

CITY OF SEBASTOPOL CITY COUNCIL
AGENDA ITEM REPORT FOR MEETING OF: August 5, 2025

=====

To: Honorable Mayor and City Councilmembers
Requestor: Mayor Stephen Zollman
Homeless Coalition Board
City Council Liaison to Homeless Service Organizations
Vice Mayor McLewis, Alternate to Homeless Service Organizations
Responsible Department: Interim City Manager
Subject: Informational Presentation from the Sonoma County Department of Health Services/Presenter: Nolan Sullivan, Director, Sonoma County Department of Health Services

=====

RECOMMENDATION:

That the City Council receive an informational presentation from Nolan Sullivan, Director, Sonoma County Department of Health Services

=====

EXECUTIVE SUMMARY:

The City Council receive an informational presentation from the Sonoma County Department of Health Services (DHS) regarding current and future initiatives, priorities, and areas of partnership with local jurisdictions, particularly in response to the potential loss of state and federal funding and the recent uptick in police responses and interactions with the unhoused in the City of Sebastopol.

BACKGROUND:

The Sonoma County Department of Health Services (DHS) works to protect and promote the health and well-being of our community through its core divisions: Public Health, Behavioral Health, Homelessness Services, and Administration. The department oversees a wide range of services and has recently made stronger efforts to collaborate regionally with cities.

Nolan Sullivan was appointed Director of DHS in April 2025. As part of his responsibilities, he oversees the County's homeless operations and staff who serve as the lead agency in support of the Sonoma County Homeless Coalition Board—the governing and policy-setting body mandated by HUD's Continuum of Care Program. The Board is responsible for the oversight of designated homeless services funding, as well as regional planning and policy development related to homelessness.

DISCUSSION:

With the recent concerns related to the unsheltered that have been experienced in Sebastopol, as well as the Project Homekey project (Elderberry Commons) and the incoming Gravenstein Commons, a 22-unit housing development for low-income and unhoused people being developed by St Vincent de Paul and co-sponsored by the City, as a member of the Council and a Board member to the Homeless Coalition Board, I felt it was imperative that the City Council and community receive an update from Mr. Sullivan.

Mr. Sullivan will provide an overview of DHS's current strategic priorities, with a focus on:

- Behavioral Health System Strengthening – including crisis stabilization and coordination with public safety agencies
- County Homelessness Services and Housing-Focused Interventions – including updates on regional alignment and funding strategies
- Public Health Preparedness and Response
- Collaboration with Local Jurisdictions – opportunities for improved data sharing, service integration, and joint planning

Per a recent email received from Mr. Nolan:

“Over the coming months, I will be working closely with the managers, our team and all of you to begin redesigning and updating the structure of the Homelessness Services Division. Your voices as partners and input in this process is highly valued. I look forward to getting to know each of you better and collaborating on enhancing the incredible services we provide together.

Some key focus areas include:

Aligning our homeless services more closely with Prop 1 and BHSA

Future planning for Eliza’s Village and Mickey Zane

Reviewing the structure of the Heart, Hope, IMDT, and Soul teams”

It is also requested that Mr. Sullivan provide available information on Federal and State funding and impacts and/or opportunities to the City. This information could have an impact on our homeless outreach services contract

STAFF ANALYSIS:

This presentation comes at a critical time for the City of Sebastopol. The community has witnessed a noticeable increase in police calls involving unsheltered individuals, raising concerns not only about public safety but also about the adequacy of support services available to address complex behavioral health and housing needs.

Concurrently, the potential reduction or reallocation of state and federal funding for homelessness response poses a serious threat to the already limited resources available to smaller jurisdictions like Sebastopol. It is well established that homelessness places significant financial and service burdens on cities and counties with visible unhoused populations.

By inviting Director Nolan Sullivan to speak, the City Council has an opportunity to gain a deeper understanding of how the Sonoma County Department of Health Services (DHS) is addressing these interrelated challenges on a countywide level—and how Sebastopol can advocate for:

- More equitable distribution of resources,
- Better regional coordination, and
- Expanded access to behavioral health and housing-focused services for our residents.

The 2023–2024 Sonoma County Grand Jury report raised concerns about Department of Health Services (DHS) operations, including chaotic contracting processes, persistent staffing shortages, and high rates of employee turnover—all of which have contributed to a loss of institutional knowledge. It is hoped that under the leadership

of Director Sullivan, these operational issues will be addressed, restoring greater stability and effectiveness within the department.

In response to recent public comments and ongoing community concern about homelessness in Sebastopol, the following questions are anticipated during the presentation:

1. Mobility of the Unhoused Population: How does the County account for the mobility of the unhoused population across jurisdictions? Can this data inform more responsive and regionally coordinated planning—especially in light of changes observed in recent Point-in-Time Counts?
2. Direct Funding to Sebastopol: What direct funding, if any, is currently allocated by the County to the City of Sebastopol for homelessness response efforts?
3. Resource Allocation: How is funding allocated throughout to cities throughout the county to ensure each jurisdiction gets a fair share?
4. Engaging Local Service Providers: Several Sebastopol-based churches provide meals and shower facilities to unhoused individuals. Could these organizations be supported or authorized to:
 - o Participate in the coordinated entry system?
 - o Act as local access points for linking individuals to medical, behavioral health, or housing services?
5. Defining Success: How does the County define and measure success for its homeless response programs?
6. Measure O – Overview and Future Presentation: Could the County provide a brief recap of Measure O funding and how it supports homelessness and behavioral health services? It is recommended that a more detailed Measure O presentation be scheduled at a future Council meeting.
7. Staffing Levels vs. Service Calls: What are current staffing levels within the Department of Health Services, and how do they compare to the volume of service calls or referrals received, particularly those related to homelessness or behavioral health?

It is anticipated that once the agenda report is posted, there will be additional comments and questions received. The City will create a list of questions received after the posting of the agenda and forward to Director Sullivan.

Staff recommends that the Council use this opportunity to ask questions and engage in discussion about how to strengthen City-County partnerships and ensure that Sebastopol's needs are clearly communicated as part of regional planning efforts as well as receive information on potential funding for homeless outreach services.

No action is requested at this time.

CITY COUNCIL GOALS/PRIORITIES/GENERAL PLAN CONSISTENCY:

This agenda item represents the City Council goals/priorities as follows:

Goal 2: PUBLIC SAFETY

Strengthen the public's safety and improve the quality of life. Includes supporting our first responders (police, fire, public works), responding to emergencies, protecting people, property, and businesses, and engaging in emergency preparedness community outreach, public education and prevention activities.

Explore Ways to Address Homelessness

Pursue no additional costs and or low cost solutions to homelessness

FISCAL IMPACT:

There is no fiscal impact associated with receipt of the presentation.

COMMUNITY OUTREACH:

This item has been noticed in accordance with the Ralph M. Brown Act and was made available for public review at least 72 hours prior to the scheduled meeting date. The City has also used social media platforms to promote and advertise the City Council meeting and agenda items.

As of the writing of this report, the City has not received any public comment. Any comments received after the publication of this report will be shared with the City Council as supplemental materials before or during the meeting.

RESTATED RECOMMENDATION:

That the City Council receive an informational presentation from Nolan Sullivan, Director, Sonoma County Department of Health Services

OPTIONS:

None; No action is required on this item.

