

TEXT OF REGULATIONS
California Code of Regulations
Title 4, Division 10, Chapter 8
Community Services Infrastructure Grant Program

Section 7413. Definitions.

The following definitions shall apply wherever the terms are used throughout this Chapter.

(a) "Applicant" means an entity that meets the eligibility requirements as further described in Section 7414 for submission of an Application and submits an Application.

(b) "Application" means the online request for a Grant under the Community Services Infrastructure Grant Program in the form and format of the Community Services Infrastructure Grant Program Application, Form No. CHFFA 9 CSI-01A (11/2021), which is hereby incorporated by reference, including all supporting information and documents, as further described in Section 7416.

(c) "Authority" means the California Health Facilities Financing Authority.

(d) "Authority Staff" means employees of the Authority.

(e) "Counties Applying Jointly" means counties that submit an Application together for a Project to deliver services.

(f) "Executive Director" means the executive director of the Authority.

(g) "Feasible" means the Project has secured all of the necessary funding and developed a detailed plan with the steps necessary to complete the Project and begin providing Program services.

(h) "Final Allocation" means the Grant amount approved by the Authority as further described in Section 7422.

(i) "Funding Round" means the time period during which Applications may be submitted for consideration of funding by the Authority.

(j) "Grant" means an award of funds to an Applicant.

(k) "Grant Agreement" means a written agreement between the Authority and a Grantee that consists of the terms and conditions of the Grant.

(l) "Grant Award Letter" means the official notification that a Grant has been approved by the Authority.

(m) "Grant Period" means the time period from the date of Final Allocation to the date set by the Authority for the Grant to end and the Program to be operational.

- (n) "Grantee" means a county or Counties Applying Jointly that has been awarded or designated to receive Grant funds.
- (o) "Initial Allocation" means the Grant amount the Authority Staff recommends the Authority approve for Final Allocation as further described in Section 7420.
- (p) "Jail Diversion" means the avoidance of or reduction in jail and/or prison time, through directive or court order, to a mental health treatment facility, substance use disorder treatment facility, and/or trauma-centered services facility as an alternative to incarceration.
- (q) "Jail Diversion Program" or "Program" means a program that offers one or more of the following components: mental health treatment, substance use disorder treatment, and/or trauma-centered services.
- (r) "Justice-Involved Individual" means an individual who has been subject to an arrest and/or the adjudication process.
- (s) "Lead Grantee" means the county designated on the Application to have the primary responsibility for the fiscal management of Grant funds, records retention, reporting, and all of the other aspects of compliance with this Chapter and the Grant Agreement.
- (t) "Project" means expansion, facility acquisition, renovation, equipping, or financing of capital assets.
- (u) "Ready" means the Project has all applicable approvals and/or documents for the Project to begin.
- (v) "Related Supports" means local service providers who interact with Justice-Involved Individuals during and after an arrest or adjudication, including health care providers, law enforcement, judicial systems, public health systems, behavioral health providers, social services, triage personnel, community-based organizations, and other supports within the continuum of care.
- (w) "Subsequent Funding Round" means any specified time period after the initial Funding Round during which Applications may be submitted to be considered for funding by the Authority, subject to the availability of funds.
- (x) "Sustainable" means the Program has reasonably foreseeable funding to operate on a continuous basis, or at least for the useful life of the Project.
- (y) "Target Population" means Justice-Involved Individuals identified as the intended beneficiaries of the Program(s) to be funded by a Grant, including Justice-Involved Individuals eligible for Medi-Cal and Justice-Involved Individuals eligible for county health and mental health services.

Note: Authority cited: Section 5848.51, Welfare and Institutions Code. Reference: Section 5848.51, Welfare and Institutions Code.

Section 7414. Eligibility.

(a) The following entities are eligible to apply for a Grant under the Community Services Infrastructure Grant Program:

- (1) A county.
- (2) Counties Applying Jointly.

Note: Authority cited: Section 5848.51, Welfare and Institutions Code. Reference: Section 5848.51, Welfare and Institutions Code.

Section 7415. Eligible Project Costs.

