

CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY (“Authority”)

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

Resolution No. MH 2015-03 (Third Funding Round)

County of Mendocino Update

September 26, 2019

BACKGROUND:

On June 25, 2015, the Authority approved a Final Allocation for a grant for the County of Mendocino (the “County”) in an amount not to exceed \$500,000 to implement a new 10-bed Crisis Residential Treatment (“CRT”) facility. The County planned to purchase and renovate real property; purchase furnishings, equipment, and information technology; and finance three months of start-up costs through its service provider and designated grantee, Redwood Community Services (“RCS”). The County received an extension in May 2018, due to a delay in securing remaining funding needed to implement the CRT project, with amended milestones that included: (1) securing of sufficient funds necessary to complete the CRT project by July 31, 2019; (2) starting construction or renovation on or before November 30, 2019; (3) ensuring the CRT project is operational by May 31, 2021; and (4) submitting all grant disbursement requests, including required supporting documentation, no later than May 31, 2021.

FEBRUARY 2019 UPDATE:

As a condition of approval of the May 2018 extension, the Authority required the County to provide an update no later than February 2019 detailing the progress toward meeting its first milestone of securing sufficient funds by July 31, 2019. At the February 28, 2019 Authority Meeting, the County provided an update and acknowledged that funding had not yet been secured for the CRT project. The County reported that they worked closely with RCS to secure the funds necessary for the completion of the CRT project, which included applying for Community Development Block Grants and a USDA Loan; however, neither funding option came through. The County mentioned that on February 5, 2019, the County’s Board of Supervisors voted unanimously to utilize Measure B¹ funds to direct the County’s Health and Human Services Agency to go through a Request for Proposal/Request for Qualifications (“RFP/RFQ”) process for CRT, Crisis Stabilization Unit, and Psychiatric Health Facilities. The County stated that RCS was waiting for the opening of the RFP/RFQ, at which time they would submit a proposal.

JULY 2019 UPDATE:

In July 2019, the County informed Authority Staff that the Measure B Committee advised the County that, because Measure B is funded through a public source, the property used for the Measure B project will need to be owned by the County. Therefore, RCS will no longer be a designated grantee. The County indicated that they still plan to use IMHWGP funding in conjunction with Measure B funds to complete the CRT project selected through the RFP/RFQ process.

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.

Additionally in July 2019, the County requested a 60-day milestone extension to secure funding, and in their request, the County gave assurances that they would be able to meet the new milestone date, because they anticipated the Measure B RFP/RFQ would be awarded during the September 25, 2019 County Board of Supervisors meeting. CHFFA approved the request and extended the milestone date, per the delegated authority of the Executive Director of the Authority, for the securing of sufficient funds necessary to complete the CRT project to September 30, 2019.

ISSUE:

The County will not be able meet the milestones to secure sufficient funding by September 30, 2019 and to begin construction by November 30, 2019.

In June 2019, the County released the RFP/RFQ, and the submissions are currently under review. The winning bidder of the RFP/RFQ process is expected to be announced, and its contract approved by the County's Board of Supervisors, sometime between late October to early November 2019. Due to the delays in releasing the RFP/RFQ and the timing of the award, the County will not be able to meet its milestones.

Authority staff received a request from the County to amend the milestones, extend the resolution and grant period expiration dates, and amend the project description. However, there wasn't sufficient support to bring an action item before the board.

NEXT STEPS:

Because the County will miss its milestones to secure funding and start construction the County will be in default of Resolution Number MH 2015-03. Authority staff plan to bring an action item to the Board on December 5, 2019 with a recommendation to either: (1) set a cure period to meet both missed milestones, which has to be for a minimum of 30 days and for a reasonable timeframe to be determined; or, (2) approve a fourth amendment to the County's resolution and grant agreement, if the County has provided enough evidence to Authority staff to support its request and for Authority staff to determine that the CRT project is still feasible within the IMHWGP end date.