

**CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY (Authority)**  
**Investment in Mental Health Wellness Grant Program for Children and Youth**  
**Second Amendment and Restatement to Resolution No. CY 2022-04**  
**(Third Funding Round) and**  
**First Amendment and Restatement to Resolution No. CY 2023-05**  
**(Fifth Funding Round)**  
**County of Santa Cruz**  
**February 26, 2026**

**PURPOSE OF THE REQUEST:**

The County of Santa Cruz (County) is requesting the Authority approve a second amendment to Resolution No. CY 2022-04 and a first amendment to Resolution No. CY 2023-05 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 (CY) projects.

**ISSUE:**

The County will not be able to meet the milestone condition deadline of being open and operational by March 1, 2026.

The County completed renovations for its 16-bed crisis residential treatment (CRT) and eight-bed crisis stabilization unit (CSU) facilities in September 2025 and has submitted all disbursement documentation. However, additional time is needed for the County to obtain the Children's Crisis Residential Program (CCRP) license required for its CRT facility and Medi-Cal certification for its CSU facility. The applications for the CCRP license and Medi-Cal certification have been submitted; the CCRP license for the CRT facility is pending approval from the Department of Health Care Services and the Department of Social Services; and the Medi-Cal certification for the CSU facility is pending approval from the Department of Health Care Services.

The County has submitted an updated timeline and is requesting to amend its milestone condition deadline of being open and operational from March 1, 2026 to December 31, 2026 for both resolutions. These extensions will give the County time to obtain its CCRP license, Medi-Cal certification, and become open and operational.

On September 17, 2025, the Governor signed Senate Bill 105, which extended the CY encumbrance deadline from June 30, 2026 to June 30, 2028, which results in a June 30, 2030 disbursement deadline, allowing this extension request to be granted upon Authority approval.

**BACKGROUND:**

The County was approved by the Authority for two CY grants during two funding rounds to develop a 16-bed CRT facility and an eight-bed CSU program to provide mental health crisis services for children and youth.

1<sup>st</sup> Grant: Resolution No. CY 2022-04 (Third Funding Round):

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 CRT, 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.

On May 25, 2023, the Authority approved a first amendment to the resolution extending the grant period and resolution expiration dates from July 31, 2023 to June 30, 2026 to give the County sufficient time to complete renovations, execute the service provider contracts, obtain licensing and Medi-Cal certification, and to become open and operational 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 December 31, 2025; (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 December 31, 2025; and (3) the County must submit all capital cost disbursement requests, including required supporting documentation, to the Authority no later than March 31, 2026.

On December 18, 2025, the Executive Director approved, under delegated authority, a 60-day extension of the milestone condition deadline of being open and operational from December 31, 2025 to March 1, 2026 to give the County time to obtain its CCRP license and become open and operational.

2<sup>nd</sup> Grant: Resolution No. CY 2023-05 (Fifth Funding Round):

On December 7, 2023, the Authority approved Resolution No. CY 2023-05, authorizing a CY grant for the County in an amount not to exceed \$2,125,000.00 to develop a new eight-bed CSU program on County-owned property, to provide mental health services to approximately 1,500 children and youth ages five to 17 annually. The CSU program will provide both voluntary and non-voluntary holds assessments, psychiatric assessment and mental health care services that include clinical intervention to regulate and stabilize youth, medication assessment and administration, comprehensive care coordination, and safety planning for children and youth experiencing distress or a mental health crisis. The resolution was approved with a grant period and resolution expiration date of June 30, 2026, with the following milestones conditions: (1) the County shall provide evidence acceptable to Authority staff demonstrating that the project shall be operational on or before December 31, 2025; and funds shall not be disbursed

if the Grantee is not able to provide evidence acceptable to the Authority staff and (2) the County must submit all capital cost disbursement requests, including required supporting documentation, to the Authority no later than January 31, 2026.

On December 18, 2025, the Executive Director approved, under delegated authority, a 60-day extension of the milestone condition deadline of being open and operational from December 31, 2025 to March 1, 2026, and of submitting capital cost disbursement requests from January 31, 2026 to April 1, 2026, to give the County time to obtain Medi-Cal certification and to become open and operational.

**RECOMMENDATION:**

Staff recommends the Authority approve a second amendment and restatement to Resolution Number CY 2022-04 and a first amendment and restatement to Resolution Number CY 2023-05 to amend the milestone condition deadlines and extend the grant period and resolution expiration dates to June 30, 2027, subject to the following amended milestone condition for each grant:

The County shall provide evidence acceptable to Authority staff demonstrating the Project shall be open and operational on or before December 31, 2026, and funds shall not be disbursed if the County is unable to provide evidence acceptable to Authority staff.

