



A Tradition of Stewardship
A Commitment to Service

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NAPA COUNTY BOARD OF SUPERVISORS Board Agenda Letter

TO: Board of Supervisors

FROM: Shelli Brobst for HOWARD HIMES - Director
Health & Human Services Administration

REPORT BY: Shelli Brobst, Contracts Manager - 253-4720

SUBJECT: Review and Adoption of Fiscal Year 2016-17 Master Settlement Grant Agreement Process and Criteria

RECOMMENDATION

Director of Health and Human Services requests direction and possible action(s) on the following regarding the Tobacco Master Settlement Agreement (MSA) Grant Awards:

1. Potential changes to the process for the Fiscal Year 2016-2017 grant cycle;
2. Confirm that total amount of funding to be made available for the Fiscal Year 2016-2017 grant cycle will be \$1.1 million;
3. Initiation (solicitation and processing of applications) of the Fiscal Year 2016-2017 grant cycle; and
4. Consideration of long-term recommendations for Tobacco MSA Grant process and direction to staff.

EXECUTIVE SUMMARY

Commencing with the Fiscal Year 2006-2007 funding cycle, the Board of Supervisors has assigned responsibility for administration of the Tobacco Master Settlement Agreement (MSA) Grant Funding Process to the Health and Human Services Agency (HHS). Since that time, HHS has returned to the Board each year, prior to the solicitation of grant applications, to provide the Board with recommended potential improvements or other changes to the process, receive Board guidance and direction, and present a draft document and other application materials setting forth the MSA Funding Process for the upcoming grant cycle.

In accordance with this Board direction, staff today seeks Board direction on: (1) potential changes to the Tobacco MSA Grant process and criteria for the Fiscal Year 2016-2017 grant cycle; (2) confirmation of the total amount to be made available in Fiscal Year 2016-2017; (3) initiation of the Fiscal Year 2016-2017 MSA grant cycle in accordance with the provisions detailed in the attachments, as will be revised to the extent necessary to comport with any direction provided by the Board today; and (4) consideration of long-term recommendations for the Tobacco MSA

Grant process and provision of direction to staff.

PROCEDURAL REQUIREMENTS

1. Staff reports.
2. Public comments.
3. Motion, second, discussion and vote on the item.

FISCAL IMPACT

Is there a Fiscal Impact? No

ENVIRONMENTAL IMPACT

There is no Environmental Impact for this item.

BACKGROUND AND DISCUSSION

In 2001, the Board of Supervisors made the decision to use the expected revenues from the National Tobacco Master Settlement Agreement (MSA), through a grant award process, to support health-related "physical, mental, and drug and alcohol programs and facilities which provide inpatient and outpatient services, including related prevention and education programs." On June 6, 2006, the Board slightly modified the determined uses of the MSA fund as follows: "All grant proceeds must be used for the provision of 'health services' within the meaning adopted by the Board, such that they support physical, mental, or drug and alcohol programs or facilities which provide inpatient or outpatient services or related prevention or education programs."

Commencing with the Fiscal Year 2006-2007 funding cycle, the Board assigned responsibility for administration of the MSA Grant Funding Process to the Health and Human Services Agency (HHSA). Since that time, HHSA has returned to the Board each year, prior to the solicitation of grant applications, to: (1) make recommendations regarding potential improvements or other changes to the process, and (2) present for Board approval a draft document setting forth the MSA Funding Process for the upcoming grant cycle. The draft document also includes the grant application procedures as well as the grant award criteria.

At its meeting on November 25, 2014, the Board considered various revisions to the MSA application process and made the following decisions:

- | Continue to utilize MSA monies to fund "physical, mental, and drug and alcohol programs and facilities that provide inpatient and outpatient services, including related prevention and education programs";
- | Adopt certain changes to the pre-application rating criteria and application process;
- | Set the total amount available for awards at \$1,100,000;
- | Continue to entertain applications for both single-year and multi-year grants;
- | Award up to 50 percent of the total amount available in the current year to multi-year grants, less the amount already allocated to multi-year grants from previous years and the amount allocated to Community Health Initiative Napa County ("CHI") (formerly "Children's Health Initiative Napa County");
- | Continue to award the funds through a competitive grant program, with the exception of a non-competitive service contract in the amount of \$100,000 to be awarded to CHI and \$75,000 for a competitively awarded

- contract for smoking cessation services; and
- 1. Continue to structure the program in a manner that encourages the use of evidence-based service models.

In March 2015, the 2014-2015 Grand Jury issued a final report on the Health and Human Services Agency. The Grand Jury looked at the MSA grant process and concluded that the process was "overly burdensome" to non-profits and recommended that "fresh eyes or an outside consultant" examine the current MSA process to see if it could be simplified and streamlined. At its meeting on May 12, 2015, the Board directed HHSA staff to use the difference in the amount of funds available for grants in Fiscal Year 2015-2016 and the amount recommended for new grants (approximately \$11,000) to fund services designed to improve the effectiveness of the grant process and the ability of non-profits to successfully compete for grant funds. Staff retained the services of Cassandra Benjamin, principal of csb Consulting ("Consultant"), to evaluate Napa County's MSA Funding Process and the extent to which it meets the County's goals, is reasonable for applicants, and fits best practices for government contracting of this type and scope. The Consultant issued a report on October 1, 2015, which is included as Attachment A.

