

CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY (Authority)

Investment in Mental Health Wellness Grant Program for Children and Youth

First Amendment to Resolution No. CY 2022-04 (Third Funding Round)

County of Santa Cruz

May 25, 2023

PURPOSE OF THE REQUEST:

The County of Santa Cruz (County) is requesting the Authority approve a first amendment to Resolution No. CY 2022-04 to amend the milestone conditions and extend the grant period and resolution expiration dates for its Investment in Mental Health Wellness Grant Program for Children and Youth project.

ISSUE:

The County will not be able to meet the milestone condition deadlines of being open and operational by July 31, 2023, and of submitting all disbursement documentation by December 31, 2023, due to County staff being diverted for emergency responses due to the COVID-19 outbreaks and the December 2022 and April 2023 atmospheric river storms.

Since County staff was diverted for emergency response, the County's resources were limited to essential services, which limited staff's ability to work on the development of the Children's Crisis Residential Program (CCRP) project. With the emergency situations now behind them, County staff can focus on the CCRP project implementation. After consultation with CHFFA staff, the County decided to purchase a facility instead of proceeding with ground up construction as proposed at the time of application. On April 13, 2023, the County closed escrow on a property for the new 16-bed CCRP in the County of Santa Cruz. The County anticipates completing facility renovations by July 2025, obtaining licensure and hiring staffing between October and December 2025, and the project to be open and operational by December 31, 2025.

The County is requesting to amend the milestone condition deadline of being open and operational from July 31, 2023 to December 31, 2025, to amend the milestone condition deadline to submit all disbursement documentation from December 31, 2023 to March 31, 2026, and to extend the grant period and resolution expiration dates from April 30, 2024 to June 30, 2026. This extension will give the County the time needed to renovate the facility, obtain licensing, hire staff, and the project to become open and operational.

BACKGROUND:

On February 24, 2022, the Authority approved Resolution No. CY 2022-04 awarding a final allocation in an amount of \$7,597,706.36 in grant funds to add at least 16 new Crisis Residential Treatment, aka Children's Crisis Residential Program, beds that will provide mental health services for children and youth ages 12-17. Grant funds were expected to be used for construction and renovation, furnishings and equipment, Information technology and three months of program startup. Resolution Number CY 2022-04 was approved with a grant period expiration date of April 30, 2024, and the following milestone conditions: (1) the County shall provide evidence acceptable to Authority staff demonstrating that the project shall be

operational on or before July 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 operational on or before July 31, 2023; and (3) the County must submit all capital cost disbursement requests, including required supporting documentation, to the Authority no later than December 31, 2023.

RECOMMENDATION:

Staff recommends the Authority approve a first amendment to Resolution No. CY 2022-04 to amend the milestone conditions and extend the grant period and resolution expiration dates to June 30, 2026, 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 December 31, 2025, 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 March 31, 2026.

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

FIRST AMENDMENT TO RESOLUTION NO. CY 2022-04

**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 FOR CHILDREN AND YOUTH
TO THE COUNTY OF SANTA CRUZ**

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) as supplemented by Chapter 30, Statutes of 2016 (SB 833), Section 20, the Investment in Mental Health Wellness Grant Program for Children and Youth (“Children and Youth Program”) and implementing regulations (California Code of Regulations, Title 4, Division 10, Chapter 7 (commencing with Section 7313)) to award grants for capital funding and personnel funding to finance eligible projects; and

WHEREAS, Authority staff reviewed the application submitted by County of Santa Cruz (“Grantee”) against the eligibility requirements of the Children and Youth Program and implementing regulations, and pursuant to the Children and Youth Program and implementing regulations, recommends approval of a grant for the eligible project (the “Project”), which consists of crisis residential treatment capital costs, 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);

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 a total amount not to exceed \$7,597,706.36 to the Grantee to complete the Project within a grant period that ends on ~~April 30, 2024~~ June 30, 2026. Within this grant period, Grantee shall provide evidence acceptable to Authority staff demonstrating the Project shall be open and operational on or before ~~July 31, 2023~~ December 31, 2025, and February 28, 2026 and funds shall not be disbursed if Grantee is unable to provide evidence acceptable to Authority staff ~~that the Project is on track to be open and operational on or before July 31, 2023~~. Grantee must submit all capital cost disbursement requests, including required supporting documentation, to the Authority no later than ~~December 31, 2023~~ March 31, 2026.

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. Nothing in this Resolution shall be construed to require the Authority to provide additional funding, even if more grants are approved, exceeding 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 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 Children and Youth 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 County's crisis residential treatment program for children and youth.

Section 6. This resolution expires on ~~April 30, 2024~~ June 30, 2026.

Date Approved: _____

EXHIBIT A

PROJECT DESCRIPTION

The proceeds of the grant will be used by the County of Santa Cruz (County) as follows:

Crisis Residential Treatment

The County will develop a new crisis residential treatment program with at least 16 new beds that will provide mental health services for children and youth ages 12 to 17. The County may use the grant funds, in accordance with Section 7315 of the Children and Youth Program regulations, to finance eligible costs in support of the County's crisis residential treatment program for children and youth.

Summary of Amount:

Program	Approved Grant Amount
Crisis Residential Treatment	\$ 7,597,706.36