

California Health Facilities Financing Authority

Community Clinic Grant Program of 2005 (CCGP)

Request to Establish New Deadlines for Brookside Community Health Center

**Staff Summary
Resolution No. 2009-08
July 30, 2009**

PURPOSE OF REQUEST:

Brookside Community Health Center (“Brookside”) is an awardee of the CCGP and has missed an Authority deadline (a pre-condition to the funding of its grant) to submit appropriate grant documentation by December 4, 2007. Brookside requests the Authority establish a new documentation deadline of October 1, 2009 and project completion deadline of October 31, 2009, due to unforeseen delays beyond their control as more particularly described below.

BACKGROUND:

On May 25, 2006, the Authority approved Resolution No. 2006-06, which awarded a total of \$40.1 million in grants to 146 grantees under the CCGP (Grantees). The funds were to be used for capital improvement projects such as construction, remodeling, facility acquisitions, equipment purchases and information technology expenditures.

The Authority staff mailed an award letter to Brookside on June 2, 2006 and therein established a documentation deadline of June 4, 2007. Thereafter, on June 28, 2007, the Authority approved a blanket deadline extension request for Brookside and many other grantees to December 4, 2007.

Pursuant to Section 7093 (b) of the regulations, in part “Grantees who do not meet the documentation deadline will forfeit their grant, except in cases where the recipient demonstrates, to the satisfaction of the Authority, extraordinary circumstances that prevent the recipient from meeting this requirement.”

Pursuant to Section 7095 (c) of the regulations, in part “On a case-by-case basis, the Authority or Authority Staff may approve a time extension beyond eighteen (18) months for extraordinary or unavoidable delays where the Grantee can demonstrate that it occurred through no fault of its own.”

ISSUE:

The issue before the board is whether Brookside has sufficiently demonstrated extraordinary circumstances meriting establishing a new documentation and project completion deadline. Staff has reviewed the justification provided by Brookside and concluded they have indeed met this burden.

Brookside leases the property from which it provides services to its patients from the Doctors Medical Center (DMC), an affiliate of the West Contra Costa Healthcare District (WCCHD). The CCGP requires grantees who also happen to be lessees to be in contract for a minimum of a five year lease agreement. According to the original grant application submitted to the Authority during the grant scoring process, Brookside stated DMC intended to renew the existing lease agreement for a period of 5 years. Unfortunately, unbeknownst to Brookside, DMC was undergoing a severe financial crisis, which ultimately resulted in bankruptcy for DMC and its corporate parent, WCCHD. Because of the bankruptcy, DMC was unable to enter into any new contractual arrangements, including lease agreements until DMC emerged from bankruptcy which just recently occurred in early 2009. On March 12, 2009, DMC and Brookside signed a 5-year lease agreement for Brookside's continued occupancy of the pertinent property in San Pablo.

Because of these unforeseen circumstances, Brookside was technically unable to comply with the 5-year lease requirement of the CCGP before the documentation deadline notwithstanding Brookside's continued occupation of the property throughout the entire time period. Throughout the bankruptcy proceedings, Brookside has regularly communicated with CHFFA staff about their earnest desire to complete the proposed project. Since the bankruptcy of DMC was an extraordinary occurrence beyond the control of Brookside, CHFFA has held the matter under consideration, even though the previously approved deadline dates have passed and the resolution has expired.

As a result of the bankruptcy, Brookside was unable to move ahead with the proposed expansion of its dental clinic as outlined in the original grant application. According to the original grant application, the proposed dental clinic expansion project is expected to provide an additional 2,255 dental encounters to 924 clients annually.

Authority staff counsel has reviewed the 5-year lease agreement, and CHFFA staff has reviewed the project timeline for the dental clinic project. Authority staff has determined Brookside should be able to complete this project, along with the equipment purchases and general clinic maintenance outlined in the original application.

Brookside has assured staff they will have all required documentation ready to submit by the October 1, 2009 documentation deadline and October 31, 2009 project completion deadline.

STAFF RECOMMENDATION: Staff recommends the Authority approve the request submitted by Brookside Community Health Center to establish the new documentation deadline of October 1, 2009 and a project completion deadline date of October 31, 2009.