

SUBMITTAL TO THE BOARD OF SUPERVISORS  
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA



ITEM  
3.6  
(ID # 9779)

**MEETING DATE:**

Tuesday, June 25, 2019

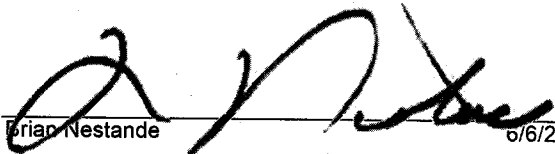
**FROM :** EXECUTIVE OFFICE AND First 5 :

**SUBJECT:** EXECUTIVE OFFICE & FIRST 5: Approval of the Re-stated First Amendment of the Riverside County Outcome Rate Card Development Service Grant Agreement with Social Finance, Inc., All Districts. [\$0]

**RECOMMENDED MOTION:** That the Board of Supervisors:

1. Approve Re-Styled First Amendment to the Riverside County Outcome Rate Card Development Service Grant Agreement with Social Finance, Inc. (SFI) (sub-recipient of Corporation for National and Community Services (CNCS) grant) for technical assistance services in the development of an Outcomes Rate Card.
2. Authorize the Executive Office to execute the Amendment on behalf of the County.

**ACTION:** Policy

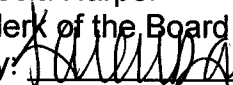
  
Brian Nestande 6/6/2019

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**MINUTES OF THE BOARD OF SUPERVISORS**

On motion of Supervisor Perez, seconded by Supervisor Hewitt and duly carried by unanimous vote, IT WAS ORDERED that the above matter is approved as recommended.

Ayes: Jeffries, Spiegel, Washington, Perez and Hewitt  
Nays: None  
Absent: None  
Date: June 25, 2019  
xc: E.O., First 5

Kecia Harper  
Clerk of the Board  
By:   
Deputy

**SUBMITTAL TO THE BOARD OF SUPERVISORS COUNTY OF RIVERSIDE,  
STATE OF CALIFORNIA**

<b>FINANCIAL DATA</b>	<b>Current Fiscal Year:</b>	<b>Next Fiscal Year:</b>	<b>Total Cost:</b>	<b>Ongoing Cost</b>
<b>COST</b>	\$ 0	\$ 0	\$ 0	\$ 0
<b>NET COUNTY COST</b>	\$ 0	\$ 0	\$ 0	\$ 0
<b>SOURCE OF FUNDS: N/A</b>			<b>Budget Adjustment:</b>	No
			<b>For Fiscal Year:</b>	18/19

**C.E.O. RECOMMENDATION:** Approve.

**BACKGROUND:**

**Summary**

An Outcomes Rate Card (ORC) is a type of Pay for Success (PFS) model, also referred to as Social Impact Bond (SIB). PFS models involve private funders who provide an upfront capital investment for a government entity to contract with service providers in order to achieve an agreed upon outcome. On April 10, 2017, with the support of community members, former County Executive Officer Jay Orr, Assemblymember Jose Medina, and former Riverside County Supervisor John Tavaglione, the Executive Office applied for a nation-wide grant competition held by Social Finance, Inc. (SFI). The Executive Office was selected as the winner of the competition and was awarded free technical assistance services for the development of an ORC.


The Agreement with SFI commenced on July 25, 2017 and will conclude on June 30, 2019, or upon completion of the scope of work, timeline, and deliverables. The First Amendment to the Agreement was approved on July 1, 2018, which extended the contract period from the original end date of June 30, 2018 to June 30, 2019. The Re-Stated First Amendment to the Agreement will add First 5 as a Service Recipient. During the timeframe of the Agreement, SFI will engage in the following activities with the Executive Office and First 5: data requests and analysis, identification of the provider landscape, outcome selections, economic modeling, and cost-benefit analysis of relevant services.

SFI, a not-for-profit organization specializing in PFS models that form partnerships with governments, non-profits, foundations, impact investors, and financial institutions to create innovative financing solutions to improve social outcomes. SFI has facilitated multiple PFS models in the United States that focus on effectively addressing pressing social issues. PFS models connect government entities to private funders who provide an upfront capital investment, allowing the government entity to contract with service providers to achieve an agreed upon outcome. If the specific outcome is achieved, the government is obligated to pay back the private investor. However, if the outcome is not met, the government is not liable for repaying the investor. PFS models operate under the theory that programs will generate savings by preventing the specific social issue from continuing at the same magnitude. One of the newest variations of the PFS model is an ORC, a menu of outcomes the government seeks to achieve with corresponding prices that will be paid back if the outcome is met. The ORC is used to contract with service providers to achieve the specified outcomes.

