

CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY (“Authority”)

Investment in Mental Health Wellness Grant Program (“IMHWGP”)

Second Amendment to Resolution Number MH 2015-05 (San Bernardino County)

February 23, 2017

PURPOSE OF THE REQUEST:

San Bernardino County (the “County”) is requesting the Authority approve a second amendment to Resolution Number MH 2015-05 (third funding round) to amend the project description to utilize grant funds towards construction only and to extend the resolution and grant period expiration date from June 30, 2017 to April 30, 2018.

BACKGROUND:

On June 25, 2015, the Authority approved a Final Allocation for a grant for the County in amount not to exceed \$3,054,094 to establish a 16-bed Crisis Residential Treatment program (“CRT”) as part of the third funding round. Grant funds were approved for the purchase of property, construction, the purchase of furnishings and equipment, and information technology (“IT”) costs.

The first amendment to the resolution was approved at the April 28, 2016 Authority meeting to extend the County’s resolution and grant period expiration date from June 30, 2016 to June 30, 2017. This 12 month extension was due to the County’s need for more time to complete its project. There were three main reasons for the project’s delay. The first reason was the December 2015 Waterman shooting incident. Second, the property the County intended to purchase and build its CRT on fell through requiring the County to identify and purchase a new piece of property. The County closed escrow on January 26, 2016. Third, the County’s Board of Supervisors (“BOS”) approvals for the procurement process took four months longer than the County had expected, resulting in a delay in the execution of the construction contract (executed on December 6, 2016).

ISSUE:

The County will be unable to have the CRT operational by the June 30, 2017 grant period and resolution expiration date. Therefore, the County is requesting an extension to April 30, 2018. The County is also requesting a change in the project description to use all grant funds for construction since the cost of construction exceeds the grant award amount. The estimated total cost of the CRT is \$6,668,300, of which construction costs are approximately 70% or \$4,598,008. The County will use other sources of funds (Mental Health Services Act “MHSA” funds and County funds) to complete the project.

Since the approval of the first amendment, the County has submitted the following documentation: detail of building plans, costs, timelines, architect contract, CEQA exemption, and evidence of property ownership.

In the executed construction contract, the contractor is obligated to complete construction of the CRT on or before December 31, 2017 and failure to meet this date will result in a \$4,000 per day penalty. The County will initiate licensure and certification upon Fire Marshall Clearance, approximately one month prior to completing the facility. The County also anticipates licensure and certification will be obtained, and the building will be fully operational by April 30, 2018.

Attachment A is a comparison of the timeline in the County's application with the current timeline that has a project completion and operational date before April 30, 2018.

RECOMMENDATION:

Staff recommends the Authority approve a second Amendment to Resolution Number MH 2015-05 to revise the project description and extend the resolution and grant period expiration date to May 31, 2018 with the following conditions:

1. The County must provide evidence acceptable to Authority staff demonstrating (a) start of construction on the CRT by March 15, 2017, and (b) the CRT shall be operational by April 30, 2018.
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 April 30, 2018.
3. The County must submit all grant disbursement requests, including required supporting documentation, to the Authority no later than April 30, 2018.

Round 3 Crisis Residential Treatment (CRT): High Desert Region

Timeline from Application

CRT Key milestones	Start	Completion
Obtain Board approval-preliminary grant submitted 9/1/15	Upon Notification of Receipt	
Project initiation/ Preliminary Design	1/7/15	4/30/15
A&E to Solicit RFP/ Award Design Contract/ Prepare Construction Doc	3/17/15	9/17/15
CEQA	4/30/15	10/30/15
Complete bid documents and any required authorization/permits	10/31/15	11/30/15
Complete purchase of site	12/1/15	3/1/16
Develop and Bid for interior furniture	3/1/16	5/1/16
Construction of CRT	4/1/16	1/31/17
CCL and other license requirements	2/7/17	4/1/17
Occupy Facility/ Move-In	4/1/17	5/30/17
Total Months		Approx. 28 Months

