

**CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY (“Authority”)**  
**Investment in Mental Health Wellness Grant Program (“IMHWGP”) – 3<sup>rd</sup> Round**  
**Third Amendment to Resolution Number MH 2015-03**  
**County of Mendocino**

**April 26, 2018**

**PURPOSE OF THE REQUEST:**

The County of Mendocino (the “County”) is requesting the Authority approve a third amendment to Resolution Number MH 2015-03 (third funding round) to amend the milestones and extend the resolution and grant period expiration date from May 31, 2018 to June 30, 2021.

**BACKGROUND:**

On June 25, 2015, the Authority approved a Final Allocation for a grant for the County in an amount not to exceed \$500,000 to implement a 10-bed Crisis Residential Treatment program (“CRT”). The County planned to purchase and renovate real property, purchase furnishings, equipment, information technology, and to finance three months of start-up costs through its service provider, Redwood Community Services (“RCS”). The County received an extension in March 2017 with milestones that included: (1) being in escrow by August 31, 2017; (2) submitting all grant disbursement requests for the CRT program, including required supporting documentation, no later than April 30, 2018; and (3) ensuring the CRT will be operational by May 31, 2018. The County met the first milestone with finalizing the property purchase in June 2017.

**ISSUE:**

The County will not meet the second and third milestones mentioned above because of delays. The delays are a result of the Northern California firestorm in Mendocino County, the Redwood Complex Fire (“RCF”), and RCS being unable to secure the additional funding needed to complete the development of the project.

Property negotiations were finalized and property was purchased by RCS in June 2017. In February 2018, RCS was notified that their application for funding through the Community Development Block Grant Program (“CDBG”), submitted during the RCF, was disqualified. The County shared that in their submission, they failed to submit a section of public notification, in part due to the reallocation of staffing resources towards RCF related workload activities. RCS is working closely with the County to submit grant applications for additional funding rounds through the CDBG program in August 2018 and January 2019 to secure the funding necessary for completion of the project. RCS will be notified of acceptance within six months of each CDBG grant application, respectively in February 2019 and July 2019. Additionally, RCS has been in communication with the Measure B<sup>1</sup> commissioners with the intent of requesting funds to fill remaining funding gaps. The County and RCS are confident they will be able to secure the necessary funding to complete the project. The funds to operate the project have already been secured within the operating budget funded by Specialty Mental Health, Medi-Cal and Mental Health Services Act funds.

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<sup>1</sup> Measure B, which was passed in Mendocino County on November 7, 2017, raised the County’s sales tax rate to help fund the construction of psychiatric and behavioral health facilities, operation costs, and services to treat mental illness and addiction for the first five years.

The County anticipates that the funds for completing the project will be secured no later than July 2019, and with permitting, construction/renovation, and licensing taking some time, the County anticipates the project will be fully operational on or before May 31, 2021. Based on prior experiences, the County is requesting an extension of the resolution and grant period expiration date to June 30, 2021 to allow for unforeseen contingencies and to request disbursement of grant funds.

**RECOMMENDATION:**

Staff recommends the Authority approve a third amendment to Resolution Number MH 2015-03 to amend the milestone conditions and extend the resolution and grant period expiration date to June 30, 2021. As a condition of approval, the County shall submit an update to the Authority's board no later than February 2019, detailing the progress of funding for completion of the project, and the County shall meet the following amended milestone conditions:

1. The County must provide evidence acceptable to Authority staff demonstrating (a) the securing of sufficient funds to complete the CRT project on or before July 31, 2019, (b) the start of construction or renovation on or before November 30, 2019, and (c) the CRT shall be operational on or before May 31, 2021.
2. Funds shall not be disbursed if the County is unable to provide evidence acceptable to Authority staff that the CRT is on track to be operational on or before May 31, 2021.
3. The County must submit all grant disbursement requests, including required supporting documentation, to the Authority no later than May 31, 2021.

All other conditions in the Resolution shall remain the same and in full effect.