ATTACHMENTS:

DHS Staffing Chart
Presentation Slides
23 24 Grand Jury Report

APPROVALS:

Department Head Approval: Approval Date: 7-29-2025

CEQA Determination (Planning): Approval Date: 7-29-2025

The proposed action is exempt from the requirements of the California Environmental Quality Act (CEQA)

Administrative Services (Financial): Approval Date:

Costs authorized in City Approved Budget: ☐ Yes ☐ No ☒ N/A

Account Code (f applicable) _____

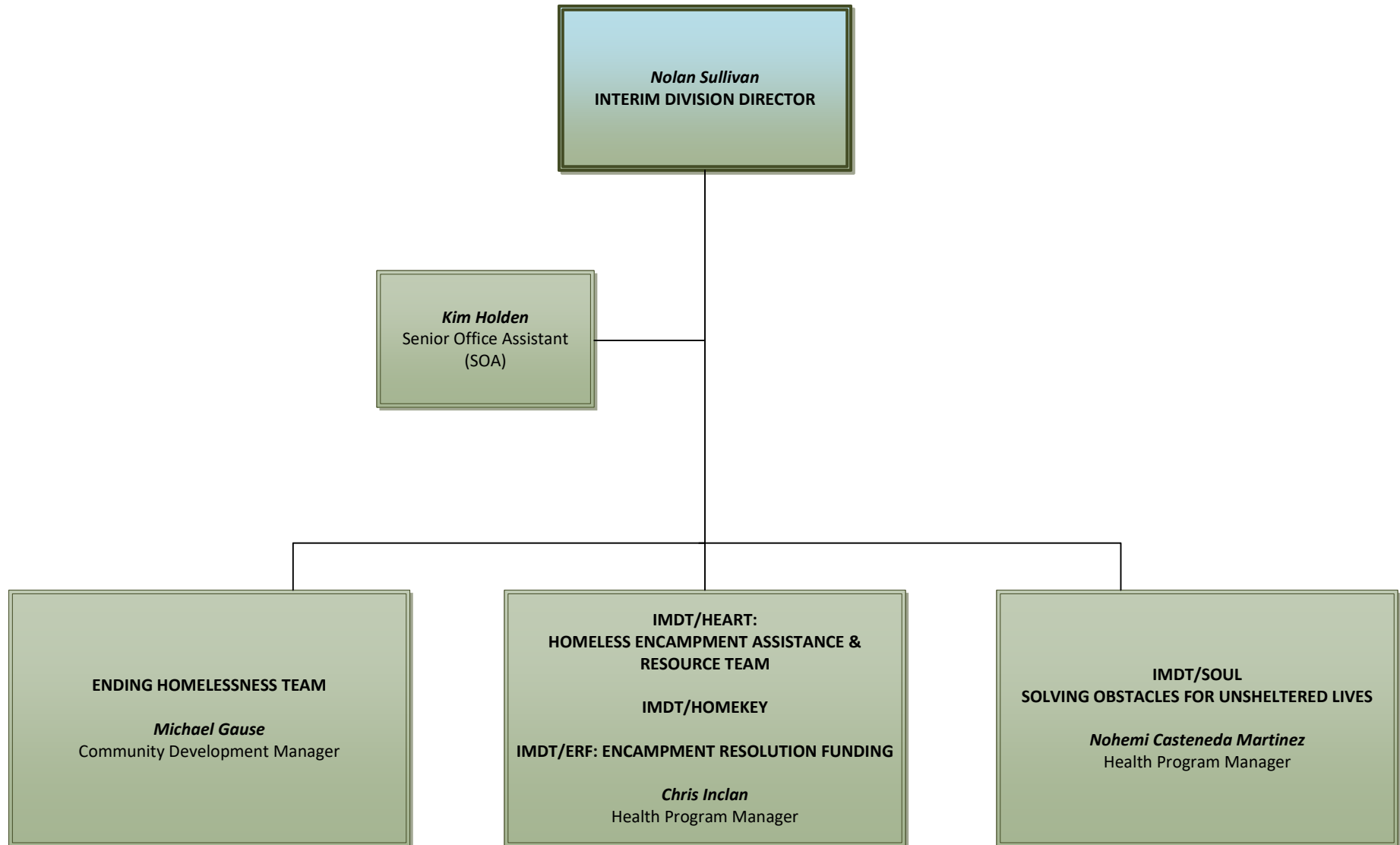
City Attorney Approval: Approval Date: 7-29-2025

City Manager Approval: Approval Date: 7-29-2025



HOMELESSNESS SERVICES DIVISION

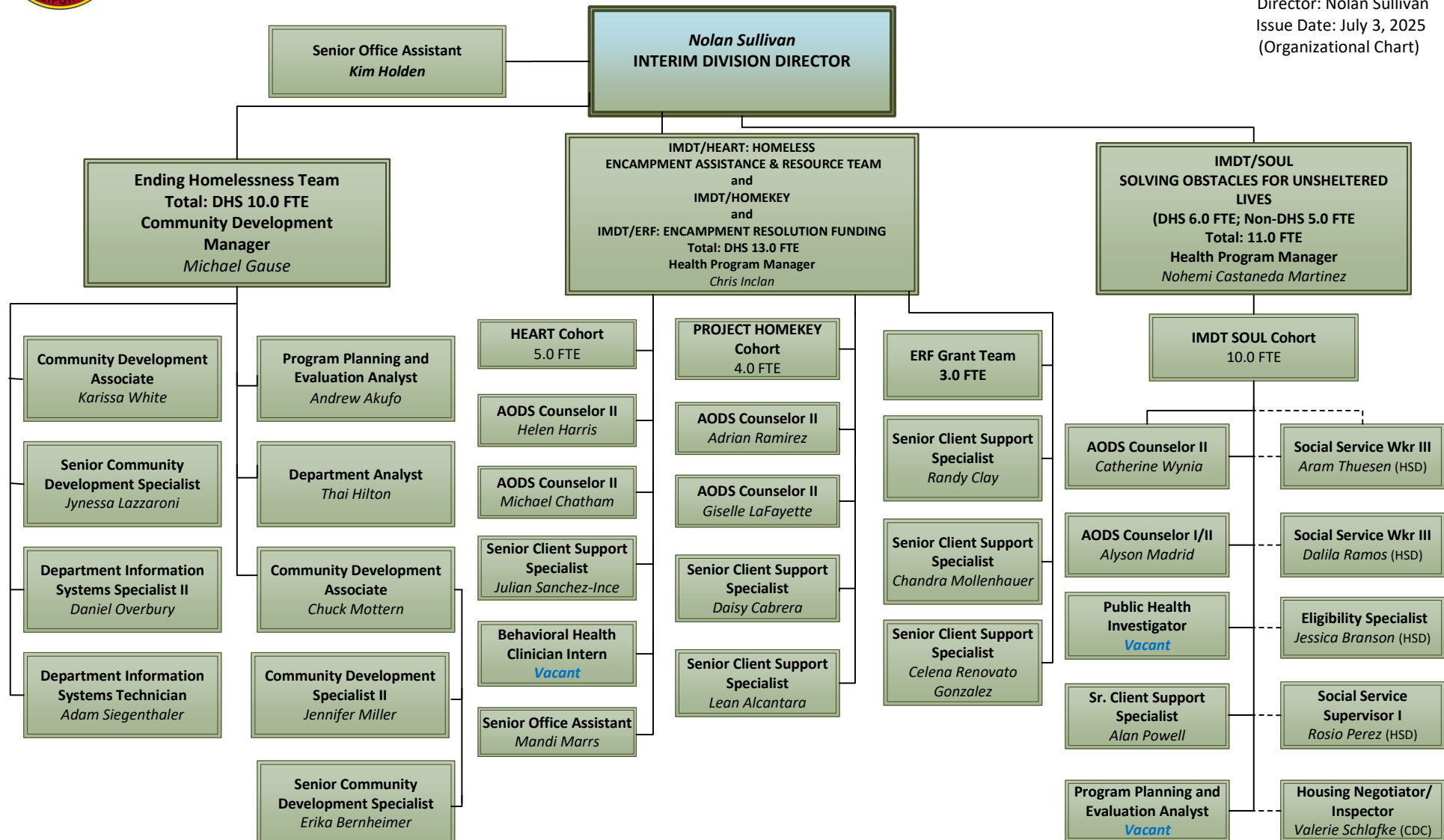
Director: Nolan Sullivan
Issue Date: July 3, 2025
(Organizational Chart)