(a) Eligible costs for Projects include:

- (1) Facility acquisition.
 - (2) Renovation, including costs of:
 - (A) Project planning or Project management.
 - (B) Appraisals.
 - (C) Inspections.
 - (D) Pre-renovation, including but not limited to permit fees, surveying, architectural, and engineering fees.
 - (E) Hardscaping and/or landscaping essential to the completion of the Project, not to exceed 5% of total Grant award.
 - (3) Furnishings and/or equipment.
 - (4) Information technology hardware and software, not to exceed 3% of total Grant award except when approved by the Authority and only upon submission of justification that the additional information technology costs are necessary for the Project to achieve the desired goals and outcomes set forth in Section 7419, subdivision (a)(3).
 - (5) Up to three months of Program startup or expansion costs consisting of training, personnel salaries, and personnel benefits.
- (b) Grant funds shall be used only for costs directly related to and essential for the completion of the Project.
- (c) Eligible costs include only those incurred during the Grant Period.

Note: Authority cited: Section 5848.51, Welfare and Institutions Code. Reference: Section 5848.51, Welfare and Institutions Code.

Section 7416. Grant Application.

- (a) Entities that meet the eligibility requirements of Section 7414 may apply for a Grant.
- (b) Applications with multiple Applicants shall designate one of the Applicants as Lead Grantee should a Grant be awarded.
- (c) One application shall be submitted per Project site.
- (d) If a Project includes multiple Program components, only a single Application is required.
- (e) The Application shall be available on the Authority's website at www.treasurer.ca.gov/chffa and will be referred to as the Community Services Infrastructure Grant Program Application, Form No. CHFFA 9 CSI-01A (11/2021).
 - (1) The Application shall be received by the Authority no later than 5:00 p.m. (Pacific Time) on the deadline date posted on the Authority's website at www.treasurer.ca.gov/chffa.
 - (2) The Authority is not responsible for email transmittal delays or failures of any kind.
 - (3) Incomplete Applications and Applications received by the Authority after the deadline date and time of the funding round shall not be accepted for review in that funding round.
 - (4) Applications shall be considered final as of the deadline date and time. No additional information or documents shall be accepted by the Authority after that date, except as specifically requested by the Authority.

Note: Authority cited: Section 5848.51, Welfare and Institutions Code. Reference: Section 5848.51, Welfare and Institutions Code.

Section 7417. Funding Rounds and Application Deadlines.

- (a) The deadline for the first Funding Round shall be April 30, 2019, and shall be posted on the Authority's website at www.treasurer.ca.gov/chffa within ten business days following the date the regulations are filed with the Secretary of State.
- (b) If funds are available, the deadline for Subsequent Funding Rounds shall be posted on the Authority's website at www.treasurer.ca.gov/chffa. Applications shall be due no sooner than two months following the posting of the deadline on the Authority's website.
- (c) Notices of deadlines will be posted on the Authority's website and sent to the Authority's listserv to which anyone may subscribe at www.treasurer.ca.gov/chffa.

Note: Authority cited: Section 5848.51, Welfare and Institutions Code. Reference: Section 5848.51, Welfare and Institutions Code.

Section 7418. Maximum Grant Amounts.

(a) In the first Funding Round, Applicants may apply for funds totaling no more than the following maximum Grant amounts per county, according to the most recent population projection by the California Department of Finance at the time the Application is submitted:

	County Population	Maximum
(1)	100,000 or less	\$750,000
(2)	100,001 to 400,000	\$1,000,000
(3)	400,001 to 1,100,000	\$2,500,000
(4)	1,100,001 to 5,000,000	\$4,000,000
(5)	5,000,001 or more	\$6,000,000

(b) Counties Applying Jointly may, at their discretion, apply for up to the sum of their respective maximum funding amounts.

(c) If funds for Grants remain after Final Allocations have been awarded for Applications submitted in the first Funding Round, Applications may be submitted during a Subsequent Funding Round without regard to previous maximum Grant amounts per county, and Grant awards shall be made on a statewide competitive basis.

Note: Authority cited: Section 5848.51, Welfare and Institutions Code. Reference: Section 5848.51, Welfare and Institutions Code.

Section 7419. Evaluation Criteria.