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**Impact on Residents and Businesses**

The ORC will provide a financing and evaluation tool that will be used to improve health and wellness of children ages 0-5 in Riverside County, upon implementation.

  
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Gregory L. Priamos, Director County Counsel      6/18/2019

**RE-STATED FIRST AMENDMENT TO THE RIVERSIDE COUNTY OUTCOMES RATE CARD  
DEVELOPMENT  
SERVICE GRANT AGREEMENT**

This First Amendment to the Riverside County Outcomes Rate Card Development Service Grant Agreement (the "Amendment"), dated as of July 11, 2018 (the "Effective Date") is by and among Social Finance, Inc. ("SFI"), a Massachusetts not for profit corporation, having its principal office in Boston Massachusetts, Riverside County, a political subdivision of the State of California (the "County") and Riverside County Children and Families Commission, also known as "First 5 Riverside", a an agency of the County of Riverside ("First 5"). First 5 and the County are referred to individually as a "Service Recipient" and collectively as the "Service Recipients". SFI and Service Recipients are sometimes hereinafter referred in the singular as "Party," and collectively as the "Parties." The Amendment amends the Service Grant Agreement dated as of July 14, 2017 by and between SFI and the County (the "Agreement").

**RECITALS**

WHEREAS, SFI received a grant from the Corporation for National and Community Service ("CNCS") for the Pay for Success and Outcomes Rate Cards Development Program (the "Program"), which was created to provide technical assistance services to governmental and nonprofit Service Recipients; and

WHEREAS, SFI and the County had previously entered into the Agreement in order for SFI to provide technical assistance to the County to support improved outcomes for at-risk youth in County, including children of incarcerated parents, utilizing an outcomes rate card to identify and measure key metrics to assess a spectrum of both proxy and longer-term positive outcomes in order to reduce the vulnerabilities of such youth;

WHEREAS, First 5 wishes to partner with the County and SFI to further this effort through its behavioral health services contracting efforts, and support the County's movement towards evidence-based, data-informed outcomes driven practices for current and future projects; and

WHEREAS, the Parties wish to restate the first amendment the Agreement to include First 5 as a Service Recipient, together with the County, under the terms of the Agreement

NOW THEREFORE, the Parties agree as follows:

1. First 5 will be a Service Recipient in the Agreement, and all references to the Service Recipient in the Agreement will be deemed to include both the County and First 5. First 5 agrees to be bound by all of the obligations of a Service Recipient set forth in the Agreement.
2. Section 1 of the Agreement is amended in its entirety to read as follows:
  1. **SFI's Scope of Services.** The Parties intend that SFI will work with the Service Recipients to develop an outcomes rate card, technical assistance activities can include:
    - a. **Outcome rate card design:** SFI will work with the Service Recipients to access and analyze local administrative data and secondary research to select outcomes associated with the identified issue area and target population. SFI will propose a set of outcomes to embed in the Recipients' procurement process, with the aim of incentivizing strong performance by service providers and supporting a strong service provider ecosystem. SFI will work with the Service Recipients to access and

analyze local administrative data and secondary research to perform a cost-benefit analysis of relevant services, which will serve as the basis for outcome selection.

- b. **Integration into Riverside University Health System – Behavioral Health (RUHS-BH) System of Integrated Care:** SFI will work to align the outcomes rate card design with the new RUHS-BH System of Integrated Care, facilitating an outcomes orientation within First 5 Riverside’s new contracting relationship with RUHS-BH.

- 3. Section 2 of the Agreement is amended in its entirety to read as follows:

- 2. **Term.** The period of this Agreement shall begin on July 1, 2017 and end on June 30, 2019 or upon completion of the Scope of Work, Timeline and identified in Exhibit A and Exhibit B, respectively, whichever is sooner (“Term”).

- 4. Section 4 of the Agreement is amended in its entirety to read as follows:

The Service Recipient, the County, has committed to provide and document approximately \$28,000 per year of the total awarded technical assistance grant with sources from non-federal funds. Documentation of match amounts shall be submitted quarterly and on forms supplied by SFI.

In-Kind matching contributions must meet the following criteria: 1) verifiable; 2) necessary and reasonable for proper and efficient accomplishment of Program objectives; 3) allowable; and 4) not paid by the federal government under another award or used as a match for another award.

