

Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Julie Edmonds-Mares

**SUBJECT: GRACE COMMUNITY CENTER
SERVICE & CONTRACT
MODIFICATION**

DATE: October 19, 2012

Approved



Date

10/24/12

RECOMMENDATION

It is recommended that the City Council approve the following:

1. A service delivery redesign of the Day Rehabilitation and Therapeutic Drop-In Programs at Grace Community Center;
2. Authorize the City Manager or designee to seek gap funding from Santa Clara County to support the Drop-In Therapeutic Recreation Services at Grace Community Center; and
3. Adopt a resolution authorizing the City Manager to negotiate and execute an amendment to the Grace Community Center Agreement with Santa Clara County to enhance the Therapeutic Drop-In Program, to terminate the Day Rehabilitation Program, and to include available County funding for the redesigned program.

OUTCOME

The outcome of this action will provide staff with direction to pursue a service delivery redesign; to seek funding from Santa Clara County (County) as part of the service delivery redesign; and to negotiate and execute an amendment to an existing agreement at the Grace Community Center (Grace) with the County.

BACKGROUND

Grace, which operates both Drop-In Therapeutic Recreation and Day Rehabilitation services to adults with mental disabilities, receives annual funding in the amount of \$451,000 from the County Mental Health Department to support the Day Rehabilitation Program. In March 2012, the County was required to administer new program regulations and procedures for the Day Rehabilitation Program at Grace as part of the State Department of Mental Health Medi-Cal reimbursable funding audit, which impacts service delivery in accordance with the agreement between the City and the County for this program. The existing agreement will be amended to

October 19, 2012

Subject: Grace Community Center Service & Contract Modification

Page 2

reflect a new service-delivery model resulting in a comprehensive Drop-In Therapeutic Recreation program, and will seek County funding to realize this model.

ANALYSIS

Staff at Grace integrated the updated County regulations and procedures into the City's new Day Rehabilitation Program with the result of an 80 percent decline in the number of clients, due in large part to the stringent structure of the revised program and to a state-mandated relocation to a separate facility. These changes led to a reduction in the reimbursement the City would receive from the County's Medi-Cal funds because reimbursement is calculated on a per client, per day basis. The lower revenue expectations for this program were approved by City Council on October 16, 2012, as part of the 2011-2012 Annual Report (Page IV-8). In addition, given the additional required paperwork and the necessity to provide additional programming space at a second location, staff has been limited in their capacity to meet the demands for both the Drop-In Therapeutic Recreation Program and the redesigned Day Rehabilitation Program which serves over 100 participants combined.

After much analysis, it was determined that the changes mandated by the State Department of Mental Health to the Day Rehabilitation Program were infeasible due in large part to the lack of required resources and reporting requirements necessary to maintain the program. In effect, the focus of Grace's program is to serve adults with mental health issues in a Drop-In Therapeutic Recreation setting.

As a result, the Day Rehabilitation Program will be transitioning to a Drop-In Therapeutic Recreation program so that a strong collaboration with County Mental Health will continue to provide much needed mental health services to the greater downtown area and the San José community at-large. The transition timeframe is expected in late November/early December.

EVALUATION AND FOLLOW-UP

PRNS will provide funding and program updates for Grace at the Neighborhood Services and Education Committee meeting in December 2012.

PUBLIC OUTREACH/INTEREST

- Criterion 1:** Requires Council action on the use of public funds equal to \$1 million or greater. **(Required: Website Posting)**
- Criterion 2:** Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City. **(Required: E-mail and Website Posting)**
- Criterion 3:** Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, Council or

October 19, 2012

Subject: Grace Community Center Service & Contract Modification

Page 3

a Community group that requires special outreach. **(Required: E-mail, Website Posting, Community Meetings, Notice in appropriate newspapers)**

This action does not meet any of the criteria listed above, however this memorandum will be posted on the City's website for the November 6, 2012 Council agenda.

COORDINATION

This memo has been coordinated with the City Manager's Budget Office, the City Attorney's Office and the County of Santa Clara Mental Health Department.

COST SUMMARY/IMPLICATIONS

Due to 2012-2013 loss of revenue from the elimination of the Day Rehabilitation Program, the Administration reduced the 2012-2013 revenue estimates from the Santa Clara County contract by \$400,000 from \$451,000 to \$51,000. These funds provided the support to deliver the Day Rehabilitation Program. PRNS has been actively working jointly with the County Mental Health Department to find alternative funding methods at Grace Community Center for the remainder of 2012-2013 and to develop a long-term plan for the future to restore these funds.

PRNS anticipates having a funding progress update by the end of the calendar year.

BUDGET REFERENCE

2011-2012 Annual Report (page IV-8).

CEQA

Not a Project, File PP10-066(e) Services that involve no change to the environment.

/s/

JULIE EDMONDS-MARES

Acting Director of Parks, Recreation and
Neighborhood Services

For questions please contact Suzanne Wolf, Acting Deputy Director, at 408-535-3576.