

**CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY (“Authority”)**

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

**Fifth Amendment to Resolution Number MH 2014-09 (1<sup>st</sup> Funding Round)**

**Reinstatement of Resolution Number MH 2014-24 (2<sup>nd</sup> Funding Round)**

**(County of Merced)**

**August 24, 2017**

**PURPOSE OF THE REQUEST:**

County of Merced (the “County”) is requesting the Authority approve an amendment to Resolution Number MH 2014-09 to amend its project description to allow the County to select a new service provider for its Crisis Residential Treatment (“CRT”) and extend the grant period and resolution expiration date from December 31, 2017 to December 31, 2018. Subject to approval of Merced’s request, Authority staff recommends the reinstatement of Resolution Number MH 2014-24, under which second funding round grant funds have been fully disbursed, to match the grant period and resolution expiration date and terms and conditions set forth in Resolution Number MH 2014-09.

**BACKGROUND:**

On April 24, 2014, the Authority approved Resolution No. MH 2014-09 to award \$2,010,627 to the County to construct its CRT program. The CRT program was expected to be a five-county regional collaborative effort that would create 12 new crisis residential beds. The five counties are Merced (serving as lead grantee), Calaveras, Madera, Mariposa and Tuolumne. The County subsequently applied for additional funding in the second funding round to increase the number of beds from 12 to 16 and add Stanislaus County to the collaboration; and the Authority approved Resolution No. MH 2014-24 for an additional grant amount of \$1,536,372 on December 4, 2014. The County’s first funding round project description was also amended to reflect the increase in bed capacity and Stanislaus County’s collaboration.

The initial CRT project became part of a much larger project that will consolidate a variety of programs and administrative functions of the Department of Behavioral Health and Recovery Services at one location. The overall project has been vetted through the Merced County Behavioral Health Advisory Board, and received an approval from the Merced Board of Supervisors and the Mental Health Services Act Planning Council.

On June 1, 2015, the County’s Board of Supervisors gave an approval to the Department of Behavioral Health and Recovery Services to proceed with the project to remodel the approximate 84,000 square feet vacant two and three story sections of the former Merced County Hospital. The overall project has an estimated cost of \$27.36 million. The CRT program covers approximately 9,000 square feet and has an estimated cost of approximately \$3.2 million.

**ISSUE:**

*Fifth Amendment to Resolution No. MH 2014-09*

The County is requesting an extension to grant period and resolution expiration date due to delays in construction. Construction began in July 2016 and encountered delays caused by unexpected construction challenges and weather. The excessive rainy season from December 2016 to February 2017 caused tremendous delay for the project. Currently, the County estimates the construction project is 70% complete and expects construction to be completed in May 2018. The County plans to enter into a multi-agency agreement with the five other counties, which is a complicated negotiation process involving different Board of Supervisors review and approval. Therefore, the County is requesting an extension of its resolution and grant period expiration date for additional time to complete construction.

Also, the County is requesting an amendment to its project description to allow the County to select a new service provider for its CRT. The original proposal in the County’s application was to use Turning Point Community Program (“Turning Point”) as a service provider for a one-year term. The County later decided to issue a Request for Proposal (“RFP”) instead of contracting with Turning Point to provide the services for a one-year term. Through the new RFP process, the County will select a service provider and will enter into a five-year term service agreement. The RFP is expected to be advertised in September 2017 to give the County ample time to select and engage a service provider and ensure it can begin employment and training shortly after the construction completion date. The new service agreement is expected to be executed in February 2018. Since the licensing and certification process may take up to three months, the County will work closely with the new service provider as soon as the service contract is executed. The County expects the program to be operational in September 2018.

*Reinstatement of Resolution No. MH 2014-24*

The IMHWGP regulations require grant funds to be disbursed, projects to become operational, and expenses paid for with grant funds to be incurred during the grant period and before the expiration of the resolution. In order to comply with the IMHWGP regulations and properly close out the grants, the expired resolution for the County should be reinstated and the grant period and resolution expiration dates extended. The 2<sup>nd</sup> funding round grant award was fully disbursed as an advance prior to the expiration of the resolution and grant period, but the project incurred expenses after the resolution and grant period expired. Therefore, Authority staff recommends reinstatement of Resolution Number MH 2014-24 to align the grant period and resolution expiration date and terms and conditions set forth in Resolution Number MH 2014-09.