~~SECOND~~-THIRD AMENDMENT TO RESOLUTION NO. MH 2015-03

**A RESOLUTION OF THE CALIFORNIA HEALTH  
FACILITIES FINANCING AUTHORITY APPROVING  
EXECUTION AND DELIVERY OF GRANT FUNDING UNDER  
THE INVESTMENT IN MENTAL HEALTH WELLNESS GRANT PROGRAM  
TO THE COUNTY OF MENDOCINO**

WHEREAS, The California Health Facilities Financing Authority (the “Authority”), a public instrumentality of the State of California, is authorized by the Investment in Mental Health Wellness Act of 2013 (Welfare and Institutions Code Section 5848.5, the “Act”) and implementing regulations (California Code of Regulations Title 4, Division 10, Chapter 5 (commencing with Section 7113)) to award grants for capital funding and personnel funding to finance eligible projects; and

WHEREAS, Authority staff reviewed the application submitted by County of Mendocino (“Grantee”) against the eligibility requirements of the Act and implementing regulations and, pursuant to the Act and implementing regulations, recommends approval of a grant in an amount not to exceed \$500,000.00 for the eligible project (the “Project”), which consists of no more than \$500,000.00 for crisis residential treatment capital costs;

NOW THEREFORE BE IT RESOLVED by the California Health Facilities Financing Authority, as follows:

Section 1. The Authority hereby approves a grant in a total amount not to exceed \$500,000.00 to complete the Project as described in the Grantee’s application and as more particularly described in Exhibit A to this Resolution (Exhibit A is hereby incorporated by reference) within a project period that ends on ~~May 31, 2018~~ June 30, 2021. Within this project period, Grantee shall provide evidence ~~of being in escrow to Authority staff by August 31, 2017. Grantee may receive advancement of funds if Grantee submits evidence acceptable to Authority staff that the CRT~~ acceptable to Authority staff demonstrating (a) the securing of sufficient funds to complete the Project by July 31, 2019, (b) the start of construction or renovation by November 30, 2019, and (c) the Project shall be operational by May 31, 2021. Funds shall not be disbursed if Grantee is unable to provide evidence acceptable to Authority staff that the Project is on track to be operational on or before May 31, ~~2018~~ 2021, as well as meet other disbursement requirements under Program regulations. Grantee must submit A ~~all grant~~ disbursement requests ~~and, including~~ required supporting documentation ~~must be submitted~~ to the Authority no later than ~~April 30, 2018~~ May 31, 2021.

Section 2. The Executive Director is hereby authorized for and on behalf of the Authority to approve any minor, non-material changes in the Project described in the application submitted to the Authority. Nothing in this Resolution shall be construed to require the Authority to provide any additional funding, even if more grants are approved than there is available funding. Any notice to the Grantee shall indicate that the Authority shall not be liable to the Grantee in any manner whatsoever should such funding not be completed for any reason whatsoever.

Section 3. The Executive Director is hereby authorized and directed, for and on behalf of the Authority, to disburse funds not to exceed those amounts approved by the Authority for the Grantee. The Executive Director is further authorized and directed, for and on behalf of the Authority, to execute and deliver to the Grantee any and all documents necessary to complete the disbursement of funds that are consistent with the Act and implementing regulations.

Section 4. The Executive Director of the Authority is hereby authorized and directed to do any and all things and to execute and deliver any and all documents which the Executive Director deems necessary or advisable in order to effectuate the purposes of this Resolution and the transactions contemplated hereby.

Section 5. This Resolution expires ~~May 31, 2018~~ [June 30, 2021](#).

Date Approved: \_\_\_\_\_

**EXHIBIT A**

**PROJECT DESCRIPTION**

The proceeds of the grant will be used by the County of Mendocino as follows:

The County of Mendocino (the “County”) will implement 10-bed Crisis Residential Treatment (“CRT”) Program. The CRT Program will provide a clinically effective and cost-efficient alternative to psychiatric hospitalization for individuals ages 18 and over experiencing a mental health crisis. The County currently does not have a crisis residential facility. Redwood Community Services (“RCS”), a private nonprofit corporation, was awarded the County contract to provide CRT program services as well as locate and secure a property as the County’s designated grantee. It is anticipated that the CRT Program will serve 800 individuals annually. The County expects to begin providing CRT services within one year following Final Allocation. Grant funds will be used to purchase real property, renovate real property, purchase furnishings, equipment, and information technology, and to finance three months of start-up costs.

**Summary of Amounts:**

<b>Program</b>	<b>Approved Grant Amount</b>
Crisis Residential Treatment	\$ 500,000.00