



Board Agenda Item 25

DATE: August 18, 2020

TO: Board of Supervisors

SUBMITTED BY: Dawan Utecht, Director, Department of Behavioral Health

SUBJECT: Retroactive Agreement with Mental Health Systems and Agreement with RH Community Builders

RECOMMENDED ACTION(S):

- 1. Approve and authorize the Chairman to execute a retroactive Agreement with Mental Health Systems for master lease housing services to Department of Behavioral Health permanent supportive housing tenants for transition costs, effective May 1, 2020, eliminating the optional two one-year renewals of Agreement No. 17-145 for new term of May 1, 2017 through June 30, 2020 and decreasing the maximum by \$1,755,731 to a total of \$2,698,613.**
- 2. Make a finding that it is in the best interest of the County to suspend the competitive bidding process consistent with Administrative Policy Number 34 for unusual or extraordinary circumstances as RH Community Builders is the owner of the housing units where the Department of Behavioral Health permanent supportive housing tenants reside.**
- 3. Approve and authorize the Chairman to execute a retroactive Agreement with RH Community Builders to provide tenant lease and property management services for Department of Behavioral Health permanent supportive housing tenants, effective July 1, 2020 through June 30, 2022, which includes a one-year base contract and an optional one-year extension, total not to exceed \$2,073,416**

Approval of the recommended actions will enable the Department of Behavioral Health to continue to offer master lease housing units to permanent supportive housing tenants that are Department clients living with a serious mental illness (SMI) and experiencing homelessness or at-risk of homelessness. A 60-day notice of nonrenewal was provided to Mental Health Systems (MHS) on May 1, 2020, the first recommended action will end the agreement with MHS on June 30, 2020 and includes transition funding. The recommended agreement with RH Community Builders will begin thereafter and complete the remaining two years of MHS agreement's original term. Prior to the expiration of the recommended agreement in 2022, the Department will prepare a Request for Proposal. The agreements are funded with Mental Health Services Act (MHSA) - Community Services and Support (CSS) funds. This item pertains to a location in District 2.

ALTERNATIVE ACTION(S):

There is no viable alternative action. If your Board does not approve the recommended actions, the Department will not be able to continue the master lease housing services for tenants that are Department clients living with a SMI that are experiencing homelessness or at-risk of homelessness.

SUSPENSION OF COMPETITION/SOLE SOURCE CONTRACT:

The Department requests to suspend the competitive bidding process consistent with Administrative Policy No. 34 due to RH Community Builders being the only vendor that can seamlessly provide master lease housing and property management services for all the leased units in which tenants that are Department clients and reside in for the two remaining years of the MHS agreement. The Internal Services Department - Purchasing Division concurs with the Department's request to suspend the competitive bidding process.

RETROACTIVE AGREEMENT:

The recommended agreement with MHS is retroactive to May 1, 2020 to increase the FY 2019-20 maximum compensation to cover transition services provided by MHS and decrease the maximum and term. The recommended agreement with RH Community Builders is retroactive to July 1, 2020 to seamlessly begin master lease housing and property management services.

FISCAL IMPACT:

There is no increase in Net County Cost associated with the recommended actions.

The first recommended action will increase the FY 2019-20 maximum compensation by \$135,093 (from \$945,412 to \$1,080,505) offset with MHSA - Community Services and Support funds. The funds will be used to transition services and pay for pending invoices. The agreement maximum will decrease by \$1,755,731 to a total of \$2,698,613. Pending invoices for FY 2019-20, are estimated at \$135,093 for May and June 2020 and will be resolved with the additional funds requested and a budget modification.

The maximum compensation for the third recommended action (\$2,073,416) will be offset with MHSA - CSS funds. There are no pending invoices for the agreement. Services include the following:

- Tenant rent for all apartments at \$63,709 per month, with an annual maximum compensation of \$764,508 for 68 units; term maximum of \$1,529,016.
- Utilities paid at actual incurred costs with an annual maximum compensation of \$130,000; term maximum of \$260,000.
- Property Management fee of \$6,850 per month with an annual maximum compensation of \$82,200 per year; term maximum of \$164,400.
- Replacement of tenant furniture and tenant damage repairs with an annual maximum compensation of \$60,000; term maximum of \$120,000.

The recommended agreement identifies the 68 units available through RH Community Builders.

Sufficient appropriations and estimated revenues are included in the Department's Org 5630 FY 2020-21 Recommended Budget and will be included in the FY 2021-22 budget request.

DISCUSSION:

Agreement with MHS

On April 25, 2017, the Board approved Agreement No. 17-0135 with MHS, for master lease housing services to Department permanent supportive housing tenants for a five year and two-month term through June 30, 2022, which included a three-year two-month base contract (May 1, 2017 to June 30, 2020) and two optional one-year extensions.

On May 1, 2018, the Board approval Amendment I to continue to assist the Department by increasing

the capacity of supportive housing options for clients within the “New Starts” program by 100% during the remainder of FY 2017-18 (from 25 leased units to 50) and up to 75 leased units in the four remaining fiscal years of the agreement through June 30, 2022.

On May 1, 2020, the Department notified MHS of the non-renewal of the two one-year optional extensions.

The recommended agreement with MHS will end on June 30, 2020 and includes transition funding.

Agreement with RH Community Builders

The recommended agreement will allow RH Community Builders to seamlessly assume the following responsibilities due to the non-renewal of the agreement with MHS:

- All aspects of lease negotiations directly with tenants that are Department clients;
- Property management of the related leased units; and
- Close communication between Department staff and tenants that are Department clients to ensure safe and stable housing in accordance with Federal, State and local housing regulations.

In addition, similar to the prior agreement with MHS, the Department will certify the eligibility of tenants referred to the program and ensure that no more than 30% of a tenant’s income will be applied towards the lease expense. Department staff will also continue to ensure that tenants living in permanent supportive housing will be actively engaged in supportive services that support their wellness and recovery.

The Department will initiate a competitive bidding process for master lease housing and property management services in advance the expiration of the recommended agreement in 2022.

OTHER REVIEWING AGENCIES:

The Behavioral Health Board was made aware of the non-renewal of the agreement with MHS and of the proposed master lease and property management agreement with RH Community Builders during the July 15, 2020 meeting.

REFERENCE MATERIAL:

BAI #37, April 25, 2017
BAI #34, April 26, 2016

ATTACHMENTS INCLUDED AND/OR ON FILE:

Suspension of Competition Acquisition Request
On file with Clerk -Agreement with Mental Health Systems
On file with Clerk - Agreement with RH Community Builders

CAO ANALYST:

Sonia M. De La Rosa