(a) Applications shall be scored on the following criteria:

(1) Project increases or expands access to and capacity for community mental health treatment, substance use disorder treatment, and/or trauma-centered services that offer relevant alternatives to incarceration. (Maximum 25 points)

(A) Project proposes new or expanded treatment and/or service facilities to be funded by the Grant, describes the services within the facilities, and clearly identifies the Target Population(s) to be served. (Maximum 7 points)

(B) Project meets the community need, seeks to address who does and does not receive services now, including demographics, and is designed to reduce the need of mental health treatment, substance use disorder treatment, and/or trauma-centered services in jails and/or prisons. (Maximum 6 points)

(C) Project increases capacity for community based Jail Diversion Program(s). Application indicates mental health treatment, substance use disorder treatment, and/or trauma-centered service beds or service capacity that will be added, and how the number(s) added will

impact the Target Population(s) and translate into a number of additional individuals that may be served in the community. (Maximum 6 points)

(D) Application describes existing or proposed Jail Diversion plan, including the intercepts (e.g., pre-booking, pre-plead, post-conviction) at which Justice-Involved Individuals are diverted from jail and/or prison. (Maximum 6 points)

(2) Application demonstrates a clear plan for a continuum of care for mental health treatment, substance use disorder treatment, and trauma-centered services; and for collaboration, integration, and linkage with health care providers, law enforcement, judicial systems, public health systems, behavioral health services, and social services. (Maximum 15 points)

(A) Project fits in with the continuum of care as it presently exists in the community. The Application identifies the shortcomings that exist within the continuum and how the Project will improve the existing continuum of care for Justice-Involved Individuals utilizing mental health treatment, substance use disorder treatment, and/or trauma-centered services. (Maximum 4 points)

(B) Application describes how the Target Population(s) will be retained in treatment and the discharge plan from the Program(s), including the continuum of care that the Target Population(s) will receive once discharged from the Program(s). (Maximum 4 points)

(C) Application identifies working relationships with Related Supports that already exist and/or which will be established to enhance and expand community collaboration designed to maximize and expedite access to treatment and/or services for the purpose of diverting individuals with mental health disorders, individuals with substance use disorders, and/or who are victims of trauma arising from sex trafficking, domestic violence, and other violent crimes from jails and/or prisons and improving wellness for those individuals. (Maximum 4 points)

(D) Identification of working relationships shall be supported by letters or Memoranda of Understanding from Related Supports identifying the collaborative efforts amongst the agencies identified to expand treatment and/or services. (Maximum 3 points)

(i) Counties Applying Jointly shall provide evidence, such as Memoranda of Understanding and/ or interagency agreements, or a plan in place showing collaboration between counties for treatment and/or services for Justice-Involved Individuals across county lines.

(3) Identifies key outcomes and a plan for measuring them. (Maximum 10 points)

(A) Application includes methodology, timeline, and assignment of responsibility to measure and demonstrate outcomes of the Program, including the following:

(i) Reduced number of individuals with mental health disorders, individuals with substance use disorders, and victims of trauma in jails and/or prisons; and reduced need for

mental health treatment, substance use disorder treatment, and/or trauma-centered services in jails and/or prisons. (Maximum 2 points)

(ii) Number and demographics of individuals within the Target Population(s) who utilize mental health treatment, substance use disorder treatment, and/or trauma-centered services. (Maximum 2 points)

(iii) Number and demographics of individuals who complete treatment and/or services. (Maximum 2 points)

(iv) Number and demographics of individuals who did not complete treatment and/or services and were returned to jail and/or prison. (Maximum 2 points)

(v) Cost savings of the Program(s) compared to the cost of providing mental health treatment, substance use disorder treatment, and/or trauma-centered services in jails and/or prisons. (Maximum 2 points)

(4) Project is, or will be, Ready, Feasible, and Sustainable. (Maximum 50 points)

(A) Application provides a detailed plan and timeline with the steps needed to complete the Project and demonstrates the ability to meet the timeframe set forth in subdivision (G). Supporting documentation is provided, if available. (Maximum 15 points)

(i) Address of Project site, if available. If a Project site has not been identified, a description of the process, criteria for selection, and timeline for identification of Project site that will be utilized. (Maximum 2 points)

