



**LOS ANGELES COUNTY  
DEPARTMENT OF MENTAL HEALTH**

JONATHAN E. SHERIN, M.D., Ph.D., Director  
ROBIN KAY, Ph.D., Chief Deputy Director  
RODERICK SHANER, M.D., Medical Director



June 13, 2017

The Honorable Board of Supervisors  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, California 90012

Dear Supervisors:

**ADOPTED**

BOARD OF SUPERVISORS  
COUNTY OF LOS ANGELES

44 June 13, 2017

LORI GLASGOW  
EXECUTIVE OFFICER

**AUTHORIZATION FOR A SOLE SOURCE AMENDMENT TO THE LEGAL ENTITY AGREEMENT  
WITH ENKI HEALTH AND RESEARCH SYSTEMS, INC.  
FOR FISCAL YEARS 2017-18 AND 2018-19  
(SUPERVISORIAL DISTRICT 1)  
(3 VOTES)**

**SUBJECT**

Request approval to amend existing Department of Mental Health Legal Entity Agreement with ENKI Health and Research Systems, Inc., for the provision of Projects for Assistance in Transition from Homelessness program services in Service Areas 3 and 7 to provide continuous and uninterrupted Projects for Assistance in Transition from Homelessness services to individuals who have a severe mental illness and are homeless.

**IT IS RECOMMENDED THAT THE BOARD:**

1. Approve and authorize the Director of Mental Health (Director), or his designee, to prepare, sign, and execute an amendment, substantially similar to Attachment I, to the existing Department of Mental Health (DMH) Legal Entity (LE) Agreement MH121261 with ENKI Health and Research Systems, Inc. (ENKI), for Fiscal Year (FY) 2017-18, and a subsequent new LE Agreement, if applicable, commencing FY 2018-19. The Amendment(s) will initially be effective beginning July 1, 2017, and would extend through June 30, 2019, subject to a new LE Agreement commencing FY 2018-19. The Amendment will increase the Maximum Contract Amount (MCA) by \$848,131 for a revised MCA of \$34,754,563 for FY 2017-18.

2. Delegate authority to the Director, or his designee, to prepare, sign, and execute future amendments to the LE Agreement, provided that: 1) the County's total payments to the LE contractor under its Agreement for each FY do not exceed an increase of 25 percent from the MCA

approved by your Board on June 13, 2017; 2) any such increase will be used to provide additional services; 3) changes are necessary to reflect program and/or Board policy changes; 4) your Board has appropriated sufficient funds for all changes; 5) approval of County Counsel, or designee, as to form is obtained prior to any such amendment; 6) the County and Contractor may, by written amendment, mutually agree to reduce programs or services; and 7) the Director, or his designee, notifies your Board and the Chief Executive Officer (CEO) of Agreement changes in writing within 30 days after execution of each amendment.

3. Delegate authority to the Director, or his designee, to terminate the Projects for Assistance in Transition from Homelessness (PATH) program services for convenience upon request by either County or Contractor. The Director, or his designee, will notify your Board of such termination in writing within 30 days after the execution of termination.

### **PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

The intent of the PATH program is to provide outreach, engagement, and case management to individuals 18 and over who have a severe mental illness and are homeless, or at imminent risk of homelessness. Services are provided by a field-based Multidisciplinary Integrated Team and may include outreach and engagement, assessment, housing services, case management, referral assistance, transportation, medication support, crisis intervention, individual therapy/counseling, life skills training, substance abuse treatment, and collateral support.

The existing sole source services contract with ENKI is expiring on June 30, 2017. Board approval of the sole source LE amendment will enable ENKI to continue providing uninterrupted PATH program services in Service Areas 3 and 7.

### **Implementation of Strategic Plan Goals**

The recommended actions are consistent with the County Strategic Plan Goal I.2 – Enhance Our Delivery of Comprehensive Interventions, I.2.1 Provide Subsidized Housing for Vulnerable Populations. This program will also help support the County’s Homeless Initiative effort to end homelessness.

### **FISCAL IMPACT/FINANCING**

The cost of this Amendment for each FY, beginning with FY2017-18, is \$848,131 and is fully funded by PATH, an Intrafund transfer from Chief Executive Office, 2011 Realignment and Federal Financial Participation (FFP) revenue. The revised MCA for ENKI is \$34,754,563 for FY 2017-18.

Funding for future years will be requested through DMH’s annual budget request process.

There is no additional net County cost associated with this action.

