

CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY (“Authority”)

Investment in Mental Health Wellness Grant Program (“IMHWGP”)

Third Amendment to Resolution Number MH 2015-04

County of Sacramento – Third Funding Round

June 27, 2019

PURPOSE OF THE REQUEST:

The County of Sacramento (“County”) is requesting the Authority to approve a third amendment to Resolution Number MH 2015-04 (third funding round) to amend the milestones and extend the resolution and grant period expiration dates from December 31, 2020 to March 31, 2021.

ISSUE:

The County will not meet its milestone condition requiring the Crisis Residential Treatment (“CRT”) project located on Marconi Avenue to be open and operational by the June 30, 2019 deadline and the milestone condition requiring the County to provide evidence of property ownership of the CRT project previously located on Elm Avenue by the June 30, 2019 deadline.

Due to a delay in obtaining approval of the construction contract through the County’s planning department, construction of the CRT project located on Marconi Avenue began two months behind schedule, in July of 2018. The two month delay put the project behind schedule; therefore the County is requesting additional time to complete construction and obtain licensure. The County anticipates construction to be complete and the CRT program to be open and operational by December 31, 2019. In addition, dependent on the cost of renovation, the County may utilize grant funds for up to three months of start-up costs.

The CRT project previously located on Elm Avenue experienced strong local opposition regarding zoning and public safety, which resulted in Turning Point Community Programs (“TPCP”), the designated grantee, having to sell the property and seek a new location. TPCP identified a new location, on Viking Drive, which is owned by TPCP and is located in a mixed use neighborhood, thereby reducing the likelihood of any issues with opposition. The County anticipates entering into a lease agreement with TPCP by August 30, 2019 and renovations to begin on or before December 31, 2019. With consideration for potentially unforeseen circumstances, the County is confident construction will be completed and the CRT facility will be open and operational on or before October 31, 2020. Depending on the amount remaining from the cost of renovation, the County may utilize grant funds for up to three months of start-up costs as well. Additionally, because the Authority’s funds were not used to acquire the new property, TPCP will no longer be a designated grantee and all funds will be disbursed to the County.

The County is requesting an extension of the resolution and grant period expiration dates to March 31, 2021 to meet the project milestones and to utilize grant funding for three months of start-up costs.

BACKGROUND:

On June 25, 2015, the Authority awarded \$5,732,583.00 to the County to develop three new 15-bed CRT programs for individuals 18-59 years of age. The County received a resolution and grant period extension on April 28, 2016 due to challenges in obtaining proposals for the third CRT project. The County received a second extension on September 28, 2017 to extend the resolution and grant period expiration dates with milestone conditions.

The first CRT project located on Henrietta Drive began providing services on October 25, 2018 ahead of the milestone schedule.

The milestones for the second CRT project located on Marconi Avenue included: (1) start of construction by May 31, 2018, (2) ensuring the CRT will be operational by June 30, 2019, and (3) submitting all grant disbursement requests for the CRT, including required supporting documentation, no later than November 1, 2019. With a delegation approved extension, the County met the first milestone in July 2018.

The milestones for the third CRT project previously located on Elm Avenue included: (1) ownership of the property by June 30, 2019, (2) start of construction by December 31, 2019, (3) ensuring the CRT will be operational by June 30, 2020, and (4) submitting all grant disbursement requests for the CRT, including required supporting documentation, no later than November 1, 2020.

RECOMMENDATION:

Staff recommends the Authority approve a third amendment to Resolution Number MH 2015-04 to extend the resolution and grant period expiration dates to March 31, 2021, subject to the following amended milestone conditions for each property.

- 1) 2nd CRT Project (3815 Marconi Avenue, Sacramento, CA 95821):
 - a. The County must provide evidence acceptable to Authority staff demonstrating the CRT program shall be operational by December 31, 2019.
 - b. 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 December 31, 2019.
 - c. The County must submit all grant disbursement requests for the CRT program, including required supporting documentation, to the Authority no later than June 1, 2020.
- 2) 3rd CRT Project (3440 Viking Drive, Sacramento, CA 95827):
 - a. The County must provide evidence acceptable to Authority staff demonstrating that the County has entered into a lease agreement by August 30, 2019.
 - b. The County must provide evidence acceptable to Authority staff demonstrating (a) the start of renovation/construction by December 31, 2019, and (b) the CRT program shall be operational by October 31, 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 October 31, 2020.
 - d. The County must submit all grant disbursement requests for the CRT program, including required supporting documentation, to the Authority no later than February 28, 2021.

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

~~SECOND-THIRD~~ 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, 2020~~ March 31, 2021. 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~~ December 31, 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~~ December 31, 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~~ June 1, 2020. 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~~ the Grantee has entered into a lease agreement by August 30, 2019, (b) start of construction by December 31, 2019, and (c) the program shall be operational by ~~June 30, 2020~~ October 31, 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~~ October 31, 2020; and Grantee must submit all disbursement requests, including required supporting documentation, related to program to the Authority no later than ~~November 1, 2020~~ February 28, 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 ~~December 31, 2020~~ March 31, 2021.

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:

Program	Approved Grant Amount
Crisis Residential Treatment	\$ 5,732,583.00