HOMELESSNESS SERVICES DIVISION

Director: Nolan Sullivan
Issue Date: July 3, 2025
(Organizational Chart)



Homelessness Services (HS) Division

**Sebastopol City Council Meeting
August 5, 2025**



Agenda

1. Overview of County DHS Homelessness Services Division
2. Funding Sources (including local, federal and state sources)
3. Continuum of Care and Overall System of Care
4. Questions and Answers
5. Next Steps

This presentation is intended to be:

- High level but informative
- Solutions and future focused
- And to build future collaborations between partners

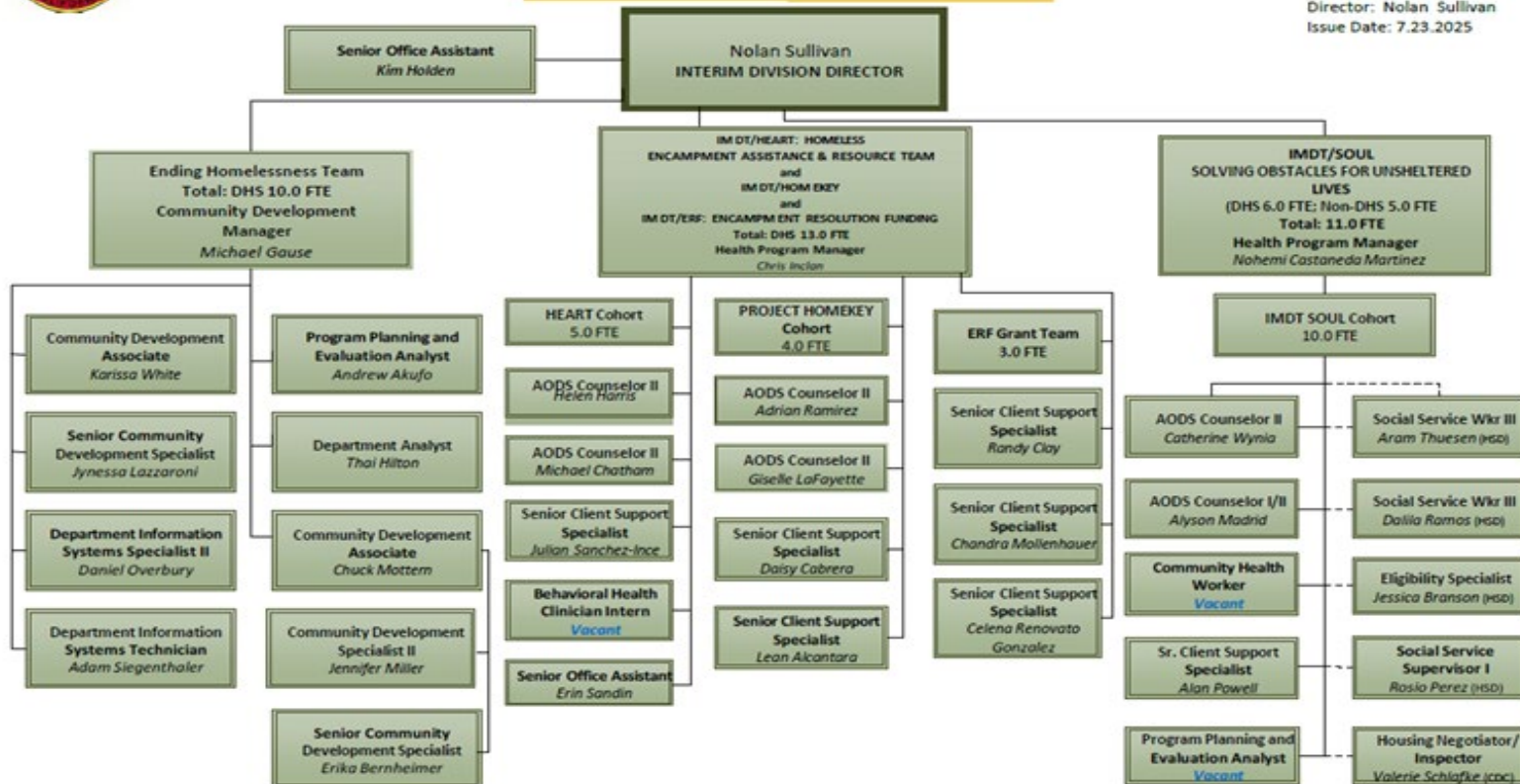
Organizational Chart



sonoma county
DEPARTMENT OF HEALTH SERVICES

HOMELESSNESS SERVICES DIVISION

Director: Nolan Sullivan
Issue Date: 7.23.2025



The HEART Program

The Finders. The *Homeless Encampment Assistance and Resource Team* goes out in the field to find and offer services (i.e., housing, benefits, behavioral health support) to unhoused people in county encampments. Other roles include:

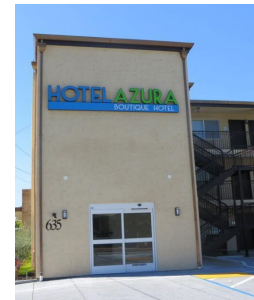
- Case managing clients to assist them in staying in interim housing, eventually moving to permanent housing.
- Troubleshooting basic client and site needs at interim housing sites, such as:
 - Eliza’s Village (EV)
 - Mickey Zane Place (MZP)



The SOUL Program

The Keepers. The *Solving Obstacles for Unsheltered Lives* Team provides care and case management to specific clients at County-run sites (and while housed in permanent supportive housing). The services can include:

- Housing navigation (finding a place, being ready for it)
- Benefit navigation (HSD Staff embedded in the team)
- Connection to behavioral health care for substance use disorders and mental health services
- Transitional Age Youth (TAY): Focused efforts to support young adults aged 18-25
- Hospital navigator: Supporting clients in getting connected to shelter to recuperate post-hospital stay



A Term You'll Hear at DHS

... and a lot in the Homelessness Services Division – is:

IMDT



- IMDT:
 - Stands for “Interdepartmental Multi-Disciplinary Team”
 - It's where County staff members come together as one team with different skills to address each individual’s specific needs
 - Includes multiple “cohorts” of IMDT Teams, such as SOUL, HEART and 28 other County and Community Agencies.
 - Often utilizes a technology solution, IBM Care Manager (ICM), to document and follow care plans for all clients' needs.

The Ending Homelessness Program

The Funders. The *Ending Homelessness* Team works to improve the homeless system of care, including:

Funding:

- Receiving and allocating Federal, State and Local homelessness funds
- Monitoring to ensure that the funding is used properly, with equity and fairness
- Setting and applying system policies consistent with funding rules (such as Housing First)
- Prioritizing funding within a 5-year Strategic Plan

Managing:

- Coordinated Entry (a housing placement system)
- The region's Homeless Management Information System (HMIS)
- The 17-member Continuum of Care Board and its committees

Funding for Homelessness Services

- **Federal:** HUD CoC Funding – up to \$4.6 million (\$1.2 million for County and \$3.4 million for CBOs) in direct HUD contracts for permanent supportive housing, rapid rehousing, Homelessness Management Information System (HMIS) and Coordinated Entry. Also includes grants or Medicaid linked \$.
- **State:** Homelessness Housing Assistance and Prevention (HHAP Program) and Emergency Solutions Grant Program (ESG) for core housing, shelter and outreach services. Around \$3.5 million for the CoC and \$3 million for County services. Other examples include HHIP, HomeKey, BHBH and Prop 1 / BHSA.
- **Local:** Specialty taxes like Measure O. City or County General Fund.
- **Philanthropy:** Local donors, fundraisers, etc.