(ii) Renderings and/or floor plans of Project site, if available. (Maximum 2 points)

(iii) Necessary approvals and processes to complete the Project, and the names and roles of all responsible entities. This includes, but is not limited to, County Board of Supervisors' approval, Requests for Proposals, architectural and construction contracts, California Environmental Quality Act (CEQA) compliance, building permits, conditional use permits, and Memoranda of Understanding/interagency agreements for Counties Applying Jointly, as applicable. (Maximum 3 points)

(iv) Key milestones, in the future and completed to date, including projected or actual Project start date (i.e., date of purchase, renovation, or lease), Project end date (i.e., date of occupancy), and projected start date of services to the Target Population(s). (Maximum 3 points)

(v) The plan and current status for staffing the Program(s). (Maximum 2 points)

(vi) Potential challenges that may affect the timeline to start providing services and how those challenges will be mitigated, including but not limited to, site identification and acquisition, contracting, local use permit process, County Board of Supervisors' approval, CEQA process, Building Code compliance, selection of service provider, licensure, certification, loss of a site, delays in local (city and/or county) approvals, community opposition issues, loss or reduction in leveraged funding, and increased Project costs, as applicable. (Maximum 3 points)

(B) Application describes community outreach and engagement efforts for the proposed Program(s) in the vicinity of the planned Project site. The following items are provided: (Maximum 7 points)

(i) A copy of the notice informing the public of the time and place of the meeting at which the planned Project will be discussed, and a copy of the agenda for the meeting, including evidence of time allocated for public discussion, and any other evidence of collaboration with the county agency that oversees community outreach efforts.

(C) A qualified service provider has been identified or a plan is in place for identifying one and the following are addressed: (Maximum 8 points)

(i) If a service provider that will operate the Program(s) has already been identified, written plans in place for how the treatment and/or services will be provided shall be described. These include a description of range of services offered and information about the service provider including expertise in mental health treatment, substance use disorder treatment, and/or trauma-centered services; purpose; goals; and services of the organization. (Maximum 5 points)

OR

If a service provider has not been identified, the process, criteria for selection, and timeline for identification are clear. (Maximum 5 points)

(ii) Service provider has at least three years of experience working with the Target Population(s). (Maximum 3 points)

(D) For proposed Program(s), Application demonstrates certainty of Medi-Cal certification and/or certainty of state licensure/certification, if applicable. (Required, but no points awarded)

(E) Application identifies total cost of the Project, and sufficient funding sources or a plan for acquiring them. (Maximum 10 points)

(i) A line item of Project costs, including the proposed use of Grant funds.

(ii) Project leverages public and/or private funding sources sufficient to complete the Project and includes the amounts and current status of funding.

(iii) The total uses of funds shall not exceed the total amount of all available funding sources.

(iv) A description of the County's internal processes to ensure the Grant funds will only be used for eligible costs as described in Section 7415.

(F) Application includes: (Maximum 10 points)

(i) A budget that details annual projected operating costs.

(ii) A description of new Program funding sources with amounts and cash flow projections and/or how existing funding will be redirected to provide ongoing support for the useful life of the Project for new and expanded services.

(iii) Documentation such as funding letters, minutes from the County Board of Supervisors meeting evidencing approval of the budget, or other documentation acceptable to the Authority. If approval has not been obtained, a detailed plan for obtaining such approval is provided.

(G) Application shall demonstrate that Project will be Ready, Feasible, and Sustainable within 12 months of the approval of the Final Allocation.

Note: Authority cited: Section 5848.51, Welfare and Institutions Code. Reference: Section 5848.51, Welfare and Institutions Code.

Section 7420. Initial Allocation.

(a) Authority Staff will evaluate the Application's completeness, responsiveness, and clarity in addressing the criteria described in Section 7419.

(b) The scores from each reviewer of the Authority Staff will be added and the average of the scores will be calculated. The average score will be the final score assigned to the Application.

(c) The Authority Staff will make Initial Allocations based on the final score assigned to each Application, from the highest to the lowest, and present the Initial Allocations to the Authority for Final Allocations.

(d) Notification of Initial Allocations will be sent to Applicants before the public meeting at which the Authority will determine Final Allocations.

