

CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY (Authority)
Community Services Infrastructure Grant Program
Fourth Amendment to Resolution No. CSI 2020-02 (Second Funding Round)
County of Los Angeles, Department of Mental Health
September 28, 2023

PURPOSE OF THE REQUEST:

The County of Los Angeles, Department of Mental Health (County) is requesting the Authority approve a fourth 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 its milestone condition deadline of being open and operational by October 31, 2023.

The County was awarded grant funding to develop two jail diversion programs, both located at the Martin Luther King, Jr. Behavioral Health Center (MLK). One of the CSI programs, a 33-bed substance use disorder residential treatment program, began providing services on November 3, 2022. However, the County needs to re-release the service provider solicitation for the second CSI program, a 32-bed mental health rehabilitation program.

On February 15, 2023, the County released a service provider solicitation for its 32-bed mental health rehabilitation program but could not award a contract because it was directed by its Board of Supervisors to re-consider the justice involved clientele that could be served at this facility. Los Angeles County has engaged in a concerted effort to close the Men's Central Jail, and there is a board directive to find alternative facilities to treat and house the currently incarcerated individuals. The County's mental health rehabilitation program at MLK was identified as a possible alternative to incarceration for justice-involved individuals from the Men's Central Jail, who might require a higher acuity level of mental health treatment and services than originally identified in the County's service provider solicitation. As such, the County is currently developing a new service provider solicitation that includes the higher acuity level of care required and anticipates releasing the new service provider solicitation by September 29, 2023 and awarding the contract by December 31, 2023.

The County is requesting to amend its milestone condition deadline of being open and operational to October 31, 2024 and extend the grant period and resolution expiration dates to March 31, 2025. The extension will give the County sufficient time to select and contract with a 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 milestone conditions and the grant period and resolution expiration dates to give the County sufficient time to complete a flooding remediation task, install emergency egress doors, and address any unforeseen delays.

On February 23, 2023, the Authority approved a third amendment to the resolution extending the grant period and resolution expiration dates to give the County sufficient time to select and contract with a service provider and to obtain licensing and 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 October 31, 2023; and (2) the County must submit all capital cost disbursement requests, including required supporting documentation, to the Authority no later than January 31, 2024.

The County has met the milestone condition of submitting all disbursement requests and supporting documentation on June 26, 2023, prior to the January 31, 2024 milestone condition deadline.

RECOMMENDATION:

Staff recommends the Authority approve a fourth amendment to Resolution No. CSI 2020-02 to amend the milestone conditions and extend the grant period and resolution expiration dates to March 31, 2025, subject to the following amended milestone conditions:

- The County shall provide evidence acceptable to Authority staff demonstrating that the project shall be open and operational on or before October 31, 2024, and funds shall not be disbursed if the County is unable to provide evidence acceptable to Authority staff.

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

~~THIRD~~FOURTH 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 ~~June 30, 2024~~ March 31, 2025. Within this grant period, Grantee shall provide evidence acceptable to Authority staff demonstrating the Project shall be open and operational on or before ~~October 31, 2023~~ October 31, 2024, and funds shall not be disbursed if Grantee is unable to provide evidence acceptable to Authority staff. ~~Grantee must submit all capital cost disbursement requests, including required supporting documentation, to the Authority no later than 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 ~~June 30, 2024~~ March 31, 2025.

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