



City of Santa Ana
20 Civic Center Plaza, Santa Ana, CA 92701
Staff Report
June 17, 2025

TOPIC: Substance Abuse Coordination Services for Drug Detoxification and Rehabilitation Treatment

AGENDA TITLE

Agreement with Kingdom Causes, Inc. dba City Net to Provide Substance Abuse Coordination Services for Individuals Experiencing Substance Use Disorders (SUD) in Santa Ana (Non-General Fund)

RECOMMENDED ACTION

Approve an agreement with Kingdom Causes, Inc. dba City Net to provide substance abuse coordination services in the amount of \$500,000 paid utilizing the City's Opioid Settlement Fund, for a six-month term with two optional six-month renewals. (Agreement No. A-2025-XXX)

GOVERNMENT CODE §84308 APPLIES: Yes

DISCUSSION

Substance abuse and addiction remain among the most significant factors contributing to on-going and chronic homelessness in the City. The city's outreach and engagement contractor as well as the Santa Ana Police Department (SAPD) (the "Outreach Team") have observed through their vast outreach encounters that individuals with untreated addiction often face family disruptions, loss of employment, and financial difficulties, leading to homelessness and untreated addiction, which generally makes attempts to secure steady employment, housing, and even medical attention almost impossible leading to a cycle of on-going homelessness. The Outreach Team has also identified and reported fears over suffering drug detox symptoms during shelter stays as the number one reason for individuals refusing to accept shelter placements and service assistance.

Currently, the waiting list for placement of individuals seeking treatment for substance use disorder is anywhere from three (3) weeks to six (6) months, depending upon individual circumstances, individual medical plans, and bed availability at treatment centers throughout Southern California. These delays often lead to missed intervention windows and opportunities for providing a pathway to breaking the cycle of addiction and homelessness. Staff is proposing a pilot program to supplement the many significant on-going efforts by the City to address chronic homelessness through offering those individuals wishing to end their drug dependency, a timely and expeditious pathway to permanent recovery and long-term housing.

Utilizing funds from the Opioid Settlement Fund, it is recommended that the City enter into a service agreement with City Net for direct referrals for individuals with ties to the City of Santa Ana, into detox, treatment, and sober living programs to start individuals on their journey to sobriety. City Net will provide two certified Drug and Alcohol Counselor Case Managers (DACCM) for engaging with clients struggling with substance abuse and assessing for any co-occurring mental health conditions through the Screening Brief and Referral to Treatment (SBIRT) assessment. Following the SBIRT assessment, individuals with high-risk substance use or possible SUD will be referred to specialty care. If clients are not already enrolled with a managed care provider (MCP), under this pilot program, opioid settlement funds will be used to pay for immediate entry into substance use detox and/or treatment facilities until MCP enrollment is achieved and payment can be transferred to Medi-Cal.

City Net will also be tasked to secure bed spaces for clients in need of substance abuse rehabilitation. To accomplish this requirement, City Net will enter into agreements with no less than four (4) different Rehabilitation and Substance Abuse Services providers to secure beds for Santa Ana clients to immediately enter substance abuse services. The City's current contract with City Net provides a trauma informed, non-law enforcement, homeless outreach and engagement resource, known as SMART (Santa Ana's Multi-Disciplinary Homeless Response Team). City Net responds to reports of non-criminal homeless-related activity identified through the MySantaAna app, the community call line, priority calls from City staff, and transfers from SAPD dispatch. Case Managers additionally provide in-reach services in the City jail and provide case management services for individuals on the streets enrolled in their program. Outreach workers will continue to transport individuals to shelters, treatment facilities, appointments, and services.

As outlined above, the proposed pilot program will provide immediate access to detox, treatment, and sober living for individuals experiencing homelessness with substance use disorders. It will utilize direct referral pathways to bypass standard waitlists and insurance delays and provide access to wraparound case management that supports clients throughout the treatment process and into permanent recovery and stable housing.

Opioid Fund Background

In 1996, Purdue Pharma introduced OxyContin, marketing it as a revolutionary, long-lasting pain killer with a low risk of addiction. Their claim was later proven to be false. During the late 1990s through the 2000s, Purdue utilized doctors, influenced by aggressive marketing and reassurances from pharmaceutical companies, to over prescribe opioids at unprecedented rates. Addiction rates soared and the Opioid Crisis began. In 2007, Purdue plead guilty to misleading the public about OxyContin's addictiveness, agreeing to pay its first fine of \$634 million dollars. This fine did not slow the effects of the crisis, as prescription drugs became harder to obtain, which forced addicts to turn to Heroin and Fentanyl; and overdose deaths skyrocketed. As of 2025, a global settlement with Purdue Pharma, as well as pharmacies, now totals over \$54 Billion to be paid out over 18 years commencing in 2022.