- 5. Section 26 of the Agreement is amended by adding the following notice information for the Service Recipients:

First 5 Riverside  
585 Technology Ct  
Riverside, CA 92507  
Attention: Tammi Graham, Executive Director  
Email: tgraham@rccfc.org

- 6. Exhibits A, B and C to the Agreement are amended as follows:

- a. Exhibit A is replaced in its entirety by the Exhibit A-1 set forth below;
  - b. Exhibit B is replaced in its entirety by the Exhibit B-1 set forth below;
  - c. Exhibit C is deleted in its entirety

- 7. Except as amended by this Amendment, the Agreement is hereby confirmed in its entirety and remains in full force and effect.

## **AMENDED Exhibit A-1: SCOPE OF WORK**

### **1. Brief Statement of Purpose / Project Summary**

The Riverside County Outcomes Rate Card Development Service Grant Agreement will provide technical assistance to develop an outcomes rate card on behalf of First 5 Riverside and Riverside County. The result of that work is an outcome rate card, an established set of target outcomes and outcome rates, embedded into the First 5 Riverside and Riverside University Health System – Behavioral Health Integrated System of Care contract reauthorizations.

### **2. Background**

An outcomes rate card is a procurement tool through which government defines a menu of outcomes it wishes to “purchase” (e.g. improving student achievement, low-income citizens completing a degree/training program, increased earnings for at-risk youth) and the amount it is willing to pay each time a given outcome is achieved. The rate card can then be used in a procurement process to select multiple service providers projects to achieve the defined outcomes. This approach to procuring for outcomes, which is common in the UK, allows for governments to a) test the efficacy of multiple providers with one procurement; b) standardize performance based contracts; and c) achieve greater impact on a faster timeline.

Outcomes rate cards allow government to contract for outcomes. Similarly, to be used effectively, they require detailed and diligent work to specify a target population, understand the local service provider ecosystem, select outcome metrics, conduct economic analysis, calculate appropriate prices, and design an effective and verifiable measurement methodology.

In an outcomes rate card, the outcome payor (typically government) sets the outcomes, terms, prices, measurement methodology and timelines before publishing the outcomes rate card. After publishing the outcomes rate card, the outcome payor may choose to issue an RFP, and select service provider partners to delivery services to achieve outcomes. If a service provider chooses to apply, it is confirming that it is able to operate under the described terms. As a result, the contracting process becomes more standardized, development timelines are cut, and governments can contract with multiple providers at once. In the U.K., each rate card procurement process has led to the launch of four to seven distinct outcomes-based contracts with high quality nonprofit service providers.

### **3. Program goals and Objectives**

By introducing outcomes rate cards as an innovative new approach for outcomes based contracting, SFI and the Service Recipient will (1) increase the ability of governments to generate, analyze and manage data for outcomes-based contracts, (2) improve outcomes in the SIF priority issue area of youth development, and (3) increase the uptake of outcomes-based contracting and evidence-based policymaking throughout the country. The project will encourage the implementation of performance driven projects to enhance the impact of innovative community-based solutions in low-income communities.

### **Description of Program Activities**

**SFI’s Scope of Services.** The Parties intend that SFI will work with the Service Recipient to develop an outcomes rate card, including:

- a. **Outcome rate card design:** SFI will work with the Service Recipients to access and analyze local administrative data and secondary research to select outcomes associated with the identified issue area and target population. SFI will propose a set of outcomes to embed in the Recipients' procurement process, with the aim of incentivizing strong performance by service providers and supporting a strong service provider ecosystem. SFI will work with the Service Recipients to access and analyze local administrative data and secondary research to perform a cost-benefit analysis of relevant services, which will serve as the basis for outcome selection.
- b. **Integration into Riverside University Health System – Behavioral Health (RUHS-BH) System of Integrated Care:** SFI will work to align the outcomes rate card design with the new RUHS-BH System of Integrated Care, facilitating an outcomes orientation within First 5 Riverside's new contracting relationship with RUHS-BH

#### **4. Expected Outcomes**

As a result of this process, SFI and the Service Recipients will develop an outcomes rate card, which will then be used by the Service Recipient to procure with providers by entering into outcomes-based contracts.