(e) During any funding round, Initial Allocations shall be limited to Applications which receive a minimum of 60 points under Section 7419.

(1) Applications shall score a minimum of 35 points under Section 7419, subdivision (a)(4) to be considered for an Initial Allocation.

(2) Applications receiving a score of zero points in any criteria in Section 7419, subdivision (a)(1), (a)(2), or (a)(3) shall not be considered for an Initial Allocation.

(3) Initial Allocations may be considered for Applications scoring fewer than 60 points to achieve the statewide objective of increasing and expanding mental health treatment facilities, substance use disorder treatment facilities, and trauma-centered service facilities in local communities in order to reduce the number of individuals with mental illness, substance use disorder, and trauma in jails and/or prisons.

(f) Initial Allocations may be less than the amount requested in the Application to control Project costs and achieve the statewide objective of increasing and expanding mental health treatment facilities, substance use disorder treatment facilities, and trauma-centered service facilities in local communities in order to reduce the number of individuals with mental illness, substance use disorder, and trauma in jails and/or prisons.

Note: Authority cited: Section 5848.51, Welfare and Institutions Code. Reference: Section 5848.51, Welfare and Institutions Code.

Section 7421. Appeals.

(a) Availability.

(1) The Applicant designated as Lead Grantee on an Application may, on behalf of all Applicants listed on an Application, appeal the amount of the Initial Allocation recommended by Authority Staff for that Application, including an Authority Staff determination not to recommend a Grant. No Applicant may appeal an Initial Allocation made to another Applicant.

(b) Timing.

(1) The appeal shall be submitted to the Executive Director no later than five calendar days following the date of the notification of Initial Allocation.

(2) Appeals may be submitted to the Executive Director by email, mail, or delivery to:

California Health Facilities Financing Authority
915 Capitol Mall, Room 435
Sacramento, California 95814

Email address: chffa@treasurer.ca.gov

(c) Review.

(1) The Executive Director shall review the appeal based on the Application as originally submitted. Any new or revised Application, additional documentation, and/or information that was not submitted in the original Application shall not be considered.

(2) The Executive Director shall make a decision on the merit of the appeal and notify the Applicant of the decision no later than 20 calendar days after receipt of the appeal.

(3) The decision of the Executive Director may be appealed to the Authority, by written notification to the Executive Director within five calendar days of the date of the Executive Director's decision.

(4) The Authority shall make a final decision on an appeal of the Executive Director's decision at the public meeting when Final Allocations are determined.

(d) Successful appeals.

(1) An Initial Allocation to an Applicant based on the appeal may result in a reduction or elimination of Initial Allocations to other Applicants that would have otherwise received an Initial Allocation.

(2) Adjustments to any Initial Allocations following any appeals may not be appealed.

Note: Authority cited: Section 5848.51, Welfare and Institutions Code. Reference: Section 5848.51, Welfare and Institutions Code.

Section 7422. Final Allocation.

(a) Final Allocations shall be determined by the Authority at a public meeting.

(b) A Grant Award Letter that includes the following shall be sent to all Applicants approved for a Final Allocation:

(1) Name(s) of the Grantee.

(2) Grant amount.

(3) The Grant Period.

(4) A description of the costs to be funded by the Grant.

(5) A request for a resolution of the Grantee's governing board authorizing an official to accept the Grant and all responsibilities flowing therefrom.

(6) Notification that funding of a Grant is contingent upon the availability of funds under the Community Services Infrastructure Program.

(7) A statement that the Authority reserves the right to modify or cancel the commitment upon failure of the Applicant to execute a Grant Agreement or otherwise fail to comply with this Chapter or if the Authority becomes aware of any matter which, if known at the time of Application review and approval, would have resulted in the rejection of the Application or the Grant not being approved.

Note: Authority cited: Section 5848.51, Welfare and Institutions Code. Reference: Section 5848.51, Welfare and Institutions Code.

Section 7423. Use of the Grant.

