

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

May 24, 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 due to a delay in securing funding. The delay is a result of RCS being unable to secure the additional funding needed to complete the development of the project. In February 2018, RCS was notified that their application for funding through the Community Development Block Grant Program (“CDBG”) was disqualified due to a section being missed, in part due to the reallocation of staffing resources towards Northern California firestorm relief efforts.

PROJECT PLAN:

On March 15, 2016, the County’s Board of Supervisors approved the development of the 10bed CRT program, which will be part of a new Mental Health Crisis Center in Ukiah. The Mental Health Crisis Center is for individuals experiencing an acute psychiatric episode or intense emotional distress and/or who might otherwise face voluntary or involuntary commitment in a psychiatric hospital. The property purchase was finalized in June 2017, and in April 2017 phase one of the environmental review was completed.

The County is working closely with RCS to submit grant applications for additional funding rounds through the CDBG program in August 2018, which is the city portion of the grant and January 2019, which is the county portion of the grant. RCS will be notified of acceptance within six months of each CDBG grant application, respectively in February 2019 and July 2019. In addition to pursuing the CDBG funding, RCS is also exploring funding options through

Measure B¹ to fill any remaining funding gaps. Additionally, in April 2018, RCS was pre-approved for a USDA loan in the amount of \$6,195,750 as an alternative option if grant funding is not secured. Funding to complete the project should be secured no later than November 2019. The County and RCS are confident they will be able to secure the necessary funding to complete the project. Project costs are anticipated to be a total of \$5,160,000 (Exhibit 1). 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 (Exhibit 2).

<u>Sources of Funds:</u>		<u>Uses of Funds:</u>	
CHFFA Grant Funds	\$ 500,000	Property Purchase	\$ 380,000
CDB Grant Funds	<u>4,660,000</u>	Equipment & Furnishings	120,000
		Site Work & Construction	3,802,000
		Architectural, Engineering, & Consulting	405,000
		Permit & Fees	68,000
		Contingency Fund	350,000
		Insurance, Labor Review, Environmental Review	35,000
Total	<u>\$ 5,160,000</u>	Total	<u>\$ 5,160,000</u>

The project timeline is staggered depending on which funding source is secured. Construction is anticipated to start anywhere from June 2019 to December 2019 and is anticipated to be completed between August 2020 and December 2020. The program is anticipated to be open and operational with all of the necessary licensing and certification no later than May 2021 (Exhibit 3).

The County is utilizing RCS’s expertise and skill in project management and oversight to ensure that the project is complete within the necessary timeframe. RCS has been providing mental health services in Mendocino County for 20 years and provides services in Lake and Sonoma Counties as well. RCS has extensive knowledge and experience planning, developing and operating mental health facilities and programs. RCS also has a strong history of successfully navigating through local opposition and receiving community buy-in through community engagement efforts.

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 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.

1. The County must provide evidence acceptable to Authority staff demonstrating (a) the securing of sufficient funds by July 31, 2019 necessary to complete the CRT project, (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.

EXHIBIT 1
PROJECT BUDGET



CRISIS SERVICES CENTER PROJECT
631 S Orchard

Development Costs	
Property Acquisition (SB82)	\$380,000
Site Work (excavation, utilities, sidewalks, paving, landscaping)	\$425,000
Construction Costs (see detail)	\$3,377,000
Architectural and Engineering (Richard Ruff)	\$225,000
Other Consulting and Engineering	\$180,000
Permits & Fees	\$68,000
Contingency Fund	\$350,000
	\$4,625,000
Other	
Insurance	\$15,000
labor review	\$10,000
Environmental Review	\$10,000
Total	\$35,000
Pre-Contract Expenses, Project Management, Equipment, Furnishings (Balance of SB82 Grant)	\$120,000
Total Project Cost	\$5,160,000

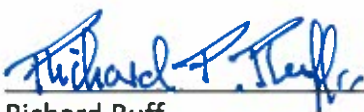

Richard Ruff,
Architect



EXHIBIT 2

ANNUAL OPERATING BUDGET



Crisis Residential Program Annual Budget Proposal

Income

Medi-Cal Daily Rate - \$378.43 - 10 Beds / 75% Capacity	1,035,952
MHSA Funding	<u>100,000</u>
	1,135,952

Expense

Staffing	FTE		
Program Director	0.10	90,000	9,000
Program Supervisor	1.00	75,000	75,000
Residential Counselors	7.50	49,920	374,400
Nurse	0.50	83,200	41,600
Activity Counselor/Peer			
Support	1.00	33,280	33,280
Administrative Staff	1.00	33,280	33,280
Records Analyst	0.35	39,520	13,832
Billing Coordinator	0.25	39,520	9,880
Food Preparation	1.00	33,280	33,280
Housekeeping	1.00	33,280	33,280
Maintenance Staff			<u>7,500</u>
		Total Wages	664,332
		Benefits (Taxes, Workman's Comp & Ins) @ 25%	<u>146,153</u>
		Total Staffing Expense	810,485

Client Expense

Food	52,800
Household / Misc Client Expense	<u>50,000</u>
	Total Client Expense
	102,800

