



COUNTY OF SAN DIEGO

AGENDA ITEM

BOARD OF SUPERVISORS

NORA VARGAS
First District

JOEL ANDERSON
Second District

TERRA LAWSON-REMER
Third District

NATHAN FLETCHER
Fourth District

JIM DESMOND
Fifth District

DATE: August 16, 2022 and September 13, 2022

06

TO: Board of Supervisors

SUBJECT

VOLUNTEERS OF AMERICA SOUTHWEST, INC. - APPROVE ACQUISITION OF APPROXIMATELY 1.76 ACRES IDENTIFIED AS ASSESSOR'S PARCEL NUMBERS 557-150-19 AND 557-150-20 (8/16/2022 – SET HEARING; 9/13/2022 – HOLD HEARING) (DISTRICT: 1)

OVERVIEW

The County of San Diego Health and Human Services Agency's (HHSA) mission is to make people's lives healthier, safer, and more self-sufficient by delivering essential services throughout the region. HHSA, in partnership with multiple contracted providers, provides essential services and vital resources in support of the nearly 3.3 million San Diego County residents living well.

The San Diego County Board of Supervisors (Board) has demonstrated a long-term commitment to investing in services to meet the needs of those with behavioral health conditions. Services such as substance use treatment services and supports are critical to the San Diego County's overall behavioral health system and provides clients with support to restore and maintain self-sufficiency, reduce substance use, and promote overall health and wellness.

Volunteers of America Southwest California, Inc. (VOASW) was a contractor of the County of San Diego (County), providing various behavioral health services including adult residential substance use treatment, withdrawal management services, augmented supportive services programming, and ancillary services in support of stabilization and treatment. In 2018, the County initiated a routine contract audit of VOASW's financial records and were unable to validate significant program expenses as submitted by VOASW over several years. As such, the County disallowed costs and requested reimbursement of the funds in question.

To address these claims, the County and VOASW have entered into a settlement agreement. Pursuant to the settlement agreement, the disallowance will be reduced based on the services and treatment VOASW provided to County clients ("Reduced Disallowance"). In lieu of VOASW refunding the Reduced Disallowance, VOASW will cause VOASW's subsidiary, Southern California Development Corporation of Volunteers of America, Inc., to transfer to County

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ownership of approximately 1.76 acres identified as Assessor's Parcel Numbers (APNs) 557-150-19 and 557-150-20 located at 2131 and 2325 E. 7th Street, National City, CA 91950 (Property) pursuant to a Purchase and Sale Agreement. The Property will be transferred to the County for \$227,770, which is the difference between the appraised value of the property and the Reduced Disallowance.

The two buildings on the Property were constructed in the 1960's and between 1966 and 1985, renovations to the existing structures were made until both structures appeared similar to the present day-configurations. The two buildings total approximately 40,000 square feet. The buildings are currently vacant but were most recently used by VOASW as a 120-bed alcohol and drug treatment facility. Significant repairs, improvements, and upgrades will have to be made over the next several years to correct the known deficiencies because of the age of the buildings and the building systems.

In addition, Southern California Development Corporation of Volunteers of America, Inc. is in a unique position to transfer some furniture, fixtures and/or equipment currently on the Property to the County. Staff will determine which of these items are to be purchased, and prior to executing an agreement, the Director, Department of Purchasing and Contracting, will determine that the price for such property is fair and reasonable.

If approved, the County HHSA, Behavioral Health Services (BHS) plans to utilize the Property for the provision of substance use treatment services and supports, which advances the County's goals across multiple domains by:

- Ensuring a comprehensive harm reduction approach by providing access to care when clients are ready.
- Aligning with Drug Medi-Cal Organized Delivery System goals to improve quality and outcomes, access to services and system growth, and sustainability of substance use services.
- Improving beneficiary access to care, quality of care, and administrative efficiency.
- Responding to community need which shows that opiate overdose deaths are at historic proportions.

