



Agenda Date: 10/4/2005  
Agenda Placement: 6C

## NAPA COUNTY BOARD OF SUPERVISORS Board Agenda Letter

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**TO:** Board of Supervisors  
**FROM:** Shelli Brobst for Randolph F. Snowden - Director  
Health & Human Services  
**REPORT BY:** Shelli Brobst, Contracts Analyst, 253-4720  
**SUBJECT:** Actions regarding Project Ninety, Inc. (Napa County Stabilization Center)

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### **RECOMMENDATION**

Director of Health and Human Services requests approval of and authorization for the Chair to sign the following agreements in relation to the provision of residential substance abuse services:

1. Agreement with Project Ninety, Inc., for a maximum of \$802,175 for the term October 4, 2005 through June 30, 2007 for the operation of a residential substance abuse program;
2. Business Associate Agreement with Project Ninety, Inc., setting forth the terms and conditions of the Health Insurance Portability and Accountability Act of 1996 (HIPAA) Privacy Rule; and
3. Amendment No. 1 to Lease Agreement No. 4801 with the California Department of Mental Health, increasing the monthly rate and extending the term through June 30, 2012 for space known as the "M-1 Building" located at Napa State Hospital.

### **EXECUTIVE SUMMARY**

Authorization is being requested for three agreements which will enable Napa County to provide residential substance abuse services. These agreements are:

- 1 A contract with Project Ninety, Inc., a non-profit agency from San Mateo. The contract will enable Project Ninety to operate a residential substance abuse detoxification and treatment program in a facility leased by Napa County at Napa State Hospital. Per the contract, 22 beds will be dedicated to serve low-income and indigent Napa County residents.
- 1 A Business Associate Agreement with Project Ninety, Inc., which requires the contractor to abide by the terms and conditions of the Health Insurance Portability and Accountability Act of 1996 (HIPAA) Privacy Rule.
- 1 Amendment of an existing lease agreement between Napa County and the State of California for the facility in which the program will be located. The amendment provides the County with program flexibility and extends the term through 2012.

**FISCAL IMPACT**

Is there a Fiscal Impact?	Yes
Is it currently budgeted?	Yes
Where is it budgeted?	Substance Abuse Services
Is it Mandatory or Discretionary?	Discretionary
Discretionary Justification:	<p>If the Project Ninety agreement is not approved, HHSA clients will not have residential substance abuse detoxification and short-term treatment available to them. This may result in increased hospitalizations for Napa County clients at potentially greater cost to the County. In addition, funding will have to be returned to the funding sources.</p> <p>If the lease amendment is not approved, the bed capacity will be too low and Project Ninety will not be able to use the building at Napa State Hospital.</p>
Is the general fund affected?	Yes
Future fiscal impact:	The Project Ninety agreement terminates June 30, 2007. The space lease agreement terminates June 30, 2012.
Consequences if not approved:	See above.
Additional Information:	<p>The Project Ninety agreement is funded by a combination of federal, state, local and private funding sources. The federal Substance Abuse Prevention and Treatment (SAPT) allocation pays for approximately ten percent of the costs. State funding pays for approximately 30 percent of the costs through the Bay Area Services Network (BASN) and Substance Abuse and Crime Prevention Act (SACPA) allocations. Approximately 20 percent of the costs is funded with budgeted County dollar through the Probation Department and funds designated for this purpose by the Board of Supervisors. The remaining 40 percent of the costs is funded by a \$400,000 donation from Auction Napa Valley. The grant agreement between Auction Napa Valley and Napa County will be presented to the Board at a meeting later this month.</p> <p>Napa County is the lessee of the building at Napa State Hospital. Project Ninety will accept responsibility for interior maintenance.</p>

**ENVIRONMENTAL IMPACT**

ENVIRONMENTAL DETERMINATION: The proposed action is not a project as defined by 14 California Code of Regulations 15378 (State CEQA Guidelines) and therefore CEQA is not applicable.