Housing First and Coordinated Entry

Agenda Item Number: 10

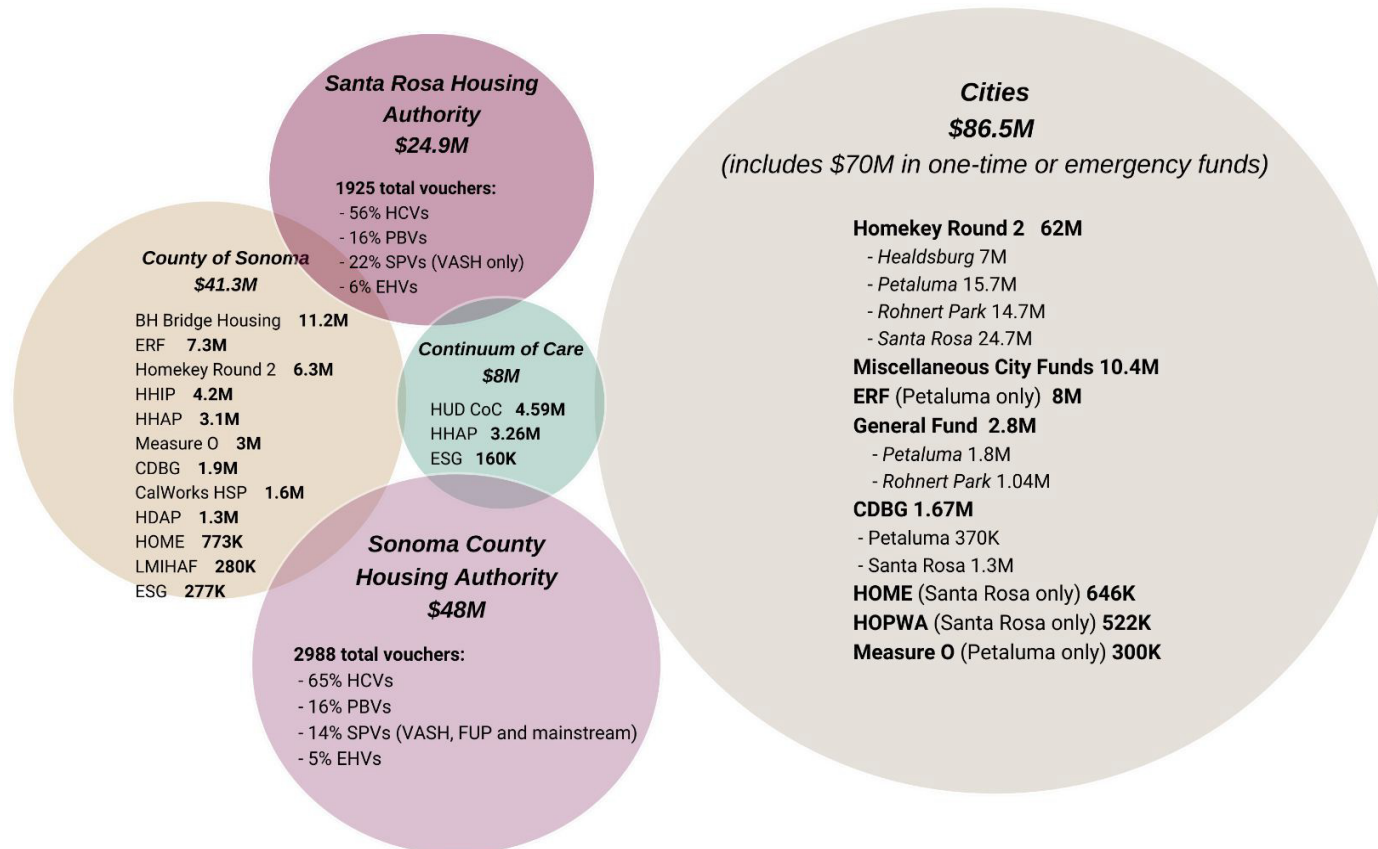
- **Housing First** is a homelessness intervention approach that prioritizes providing people experiencing homelessness with immediate access to permanent housing, without preconditions like sobriety or participation in treatment programs.
- **Coordinated Entry (CE)** is a standardized system that streamlines the process of accessing homelessness services. It acts as the "front door" to a community's homelessness response system. CE assesses individuals' needs & prioritizes those with the highest need first for housing and support services. Doesn't screen for "fit."
- All CoC-dedicated funds must follow a Housing First approach mandated by the State and Federal government, and all housing projects under the CoC must use Coordinated Entry for referrals.

Agenda Item Number: 10

City Council Meeting Packet for Meeting of:

Page 15 of 39

Funds received and administered by jurisdiction (FY 2024)



HCV: Housing Choice Voucher
ERF: Encampment Resolution Fund
HHIP: Homelessness Housing Investment Program
HHAP: Homelessness Housing Assistance and Prevention
CDBG: Community Development Block Grant
HDAP: Housing Disability Access
ESG: Emergency Solutions Grant
LMIHAF: Low Moderate Income Housing Asset Fund
HOPWA: Housing for Persons with AIDS
PBVs: Project Based Vouchers
SPV: Special Program Vouchers

Estimated total within Sonoma County: \$208.7 million

Measure O

Measure O in Sonoma County is a voter-approved initiative that established a quarter-cent sales tax to fund mental health and homelessness services for 10 years. The measure, passed in November 2020, was projected to generate approximately \$25 million annually.

Categorical Funding Obligations	% of Total Funding
Behavioral Health Facilities	22%
Emergency Psychiatric / Crisis Services	44%
Mental Health & Substance Use Disorder Outpatient Services	18%
Homeless Behavioral Health / Care Coordination	14%
Transitional & Permanent Supportive Housing	2%

What does Measure O do?

Behavioral Health Facilities

- Residential Care Facilities
- Transitional Housing for Individuals Discharging from Crisis Services
- Psychiatric Hospital Facility & Operations

Emergency Psychiatric / Crisis Services

- Crisis, Assessment, Prevention & Education (CAPE)
- Mobile Crisis Continuum Expansion
- Crisis Stabilization Unit (CSU)
- Residential Crisis Services
- Inpatient Psychiatric Care for Adults

Mental Health & SUD Outpatient Services

- Mental Health Services & Children's Shelters
- Mental Health Services for Children & Youth
- SUD Services Expansion
- Peer & Family Permanent Supportive Housing

Homeless Behavioral Health / Care Coordination

- Behavioral Health Services for Individuals Who Are Homeless
- Care Coordination for High Needs Homeless

Transitional & Permanent Supportive Housing

- Public Supportive Housing Projects
- Transitional Housing Projects

Measure O Spending by City

Jurisdiction	FY21-22 MO Expenditure		FY22-23 MO Expenditure		FY23-24 MO Expenditure	
Cloverdale	\$312,338	1.90%	\$386,747	1.80%	\$533,276	1.80%
Cotati	\$262,932	1.60%	\$325,572	1.50%	\$448,923	1.50%
Healdsburg	\$394,847	2.40%	\$488,913	2.30%	\$674,150	2.30%
Petaluma	\$2,088,882	12.70%	\$2,586,524	12.00%	\$3,566,491	12.00%
Rohnert Park	\$1,601,292	9.70%	\$1,982,774	9.20%	\$2,733,995	9.20%
Santa Rosa	\$6,263,090	38.00%	\$7,755,171	35.90%	\$10,693,404	35.90%
Sebastopol	\$261,748	1.60%	\$324,105	1.50%	\$446,900	1.50%
Sonoma	\$378,618	2.30%	\$468,818	2.20%	\$646,441	2.20%
Windsor	\$915,075	5.50%	\$1,133,077	5.30%	\$1,562,370	5.30%
Unincorporated	\$4,012,349	24.30%	\$6,127,490	28.40%	\$8,449,037	28.40%
	\$16,491,170		\$21,579,190		\$29,754,986	

**Not all costs are captured in total expenditure counts, sourced from current Measure O reports, more detailed reports being established.*

*** In FY 22-23, SAVS given \$700,000 in Measure O funding to managed the Horizon Shine Safe Parking site in Sebastopol that is now closed.*

Mobile Crisis

- **Mobile Crisis:** Mobile crisis units are teams of professionals that respond to emergency mental health calls, ideally 24/7, in lieu of or in addition to Law Enforcement or Emergency response.
- Services are currently provided countywide by **three (3) different entities:** InRESPONSE (County/Santa Rosa), SAFE (County/Petaluma, Cotati, Rohnert Park and Sonoma State University, and Mobile Support Team (remainder of cities & county).
- **2025-26:** additional \$5,980,000 Measure O funding to support Mobile Crisis programs across the county (Santa Rosa, Petaluma, Cotati, Rohnert Park and Sonoma State University programs).