Operations

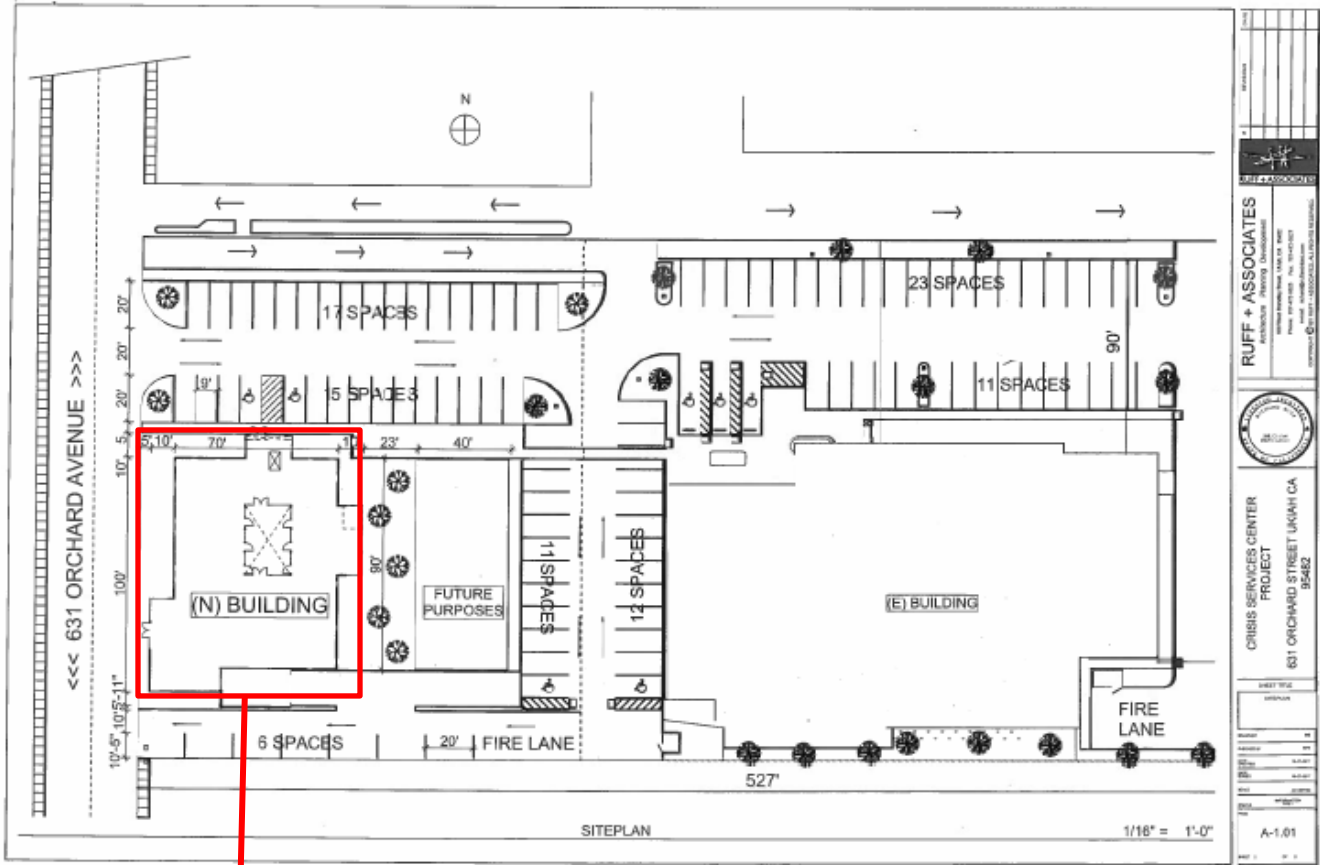
Building Expense	28,000
Insurance Expense	2,400
Misc Admin Expense	1,200
Conferences/Training/Travel	2,200
Copier/Equip	5,200
Supplies (Office/Maint)	4,800
Utilities	8,400
Phone/Internet	7,200
Vehicle Exp/Mileage	<u>11,400</u>
	Total Operations Expense
	42,800
	Sub-total
	956,085
	Indirect Admin - 15%
	<u>143,413</u>
	Total Expense
	<u>1,099,498</u>

EXHIBIT 3

PROJECT TIMELINE RELATED TO FUNDING SOURCE

	Awarded City and County CDBG	Awarded only County CDG
February 2017	Initiated application for USDA Rural loan	
April 2017	Environmental Review of Property	
April 2018	USDA Notification that RCD loan pre-application was approved	
May 2018	USDA Loan Application Conference	
June/July 2018	Target date to request CHFFA \$380,000	
August 2018	Apply for City CDBG funding	
January 2019	Apply for County CDBG funding Learn results of City CDBG funding request Present architectural design to City of Ukiah Apply for building permit	If declined for City CDBG funding, request funding from Measure B Oversight Committee or pursue loan
March 2019	Notice public once building permit is received Initiate bidding process for contractor	
May 2019	Select a contractor, award bid, sign contracts	
June 2019	Begin construction	
July 2019	Learn results of County CDBG funding request	Learn results of County CDBG funding request Present architectural design to City of Ukiah Apply for building permit
September 2019		File application for USDA Rural Development Loan Notice public of building permit Initiate bidding process for contractor
November 2019		Select a contractor, award bid, sign contracts
December 2019		Begin construction
August 2020	Construction complete, final inspections	
October 2020	Contract conditions approved, Certificate of Occupancy	
December 2020	Permitting and licensing	Construction complete, final inspections
January 2021	Staff recruitment	Contract conditions approved, Certificate of Occupancy
February 2021	Site certification for Medi-Cal billing	Permitting and licensing
March 2021	Opening	Staff recruitment
April 2021		Site certification for billing
May 2021		Opening

EXHIBIT 4
PRELIMINARY SITE PLAN



(N) = new building; (E) = existing building

(N) Building is where the 10-Bed CRT funded by CHFFA will be located.

~~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 by July 31, 2019 necessary to complete the Project, (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:

Program	Approved Grant Amount
Crisis Residential Treatment	\$ 500,000.00