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

~~**FIRST AMENDMENT TO SECOND AMENDED AND RESTATED**~~  
**RESOLUTION NO. CY 2022-04**

~~**A SECOND AMENDED AND RESTATED**~~ **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); and

WHEREAS, ~~on February 24, 2022, the 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~~ adopted Resolution No. CY 2022-04, approving a grant for the County of Santa Cruz (“Grantee”) in an amount not to exceed \$7,597,706.36 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); and

WHEREAS, on May 25, 2023, the Authority adopted Amended Resolution No. CY 2022-04, extending the Project’s grant period to June 30, 2026 and amending the milestone conditions of: (1) being open and operational to December 31, 2025; and (2) submitting disbursement documents to March 31, 2026; and

WHEREAS, on December 18, 2025, the Executive Director, acting under delegated authority pursuant to Resolution No. 2019-03, approved and executed a milestone condition extension to extend the deadline to be open and operational to March 1, 2026; and

WHEREAS, the Grantee requests an additional extension of the milestone conditions to complete the project;

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 ~~June 30, 2026~~ June 30, 2027. Within this grant period, Grantee shall provide evidence acceptable to Authority staff demonstrating the Project shall be open and operational on or before ~~December 31, 2025~~ December 31, 2026, 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 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 ~~June 30, 2026~~ June 30, 2027.

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:**

<b>Program</b>	<b>Approved Grant Amount</b>
Crisis Residential Treatment	\$ 7,597,706.36

**FIRST AMENDED AND RESTATED RESOLUTION NO. CY 2023-05**

**~~A~~FIRST AMENDED AND RESTATED 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 (Welf. & Inst. Code, § 5848.5) to implement the Investment in Mental Health Wellness Grant Program for Children and Youth (Cal. Code Regs., tit. 4 § 7313 et seq.) (“Children and Youth Program”) to award grants for capital funding and personnel funding to expand local resources for the development, capital, equipment acquisition, and applicable program startup or expansion costs to increase capacity for client assistance and services for children and youth 21 years of age and under; and

WHEREAS, The County of Santa Cruz (“Grantee”) qualifies as an eligible entity under Welfare and Institutions Code section 5848.5(f); and

WHEREAS, on December 7, 2023, the Authority~~staff reviewed the Grantee’s application against the eligibility requirements of the Children and Youth Program, and pursuant to the Children and Youth Program, recommends the approval of a grant~~ adopted Resolution No. CY 2023-05 approving a grant for the Grantee in an amount not to exceed \$2,125,000.00 of one-time capital funding for the eligible project (the “Project”), as described in the Grantee’s application; and

WHEREAS, on December 18, 2025, the Executive Director, acting under delegated authority pursuant to Resolution No. 2019-03, approved and executed milestone condition extensions to extend the deadlines of: (1) being open and operational to March 1, 2026; and (2) submitting disbursement documents to April 1, 2026; and

WHEREAS, the Grantee requests an additional extension of the milestone conditions to complete the project;

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 \$2,125,000.00 to the Grantee to complete the Project as described in the Children and Youth Program application and Exhibit A to this Resolution (Exhibit A is here by incorporated by reference), by ~~June 30, 2026~~ June 30, 2027, the end of the grant period. Within this grant period, Grantee shall provide evidence acceptable to Authority staff demonstrating the Project shall be open and operational by ~~December 31, 2025~~ December 31, 2026, and funding shall not be disbursed if the Grantee is unable to provide

evidence acceptable to Authority staff. The Grantee shall submit all capital cost disbursement requests, including required supporting documentation, to the Authority by January 31, 2026.

Section 2. For and on behalf of the Authority, the Executive Director and the Deputy Executive Director are hereby authorized and directed to do all of the following:

(a) 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 that funding not be available for any reason whatsoever.

(b) Allocate funding not to exceed those amounts approved by the Authority for the Grantee.

(c) Execute and deliver to the Grantee any and all documents necessary to complete the transfer of moneys that are consistent with the Children and Youth Program.

(d) Do any and all things and to execute and deliver any and all documents that the Executive Director, or the Deputy Executive Director, deems necessary or advisable to effectuate the purposes of this Resolution and the transactions contemplated hereby.

Section 3. All funding from this grant shall be used in support of the Grantee's crisis stabilization program for children and youth, as described in the Children and Youth Program application and Exhibit A to this Resolution.

Section 4. This Resolution shall repeal on ~~June 30, 2026~~ June 30, 2027.

Date Approved: \_\_\_\_\_

**EXHIBIT A**

**PROJECT DESCRIPTION**

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

Crisis Stabilization

The Grantee will develop a new crisis stabilization program with at least eight new beds that will provide mental health services for children and youth ages 5-17. The Grantee may use the grant funding, consistent with California Code of Regulations, title 4, section 7315 of the Children and Youth Program regulations, to finance eligible costs in support of the Grantee's crisis stabilization program for children and youth.

**Summary of Amount:**

<b>Program</b>	<b>Approved Grant Amount</b>
Crisis Stabilization – Capital Funding	\$ 2,125,000.00