

**CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY (“Authority”)**  
**Investment in Mental Health Wellness Grant Program (“IMHWGP”) – 3<sup>rd</sup> Round**  
**Second Amendment to Resolution Number MH 2015-04 (County of Sacramento)**  
**September 28, 2017**

**PURPOSE OF THE REQUEST:**

County of Sacramento (the “County”) is requesting the Authority approve an amendment to Resolution Number MH 2015-04 to extend the grant period and resolution expiration date from December 31, 2017 to December 31, 2020.

**BACKGROUND:**

On June 25, 2015, the Authority approved a grant for the County in an amount not to exceed \$5,732,583.00 for three 15-bed Crisis Residential Treatment (“CRT”) programs. The three CRT Programs would provide 45 new beds and offer increased alternatives to psychiatric hospitalization for individuals 18 – 59 years of age experiencing a mental health crisis and meeting the specialty mental health services criteria. Grant funds were approved for costs associated with the purchase of real property, construction or renovation, the purchase of furnishings, equipment, and information technology, and to provide three months of start-up costs.

**ISSUES:**

The County received a previous extension of the resolution expiration date in April 2016 due to delays with the Request for Proposal (“RFP”) process. The County has since selected two non-profit service providers and completed the purchase of three buildings for the development of its three CRT programs. Turning Point Community Services (“Turning Point”) was the successful bidder for two of the CRT programs through the County’s initial RFP process in February 2016. The third CRT program did not receive any responses from the initial RFP, but upon revising and reissuing the RFP, the County awarded Star View Children and Family Services (“Star View”) as the successful bidder in May 2016.

Turning Point Properties

Turning Point purchased two properties to house the two CRT programs. The first CRT, on Henrietta Drive in Sacramento, was purchased on June 3, 2016. Since acquiring the property, Turning Point and the County have conducted extensive community outreach regarding the CRT program. The property is located within the city limits, which meant Turning Point also had to work through the city planning and permitting process. In August 2017, Sacramento City Planning approved the renovations and granted conditional use and building permits for the first CRT program. The County expects to begin renovations by Spring of 2018 with opening anticipated for Winter of 2018.

The second CRT, on Elm Avenue in Orangevale, was purchased on August 29, 2016. Since acquiring the property, Turning Point, in partnership with the County, has worked diligently with the Orangevale community regarding the location of the second CRT. But, the residents of Orangevale petitioned the City Council to oppose developing a CRT program at the specific location due to its proximity to schools and parks. After numerous conversations and meetings, the County reached an impasse with the community and Turning Point did not move forward in requesting a use permit for the facility. The County is currently looking to identify next steps for the CRT program, including exploring the possibility of continuing to implement the CRT at the Elm Avenue location, but will likely require an alternative location for the second CRT.

### Star View Property

Stars Behavioral Health Group (“SBHG”), Star View’s parent company, typically purchases property through its for-profit entity and provides mental health services through its non-profit entity, Star View. The CRT program experienced delays as it was not initially clear to SBHG that while a for-profit service provider can provide CRT services, it cannot purchase real property with IMHWGP funds and hold title to real property for the CRT program. In order to comply with IMHWGP requirements, SBHG’s board had to first authorize Star View to purchase and hold title to real property. Star View then began the siting process and completed the purchase of the third property, located on Marconi Avenue in Sacramento, on June 23, 2017. The County subsequently approved Star View for design review and a conditional use permit for the third CRT program. Renovations are currently expected to begin by Spring of 2018, and opening is anticipated for Winter of 2018.

### **RECOMMENDATION:**

Staff recommends the Authority approve an Amendment to Resolution Number MH 2015-04 to extend the resolution and grant period expiration date to December 31, 2020 with the condition that the County must meet the following milestone deadlines.

