and reporting systems for each client designated for representative payee services for the contract period.

#### BACKGROUND

The Mental Health Division was awarded Community Action Grants in 1997 and in 1999 from the Substance Abuse and Mental Health Services Administration (SAMHSA) to build consensus on the development of the exemplary practice of Assertive Community Treatment, and then to implement the program model and to the decisions made by the community planning process. The Mental Health Division made a commitment to work collaboratively with community-based organizations and other City departments towards the development of a system of care for individuals and families who need public mental health services in the cities of Berkeley and Albany.

Additionally, beginning in FY 2001, the Mental Health Division was competitively awarded funds under the AB 2034 State Mental Health Program, designed to build capacity and provide flexible funding to engage clients and achieve housing stability and other important outcomes for seriously and persistently mentally ill homeless individuals.

Based on the 2004 passage of Proposition 63, the Mental Health Services Act, the Mental Health Division receives an annual funding allocation of approximately \$1.2 million to expand and transform its mental health service system capacity to better meet the mental health needs of under-served communities, among others.

All of these initiatives offer new opportunities for the Mental Health Division to further develop and expand its system of care, utilizing involved non-profit providers in the planning and delivery of comprehensive mental health services. This proposed contract with BFHP will advance this goal as well as provide improved coordination between the City and its partner system of care agencies in service to the community.

RATIONALE FOR RECOMMENDATION

The BFHP contract amendment is issued on a single-source basis due to the unique requirements of the contract including BFHP's continued management as State licensee of the Russell Street Residence supportive housing facility and the provision of administrative representative payee services. In developing this new approach to managing client assistance and representative payee services, staff consulted with the Social Security Administration ("SSA") Berkeley Office on this proposed model. The SSA was strongly supportive of such an approach and the selection of BFHP as the TPA/Representative Administrative Payee based on this agency's long-standing experience working with clients in this manner and their overall agency capacity.

ALTERNATIVE ACTIONS CONSIDERED

None.

CONTACT PERSON

Harvey Tureck, Manager of Mental Health, 981-5213  
Eric Brenman, Senior Management Analyst, 981-5114

Attachment:

1. Resolution

RESOLUTION NO. -N.S.

CONTRACT AMENEMENT: CONTRACT 7050 WITH THE BERKELEY FOOD & HOUSING PROJECT FOR OPERATING FUNDING FOR THE RUSSELL STREET RESIDENCE SUPPORTIVE HOUSING FACILITY

WHEREAS, the City's Mental Health Division is allocated approximately \$1.2 million annually under the State Mental Health Services Act and awarded \$916,800 annually under the State AB 2034 Grant Program for the provision of comprehensive mental health services; and

WHEREAS, the Mental Health Division works cooperatively and in partnership with community-based agencies in the provision of such mental health services; and

WHEREAS, on a single-source basis, the Berkeley Food and Housing Project continues to manage, as State licensee, the Russell Street Residence and has been selected to provide specialized client assistance flexible spending and payee services (Contract # 7050; CMS # BGPTD), based upon this agency's unique experience in working with the Social Security Administration relating to managing payee services, in the amount of \$135,000; and

WHEREAS, funds are available in budget codes: 063-4401-440.35-10 (Expenditure); 063-4401.331.40-77 (Revenue), 069-4469-440.35-10 (Expenditure); 069-4469-331.40-70 (Revenue); 065-4426-440.35-10 (Expenditure); 065-4401-331.40-70 (Revenue); and 010-4401-440.35-10 (Expenditure); and this contract has been entered into the City contract database and assigned Contract Management System No. HBAYA.

NOW THEREFORE, BE IT RESOLVED by the Council of the City of Berkeley that the City Manager is hereby authorized to execute an amendment to Contract No. 7050 with the Berkeley Food & Housing Project for operating costs for the Russell Street Residence supportive housing facility, third party flexible client assistance spending administration and representative payee services to increase the amount by \$135,000 for a total contract amount not to exceed \$212,500 and to extend the expiration date to June 30, 2008. A record signature copy of said contract to be on file in the Office of the City Clerk.

BE IT FURTHER RESOLVED, that an advance payment in the amount of \$95,000 is authorized to implement and operate such programs.

BE IT FURTHER RESOLVED, that such contract to be renewed annually for up to an additional two years (through June 30, 2010) contingent upon both satisfactory contract performance and the availability of external funding in an amount sufficient to authorize such contracts.