- (a) Grant funds shall only be used for the purposes described in the Grant Agreement.
- (b) Grant funds may supplement but not supplant existing financial or resource commitments.
- (c) Grantee may request a change in the use of Grant funds or request an extension of the Grant Period by submitting a written request to the Authority that documents the reason(s) the change is needed and demonstrates it is consistent with Welfare and Institutions Code Section 5848.51 and this Chapter.
- (d) Grantee shall not make changes to the uses of Grant funds until receipt of written approval from the Authority.
- (e) Grantee shall not dispose of any capital asset acquired by Grant funds before the end of the useful life of the asset.

Note: Authority cited: Section 5848.51, Welfare and Institutions Code. Reference: Section 5848.51, Welfare and Institutions Code.

Section 7424. Grant Agreement.

- (a) The terms and conditions of a Grant shall be set forth in a Grant Agreement which shall include, at a minimum, all of the following:
 - (1) The Grant amount.
 - (2) A description of the Project.
 - (3) Release of Grant Funds procedures in accordance with Section 7425, as applicable.
 - (4) Agreement that the Grantee shall comply with Welfare and Institutions Code Section 5848.51 and this Chapter, including but not limited to Section 7423.
 - (5) The Grantee shall defend, indemnify, and hold harmless the Authority and the State of California, and all officers, trustees, agents, and employees of the same, from and against any and all claims, losses, costs, damages or liabilities of any kind or nature, whether direct or indirect, arising from or relating to the Grant or Project.
 - (6) The Grantee shall comply with state and federal laws prohibiting discrimination, including those prohibiting discrimination because of race, religious creed, color, national origin, ancestry, physical disability, mental disability, medical condition, genetic information, marital status, sex, gender, gender identity, gender expression, age, sexual orientation, or military and veteran status.
 - (7) Grantee shall comply with California's prevailing wage law under Labor Code Section 1720 et seq. for public works projects.
 - (8) Grantee shall cooperate in inspections and audits.

(9) Notification that, subject to the availability of funds, the Grant may be rescinded or reduced.

(10) Provisions relating to lease agreements, if applicable, pursuant to Section 7426.

(11) Resolution of the Authority authorizing the Grant.

(12) Resolution of the Grantee's governing board accepting the Grant and delegating authority to an officer to act on its behalf.

(13) Provision regarding default and its remedies, including forfeiture and return of the Grant funds to the Authority.

(14) Provision requiring Grantee to provide updated information upon request from Authority Staff to determine the Project's readiness and feasibility.

(15) Other terms and conditions that may be required by the Authority related to the Grant or Project.

Note: Authority cited: Section 5848.51, Welfare and Institutions Code. Reference: Section 5848.51, Welfare and Institutions Code.

Section 7425. Release of Grant Funds.

(a) Grant funds shall not be released until the following requirements have been met:

(1) A Grant Agreement has been executed by the Authority and Grantee.

(2) The Grantee has submitted to the Authority the following documentation, if available. If not available, Grantee has submitted a detailed statement concerning the status of obtaining any or all of this documentation to enable Authority Staff to determine readiness, feasibility, and sustainability.

(A) For renovation:

(i) Detail of building plans, costs, and timelines.

(ii) Executed construction contract.

(iii) Architect, design and engineering contracts, if applicable.

(iv) Building permits and conditional use permits, if applicable.

(v) Evidence of compliance with CEQA.

(vi) Evidence of compliance with prevailing wage law under Labor Code Section 1720 et. seq.

(vii) Evidence of property ownership, such as a grant deed, title report, or lease agreement and title report as required under Section 7426.

- (B) For facility acquisitions:
 - (i) An appraisal completed within the previous six months by a state certified appraiser.
 - (ii) Evidence of or execution plan to obtain legally required zoning for the Program(s).
- (C) For acquisition of furniture and equipment: A list of items to be purchased and a copy of related purchase orders.
- (D) For other eligible costs: Contracts and/or purchase orders.

(3) The Authority Staff has determined the Project is Ready, Feasible, and Sustainable. This determination will be made by evaluating the Grantee's documentation addressing the evaluation criteria listed in Section 7419, subdivision (a)(4).

(A) The determination that the Project is Ready, Feasible, and Sustainable may occur at the time of Initial Allocation or within the timeframe specified in Section 7419, subdivision.(a)(4)(G).