**BACKGROUND AND DISCUSSION**

The related actions provide for: (1) the approval of a contract with Project Ninety, Inc., for the implementation and operation of a residential substance abuse detoxification and short-term treatment program. The County is also purchasing a portion of the capacity of the program; (2) a Business Associate Agreement with Project Ninety,

Inc. setting forth the terms and conditions of the Health Insurance Portability and Accountability Act of 1996 (HIPAA) Privacy Rule; and (3) amendment of a lease between Napa County and the State covering a facility located on the grounds of Napa State Hospital where the program will be located.

State budget reductions in the early 1990s led to the closure of a residential substance abuse detoxification and stabilization program operated by the Napa County Health and Human Services Agency (HHSA) at its campus on Old Sonoma Road. In the late 1990s, two community-based planning processes independently identified these services as among the greatest unmet needs in the areas of both substance abuse and homeless services. In the fall of 1999, the County Administrator (now County Executive Officer, or "CEO") requested that HHSA develop a proposal for a new residential facility to provide "social model" detoxification and short-term substance abuse treatment to English and Spanish speaking county residents. "Social model" detoxification refers to the treatment of people who discontinue the heavy use of alcohol or other drugs at the time they enter a program, but who do not require detoxification in an acute care hospital or other medical facility.

HHSA submitted its proposal to the CEO in the spring of 2000. Around that time, officials at Napa State Hospital and the State's General Services Administration indicated their willingness to lease a suitable building located on State Hospital grounds to the County for use as what was being called "the Stabilization Center." Funding for the program was to be obtained from several sources, including a grant of \$175,000 from the Tobacco Settlement Grant process, two successive fiscal year grants of \$200,000 each from Auction Napa Valley, allocation of County general funds, revenues received by HHSA from state and federal sources for the provision of substance abuse treatment services, and revenues budgeted each year by the Probation Department for such services.

In the summer of 2002, the State and County entered into a lease for the facility and the County entered into a contract with a local non-profit agency for the development and implementation of the program. Around this time, however, another economic downturn was resulting in new reductions in State funding received by the County for this and other projects. With less funding available, HHSA redesigned the project to make the operation of the program more affordable, and to enable Napa County to purchase only a portion of the total capacity of the program, rather than its entire capacity. The local agency that had been developing the program withdrew from the project and a new contractor was sought through a public solicitation process.

Project Ninety, Inc. was selected as the new contractor to operate the Stabilization Center. Project Ninety is a non-profit agency headquartered in San Mateo County with extensive experience operating residential substance abuse treatment facilities at several locations around the Bay Area. Project Ninety is investing a significant amount of its own funds in the start-up of the program.

The first action before the Board today is the approval of a contract with Project Ninety for the operation of the social model detoxification and short-term treatment program at the facility. The term of the contract is two years. The contract calls for 22 beds within the program to be dedicated to the treatment of English and Spanish speaking persons referred to the facility through a utilization process managed by HHSA. Once the contract with Project Ninety becomes effective and as long as remains in effect, the program will be called Project Ninety Napa Valley.

The second action involves a Business Associate Agreement setting forth the Health Insurance Portability and Accountability Act of 1996 (HIPAA) regulations to which the contractor is subject. This agreement provides the County with assurances that the contractor will comply with any and all HIPAA requirements.

County Counsel has negotiated an amendment to the lease of the facility, the approval of which is the third action being requested. The lease amendment provides for an extension of the lease term through 2012, increases the permitted capacity of the program, and allows for more flexibility in the design of treatment protocols to be used in operating the program. The amendment also makes various technical changes to the lease terms to conform with current State lease protocols.

HHSA is negotiating memoranda of understanding with local law enforcement agencies that will allow the agencies to make direct referrals to the detoxification program. These memoranda will be brought to the BOS for approval when negotiations with all of the local law enforcement agencies seeking to use the program are completed. A grant agreement with Auction Napa Valley, which will bestow funding for the services to be provide by Project 90, will be presented to the Board at a meeting later this month.

**SUPPORTING DOCUMENTS**

None

CEO Recommendation: Approve

Reviewed By: Lorenzo Zialcita