Today's request requires two steps. On August 16, 2022, it is requested that the Board set a hearing to consider the approval of the purchase of the Property and direct the Clerk of the Board to provide public notice of the hearing. If the Board approves the request on August 16, 2022, then on September 13, 2022, after making the necessary findings, the Board is requested to approve the purchase of the Property from Southern California Development Corporation of Volunteers of America, Inc. for the purchase price of \$227,770 and appropriate these funds, appropriate \$880,000 toward major maintenance efforts and required facility corrections, and authorize the Director, Department of Purchasing and Contracting, upon successful negotiations and

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determination of a fair and reasonable price, to execute an agreement with Southern California Development Corporation of Volunteers of America, Inc., for the procurement of specified furniture, fixtures, and/or equipment.

This item supports the County's vision of a just, sustainable, and resilient future for all, specifically those communities and populations in San Diego County that have been historically left behind, as well as our ongoing commitment to the regional *Live Well San Diego* vision of healthy, safe, and thriving communities. This will be accomplished by increasing capacity of substance use treatment services that connect individuals with essential health benefits for the management of chronic conditions and provide longitudinal care over their lifetime.

RECOMMENDATION(S)

CHIEF ADMINISTRATIVE OFFICER

On August 16, 2022:

1. Set a hearing for September 13, 2022, at which time the San Diego County Board of Supervisors (Board) may consider approving the purchase of Assessor's Parcel Numbers 557-150-19 and 557-150-20 from Southern California Development Corporation of Volunteers of America, Inc., for the purchase price of \$227,770.
2. Direct the Clerk of the Board of Supervisors to provide notice of said hearing on September 13, 2022, via publication and posting as required by law.

If, on August 16, 2022, the Board takes the actions recommended in Items 1-2 above, then on September 13, 2022:

1. Find that the proposed acquisition of Assessor Parcel Numbers (APNs) 557-150-19 and 557-150-20 is exempt from the California Environmental Quality Act (CEQA) pursuant to sections 15301 and 15304 of the State CEQA Guidelines.
2. Authorize the Director, Department of General Services, to execute the Purchase and Sale Agreement and Joint Escrow Instructions for the purchase of APNs 557-150-19 and 556-150-20 from Southern California Development Corporation of Volunteers of America, Inc., for the purchase price of \$227,770 and to execute all escrow related documents necessary to complete the purchase of the property.
3. Establish appropriations of \$1,107,770 in the Health and Human Services Agency, Operating Transfer Out to MMCOF, for Major Maintenance Capital Project 1025840 HHS VOASW BHS IMP, based on available Realignment. **(4 VOTES)**
4. Establish appropriations of \$1,107,770 in the Major Maintenance Capital Outlay Fund for Capital Project 1025840, HHS VOASW BHS IMP to fund purchase of Assessor's Parcel Numbers 557-150-19 and 557-150-20 from Southern California Development Corporation of Volunteers of America, Inc. and for major maintenance efforts and required facility corrections based on an Operating Transfer In from the General Fund. **(4 VOTES)**

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5. In accordance with Board Policy A-87, Competitive Procurement, authorize the Director, Department of Purchasing and Contracting, upon successful negotiations and determination of a fair and reasonable price, to execute an agreement with Southern California Development Corporation of Volunteers of America, Inc., for the procurement of specified furniture, fixtures, and/or equipment.

EQUITY IMPACT STATEMENT

The County of San Diego (County) Health and Human Services Agency, Behavioral Health Services (BHS) serves as the specialty mental health plan for Medi-Cal eligible residents within San Diego County with serious mental illness, and the service delivery system for Medi-Cal eligible residents with substance use care needs. These individuals and families often struggle disproportionately with social and economic factors that may negatively impact their behavioral health. These factors, referred to as the social determinants of health, are rooted in inequitable distribution of resources.

As a steward of public health for the region, BHS must ensure that the services offered through County-operated and contracted programs address the social determinants of health by being accessible, capable of meeting the linguistic and cultural needs of a diverse population, and equitably distributed to the individuals, families, and communities most in need. BHS utilizes a population health approach, including evidence-based practices, robust data analysis, and stakeholder input from consumers, community-based providers, healthcare organizations and others to identify need and design services that are impactful, equitable, and yield meaningful outcomes for clients.