FY24-25 Sebastopol MST Statistics

Call Center received 278 calls

- 142 calls were without Law Enforcement
- 60 were with Law Enforcement
- 76 were supported by call center staff

MST Staffing and FTE

Call Center: 8 FTE

Field Teams 13 FTE

Support: 5 FTE

Upcoming Measure O NOFA

- Released in August of 2025
- \$10,000,000 in Measure O Funds
- Open to cities, nonprofits and service providers
- For homelessness, mental health and housing programs and projects across the county.
- Only for existing programs – no new programs
- Bonus points for applicants who have experienced funding loss, revenue decline or clawbacks from other sources
- Encourages partnerships
- Potential future NOFAs in subsequent fiscal years

What is the CoC?

- A **Continuum of Care** (CoC) is a community-based approach to ending homelessness. It's a system of care designed to guide and track individuals and families experiencing homelessness through a comprehensive range of housing and services. CoCs work to prevent homelessness and rehouse individuals and families quickly, minimizing disruption and promoting self-sufficiency.
- It is a **requirement** to receive U.S. Department of Housing and Urban Development (HUD) and some state funding.
- CoCs are **required** to have representation from local government (cities and counties), service providers, nonprofits and community members. The County is not the CoC. The County is the Lead Agency (administrative body) for the CoC. Lead Agencies can be counties, cities, nonprofits or other entities. These are selected by CoC.

CoCs are required to do and are primarily responsible for:

- **Prevention:** Helping individuals avoid homelessness in the first place.
- **Rapid Re-housing:** Quickly moving people from homelessness into permanent housing.
- **Permanent Supportive Housing:** Providing long-term housing and support services for individuals with disabilities.
- **Coordinated Entry:** A standardized process for assessing and prioritizing individuals for permanent housing.
- **HMIS:** A Homeless Management Information System to track data and improve system performance.

Strategic Plan and Funding Overview

Sonoma County 5 Year Strategic Plan to End Homelessness

STRATEGIC PLAN GOALS

1

More Housing and Prevention

Create comprehensive housing interventions, from prevention to permanent housing, to reduce inflow into homelessness and increase pathways housing stability

2

Stronger Supportive Services

Build supportive service capacity to meet the complex and diverse needs of people experiencing homelessness in the Sonoma County region

3

Operate as One Coordinated System

Work across the Sonoma County region to develop shared priorities, aligned investments, seamless coordination, and equitable solutions to address homelessness

Point-in-Time Count

- 2025 **DRAFT** Numbers by City and Overall.
- Final Count to be released in Aug/Sept 2025.

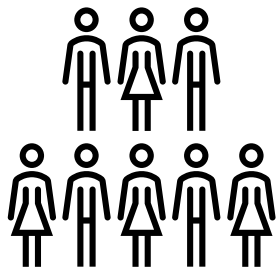
JURISDICTION	UNSHELTERED			SHELTERED			TOTAL		
	2023	2024	2025	2023	2024	2025	2023	2024	2025
North County	103	141	60	15	16	31	118	152	91
Cloverdale	9	6	7	0	3	4	9	9	11
Healdsburg	18	37	12	15	13	17	33	50	29
Town of Windsor	26	26	23	0	0	10	26	26	33
Unincorporated	50	67	18	0	0	0	50	67	18
South County	337	434	168	163	181	174	500	615	342
Cotati	9	21	0	6	10	6	15	31	6
Petaluma	157	143	88	88	97	103	245	240	191
Rohnert Park	141	205	46	69	74	65	210	279	111
Unincorporated	30	65	34	0	0	0	30	65	34
West County	143	128	137	70	49	44	213	177	181
Sebastopol	47	108	16	40	10	0	87	118	16
Unincorporated	96	20	121	30	39	44	126	59	165
Sonoma Valley	109	74	82	20	12	8	129	86	90
Sonoma	40	13	15	0	0	0	40	13	15
Unincorporated	69	61	67	20	12	8	89	73	75
Santa Rosa	599	805	676	695	664	552	1,294	1,469	1,228
Santa Rosa	465	701	588	695	664	552	1,160	1,365	1,140
Unincorporated	134	104	88	0	0	0	134	104	88
Undisclosed Location	0	0	0	12	23	20	12	23	20
Total	1,291	1,577	1,123	975	945	829	2,266	2,502	1,952

By Names List (BNL)

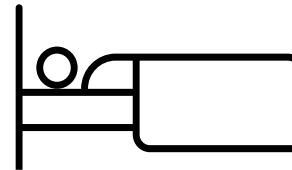
- A BNL is a detailed, real-time record of every individual experiencing homelessness within a community, including their name, history with homelessness, and specific needs.
- Unlike the Point-in-Time (PIT) Count, which provides a single snapshot of one night, the BNL is continuously updated to offer a more accurate understanding of the homeless population.
- Each region of the county (and Rohnert Park) maintains a By Names List, which is managed by nonprofit and city staff and coordinated by Lead Agency CoC and HMIS staff.

Where the County has focused

- Joe Rodota Trail
- Encampments on County Property
- Supporting partnerships with CalTrans, Sherriff or waterways
- Referral from Board of Supervisors or State Officials
- Specialty grants or programs – Mickey Zane Place and Medically Vulnerable during COVID-19
- Supporting some HomeKey sites



22 Case
Management
Staff

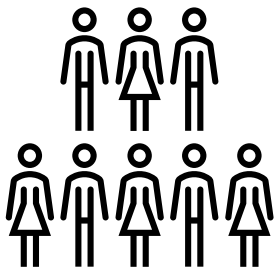


120 Client Beds

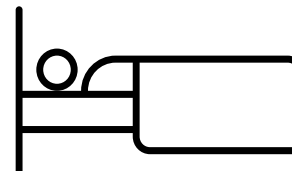
Serving on Average
205 Clients

Where the County is headed

- Same priorities as before
- New focus on Behavioral Health / Prop 1
- Focus on harder-to-serve clients countywide to restore competency for permanent housing
- Better countywide linkages to homelessness, mental health and substance use supports
- Supporting city partners through fiscal crisis



22 Case
Management
Staff



120 Client Beds

Where to find more information?

County Homeless Website: Includes info on the PIT, CoC, NOFAs and Federal/State Funding:

<http://sonoma-county.gov/health-and-human-services/health-services/divisions/homelessness-services>

CoC (Sonoma County Homeless Coalition):

<https://sonomacounty.gov/health-and-human-services/health-services/divisions/homelessness-services/sonoma-county-homeless-coalition>

Prop 1 or BHSA:

https://dhcs.ca.gov/services/MH/Pages/MH_Prop63.aspx

Questions and Next Steps?



-
- Nolan.Sullivan@sonomacounty.gov Health Services Director
 - Michael.Gause@sonomacounty.gov Ending Homelessness Mgr.
 - Chris.Inclan@sonomacounty.gov HEART Team Mgr.
 - Nohemi.CastanedaMartinez@sonomacounty.gov SOUL/IMDT Mgr.