### **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

PATH Federal Block Grant (FBG) funds are used to provide services to individuals who are diagnosed with severe mental illness and/or with co-occurring substance abuse disorders who are also homeless. The Department has received PATH FBG funding since the early 1990s and has contracted with various agencies to provide PATH services.

PATH FBG funds are authorized under the Steward B. McKinney Homeless Assistance Amendments Act of 1990 (Public Law 101-645, Title V, Subtitle B). The federal government allocates these funds to states. In California, funding is distributed to counties using an application process.

The Amendment format (Attachment I) has been approved as to form by County Counsel. The CEO has approved the Sole Source Checklist (Attachment III). DMH will continue to supervise and monitor adherence to the Agreement's provisions, DMH policies, and performance outcomes to ensure that quality services are being provided to clients.

### **CONTRACTING PROCESS**

In a Board letter dated June 2, 2015, DMH was granted delegated authority to enter into a sole source agreement with an eligible LE contractor for the provision of services in SAs 3 and 7 as the Department did not receive any responses to the extended PATH RFP process for these specific areas for FYs 2014-15 through 2016-17. DMH identified ENKI to be the LE provider to receive the PATH funding in Service Areas 3 and 7, along with the other services specified in its LE Agreement. The sole source contract amendment with ENKI for PATH services for FYs 2015-16 and 2016-17 was approved on October 19, 2015, and will expire on June 30, 2017.

ENKI's LE Agreement will expire on June 30, 2018. At that time, DMH expects to approach your Board to request that a new LE Agreement be executed commencing FY 2018-19. Your Board's approval of this subject Amendment serves as advance notice that DMH intends to extend this sole source PATH funding for ENKI for an additional fiscal year under the prospective new LE Agreement.

In accordance with the Board of Supervisors Policy Manual, Section 5.100, Sole Source Contracts, DMH presented the written advance notification of its intent to enter into a sole source LE amendment with ENKI at the May 3, 2017, Agenda Review. This notification memorandum, Attachment II, was sent to your Board on May 10, 2017.

### **IMPACT ON CURRENT SERVICES (OR PROJECTS)**

Board approval of the proposed actions will allow for the continuation of PATH program services to be closely aligned with the County's efforts to end homelessness. They will positively impact current services by providing field-based integrated mental health, physical health, and substance abuse services to homeless individuals who have severe mental illness. Services will assist these individuals with transitioning from homelessness into permanent supportive housing by providing the support necessary to retain housing.

The Honorable Board of Supervisors

6/13/2017

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Respectfully submitted,

A handwritten signature in black ink, appearing to read 'JES', is centered on the page.

Jonathan E. Sherin, M.D., Ph.D.

Director

JES:MM:MF:SLD:

mm

Enclosures

c: Executive Office, Board of Supervisors  
Chief Executive Office  
County Counsel  
Chairperson, Mental Health Commission

Attachment I

CONTRACT NO. MH\_\_\_\_\_

AMENDMENT NO. \_\_\_

THIS AMENDMENT is made and entered into this \_\_\_ day of \_\_\_\_\_, 2017, by and between the COUNTY OF LOS ANGELES (hereafter "County") and \_\_\_\_\_ (hereafter "Contractor").

WHEREAS, County and Contractor have entered into a written Agreement, dated July 1, 2015, identified as County Agreement No. MH\_\_\_\_\_, and as subsequently amended (hereafter collectively "Agreement"); and

WHEREAS, for Fiscal Year (FY) 2017-18, County and Contractor intend to amend Agreement only as described hereunder; and

WHEREAS, for Fiscal Year (FY) 2017-18, County and Contractor intend to amend Agreement to add Projects for Assistance in Transition from Homelessness (PATH) funding for the provision of PATH program services in Services Areas 3 and 7; and

WHEREAS, for FY 2017-18, County and Contractor intend to amend Agreement to **add** PATH McKinney, Catalog of Federal Domestic Assistance (CFDA) #93.150 PATH McKinney Medi-Cal (MC) Funded Program funds;

WHEREAS, for FY 2017-18, County and Contractor intend to amend Agreement to **add** PATH McKinney, Catalog of Federal Domestic Assistance (CFDA) #93.150 Non-MC Funded Program funds; and

WHEREAS, for FY 2017-18, as a result of the above changes in funded programs, the Maximum Contract Amount (MCA) will **increase**; and

NOW, THEREFORE, County and Contractor agree that this Agreement shall be amended only as follows:

1. For FY 2017-18, PATH McKinney MC Funded Program funds are added in the amount of \$\_\_\_\_\_ and PATH McKinney, CFDA #93.150 Non-MC Funded Program funds are added in the amount of \$\_\_\_\_\_.
2. For FY 2017-18, the MCA is increased by \$\_\_\_\_\_ and the revised MCA is \$\_\_\_\_\_.
3. Financial Exhibit A (FINANCIAL PROVISIONS), Attachment II, Paragraph D (REIMBURSEMENT IF AGREEMENT IS AUTOMATICALLY RENEWED), subparagraph 2 (Reimbursement For Second Automatic Renewal Period) shall be deleted in its entirety and the following substituted therefor:

"D. REIMBURSEMENT IF AGREEMENT IS AUTOMATICALLY RENEWED

(2) Reimbursement For Second Automatic Renewal Period: The MCA for the Second Automatic Renewal Period of this Agreement as described in Paragraph 1 (TERM) of the DMH Legal Entity Agreement shall not exceed \_\_\_\_\_ DOLLARS (\$\_\_\_\_\_) and shall consist of Funded Programs as shown on the Financial Summary."

4. Financial Exhibit A (FINANCIAL PROVISIONS), Attachment II, Paragraph N (CASH FLOW ADVANCE IN EXPECTATION OF SERVICES/ACTIVITIES TO BE RENDERED), Subparagraph 8 (Business Rules for the Determination of the Maximum Amount of the Cash Flow Advance Request), (a), shall be deleted in its entirety and the following substituted therefor:

"(a) For each of the first two (2) months of each period that this Agreement is in effect, Contractor may request in writing from County a monthly County General

Fund CFA for any funds which may be part of the MCA for such period as identified in the Financial Summary. Contractor shall specify in its request the amount of the monthly CFA it is requesting, not to exceed \$\_\_\_\_\_ for the first month and \$\_\_\_\_\_ for the second month, if applicable. In no event shall the monthly CFA requested by Contractor exceed 1/12<sup>th</sup> of MCA as identified on the Financial Summary as of the specified month the CFA is requested.

5. Financial Summary (Attachment III) – \_\_ for FY 2017-18, shall be deleted in its entirety and replaced with Financial Summary (Attachment III) – \_\_ for FY 2017-18 attached hereto and incorporated herein by reference. All references in Agreement to Financial Summary (Attachment III) – \_\_ for FY 2017-18, shall be deemed amended to state “Financial Summary (Attachment III) – \_\_ for FY 2017-18.”
6. Contractor shall provide services in accordance with Contractor’s FY 2017-18 Negotiation Package for this Agreement and any addenda thereto approved in writing by the County’s Director of Mental Health or his designee.
7. Except as provided in this Amendment, all other terms and conditions of the Agreement shall remain in full force and effect.

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IN WITNESS WHEREOF, the Board of Supervisors of the County of Los Angeles has caused this Amendment to be subscribed by County's Director of Mental Health or his designee, and Contractor has caused this Amendment to be subscribed on its behalf by its duly authorized officer, on the day, month, and year first above written.

COUNTY OF LOS ANGELES

By \_\_\_\_\_  
Jonathan E. Sherin, M.D., Ph.D.  
Director of Mental Health

ENKI Health and Research Systems, Inc.  
CONTRACTOR

By \_\_\_\_\_

Name \_\_\_\_\_

Title \_\_\_\_\_  
(AFFIX CORPORATE SEAL HERE)

APPROVED AS TO FORM:  
OFFICE OF THE COUNTY COUNSEL

APPROVED AS TO CONTRACT  
ADMINISTRATION:

DEPARTMENT OF MENTAL HEALTH

By \_\_\_\_\_  
Chief, Contracts Development  
and Administration Division

mm - SRF # - Amendment No. # - sole source for PATH program services SA 3 and SA 7





**LOS ANGELES COUNTY  
DEPARTMENT OF MENTAL HEALTH**

JONATHAN E. SHERIN, M.D., Ph.D., Director  
ROBIN KAY, Ph.D., Chief Deputy Director  
RODERICK SHANER, M.D., Medical Director



May 10, 2017

**TO:** Supervisor Mark Ridley-Thomas, Chairman  
Supervisor Hilda L. Solis  
Supervisor Sheila Kuehl  
Supervisor Janice Hahn  
Supervisor Kathryn Barger