**OVERVIEW PAGE****ISSUED BY:** Social Finance, Inc.**Technical Contact:**

Navjeet Bal  
Managing Director  
Social Finance, Inc.  
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Linda Li  
Associate Director  
Social Finance, Inc.  
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Contact No.: (330) 412-3186

**Finance/Grants Contact:**

Rich Crowley  
Assistant Controller  
Social Finance, Inc.  
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Contact No.: (617) 939-9900 x39

**SERVICE RECIPIENTS:****Riverside County Executive Office****Technical Contact:**

Brian Nestande  
Deputy County Executive Officer  
Riverside County  
Email: [bnestande@rivco.org](mailto:bnestande@rivco.org)  
Contact No.: (951) 955-1110

**Finance/Grants Contact:**

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Deputy County Counsel  
Riverside County  
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Contact No.: (951) 955-6300

**First 5 Riverside****Technical Contact:**

Tammi Graham  
Executive Director  
First 5 Riverside



Email: tgraham@rccfc.org  
Contact No.: (951) 715-4699

Finance/Grants Contact:

Mary Alvarez-Gomez  
Contracts and Grants Analyst  
First 5 Riverside  
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PERIOD OF GRANT: 07/01/2017 – 07/01/2019

TYPE OF GRANT: Service Award

PRIME CONTRACT NO.: 16PS188309

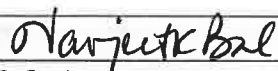
COOPERATIVE AGREEMENT TITLE: SIF Round 2 – Outcomes Rate Card Development Grant

RCED JUN26'19 AM10:55

IN WITNESS, WHEREOF, the Parties hereto have caused their duly authorized representative to execute this Amendment, effective as of the Effective Date.

**FOR SFI**

**Name:** Navjeet Bal  
**Title:** Managing Director and General Counsel  
**Organization:** Social Finance, Inc.

**Signature:**   
**Date:** 5/28/2019

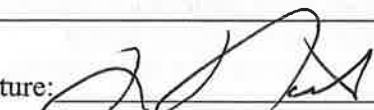
**FOR THE COUNTY:**

**ACCEPTED AND CERTIFIED:**

As a legally authorized representative of the County, by signing this Amendment, the County hereby certifies and agrees to comply with the terms and conditions set forth in the Agreement as amended by the Amendment:

**RECIPIENT DUNS NO.:**

**Name:** Brian Nestande  
**Title:** Deputy County Executive Officer  
**Organization:** Riverside County

**Signature:**   
**Date:** 5-19-19

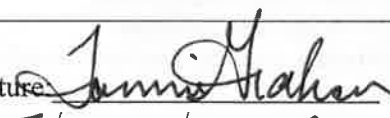
**FOR FIRST 5:**

**ACCEPTED AND CERTIFIED:**

As a legally authorized representative of First 5, by signing this Amendment, First 5 hereby certifies and agrees to comply with the terms and conditions set forth in the Agreement as amended by the Amendment:

**RECIPIENT DUNS NO.:**

**Name:** Tammi Graham  
**Title:** First 5 Riverside Executive Director  
**Organization:** First 5 Riverside

**Signature:**   
**Date:** 5/1/2019

FORM APPROVED COUNTY COUNSEL

BY

  
KRISTINE BELL-VALDEZ

DATE

4/28/19

## AMENDED EXHIBIT B-1: TIME AND DELIVERABLE MATRIX

Following is the Schedule of Milestones for outcomes rate card implementation which has been agreed upon between SFI and the Service Recipients under this Agreement.

#	Description of Milestone Activities	Evidence of Completion	Completion Date (if applicable)
1	<b>Data sharing:</b> Submit data request, iterate request, receive data, initial data analysis	<ul style="list-style-type: none"><li>• Service Recipients shares requested data with SFI</li></ul>	10/1/2018
2	<b>“Design” check point:</b> Receive and conduct data analysis, draft operations (participant pipeline) plan, prepare CBA (if applicable), establish ongoing working group and meeting cadence	<ul style="list-style-type: none"><li>• Data analysis readout to establish baseline and pipeline estimates</li><li>• Draft operations plan</li><li>• Preliminary CBA model (if applicable)</li></ul>	10/31/2018
3	<b>“Develop” check point:</b> Select outcomes and define outcome prices; finalize operations plan and CBA (if applicable), prepare a pilot outcomes rate card to implement into RUHS-BH contract	<ul style="list-style-type: none"><li>• SFI list of selected outcomes with prices shared among the Parties</li><li>• Participant pipeline and operational plan established</li><li>• payments</li><li>• Pilot outcomes rate card developed</li><li>• Prepare active performance management framework and data collection infrastructure</li></ul>	12/31/2019
4	<b>“Refine” check point:</b> [Upon implementation of pilot outcomes rate card] Refine outcomes and rates, test active performance management framework and data collection infrastructure, leverage data feeds to refine outcomes rate card	<ul style="list-style-type: none"><li>• Final outcomes rate card approved by the Parties and implemented into RUHS-BH contract revisions</li></ul>	6/30/2019