**RECOMMENDATION:**

Staff recommends the Authority approve the amendment to Resolution Number MH 2014-09 to amend the project description and extend the grant period and resolution expiration date from December 31, 2017 to December 31, 2018, and approve the reinstatement of Resolution Number MH 2014-24 to align the grant period and resolution expiration date and terms and conditions set forth in Resolution Number MH 2014-09 subject to the following additional conditions:

1. The County must provide evidence acceptable to Authority staff demonstrating (a) completion of construction of the CRT by May 31, 2018, and (b) the CRT shall be operational by September 30, 2018.
2. Funds shall not be disbursed if the County is unable to provide evidence acceptable to Authority staff that the CRT project is on track to be operational on or before September 30, 2018.
3. The County must submit all grant disbursement requests, including required supporting documentation, to the Authority no later than November 30, 2018.

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

~~FOURTH~~FIFTH AMENDMENT TO RESOLUTION NO. MH 2014-09

**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 MERCED**

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, “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 Merced (“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 \$2,010,627.00 for the eligible project (the “Project”), which consists of no more than \$2,010,627.00 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 \$2,010,627.00 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 ~~December 21, 2017~~ December 31, 2018. Within this project period, Grantee shall provide evidence acceptable to Authority staff demonstrating (a) completion of construction of the Project by May 31, 2018, and (b) the Project shall be operational by September 30, 2018. 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 September 30, 2018. Grantee must submit all disbursement requests, including required supporting documentation, to the Authority no later than November 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 ~~December 31, 2017~~ December 31, 2018.

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

**EXHIBIT A**

**PROJECT DESCRIPTION**

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

The proposed project is a planned regional 6 county collaborative effort. As the largest and most accessible of the six counties, Merced, the lead applicant, will construct a 16-bed Crisis Residential unit that will provide an alternative to hospitalization. ~~Turning Point Community Programs, a non-profit partner, will operate this program.~~ Funds will be used to renovate a building, furnish and equip it and pay for three months of start-up costs. In addition, information technology costs and five vehicles are being funded to facilitate the connection between the Crisis Residential facility located in Merced and the five other collaborating counties.

**Summary of Amount:**

<b>Program</b>	<b>Approved Grant Amount</b>
Crisis Residential	\$ 2,010,627.00



**REINSTATEMENT OF RESOLUTION NO. MH 2014-24**

**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 MERCED**

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 Merced (“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 \$1,536,372.00 for the eligible project (the “Project”), which consists of no more than \$1,536,372.00 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 \$1,536,372.00 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 ~~March 31, 2016~~ December 31, 2018. Within this project period, Grantee shall provide evidence acceptable to Authority staff demonstrating (a) completion of construction of the Project by May 31, 2018 and (b) the Project shall be operational by September 30, 2018. 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 September 30, 2018. Grantee must submit all disbursement requests, including required supporting documentation, to the Authority no later than November 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 ~~March 31, 2016~~ December 31, 2018.

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

## EXHIBIT A

### PROJECT DESCRIPTION

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

The County of Merced (the “County”) will expand upon a Crisis Residential Treatment (“CRT”) Program that was previously approved for a Grant in the first funding round. The expansion will increase capacity from 12 beds to 16 beds and add Stanislaus County to the regional collaborative effort. The CRT Program builds on each county’s strengths while increasing access and capacity for mental health services within the continuum of care. As the largest and most accessible of the six counties, Merced, as the lead applicant, will construct a 16-bed CRT unit that will provide an alternative to hospitalization. Currently, there are no CRT facilities in any of the six counties. ~~Turning Point Community Programs, a non-profit partner with a long demonstrated history of providing crisis residential services in Sacramento County, will operate this CRT Program.~~ The counties anticipate a 20% decrease in the number of hospitalizations within one year of the CRT Program implementation, ~~and services are expected to commence on October 1, 2015.~~ Grant funds will be used to renovate, furnish, and equip a building and finance three months of start-up costs. In addition, information technology costs and a vehicle are being funded to facilitate the connection between the CRT Program facility located in Merced County and the five other counties. The recommended amount is less than the amount requested because the applicant’s construction costs decreased since the application was submitted on September 15, 2014.

#### Summary of Amount:

Program	Approved Grant Amount
Crisis Residential Treatment	\$ 1,536,372.00