Today, staff seeks Board direction on:

1. Potential changes to the process for the Fiscal Year 2016-2017 grant cycle;
2. Confirm that total amount of funding to be made available for the Fiscal Year 2016-2017 grant cycle will be \$1.1 million;
3. Initiation (solicitation and processing of applications) of the Fiscal Year 2016-2017 grant cycle; and
4. Consideration of long-term recommendations for Tobacco MSA Grant process and direction to staff.

Potential Revisions to the MSA Grant Procedure and Application Process

The Consultant's report concludes that the MSA process is transparent, competitive, and encourages the use of evidence-based practices; it further concludes that MSA grant funding has helped several health and human services organizations serve a wide range of community needs. However, the Consultant believes the process can benefit from: streamlining the application process, expanding the definition of evidence-based practices, and revising the scoring criteria. Longer term, the Consultant suggests that the MSA process could serve as an opportunity to significantly increase the funding impact through setting clear goals, priorities, evaluation processes, and alignment with other initiatives and resources.

On December 16, 2015, a copy of the Consultant's report was sent to a list of all known agencies (49) that have applied for MSA grants during the past several application cycles. Along with the report, previous applicants were asked to complete a confidential online survey, a copy of which is included as Attachment B. Applicants were asked whether they agreed, disagreed or took no position on HHSA's recommendations to the Board. Staff received a total of 26 responses to the survey. A summary of applicants' responses to the survey is included as Attachment C.

Staff positions on the nine specific short-term recommendations made by Consultant are noted in the parentheses following each recommendation; survey responses to HHSA's recommendations are noted in italics. The Consultant's recommendations are as follows:

1. Application Elements: Eliminate the pre-application phase and interview requirement and base funding decisions upon the review of one full application. (Staff supports this recommendation and agrees the process could benefit from being streamlined. Staff recommends the Board consider adopting this recommendation.) *96% agreed, 4% neither agreed nor disagreed.*
2. Evidence-based Practices: Revise evidence-based practice criteria to evidence-informed criteria and include three possible levels of practice from evidence-based to promising to emerging, with clear

definitions for each level. (Staff believes the process already supports these distinctions and therefore further modifications would not support the Board's commitment to support evidence-based practices. Staff proposes that the Board consider allowing staff to revise the application materials to clarify the opportunities for applicants to propose promising and emerging practices.) *96.15% agreed, 3.85% neither agreed nor disagreed.*

3. Scoring Criteria: Develop new scoring criteria based on a 100-point scale. Reduce evidence-based weighting in scoring criteria to no more than 15 points. Add past years' outputs and outcomes to application and scoring criteria. And add a scoring criterion around cost-effectiveness, leverage, and financial health/sustainability. (Staff supports creating a 100-point scale.) *76.92% agreed, 23.08% neither agreed nor disagreed.* (Staff does not support the recommendation to reduce the weighting of evidence-based scoring criteria in light of the Board's commitment to supporting evidence-based practices. Staff does not support adding criterion on cost-effectiveness and leverage because this is very difficult to measure in social services. Staff supports keeping weighting of evidence-based practices in the rating criteria as is.) *50% agreed, 23.08% neither agreed nor disagreed, 26.92% disagreed.* (Staff supports adding a criterion on financial health/sustainability and past year outputs and outcomes for renewal projects.) *84.62% agreed, 7.69% neither agreed nor disagreed, 7.69% disagreed.*
4. Financial Requirements: Consider requiring matching of MSA funds so that MSA grant awards do not comprise more than 50 percent of the program budget and 25 percent of the agency budget. (Staff is concerned that smaller non-profits would not be able to meet the 50 percent program budget requirement. Accordingly, staff recommends that the Board consider requiring that MSA funds comprise no more than 75 percent of the program budget and 25 percent of the agency budget.) *46.15% agreed, 19.23% neither agreed nor disagreed, 34.62% disagreed.*
5. Review Panel: Invite other public and private funders in Napa County to serve on the review committee and ensure recruitment of County staff with strong content knowledge and grant-making experience. (HHSA experience in attracting outside parties to serve on the review panel has been mixed. Staff recommends focusing efforts on providing training to staff appointed to the review panel.) *96.15% agreed, 3.85% neither agreed nor disagreed.*
6. Grant Award Size: Consider establishing minimum and maximum grant award amounts--suggested range of \$50,000 to \$150,000. (Staff supports an upper award limit but does not support a minimum grant award amount. However, instead of establishing a dollar amount for the upper limit, staff recommends that the Board consider adopting an upper limit cap of 20 percent of the amount available for new grants.) *46.15% agreed, 23.08% neither agreed nor disagreed, 30.77% disagreed.*
7. Reporting requirements: Move post-grant reporting requirements from quarterly to bi-annual and develop a simplified output, outcome and financial reporting form for all grantees to use. (Staff supports this recommendation and recommends the Board consider adopting it.) *100% agreed.*
8. Grant monitoring: Train HHSA staff in program and financial report review and ensure that staff allocates enough time to follow up with grantees on questions or areas of concern. Conduct site visits at least every three years, preferably every two years. Develop a brief annual summary of grantee's performance that can be utilized by the review committee. (Staff supports training staff in program and financial report review and allocating time to follow up with grantees on areas of question or concern.) *76.92% agreed, 19.23% neither agreed nor disagreed, 3.85% disagreed.* (Staff supports conducting site visits of grantees every three years.) *72% agree, 20% neither agreed nor disagreed, 8% disagreed.* (Staff notes that these recommendations may be difficult to implement without sufficient staff resources dedicated to monitoring this program.)
9. Streamlined Process for Re-applicants: Whenever feasible, provide further streamlined process to grantees that successfully meet their output and outcome targets so the MSA grant process is more in line with the contracting processes offered by First Five and Napa County's Prevention and Early Intervention program. (Staff does not support this recommendation. Staff believes it is important for re-applicants to compete on an equal footing with all other applicants for available funds and therefore recommends that re-applicants continue to compete for funds on the same basis as other applicants.) *46.15% agreed, 19.23% neither agreed nor disagreed, 34.62% disagreed.*