Often Reported, Never Repaired

Protecting the health and well-being of individuals and the community is the fundamental responsibility of the Sonoma County Department of Health Services¹

The Sonoma County Department of Health Services (DHS) is tasked with sheltering the unhoused, providing services and treatment for those with substance use disorders, and furnishing treatment and comfort for people with behavioral disabilities and their families. Most of these services are provided by contracted local agencies, not County employees; and most of the funding comes from federal and state programs. For this system to function properly, DHS, along with other County departments, needs to employ a robust contracting and procurement process that is fair, efficient and protects County resources.

Sonoma County Grand Juries have investigated DHS in the past. In 2017, the Grand Jury looked at DHS' mental health programs and found shortfalls based on unfilled positions, a culture of retribution, a lack of transparency, low morale, and training deficiencies. The 2018-19 Grand Jury [reported](#) on a \$19 million budget deficit; findings included a faulty budget development process, inaccurate revenue projections, and revenue lost from inadequate electronic medical record and billing software implementations.

Three years later, the 2021-22 Grand Jury looked at [DHS' response](#) to the Covid pandemic. County and DHS employees were commended for individual performances, but the department's overall response was deemed problematic. The investigation reported a toxic work environment that included bullying, racial and cultural tensions, and fear of retaliation. It also reported employee distrust of upper management and DHS' Human Resources department.

The goal of this investigation was to examine and report on DHS contracting and procurement practices. However, the investigation uncovered factors, beyond fiscal management practices, that materially impact DHS' ability to manage contracts. We felt obliged to expand the scope of the report to include general DHS management practices and DHS' functional interactions with Purchasing, Accounting, the Auditor's office, and other County departments.

It is critically important, to the neediest people of Sonoma County, that the Department of Health Services fulfill its mission and responsibility; our investigation found many examples of opportunities for improvement that are shared in this report. The 2023-24 Civil Grand Jury sincerely hopes that this is the last time the Department of Health Services deserves such public examination and criticism.

¹ <https://sonomacounty.ca.gov/health-and-human-services/health-services/about-us>

METHODOLOGY

- In order to develop this report, the Grand Jury:
- Examined hundreds of documents regarding DHS and County contracting and procurement processes including RFPs, proposal evaluations, contracts, employee exit interviews, ordinances, and Board of Supervisors' agendas and actions.
- Interviewed 18 current and former County employees and outside providers.
- Reviewed and analyzed consultant reports by Civic Initiative and KPMG.
- Reviewed and analyzed the Sonoma County [Internal Audit: Sonoma County Procurement Process](#).
- Reviewed Pisenti & Brinker "Independent Accountant's Report" in re DEMA documentation.
- Reviewed prior Sonoma County Grand Jury Reports from 2016-17, 2018-19 and 2021-22, which examined problems within the Department of Health Services.
- Read numerous articles from the Santa Rosa Press Democrat.
- Conducted general research regarding county Department of Health contracting issues in other California counties.

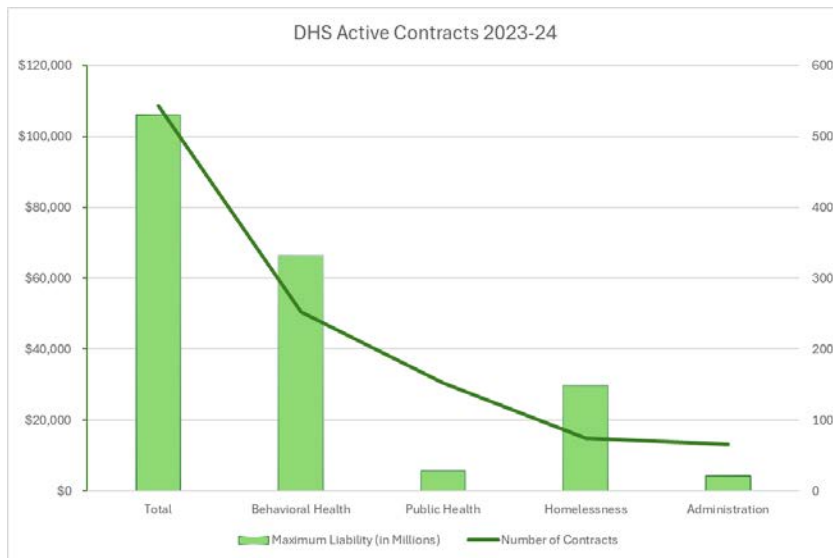
Glossary

BoS	Sonoma County Board of Supervisors
Bucklew Programs	Nonprofit organization that provides services for substance use disorders, behavioral disorders, homelessness, and suicide prevention.
CAO	Chief Administrative Officer. Top County executive, title changed to Chief
CDC	Community Development Commission
COC	Continuum of Care, now called Homeless Coalition
DAAC	Drug Abuse Alternative Center, known as CenterPoint/DAAC
DEMA	DEMA. A provider of support services for the homeless.
DHS	The Sonoma County Department of Health Services
FEMA	Federal Emergency Management Agency
LGV	Los Guilicos Village. Provides interim housing in tiny homes on the Los Guilicos
Los Guilicos Dormitories	Two dormitories, formerly part of the Juvenile Detention Center that the County is renovating to provide 120 interim beds for the unhoused.
NOFA	Notice of Funding Availability (vendor instructions for contract proposals).
RFP	Request for Proposals. Instructions to vendors for submitting purchasing
SUD	Substance Use Disorder
SVDP	Saint Vincent de Paul Sonoma County. A nonprofit that provides services to those suffering from poverty, hunger, and homelessness.

DISCUSSION

DHS contracts with many community-based organizations to provide behavioral health and homelessness services to the most vulnerable members of our community. Behavioral Health, the largest DHS division, issued 252 contracts worth \$66,364,596 in FY 2024.

We reviewed DHS' competitive bidding and contract finalization processes; they are unnecessarily cumbersome. The published process includes 127 steps from RFP creation to signing of a contract; an internal procurement workflow document projects **22** weeks from the time the decision is made to issue an RFP to finalization of a contract: 17 weeks to develop the RFP, evaluate proposals, and obtain Director approval of the selected provider, five more weeks are allocated for negotiations, issuing Notification of Intent to Award, and finalization of the contract by County Counsel, the BoS, the Director, and the vendor. And our research confirmed that these timelines are rarely met.



In 2021, the Internal Auditor reviewed the County's procurement practices for FY 2019-20. The report was quietly slipped onto the Auditor web site two years later—in August 2023! The Auditor found that many DHS contracts were not procured through competitive bidding. The Auditors then selected 23 DHS sole source contracts and found that none of them had been bid competitively for ten or more years, and none of them had a sole source waiver filed with the County Purchasing Department, as required by both published policy and ordinance. The Auditor found that DHS was in violation of Sonoma County Municipal Code Chapter 2, Article V, Section 2-58, BoS Resolutions, and the County Service Purchasing Agreements Policy, all of which require that contracts over \$50,000 either be competitively bid or accompanied by a sole source waiver approved by the County Purchasing Agent.

In 2022, the BoS contracted with Civic Initiatives, LLC (Civic Initiatives) to comprehensively assess the entire County's current procurement practices and develop recommendations for improving them. In October, 2023 Civic Initiatives reported that the County's procurement system was deficient in all ten organizational management practices surveyed. Additional recommendations were supposed to be presented to the Board of Supervisors in the Spring of 2024.

CASE STUDIES

The Grand Jury investigated six specific circumstances which reveal broader problems in DHS' procurement processes and procedures.

Behavioral Health: Too many contracts take too long to execute.

In December 2022, a Press Democrat report alleged that DHS's failure to execute behavioral health providers contracts on time had resulted in [meaningful payment delays to nonprofit agencies](#)²; providers should not be paid without a finalized contract. 28 contracts were still not finalized in mid-December 2022, five months after the start of the 2023 fiscal year. In several articles last fall, the Press Democrat reported, and the Grand Jury confirmed, that delayed contracts and payments for FY 2024 were once again challenging our community nonprofits.

