

CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY (Authority)
Community Services Infrastructure Grant Program
Second Amendment to Resolution Number CSI 2020-02 (Second Funding Round)
County of Los Angeles, Department of Mental Health
March 9, 2022

PURPOSE OF THE REQUEST:

The County of Los Angeles, Department of Mental Health (County) is requesting the Authority approve an amendment to Resolution Number CSI 2020-02 to amend the milestone conditions and extend the resolution and grant period expiration dates for its Community Services Infrastructure Grant Program (CSI) project.

ISSUE:

The County will no longer be able to meet the milestone deadline of being open and operational by April 1, 2022. Due to the impact of the COVID-19 pandemic on the supply chain, the procurement and installation of an emergency egress door hardware, needed to address life and safety concerns, has been further delayed. Additionally, the CSI building has recently encountered flooding which caused severe damage to the basement and will require extensive repair work. The County hired a construction consultant who determined that the flooding was due to existing cracks in the basement's walls and a malfunctioning irrigation controller causing flooding in a planter adjacent to the basement. The County anticipates that remediation of the flooding issue and delivery and installation of the emergency egress door hardware will be completed by late spring 2022. The County will then start the processes of obtaining the alcohol and/or other drug licensing and Medi-Cal certification from the California Department of Health Care Services, which can take up to six months to complete.

The County is requesting to amend the milestone of being open and operational to March 31, 2023. Additionally, Authority staff recommends extending the milestone condition requiring submission of all disbursement documentation to June 30, 2023. The extension will give the County sufficient time to complete the remaining flooding remediation task, install the emergency egress doors, address any unforeseen delays that may arise, obtain the alcohol and/or other drug licensing and the Medi-Cal certification, and begin providing services to the justice-involved individuals.

On September 23, 2021, the Governor signed Senate Bill 170, which extended the CSI encumbrance deadline from June 30, 2020 to June 30, 2023, which results in a June 30, 2025 disbursement deadline.

BACKGROUND:

On March 26, 2020, the Authority approved Resolution Number CSI 2020-02, awarding the County grant funds in the amount \$9,125,554.58 to establish two jail diversion programs. On June 25, 2020, the Authority approved an amendment to the resolution increasing the grant amount from \$9,125,554.58 to \$10,125,415.13. The County will renovate a facility and establish at least 65 new beds in two jail diversion programs, which will provide mental health

treatment services and substance use disorder treatment services to justice-involved adult individuals as an alternative to incarceration. Grant funds will be used for facility renovation. Resolution Number CSI 2020-02 was approved with the following milestone conditions: (1) the County shall provide evidence acceptable to Authority staff demonstrating that the project shall be open and operational on or before January 31, 2022; (2) funds shall not be disbursed if the County is unable to provide evidence acceptable to Authority staff that the project is on track to be open and operational on or before January 31, 2022; and (3) the County must submit all capital cost disbursement requests, including required supporting documentation, to the Authority no later than April 30, 2022.

Furthermore, on January 31, 2022, the Deputy Executive Director, under the delegated authority of Resolution No. 2019-04, approved the County's request to extend its open and operational milestone condition deadline from January 31, 2022 to April 1, 2022, a 60-day extension.

RECOMMENDATION:

Staff recommends the Authority approve a second amendment to Resolution Number CSI 2020-02 to amend the milestone conditions and extend the resolution and grant period expiration dates to September 30, 2023, subject to the following amended milestone conditions:

- 1) The County must provide evidence acceptable to Authority staff demonstrating that the project shall be open and operational on or before March 31, 2023.
- 2) Funds shall not be disbursed if the County is unable to provide evidence acceptable to Authority staff that the project is on track to be open and operational on or before March 31, 2023.
- 3) The County must submit all capital cost disbursement requests, including required supporting documentation, to the Authority no later than June 30, 2023.

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

SECOND AMENDMENT TO RESOLUTION NO. CSI 2020-02

**A RESOLUTION OF THE CALIFORNIA HEALTH
FACILITIES FINANCING AUTHORITY APPROVING
EXECUTION AND DELIVERY OF GRANT FUNDING UNDER
THE COMMUNITY SERVICES INFRASTRUCTURE GRANT PROGRAM
TO THE COUNTY OF LOS ANGELES**

WHEREAS, The California Health Facilities Financing Authority (the “Authority”), a public instrumentality of the State of California, is authorized by Welfare and Institutions Code Section 5848.51, which created the Community Services Infrastructure Grant Program, and implementing regulations (California Code of Regulations, Title 4, Division 10, Chapter 8 (commencing with Section 7413)) to award grants for capital funding to finance eligible projects; and

WHEREAS, Authority staff reviewed the application submitted by the County of Los Angeles (“Grantee”) against the eligibility requirements of the Community Services Infrastructure Grant Program and implementing regulations, and pursuant to the Community Services Infrastructure Grant Program and implementing regulations, recommends approval of a grant for the eligible project (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);

WHEREAS, The Authority approved a grant for the Grantee in the amount of \$9,125,554.58 on March 26, 2020, which was less than its requested \$14 million in eligible costs.

WHEREAS, Grantee was the sole applicant that did not receive a final allocation of the full amount of its requested eligible costs due to insufficient funding remaining in the Community Services Infrastructure Grant Program.

WHEREAS, The Authority received notice that another grantee forfeited its final allocation in the amount of \$999,860.55, and the Authority ~~now desires to~~ awarded those funds to the Grantee.

NOW, THEREFORE, BE IT RESOLVED by the California Health Facilities Financing Authority as follows:

Section 1. The Authority hereby approves a grant for capital costs in the amount of \$10,125,415.13 to complete the Project within a grant period that ends on ~~June 30, 2022~~ September 30, 2023. Within this grant period, Grantee shall provide evidence acceptable to Authority staff demonstrating the Project shall be operational on or before ~~January 31, 2022~~ March 31, 2023. 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 ~~January 31, 2022~~ March 31, 2023. Grantee must submit all capital cost disbursement requests, including required supporting documentation, to the Authority no later than ~~April 30, 2022~~ June 30, 2023.

Section 2. The Executive Director, or the Deputy Executive Director, are hereby authorized and directed, 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 and extend the grant period completion date identified in Section 1. Nothing in this Resolution shall be construed to require the Authority to provide additional 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 available for any reason whatsoever.

Section 3. The Executive Director, or the Deputy Executive Director, are 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, or the Deputy Executive Director, are 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 Community Services Infrastructure Grant Program and implementing regulations.

Section 4. The Executive Director, or Deputy Executive Director, are hereby authorized and directed, for and on behalf of the Authority, to do any and all things and to execute and deliver any and all documents which the Executive Director, or the Deputy Executive Director, deems necessary or advisable in order to effectuate the purposes of this Resolution and the transactions contemplated hereby.

Section 5. All funds from this grant must be used in support of the Grantee's Project as described in Exhibit A to this resolution.

Section 6. This resolution expires on ~~June 30, 2022~~ September 30, 2023.

Date Approved: _____

EXHIBIT A

PROJECT DESCRIPTION

The proceeds of the grant will be used by the County of Los Angeles, (County) as follows:

The County must add at least 65 new beds in two jail diversion programs at a renovated facility to provide mental health treatment and substance use disorder treatment services. As a condition of funding, the grant can only fund eligible costs of projects, or portions of projects, implementing Jail Diversion Programs that provide on-site treatment services to the Target Population of Justice-Involved Individuals as defined under Section 7413(p), (q), (r), and (y) of the Community Services Infrastructure Grant Program regulations.

Summary of Amount:

Project	Approved Grant Amount
MLK Behavioral Health Center Renovation	\$ 10,125,415.13