

# COUNTY OF LOS ANGELES

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## DEPARTMENT OF MENTAL HEALTH

<http://dmh.co.la.ca.us>

550 SOUTH VERMONT AVENUE, LOS ANGELES, CALIFORNIA 90020

Reply To: (213) 738-4601  
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October 3, 2002

The Honorable Board of Supervisors  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, California 90012

Dear Supervisors:

**APPROVAL OF SETTLEMENT AGREEMENT  
WITH UNITED AMERICAN INDIAN INVOLVEMENT, INC.  
(ALL SUPERVISORIAL DISTRICTS)  
(3 VOTES)**

**IT IS RECOMMENDED THAT YOUR BOARD:**

1. Approve and delegate authority to the Director of Mental Health to prepare, sign, and execute a Settlement Agreement with United American Indian Involvement, Inc. (UAI) in accordance with the Settlement Agreement format (Attachment I), that is substantially similar to a previously Board approved format. Effective upon Your Board's approval, this agreement will allow United American Indian Involvement, Inc. to repay the County of Los Angeles – Department of Mental Health (DMH) beyond the three months stipulated in its existing contract.
2. Approve UAI's repayment of \$97, 171 in six installments of \$16,195 per month.

**PURPOSE OF RECOMMENDED ACTIONS:**

Board approval of the Settlement Agreement will allow UAI to repay DMH over an extended period beyond the three months allowed under the existing contract provision (Paragraph 4 (FINANCIAL PROVISIONS), Subparagraph U (Payments Due to County/Method of Payment), Page 27). The extended repayment period will help to mitigate an immediate adverse cash flow impact on UAI as a result of the Loan Reconciliation Settlement for Fiscal Year (FY) 2000-2001. The repayment period does not provide for interest payments on the outstanding balance.

**JUSTIFICATION:**

The settlement amount owed to DMH of \$97,171 is to repay Cash Flow Loan Funds that the agency requested that were in excess of the agency's cost of actual services provided for FY 00/01.

**FISCAL IMPACT:**

There is no fiscal impact on DMH's FY 2002-2003 Adopted Budget, as DMH made payments to UAll in a prior fiscal year (FY 2000-2001), which UAll submitted claims for services provided. UAll's repayments will be offset against monthly claims for reimbursement until the entire balance has been repaid. In the event that the monthly claim for reimbursement is insufficient to cover the monthly payments, UAll will be required to remit the difference to DMH.

**FINANCING:**

Effective upon your Board's approval, UAll will repay DMH \$97,171 in six installments of \$16,195 per month.

**FACTS AND PROVISIONS/LEGAL REQUIREMENTS:**

Under the existing contract provision (Paragraph 4 (FINANCIAL PROVISIONS), Subparagraph M (Cash Flow Loan Funds), page 22), "in order to recover CGF provided to Contractor as Cash Flow Loan Funds pursuant to this Subparagraph M, or any amounts due to County by Contractor under this Agreement or otherwise, County shall withhold from any amounts due by County to Contractor under this Agreement."

Under the existing contract provision (Paragraph 4 (FINANCIAL PROVISIONS), Subparagraph U (Payments Due to County/Method of Payment), Page 27), County contract language allows six repayment options and also allows contractors to notify the County as to which option Contractor requests to be used as the method by which such amount shall be recovered by the County.

The repayment of \$97,171 over a three-month period, the longest repayment option, will result in a serious financial hardship on UAll and/or jeopardize its ability to implement and/or expand mental health programs. Therefore, UAll has requested a six months repayment schedule.

**CONTRACTING PROCESS:**

Upon Board approval, DMH will execute a Settlement Agreement with UAll for the repayment of funds that extends three months beyond the three months contract provision - or a total of a six months' payment schedule.

**IMPACT ON CURRENT SERVICES:**

Without an approved Settlement Agreement, contractors are required to repay the liability in three installments to the County, which may potentially cause financial problems and affect their ability to maintain an appropriate level of service.

**NEGATIVE DECLARATION/ENVIRONMENTAL IMPACT REPORTS:**

The subject does not apply.

**CONCLUSION:**

The Department of Mental Health will need one (1) copy of the adopted Board action. It is requested that the Executive Officer, Board of Supervisors, notify the Department of Mental Health's Contracts Development and Administration Division at (213) 738-4684 when this document is available.

Respectfully submitted,

Marvin J. Southard, D.S.W.  
Director of Mental Health

MJS:OFS:AW

Attachment

c: Chief Administrative Officer  
County Counsel  
Executive Office, Board of Supervisors  
Auditor-Controller  
Chairperson, Mental Health Commission