**FROM:** Jonathan E. Sherin, M.D., Ph.D.  
Director *JES*

**SUBJECT: ADVANCE NOTIFICATION OF INTENT TO ENTER INTO A SOLE  
SOURCE SERVICES CONTRACT WITH ENKI HEALTH AND  
RESEARCH SYSTEMS, INC.**

This is to notify your Board that the County of Los Angeles Department of Mental Health (DMH) intends to enter into a sole source Legal Entity (LE) Amendment with ENKI Health and Research Systems, Inc. (ENKI), for the provision of Projects for Assistance in Transition from Homelessness (PATH) program services in Service Areas 3 and 7. Board Policy 5.100 requires six months advance written notice to the Board prior to the expiration of an existing sole source contract. Due to an administrative oversight, DMH is only providing two months advance written notice instead of the requisite six months in order to ensure the continuation of PATH services to needy individuals.

The intent of the PATH program is to provide outreach, engagement, and case management to individuals 18 and over who have a severe mental illness and are homeless, or at imminent risk of homelessness. Services are provided by a field-based Multidisciplinary Integrated Team and may include outreach and engagement, assessment, housing services, case management, referral assistance, transportation, medication support, crisis intervention, individual therapy/counseling, life skills training, substance abuse treatment, and collateral support.

Unless otherwise instructed by your Board office within two weeks, DMH will proceed with negotiating the sole source LE Amendment to commence on July 1, 2017, and end on June 30, 2018. DMH will work closely with both the Office of the County Counsel and the Chief Executive Office in preparing the LE Amendment with ENKI for the provision of PATH services.

Each Supervisor  
May 10, 2017  
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If you have any questions or require additional information, please contact me at (213) 738-4601, or your staff may contact Sara Lee Dato, Chief of Contracts Development and Administration Division, at (213) 738-4684.

JES:MM:MF:SLD:mm

c: Executive Office, Board of Supervisors  
Chief Executive Office  
Mental Health Deputies  
County Counsel  
Robin Kay, Ph.D.  
Maria Funk, Ph.D.  
Ana Suarez  
Maria Mitra

**SOLE SOURCE CHECKLIST**  
**ENKI Health and Research**

Check (✓)	<p align="center"><b>JUSTIFICATION FOR SOLE SOURCE CONTRACTS</b></p> <p align="center">Identify applicable justification and provide documentation for each checked item.</p>
	<p>➤ Only one bona fide source (monopoly) for the service exists; performance and price competition are not available. Monopoly is an "Exclusive control of the supply of any service in a given market. If more than one source in a given market exists, a monopoly does not exist."</p>
	<p>➤ Compliance with applicable statutory and/or regulatory provisions.</p>
	<p>➤ Compliance with State and/or federal programmatic requirements.</p>
	<p>➤ Services provided by other public or County-related entities.</p>
	<p>➤ Services are needed to address an emergent or related time-sensitive need.</p>
	<p>➤ The service provider(s) is required under the provisions of a grant or regulatory requirement.</p>
	<p>➤ Additional services are needed to complete an ongoing task and it would be prohibitively costly in time and money to seek a new service provider.</p>
	<p>➤ Maintenance service agreements exist on equipment which must be serviced by the original equipment manufacturer or an authorized service representative.</p>
	<p>➤ It is more cost-effective to obtain services by exercising an option under an existing contract.</p>
	<p>➤ It is in the best economic interest of the County (e.g., significant costs to replace an existing system or infrastructure, administrative cost savings and excessive learning curve for a new service provider, etc.) In such cases, departments must demonstrate due diligence in qualifying the cost-savings or cost-avoidance associated with the best economic interest of the County.</p>
✓	<p>➤ Other reason. Please explain: ENKI is currently the sole source provider of Project for Assistance in Transition from Homelessness (PATH) services in Service Areas (SA) 3 and 7. When these services were solicited on March 4, 2014, DMH did not receive responses for SAs 3 and 7. As a result in June of 2015, DMH received and exercised Board authority to amend ENKI's existing legal entity contract to provide these services on a sole source basis in SAs 3 and 7. The current ENKI contract amendment for these services is expiring June 30, 2017. DMH has not re-solicited these services, and accordingly is requesting that ENKI continue as the sole source provider to ensure these services in SAs 3 and 7 continue beyond the current amendment expiration date.</p>

Matthew M. [Signature]  
Authorized Representative, Chief Executive Office

6/1/17  
Date