Interviewees identified other factors that contributed to delays:

- Most contract terms are for a single year; a March 2024 report of all active Behavioral Health contracts showed that 54% of the contracts were single year or less. Increased use of multiyear contracts would dramatically decrease the overall workload.
- Inadequate delegation of authority led to long waits for approval from the highest levels of management, even for minor issues that could be handled at lower levels. Meaningful delays also occur when contracts require approval by outside departments such as County Counsel or Purchasing.
- Staff vacancies and staffing shortages led to inefficiencies, increased workloads, and employee stress, and have been a significant problem for DHS. A Human Resources report in March of 2024 revealed DHS vacancies equivalent to 148 FTEs, a 23% vacancy rate. The same report showed that the County, excluding DHS, had a vacancy rate of just 8%.

Why is DHS' vacancy rate so much higher than the rest of the County? Retention issues are a factor. We looked at all 34 exit interviews submitted over the past three years; exit interviews are voluntary, hence responses could be biased, but the results are still compelling:

DHS Exit Interview Summary 2020-2023			
Report Years	Total Number of Exit Interviews	Reported Dissatisfied with Work Environment	Percent Dissatisfied
2020-22	32	7	22.00%
2023	12	9	75.00%
Reported reasons for dissatisfaction: <ul style="list-style-type: none"> * Poor Communication * Racism * Bullying * Bad Morale * Poor Work Culture 			

² <https://www.pressdemocrat.com/article/news/nonprofits-scramble-to-fund-vital-services-as-sonoma-county-falls-behind-on/>

BoS Directs that Homelessness Services be Moved into DHS; it does not go well

In 2021, the Board of Supervisors commissioned a consulting firm, KPMG, to recommend an optimal organizational plan for the County's Housing and Homelessness Services programs. The BoS asked County staff for further analysis, and in May 2022, staff advised the Board to move Homelessness Services from the Community Development Commission (an independent agency that administers funds from Federal and State sources.) to DHS. The BoS authorized this move in June of 2022, and plans were made to execute the transition in January of 2023.

Integrating homelessness support programs into the department that manages behavioral health and substance use disorder treatment programs sounds sensible, but poor execution led to a perfect storm of problems: DHS fiscal and contract development departments already had a backlog of delayed contracts—before adding homeless services contracts to their workload. The head of the Homelessness division did not start at DHS until January 2023, and other key members did not transfer until March. Requests for Proposals did not go out until February or March, which didn't leave time to finalize contracts before the July 1 start of the new fiscal year.

Other factors led to additional delays. The time needed to bring CDC contract templates up to "DHS standards" was either underestimated (or not recognized) and the impact of a newly developed approval process by the county-wide Continuum of Care was not anticipated. There was also a failure to recognize the time required to orient transferred CDC employees to DHS practices and teach longstanding CDC vendors how to deal with unfamiliar DHS document submission requirements.

Many Homelessness service providers were not paid by the County for up to five months (despite delivering services and paying employees) because contracts hadn't been re-written and approved. None of the 15 largest homeless services contracts for FY2023 were finalized before August 30, and the majority were not completed until much later in the year.

Chaotic Contracting: Los Guilicos Village (Part 1)

DHS' contracting for Los Guilicos Village (LGV) management is a good example of chaotic practices. LGV was created in January 2020 as a temporary shelter to relocate unhoused people from the Joe Rodota Trail. CDC (not DHS) awarded the initial LGV management contract to St. Vincent de Paul Sonoma County (SVDP). CDC's Homelessness Services program, including the LGV management contract, was moved into DHS in early 2023; to that point, SVDP had no contract or payment problems.

CDC had issued an RFP in December 2022 (prior to the move) soliciting proposals to manage Los Guilicos Village for two years starting July 1, 2023. Two qualified bidders responded, but no award for this RFP was ever made. On September 23, 2023—three months after the contract had been due to start—DHS notified both respondents that it had canceled the RFP.

In the meantime, SVDP continued to operate under their expired contract without payment between July 1st and the end of November. Since no RFP had been awarded, there was no contract, no purchase order, and no payment by the County. On Sept. 12, 2023, the BoS was informed that the December 2022 RFP remained under review, and the Board of Supervisors was asked to retroactively extend the prior year's contract from July 1, 2023, until October 31, 2023.

This contract extension (mostly for services already performed) was never signed by SVDP because DHS insisted that the contract extension include language regarding harm reduction retroactive to July 1, 2023—which SVDP argued was both impractical and imposed liability that SVDP had never agreed to accept. The County Controller ultimately issued payment to SVDP without an amended

contract or purchase order after numerous articles appeared in the Press Democrat. Rather than approving the agreement with SVDP just once, the BoS approved it at its Sept. 12 meeting, extended it on Nov. 28, and extended it again on March 26, 2024.

Why didn't DHS award a contract to one of the vendors that responded to the December 2022 RFP? The idea of moving residents at LGV and other homeless sites into renovated dormitories on the Los Guilicos campus happened at some point in 2023. DHS planners certainly knew it would take many months to obtain BoS approval for using the Los Guilicos Dorms, that the dorms would need work, and that this project would take *at least a year* before an orderly transition could occur. Had DHS entered into a contract pursuant to the original bidding process, significant County resources would not have been spent untangling a mess that should never have occurred.

Los Guilicos, Part 2

The Los Guilicos story gets even more complicated. In addition to LGV, the County had three other pandemic-era interim housing sites: the Ballfield trailer site at the County fairgrounds, Mickey Zane House, and the Compassion site. None of the management contracts for these three sites were competitively bid; all were awarded to DEMA under a pandemic emergency agreement.

DHS issued an RFP for "Interim Housing Support Services and Site Management" in August of 2023, noting that the County would engage one or more contractors to manage the three DEMA-run sites for three or more years. The RFP contained a clause stating that the service sites could change as plans to close temporary housing were already underway and that the vendors should be prepared to move their services to an unnamed location. (We were later told the unnamed location was meant to be the Los Guilicos Dorms.)

The ambiguous wording of the RFP (coupled with public and private DHS assurances that the Los Guilicos Village RFP was still active) led SVDP not to submit a proposal to manage any of the DEMA-run sites. The 2022 Los Guilicos Village RFP remained active until one week after the Interim Housing RFP closed to new proposals in September 2023. The overlapping timetables of these two RFPs gave SVDP no time to respond when the 2022 RFP was cancelled.

It would be patently unfair if the Notice of Termination for the December 2022 RFP was deliberately delayed; if not, closing a second RFP before canceling its predecessor is poor execution. SVDP never got the opportunity to bid for management of the Los Guilicos Dormitories site, which will replace the LG Village it currently manages. In April 2024, the BoS directed DHS to start a new competitive bidding process, thereby avoiding further public scrutiny and possible litigation by SVDP.

In April 2024, the BoS directed DHS to start a new competitive bidding process, thereby avoiding further public scrutiny and possible litigation by SVDP.

DEMA: Let's All Play "Pass the Buck"!

The Grand Jury also investigated DHS's contracts with DEMA, a homelessness services provider formed in 2020 specifically to assist the County during the Federally declared Covid19 emergency. The County paid DEMA ~\$26 million for services rendered; these payments were expected to be eligible for FEMA reimbursement. However, the County may not get full reimbursement because it may have approved and paid DEMA invoices without required supporting documentation.

How did this happen? Who authorized millions of dollars of payments without the contractually required documentation? Was this a failure of contract administration, financial controls, management oversight, or all the above? Should the Controller have allowed the payments to go through? Where was the Auditor, the entity responsible for ensuring FEMA claims are filed correctly

on behalf of the County? The Grand Jury interviewed people from each of these agencies and found no one willing to take responsibility for the allegedly inadequate supporting documentation, although many were willing to find fault with others.