Current Timeline

Key milestones	Start Date	Completion Date
Obtain Board approval to submit Grant Application	3/17/2015 BOS Approval to Apply	03/25/2015 <i>Grant Application Submitted to CHFFA</i>
Project initiation/ Preliminary Design	11/03/2015 Board Executed Agreement SBRN-02	12/05/2016
A&E to Solicit RFP/ Award Design Contract	11/03/2015 Board Executed Agreement SBRN-02	11/06/2015 Contract Executed with Architect
CEQA	10/07/2015	12/01/2015 <i>Notice of Exemption Filed</i>
Complete bid documents and any required permits	n/a This was not necessary as Architect is an on-call Vendor for the County	
Develop and Bid for interior furniture	09/20/2016 Initial Meeting to Discuss Interior Design	02/15/2017 <i>Submission of Purchase Order</i>
Construction of CRT	01/03/2017 <i>Date of Notice to Proceed</i>	12/31/2017 <i>File Notice of Completion</i>
CCLD and other license requirements*	12/01/2017 Cannot submit application to CCLD until Fire Clearance obtained	02/28/2018 CCLD estimates licensing takes 90-days on average
Occupy Facility/ Move-In	12/31/2017 <i>File Notice of Partial Occupancy</i>	01/31/2018 <i>File Notice of Occupancy</i> Approx. 34 months
Contingencies		4/30/18
Total Months		Approx.37 Months

SECOND AMENDMENT TO RESOLUTION NO. MH 2015-05

**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
TO THE COUNTY OF SAN BERNARDINO**

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, the “Act”) and implementing regulations (California Code of Regulations Title 4, Division 10, Chapter 5 (commencing with Section 7113)) to award grants for capital funding and personnel funding to finance eligible projects; and

WHEREAS, Authority staff reviewed the application submitted by County of San Bernardino (“Grantee”) against the eligibility requirements of the Act and implementing regulations and, pursuant to the Act and implementing regulations, recommends approval of a grant in an amount not to exceed \$3,054,094.00 for the eligible project (the “Project”), which consists of no more than \$3,054,094.00 for crisis residential treatment capital costs;

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

Section 1. The Authority hereby approves a grant in a total amount not to exceed \$3,054,094.00 to complete 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) within a project period that ends on ~~June 30, 2017~~ May 31, 2018. Within this project period, Grantee shall provide evidence acceptable to Authority staff demonstrating of (a) start of construction on beginning for the Project (crisis residential treatment facility) that is acceptable to the Authority’s staff by March 15, 2017, and (b) that the Project shall be operational by April 30, 2018. Advancement of funds shall not be disbursed if may be given on the Grantee is unable to provide condition the evidence is acceptable to the Authority staff that the Project is on track to be operational on or before April 30, 2018. Grantee must submit a All grant disbursement requests, including and required supporting documentation, requests must be submitted to the Authority no later than March 30 April 30, 2018.

Section 2. The Executive Director is hereby authorized 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 project period completion date identified in Section 1 as authorized under the Act and implementing regulations~~. Nothing in this Resolution shall be construed to require the Authority to provide any additional funding, even if more grants are approved than there is 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 completed for any reason whatsoever.

Section 3. The Executive Director is 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 is 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 Act and implementing regulations.

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

| Section 5. This Resolution expires ~~June 30, 2017~~May 31, 2018.

Date Approved: _____

EXHIBIT A

PROJECT DESCRIPTION

The proceeds of the grant will be used by the County of San Bernardino as follows:

The County of San Bernardino (the “County”), will construct a new 16-bed Crisis Residential Treatment (“CRT”) Program to serve adults ages 18 and older in the central region of the County. The CRT Program services will be specialized to provide crisis intervention for individuals diagnosed with co-occurring substance use and mental health disorders in a safe home-like environment. The average length of stay is expected to be up to two weeks. The County estimates that the CRT Program will reduce disposition time for visits to emergency rooms and psychiatric inpatient utilization rates, as well as reduce law enforcement involvement on mental health crisis calls. Grant funds will be used for the ~~purchase of real property, construction of a new building, the purchase of furnishings and equipment, and for information technology costs.~~

Summary of Amounts:

Program	Approved Grant Amount
Crisis Residential Treatment	\$ 3,054,094.00