- 1) First and third CRT programs:
  - a. The County must provide evidence acceptable to Authority staff demonstrating (i) start of construction by May 31, 2018, and (ii) the CRT programs shall be operational by June 30, 2019.
  - b. Funds shall not be disbursed if the County is unable to provide evidence acceptable to Authority staff that the CRT programs are on track to be operational on or before June 30, 2019.
  - c. The County must submit all grant disbursement requests for the CRT programs, including required supporting documentation, to the Authority no later than November 1, 2019.
- 2) Second CRT program:
  - a. The County must provide evidence acceptable to Authority staff demonstrating that the County and/or its designated service provider has ownership of the property intended to be used for the CRT program by June 30, 2019.
  - b. The County must provide evidence acceptable to Authority staff demonstrating (a) start of construction by December 31, 2019, and (b) the CRT program shall be operational by June 30, 2020.
  - c. Funds shall not be disbursed if the County is unable to provide evidence acceptable to Authority staff that the CRT program is on track to be operational on or before June 30, 2020.
  - d. The County must submit all grant disbursement requests for the CRT program, including required supporting documentation, to the Authority no later than November 1, 2020.

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

**SECOND AMENDMENT TO RESOLUTION NO. MH 2015-04**

**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 SACRAMENTO**

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 Sacramento (“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 \$5,732,583.00 for the eligible project (the “Project”), which consists of no more than \$5,732,583.00 for crisis residential treatment (“CRT”) 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 \$5,732,583.00 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 ~~December 31, 2017~~ December 31, 2020. For at least two of the three CRT programs, Grantee shall provide evidence acceptable to Authority staff demonstrating (a) start of construction by May 31, 2018, and (b) the programs shall be operational by June 30, 2019; funds shall not be disbursed if Grantee is unable to provide evidence acceptable to Authority staff that the programs are on track to be operational on or before June 30, 2019; and Grantee must submit all disbursement requests, including required supporting documentation, related to the programs to the Authority no later than November 1, 2019. For at least one of the three CRT programs, Grantee shall provide evidence acceptable to Authority staff demonstrating (a) the Grantee and/or its designated non-profit service provider has ownership of the property intended to be used for a CRT program by June 30, 2019, (b) start of construction by December 31, 2019, and (c) the program shall be operational by June 30, 2020; funds shall not be disbursed if Grantee is unable to provide evidence acceptable to Authority staff that the program is on track to be operational on or before June 30, 2020; and Grantee must submit all disbursement requests, including required supporting documentation, related to program to the Authority no later than November 1, 2020.

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 ~~and extend the project period completion date identified in Section 1 as authorized under the Act and implementing regulations~~. 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 ~~December 31, 2017~~ [December 31, 2020](#).

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

## EXHIBIT A

### PROJECT DESCRIPTION

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

The County of Sacramento (the “County”) will implement three new 15-bed Crisis Residential Treatment (“CRT”) Programs, each having a unique and specific focus to address gaps in the County’s crisis response continuum. The three focus areas for the CRT programs include 1.) Rapid Turnaround Step-Down Crisis Residential Program; 2.) Co-Occurring Disorders Crisis Residential Program; and 3.) Family/Community Focused Crisis Residential Program. The three CRT Programs will offer increased alternatives to psychiatric hospitalization for individuals 18 – 59 years of age experiencing a mental health crisis and meeting the specialty mental health services criteria. The additional 45 beds will increase the County’s capacity for CRT services from 12 beds currently to a total of 72 beds (including a 15-bed CRT Program approved in the 2nd funding round). The existing 12-bed CRT program serves 177 individuals annually, and it is anticipated the three new CRT Programs combined will serve an additional 787 individuals annually. Grant funds will be used to purchase real property, renovations, purchase furnishings, equipment, and information technology, and to finance three months of start-up costs. [The County may select non-profit service provider\(s\) as designated grantee\(s\) for property acquisition and construction or renovation.](#)

#### Summary of Amounts:

<b>Program</b>	<b>Approved Grant Amount</b>
Crisis Residential Treatment	\$ 5,732,583.00