In light of the above, the Consultant was requested to develop the following draft materials to be used in the Fiscal Year 2016-2017 grant application process:

1. A unified, single application with attachment requirements;
2. Revised language around evidence-based practice criteria to clarify existing opportunities to propose promising and emerging practices with clear definitions for each level; and
3. New scoring criteria based upon a 100-point scale, which includes points based upon a previous applicant's past program performance and a criterion around the financial health and sustainability of applicant organization.

Drafts of these documents were circulated to previous MSA applicants prior to today's Board hearing.

The Consultant made three (3) specific long-term recommendations; staff supports each of these recommendations:

1. Establish clear goals for MSA funding; define the impact or the "what" that the County wants to achieve with MSA funds (*96.15% agreed, 3.85% neither agreed nor disagreed*);
2. The MSA grant process needs to ensure that if emerging organizations are needed to meet long-term goals, such organizations will be competitive along with larger, more established organizations (*65.38% agreed, 19.23% neither agreed nor disagreed, 15.38% disagreed*);
3. Develop and implement an evaluation plan that will capture the results of MSA investments on an ongoing basis and provide real-time feedback to help adjust goals for funding and processes along the way (*84.62% agreed, 11.54% neither agreed nor disagreed, 3.85% agreed.*)

The draft key dates for the Fiscal Year 2016-2017 MSA grant application process, shown in Attachment D, indicate an application period opening on February 3, 2016 and closing on March 23, 2016. Assuming the Board approves this timeline, staff intends to return to the Board on May 24, 2016, with recommendations for the award of MSA grant funds, and again on June 21, 2016, to request approval of the contracts awarding MSA funding to the selected projects.

Status of the Community Health Initiative and Tobacco Cessation Grants

Based on direction provided by the Board on November 25, 2014, the Community Health Initiative Napa Valley (formerly Children's Health Initiative) will continue to be awarded \$100,000 per year on a noncompetitive basis for Fiscal Year 2015-2016, Fiscal Year 2016-2017, and Fiscal Year 2017-2018, at which time the Board will revisit the status of this grant.

Also on November 25, 2014, the Board voted to approve a \$75,000 per year, three-year contract for a Tobacco Cessation program, to be awarded through a Request for Proposal (RFP). This contract was awarded to Community Action Napa Valley (CANV) for Fiscal Year 2015-2016. When staff returns to present recommendations for recipients of MSA grant funds for Fiscal Year 2016-2017, staff will also present a recommendation on the renewal of this agreement with CANV.

Total Amount of Funds to be Made Available

As of January 1, 2016, the balance of the MSA fund is approximately \$7,434,092, which includes a distribution of \$4 million from the MSA fund toward capital improvements at South Campus. For the most recent grant cycle the Board directed that the total amount of MSA monies used to fund MSA Grant Awards be set at \$1,100,000 for Fiscal Year 2016-2017.

Assuming that the multiple-year grants awarded in the past two years are honored in the current cycle, staff calculates that \$625,000 in MSA funds is available for new grants in Fiscal Year 2016-2017, of which \$75,000 is available for new multi-year grants. The details of this estimate are shown in Attachment E.

In conclusion, staff is seeking direction on: potential changes to the process for the Fiscal Year 2016-2017 grant cycle; confirm that total amount of funding to be made available for the Fiscal Year 2016-2017 grant cycle will be \$1.1 million; Initiation (solicitation and processing of applications) of the Fiscal Year 2016-2017 grant cycle; and consideration of long-term recommendations for Tobacco MSA Grant process and direction to staff.

SUPPORTING DOCUMENTS

- A . Napa County MSA Funding Report
- B . MSA Survey
- C . MSA Survey Results
- D . FY 16-17 Key Dates and Deadlines
- E . Funding Availability FY 16-17

CEO Recommendation: Approve

Reviewed By: Karen Collins