(i) If the determination is made after Final Allocation, the determination shall be based on updated information provided to the Authority by Grantee in accordance with Section 7424, subdivision (a)(14).

(B) Limited extensions beyond the timeframe specified in Section 7419, subdivision (a)(4)(G) shall be made on a case-by-case basis at the discretion of the Executive Director for good cause, including but not limited to reasonable delays associated with obtaining building and conditional use permits, obtaining CEQA compliance documentation, or identifying a qualified provider.

(C) Failure to demonstrate readiness, feasibility, and sustainability within the timeframes dictated by the Authority shall cancel the Grant and the Grant funds shall be made available to other Applicants.

(4) The Grantee has submitted to the Authority a completed Request for Disbursement Form No. CHFFA 9 CSI-02 (09/2018), which is hereby incorporated by reference. Except for the initial submission of the Request for Disbursement Form No. CHFFA 9 CSI-02 (09/2018), an Actual Expenditures Report Form No. CHFFA 9 CSI-03 (09/2018), which is hereby incorporated by reference, as required by Section 7428, subdivision (b), shall accompany all Requests for Disbursement Form No. CHFFA 9 CSI-02 (09/2018).

Note: Authority cited: Section 5848.51, Welfare and Institutions Code. Reference: Section 5848.51, Welfare and Institutions Code.

Section 7426. Requirements for Renovation Projects on Leased Property.

(a) A Grantee may use Grant funds for renovation on property that is leased to the Grantee. The following requirements shall be satisfied prior to release of Grant funds:

(1) The lease agreement shall provide the Grantee, as lessee, full access to the site to carry out the Project.

(2) The term of the lease agreement shall be equal to or greater than the useful life of the Project.

(3) The lease agreement shall provide that any existing or subsequent encumbrance on the property (e.g., deed of trust) or sale of the property shall be subject to the lease agreement.

(4) The lease agreement shall provide that the only remedy for any default by Grantee, including failure to pay rent, is suit for rent or specific performance to remedy specific breach. The landlord's remedies for any default by Grantee may not include cancellation of lease agreement, retaking of property, or eviction of Grantee.

(5) A current title report on the site, brought up to date as of the effective date of the lease agreement shall be provided to the Authority. The title report shall show all of the following:

(A) No delinquent taxes or assessments or, if there are delinquent taxes or assessments, these are being contested in good faith.

(B) No easements, exceptions or restrictions on the use of the site that shall interfere with or impair the operation of the Project.

(C) A restrictive covenant recorded in the chain of title that the property shall be used only for the appropriate Jail Diversion services outlined in the Grantee's application during the useful life of the leasehold improvements funded by the Grant.

(D) Fee title is subject to the lease agreement and recorded in the chain of title.

(6) The Grantee's legal counsel, or an authorized officer of the Grantee shall sign a letter certifying that the lease agreement conforms to Section 7426, subdivisions (a)(1) through (a)(5), and including a statement of the projected useful life of the Project.

(A) If the letter is signed by an authorized officer of the Grantee, a statement shall be included that the Grantee's legal counsel has been consulted.

(b) If the lease agreement terminates prior to the end of the useful life of the Project and the property that was subject to the lease agreement is not simultaneously released under a new lease agreement that complies with the requirements of this Section or fee title to the property that was subject to the lease agreement is not simultaneously transferred to the Grantee, the Authority is entitled to recover the Grant funds.

(c) When a Project on leased property includes improvements to any common areas that are shared with other tenants or areas that are not leased by the Grantee, the Grant funds shall be limited only to the proportionate costs of the Project which exclude the costs related to such areas.

Note: Authority cited: Section 5848.51, Welfare and Institutions Code. Reference: Section 5848.51, Welfare and Institutions Code.

Section 7427. Recovery of Funds for Non-Performance and Unused Grant Funds; Remedies.

- (a) If the Authority determines that Grant funds were not used consistent with Welfare and Institutions Code Section 5848.51, this Chapter, or the Grant Agreement, the Authority may require remedies, including the forfeiture and return of the Grant funds to the Authority.
- (b) If the Grantee fails to timely begin or complete the Project, the Authority may require remedies including forfeiture and return of the Grant funds to the Authority.
- (c) Unused funds and any unused interest earnings on such Grant funds shall be returned by the Grantee to the Authority no later than the date of the certification of Project completion.