If approved, today's actions, and subsequent actions, will enable the County to utilize the facility formerly occupied by Volunteers of America Southwest California, Inc. for the provision of equitably-distributed, accessible, and efficiently managed substance use treatment services and supports for some of the region's most vulnerable, under-served, and under-resourced populations.

FISCAL IMPACT

Funds for this request are not included in the Fiscal Year (FY) 2022-24 Operational Plan in the Health and Human Services Agency. There is no fiscal impact associated with recommendations in Items 1-2 on August 16, 2022. If, on August 16, 2022, the Board takes the actions recommended in Items 1-2, subsequent actions on September 13, 2022 for Items 1-5 will result in estimated project costs for the Property of up to \$1,418,095 in FY 2022-23 itemized as follows: \$227,770 for property acquisition, up to \$310,325 for furniture, fixtures and/or equipment, and \$880,000 for initial major maintenance efforts and required facility corrections. The funding source is Realignment. HHSA will use existing appropriations to fund up to \$310,325 for the furniture,

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fixtures and/or equipment. There will be no change in General Fund cost and no additional staff years.

Significant repairs, improvements, and upgrades will continue past FY 2022-23 over the next several years to correct the known deficiencies because of the age of the buildings and the building systems. The total amount of this work is currently estimated at \$10 million. Appropriation authority and funding identification for this subsequent work, and appropriation for ongoing operational costs as needed, would be brought back to the Board.

BUSINESS IMPACT STATEMENT

N/A

ADVISORY BOARD STATEMENT

This item will be presented as an informational item at the Behavioral Health Advisory Board regular meeting on September 1, 2022.

BACKGROUND

The San Diego County Board of Supervisors (Board) have demonstrated a long-term commitment to investing in services to meet the needs of those with behavioral health conditions. Services such as substance use treatment services and supports are critical to the San Diego County's overall behavioral health system and provides clients with support to restore and maintain self-sufficiency, reduce substance use, and promote overall health and wellness.

Volunteers of America Southwest California, Inc. (VOASW) was a contractor of the County of San Diego (County), providing various services including adult residential substance use treatment, withdrawal management services, augmented supportive services programming, and ancillary services in support of stabilization and treatment. In 2018, the County initiated a routine contract audit of VOASW's financial records and were unable to validate significant program expenses submitted by VOASW over several years. As such, the County disallowed costs and requested reimbursement of the funds in question.

To address these claims, the County and VOASW have entered into a settlement agreement. Pursuant to the settlement agreement, the disallowance will be reduced based on the services and treatment VOASW provided to County clients ("Reduced Disallowance"). In lieu of VOASW refunding the Reduced Disallowance, VOASW will cause VOASW's subsidiary, Southern California Development Corporation of Volunteers of America, Inc., to transfer to the County ownership of approximately 1.76 acres identified as Assessor's Parcel Numbers (APNs) 557-150-19 and 557-150-20 located at 2131 and 2325 E. 7th Street, National City, CA 91950 (Property) pursuant to a Purchase and Sale Agreement. The Property will be transferred to the County for \$227,770, which is the difference between the appraised value of the property and the Reduced Disallowance.

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The two buildings on the Property were constructed in the 1960's and between 1966 and 1985, renovations to the existing structures were made until both structures appeared similar to the present day-configurations. The two buildings total approximately 40,000 square feet. The buildings are currently vacant, but the larger building was most recently used by VOASW as a 120-bed alcohol and drug treatment facility, while the smaller building served as a kitchen and laundry facility. Given their age, the buildings are in poor condition and require funding to correct numerous known deficiencies.

