

CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY (Authority)
Community Services Infrastructure Grant Program
Third Amendment to Resolution No. CSI 2020-02 (Second Funding Round)
County of Los Angeles, Department of Mental Health
February 23, 2023

PURPOSE OF THE REQUEST:

The County of Los Angeles, Department of Mental Health (County) is requesting the Authority approve an amendment to Resolution No. CSI 2020-02 to amend the milestone conditions and extend the grant period and resolution expiration dates for its Community Services Infrastructure Grant Program (Welf. & Inst. Code, §5848.51) (CSI) project.

ISSUE:

The County will not be able to meet the milestone condition deadlines of being open and operational by March 31, 2023, and of submitting all disbursement documentation by September 30, 2023.

The County was awarded grant funding to develop two jail diversion programs, both located at the Martin Luther King, Jr. Behavioral Health Center. One of the CSI programs, a 33-bed substance use disorder residential treatment program, began providing services on November 3, 2022. However, the County has experienced delays in releasing the service provider solicitation for the second CSI program, a 32-bed mental health rehabilitation program, due to an internal backlog within the County's contracts division. The County now anticipates releasing the service provider solicitation by February 15, 2023, the service provider selection to occur by April 2023, the program to be licensed and Medi-Cal certified by October 2023, and the program to be open and operational by October 31, 2023.

The County is requesting to amend its milestone condition deadline of being open and operational to October 31, 2023 and extend the grant period and resolution expiration dates to June 30, 2024. Additionally, Authority staff recommends extending the milestone condition requiring submission of all disbursement documentation to January 31, 2024. The extension will give the County sufficient time to select and contract with the service provider and to obtain licensing and Medi-Cal certification.

BACKGROUND:

On March 26, 2020, the Authority approved Resolution No. CSI 2020-02, awarding the County grant funds in an amount not to exceed \$9,125,554.58 to establish at least 65 new beds in two jail diversion programs. The County was the sole applicant that did not receive the full amount of its requested eligible costs due to insufficient funding remaining in the CSI program.

On June 25, 2020, funding in the amount of \$999,860.55 became available due to a forfeiture, and the Authority approved an amendment to the resolution, increasing the grant amount from \$9,125,554.58 to \$10,125,415.13. The two jail diversion programs 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.

On March 9, 2022, the Authority approved a second amendment to the resolution extending the grant period and resolution expiration dates to give the County sufficient time to complete a flooding remediation task, install the emergency egress doors, address any unforeseen delays that may arise, and obtain the alcohol and/or other drug licensing and the Medi-Cal certification, with the following amended milestone conditions: (1) the County shall 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; and (3) the County must submit all capital cost disbursement requests, including required supporting documentation, to the Authority no later than September 30, 2023.

RECOMMENDATION:

Staff recommends the Authority approve a third amendment to Resolution No. CSI 2020-02 to amend the milestone conditions and extend the grant period and resolution expiration dates to June 30, 2024, subject to the following amended milestone conditions:

- 1) The County shall provide evidence acceptable to Authority staff demonstrating that the project shall be open and operational on or before October 31, 2023, and funds shall not be disbursed if the County is unable to provide evidence acceptable to Authority staff.
- 2) The County shall submit all capital cost disbursement requests, including required supporting documentation, to the Authority no later than January 31, 2024.

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

~~SECOND~~ THIRD 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 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 ~~September 30, 2023~~ June 30, 2024. Within this grant period, Grantee shall provide evidence acceptable to Authority staff demonstrating the Project shall be open and operational on or before ~~March 31, 2023~~ October 31, 2023, and ~~F~~ 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 March 31, 2023~~. Grantee must submit all capital cost disbursement requests, including required supporting documentation, to the Authority no later than ~~June 30, 2023~~ January 31, 2024.

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 ~~September 30, 2023~~ June 30, 2024.

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