Note: Authority cited: Section 5848.51, Welfare and Institutions Code. Reference: Section 5848.51, Welfare and Institutions Code.

Section 7428. Reporting Requirements.

- (a) The Grantee shall submit a status report within 45 days following the completion of the periods ending on June 30 and December 31 of each year during the Grant Period, and upon the Authority's request.

- (1) Status reports to the Authority shall include:

- (A) A description of activities performed for Project implementation, and activities related to Program development and implementation, and population(s) served, as applicable, since the date of the preceding status report or the Final Allocation.

- (B) A summary of incurred costs and expenditures related to the Project consistent with cost information submitted in the Application and an explanation of any variances from the Application.

- (C) A summary of data or preliminary evaluation results, available to date, related to all outcomes described in Section 7419, subdivision (a)(3) and a description of any challenges in obtaining relevant data.

- (D) A summary of other funding sources utilized for the Project.

- (E) A description of remaining work to be completed for the Project and an estimated timeline or schedule for the completion of that work.

- (F) A description of whether the Project is within the proposed budget and, if not, the reasons for any differences and the actions that will be taken to ensure that the Project has sufficient funding for completion.

- (b) Grantee shall submit a completed Actual Expenditures Report Form No. CHFFA 9 CSI-03 (09/2018) accompanied by evidence of payment and documentation acceptable to the Authority sufficient to establish eligibility of costs incurred and expenditure of Grant funds such as executed

purchase and sale agreement, proof of title, invoices and cancelled checks, proof of wire transfers, and receipts, as follows:

(1) Within 60 days of Project Completion and upon Authority's request.

(2) As required by Section 7425, subdivision (a)(4).

(3) If Grantee received advance disbursement of entire Grant amount, Grantee shall submit a completed Actual Expenditures Report Form No. CHFFA 9 CSI-03 (09/2018) within 45 days following the completion of the periods ending June 30 and December 31 of each year during the Grant Period, and upon the Authority's request.

(c) Grantee shall submit a completed Certificate of Completion and Final Report Form No. CHFFA 9 CSI-04 (09/2018), which is hereby incorporated by reference, and the following documentation, as applicable, within 60 days of Project completion:

(1) For all Projects:

(A) License and/or certification of Program(s), as applicable.

(B) Summary of sources and uses of funds that show that the Grant and any interest earnings on Grant funds did not exceed the cost of the Project.

(C) Project's outcomes described in Section 7419, subdivision (a)(3), as applicable to the Project, key milestones, and accomplishments.

(D) Actual Expenditure Report Form No. CHFFA 9 CSI-03 (09/2018) as required by subdivision (b) above, for all costs incurred and expenditures of Grant funds for which evidence of payment has not been submitted to and approved by the Authority.

(2) For Projects that include facility acquisition: Final closing statement with certification by the title company.

(3) For Projects that include building renovation: Certificate of occupancy.

(d) After submission of the Certificate of Completion and Final Report, Grantees shall submit annual reports to the Authority by September 30 each year for five years to report on Project key milestones, accomplishments, and outcomes, including a discussion of the populations being served.

(1) This report shall be certified by an authorized officer of the Grantee.

(2) Authority Staff may request additional annual reports after five years to continue tracking accomplishments, outcomes, and populations served to ensure Program operations and sustainability.

Note: Authority cited: Section 5848.51, Welfare and Institutions Code. Reference: Section 5848.51, Welfare and Institutions Code.

Section 7429. Records Retention, Inspections and Audits.

(a) Grantees shall retain all Project and financial records necessary to substantiate the purposes for which the Grant funds were spent for a period of three years after the certification of Project completion has been submitted.

(b) The Authority may perform site visits to inspect the Project and may inspect and/or audit Project records during the Grant Period and for three years after the certification of Project completion has been submitted. Instances include, but are not limited to, changes in the Project, challenges in Project implementation, and ensuring Project completion and Program sustainability.

Note: Authority cited: Section 5848.51, Welfare and Institutions Code. Reference: Section 5848.51, Welfare and Institutions Code.