As a public health entity, a health plan, a service provider and a contractor, the County HHSA, Behavioral Health Services (BHS) plays a multifaceted role in addressing substance use in San Diego County. BHS offers services to prevent, identify, treat, and mitigate the harms of substance use through an extensive network of service providers. BHS provides substance use treatment services to people of all ages, including those with co-occurring conditions; and offers developmentally appropriate services for teens, gender-specific services for women who are pregnant and parenting, and tailors all services to match the individual's specific needs and treatment goals.

Upon approval of today's actions, and subsequent approval of actions on September 13, 2022, BHS plans to utilize the facility for the provision of substance use treatment services and supports which advances the County's goals across multiple domains by:

- Ensuring a comprehensive harm reduction approach by providing access to care when clients are ready.
- Aligning with Drug Medi-Cal Organized Delivery System goals to improve quality and outcomes, access to services and system growth, and sustainability of substance use services.
- Improving beneficiary access to care, quality of care, and administrative efficiency.
- Responding to community need which shows that opiate overdose deaths are at historic proportions.

Additionally, the County's substance use treatment services integrate into mainstream healthcare, support chronic care management, and utilize evidence-based practices. These services support positive health outcomes by connecting individuals with essential health benefits for the management of chronic conditions and longitudinal care over the lifetime of the individual.

Client level outcomes may include:

- reduced substance use,
- improved physical health,
- improved housing status, and
- increased self-sufficiency.

System level outcomes may include:

- reduced emergency and hospital utilization,

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- decreased health costs, and
- decreased utilization of public safety resources.

Southern California Development Corporation of Volunteers of America, Inc. is in a unique position to transfer some property including furniture, fixtures and/or equipment to the County, which is already located and installed at the property to be purchased. Such a transfer of property is not available from any other source; thus, the procurement of this property qualifies for an exception from the competitive procurement requirements of Board Policy A-87, section D.3. The estimated fair market value of the goods that may be purchased is \$310,325, and the estimated liquidation value of these goods is \$179,495. Staff will determine which furniture, fixtures, and/or equipment are to be purchased, and prior to executing an agreement with Southern California Development Corporation of Volunteers of America, Inc., the Director, Department of Purchasing and Contracting, will determine that the price for such personal property is fair and reasonable.

Today's request requires two steps. On August 16, 2022, it is requested that the Board set a hearing for September 13, 2022, to consider the approval of the purchase of the Property and direct the Clerk of the Board to provide notice of the hearing. If the Board takes the actions recommended for August 16, 2022, then on September 13, 2022, after making the necessary findings, the Board is requested to approve the purchase of the Property for the purchase price of \$227,770 and appropriate these funds, appropriate \$880,000 toward major maintenance efforts and required facility corrections, and authorize the Director, Department of Purchasing and Contracting to execute an agreement for the procurement of specified furniture, fixtures, and/or equipment.

ENVIRONMENTAL STATEMENT

Acquisition of the Property and associated actions are exempt from the California Environmental Quality Act (CEQA) pursuant to State CEQA Guidelines Sections 15301 and 15304. Section 15301 is appropriate because the Property to be acquired includes two existing buildings that previously operated as an alcohol and drug treatment facility and this is intended to continue upon acquisition, and interior improvements to the existing buildings, consisting of replacing building mechanical, electrical, plumbing, and fire safety systems, Americans with Disabilities Act (ADA) and building code upgrades, and hazardous materials remediation, will involve negligible or no expansion of the existing use. Section 15304 is appropriate because initial stewardship activities may include replacement of landscaping, irrigation, fencing and signage, which may require minor land disturbance.

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LINKAGE TO THE COUNTY OF SAN DIEGO STRATEGIC PLAN

Today's proposed actions support the County of San Diego's 2022-2027 Strategic Plan initiatives of Equity (Health) and Community (Quality of Life) as well as the regional *Live Well San Diego* vision, by ensuring that vulnerable populations of individuals with behavioral health needs continue to have access to a comprehensive continuum of behavioral health services administered through accessible behavioral health programs.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Helen N. Robbins-Meyer', with a stylized flourish at the end.

HELEN N. ROBBINS-MEYER
Chief Administrative Officer

ATTACHMENT(S)

N/A