Opioid settlement funds (OSF) are monitored for compliance by the Department of Health Care Services (DHCS). The California Opioid Settlement Funds are allocated through three (3) funds: California Abatement Accounts Fund, California Subdivision Fund, and the California State fund. The California Abatement Accounts Fund is allocated to all participating cities and counties.

The City of Santa Ana is currently in receipt of a portion of its Opioid settlement funds and proposes to utilize these funds to secure Medically Assisted Detoxification, Residential Drug Rehabilitation, Inpatient Rehab, and Partial Hospitalization Program beds.

Following the successful completion of a client's medical portion on their SUD treatment journey, they will be case managed to ensure their ongoing access to medication, therapy, step down treatment services, and recovery housing through CalOptima and the Cal-Aim Program. Additionally, through the use of previously authorized funding, City Net will connect clients to ongoing sober living placements and provide short term rental assistance.

Competitive Bidding Process Exemption

Based on SAMC Section 2-807 (Non-Bid Purchases), the Purchasing Supervisor may exempt an item from the competitive bidding process, with ultimate approval by the City Council, if the Purchasing Supervisor determines the solicitation for bids would for any reason be an Idle Act.

The Purchasing Supervisor, when determining if this procurement is exempt, has reviewed the following information:

1. An RFP was recently evaluated for Outreach and Engagement Services between three vendors (RFP No. 24-079A). Within the evaluated proposals, Substance Abuse Counseling and Transportation Services were specifically evaluated as part of those proposals. City Net was awarded the overall contract.
2. The total contract expenditure is expected to be broken down into four (4) components:
 - a. Labor
 - i. Charges for Labor specifically assigned to this program will account for approximately 11% of the total contract amount.
 - ii. A review of labor charges between all vendors that submitted for the original contract varied between 10.84% and 11.51%, or an overall variance of .67% of the total contract amount.
 - iii. A variance of .67%, varied from highest bidder to lowest bidder, is approximately \$3,300 of the total contract amount, which was viewed as a diminutive amount within the total scope of the contract.
 - b. Client Services
 - i. Client Services are made up of the total amount expected to be paid to service providers for bed space, which is expected to be approximately \$405,000, which is 81% of the total contract amount.

- ii. Any Outreach and Engagement contractor would be forced to pay the exact same rates for these services at the various substance abuse treatment centers.
- iii. Therefore, no outreach provider would be in a position to offer any better rates than any other.
- c. Operations and Program
 - i. Each program would be subject to a financial audit as well as necessitate the need for Liability as well as Workers Compensation Insurance. These rates are flat across the industry.
 - 1. The amount spent on a financial audit is generally tied to the specific amount being audited. As each entity would be receiving the same amount, the cost for the financial audit would be same.
 - 2. Workers Compensation Insurance is tied to the number of employees assigned to the program and, this too, would be the same no matter the vendor selected and is generally an industry standard rate based on wages paid. As the total labor separation between the highest bidder and lowest bidder would be tied to the 0.67% difference in labor costs, the difference is again diminutive.
- d. Indirect Costs
 - i. Per 2 CFR 2000 414-11, de minimus rates are established for non-Federal entities who do not have negotiated Indirect Costs Rate. This fee is charged at a rate of 15% to offset expenses incurred by the organization but not billable as direct project expenditures.
 - ii. The City has negotiated a 10% Indirect Costs Rate with the awarded Vendor.
 - iii. Each entity that submitted for the RFP process charges the exact same 10% rate, making this too exactly the same cost across all three vendors.
- 3. Based on the total labor disparity of 0.67%, as well as virtually no cost differences in Client Services, Operations, and Program, as well as Indirect Costs, the Purchasing Supervisor determined the award of the contract falls under SAMC Section 2-807 (Non-Bid Purchases), is exempt, and has further concluded that soliciting for bids would be an Idle Act.

FISCAL IMPACT

To date, the city has received \$4,972,396, of the projected funds. The Santa Ana City Manager's Office is designated to receive and oversee the City's OSF. Funding is available in the current FY2024-25 budget.

Fiscal Year	Accounting Unit-Account	Fund Description	Accounting Unit, Account Description	Amount
FY 24-25	11103010-62300	Opioid Remediation	OPIOID REMEDIATION – CMO – Contract Services	\$500,000

	Total	\$500,000
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Any remaining balances not expended at the end of the fiscal year will be presented to City Council for approval of carryovers for FY25-26.

EXHIBIT(S)

1. Agreement for Substance Abuse Coordination Services with City Net

Submitted By: Michael L. Garcia, Executive Director, Community Development Agency

Approved By: Alvaro Nuñez, City Manager