The County always expected to seek FEMA reimbursement for the DEMA charges. Pisenti & Brinker, engaged by the Auditor to review DEMA's invoice documentation, found that "DEMA invoices did not include the minimum essential detail required under the... (County) contracts." DHS' Fiscal unit and County Accounts Payable systems allowed payments to be authorized without confirming that the required documentation was attached; and the County Auditor allowed these invoices to be paid for a period of three years in spite of this deficiency. The lack of documentation of the DEMA invoices may mean the County doesn't qualify for a significant amount of FEMA reimbursement.

The DEMA situation was a failure of contract administration, financial controls, and management oversight. Program administrators authorizing contract payments either did not understand what documentation the contract required or failed to require that DEMA provide it. DHS Fiscal approved the invoices for payment in spite of this, and management is ultimately responsible for making sure that employees are trained in their roles and that basic systems, such as procurement and payment, confirm the existence of and keep required documentation. No one the Grand Jury interviewed has taken responsibility for this system failure or shared a plan to preclude this type of mistake from reoccurring.

The Orenda Center

The Orenda Center has been providing substance use disorder (SUD) treatment services since 1971 and was the only inpatient detoxification center in the county serving the indigent.

Centerpoint/DAAC (Drug Abuse Alternative Centers) managed the Orenda Center for twelve years until June 30, 2023. Unfortunately, the Orenda Center has been closed since July 1, 2023. The sequence of events behind this closure is tortuous and difficult to understand:

- In August 2021, DHS issues a Request for Proposals for detox facility management, to start on Jan 1, 2022, with a term of 18 months.
- Competitive responses are reviewed in October 2021, and Centerpoint/DAAC (DAAC) and Buckelew Programs (Buckelew) are chosen as finalists.
- No award is made in 2021, however, so DAAC continues to operate the Orenda Center on a series of contract extensions that eventually become contentious.
- In February of 2023—13 months after the award winner is supposed to start managing the Orenda Center—Buckelew is quietly notified it will be the winner. No one tells DAAC it's lost the competition until May 31, 2023—just 30 days before its last contract extension expires.
- In order to become the facility operator, Buckelew needs a license from the State and the Orenda Center needs renovations that have to be done before the State license review begins. None of this work starts prior to July 1st, 2023.
- As of June 1st, 2024, the contract between the County and Buckelew still isn't signed; it's not clear whether Buckelew's operating license is complete. But the Orenda Center has been closed since July 1, 2023 and still doesn't have an opening date, 11 months after closure.

Recognizing the extended upcoming closure of the Orenda Center, the County arranged for patients going through withdrawal to be transferred to Buckelew Programs' Helen Vine Center in Marin County. Unfortunately, the County did *not* implement a monitoring program to ensure that patients needing detoxification services were not falling through the cracks.

We have questions:

- Is there really no way to transfer licensed facility management responsibility without a multi-month facility closure?
- If it *does* take up to six months to complete the State review needed for a facility license, how can the County ensure that services are available locally during this process?
- How many people in need of detoxification services chose not to go to Marin County?
- Why was there no public Notice of Intent to Award the contract to Buckelew?
- Why has it taken more than a year for the Orenda Center to transition from Centerpoint/DAAC to Buckelew management?

CONCLUSION

The Grand Jury focused on the Department of Health Services' procurement processes in this investigation. We found a poorly functioning process with a history of violations of County policies and ordinances. For many years, DHS often entered into no-bid and sole source contracts without filing a required sole source waiver. DHS' RFP process is lengthy and cumbersome and often not completed in a timely manner, resulting in significant delays in service startup and vendor payments. Process issues include imprecise contract and RFP language, RFP cancellations after months of delay, and poor or misleading communication causing vendor uncertainty. Staff shortages, which have in part been blamed on a toxic work environment, aggravate the department's problems with timely performance.

The BoS and the Auditor have been notified of management and procurement issues at DHS for many years, and these types of problems continued during this Grand Jury's investigation. An inordinate amount of DHS, Auditor, County Administrator and BoS staff time and money has been spent straightening out the tangled web of problems caused by these systemic failures, and when DHS has problems, real people suffer.

The Grand Jury notes that the Homelessness Services Division may have gotten off to a better start with their FY2024-25 contracts: the contract package is scheduled to be presented to the BoS this June. However, it is our understanding that a significant number of DHS' behavioral health contracts will not be ready for signature prior to the start of the new fiscal year.

The Grand Jury hopes that the recent change of administrative structure, wherein DHS reports directly to the County Executive Officer rather than the BoS, will improve DHS operations. Further, we look forward to the County implementing the recommendations suggested by consultants Civic Initiatives, hired by the BoS to review the entire County's current procurement practices. The Grand Jury encourages the County Executive, the Auditor, the Purchasing Agent and particularly the BoS to continue to support DHS in its efforts to build a fully staffed and highly functioning department.

FINDINGS

The Grand Jury finds:

- F1. DHS contracting practices and procedures are chaotic, inefficient, and take too long. This results in delayed execution of contracts, delays in vendor payments, and local County health services missing for extended periods.
- F2. DHS processes for procurement needs identification, RFP generation, and competitive sourcing take too long to execute and aren't clearly competitive.
- F3. Chronic short staffing and employee turnover have led to a significant loss of institutional knowledge.
- F4. Inadequate delegation of authority and a toxic work culture inhibits individual decision-making and contributes to DHS's failure to perform effectively.
- F5. DHS Fiscal and County general accounting process doesn't require or retain all information needed for post-fact analysis of who is being paid, whether the payment was the result of a no-bid contract, or whether payment documentation matches funding source requirements.
- F6. County Purchasing and Internal Audit failed to require that DHS follow mandated procurement policies.
- F7. The BoS failed to require changes to DHS procurement procedures despite published reports that DHS has been violating County procurement policy.

RECOMMENDATIONS

The Grand Jury Recommends:

- R1. By December 31, 2024, DHS will initiate regular public reports of the programs for which an award has been or is intended to be made (including those programs without a contractor), the contracts in effect, the date of execution of every contract, the contract term, and explanations for any contracts not executed prior to the effective service start date (F1, F2).
- R2. By November 1st, 2024, DHS and County Human Resources departments shall submit a recruitment and retention plan to the County Executive to reduce DHS vacancies to no more than 10% of authorized non-field positions. (F3, F4)
- R3. By December 31, 2025, the Board of Supervisors will request, and County Auditor will complete and publish, a comprehensive audit report on DHS procurement processes and procedures, contract administration oversight and compliance with County procurement policy and publicly present said report to the Board of Supervisors. (F1, F3, F6, F7)
- R4. By January 1, 2025, County Purchasing and the County Controller shall implement a system that ensures all no-bid and sole-sourced contracts are identified, accounted for as such, publicly reported, and have required supporting documentation and waivers on file. (F3, F4, F5 F6)

REQUIRED RESPONSES

Pursuant to Penal Code §§ 933 and 933.05, the Grand Jury requires responses as follows:

Sonoma County Department of Health Services (R1, R2)

Sonoma County Department of Human Resources (R2)

Sonoma County Board of Supervisors (R3)

Sonoma County Auditor-Controller- Treasurer-Tax Collector (R3, R4)

Sonoma County Purchasing Division (R4)

The governing bodies indicated above should be aware that their comments and responses must be conducted subject to the notice, agenda, and open meeting requirements of the Brown Act.

INVITED RESPONSES

Sonoma County Executive (R1, R3, R4)

BIBLIOGRAPHY

2018-2019 “The Behavioral Health Budget; A Perfect Storm” Final Report Sonoma County Grand Jury

2021-2022 “Dedication Overcame Dysfunction” Final Report Sonoma County Grand Jury