

California Health Facilities Financing Authority (“Authority”)
Investment in Mental Health Wellness Grant Program (“IMHWGP”) – 5th Round
Amendment to Resolution No. MH 2016-07
County of Orange
December 7, 2017

PURPOSE OF THE REQUEST:

The County of Orange (the “County”) is requesting the Authority approve an amendment to Resolution Number MH 2016-07 to extend the grant period and resolution expiration to December 31, 2021 and to amend the project description to allow the County flexibility to use grant funds for one or more project sites.

BACKGROUND:

On May 26, 2016, the Authority approved a grant in the fifth funding round for the County in an amount not to exceed \$3,076,811.00 for a single new 16-bed Crisis Stabilization Unit Program (“CSU” or “Program”). In its application, the County stated its intent to contract with a service provider to operate the Program at a project site affiliated with, but not located within a hospital, and to use grant funds for construction or renovation, furnishings and equipment, information technology costs, and for three months of program startup.

ISSUES:

The County has since made progress on two separate projects, but due to delays the County will need additional time to complete site acquisition and construction and begin providing services.

Exodus Project

In the time since the grant was first approved, the County completed a request for proposal process and executed a contract with a service provider, Exodus Recovery Inc., (“Exodus”) to operate a new 16-bed CSU. The County has also received support from Providence Saint Joseph Health in the form of financial and other contributions to offset the costs of renovating and equipping the proposed facility.

Unfortunately, the County and Exodus have struggled to locate and secure a site for the proposed facility. Exodus and the County have looked at properties in various locations throughout the area. The first property under consideration, located in the city of Garden Grove, fell through when the property owner chose to lease to another tenant. A second suitable property was identified in the city of Tustin; it fell through after Exodus and the County were unable to secure a local use permit from the city planning commission in the midst of opposition to the location from neighbors and the local community. Exodus and the County continue to actively search for properties and are proceeding with several different options.

The County has learned from the previous challenges and has focused the site search on commercial properties with high privacy and low visibility from the street, which share minimal to no borders with residential properties, and which will not require a conditional use permit. Additionally, the County will reach out to city officials such as the Mayor, City Manager, City Council and/or the Chief of Police much earlier in the process and will also emphasize the role of Providence Saint Joseph Health, which is well regarded within the community, in the project.

County-Operated CSU Renovation

The County is also embarking on a renovation project to add an additional five beds to a CSU, which it currently operates at a leased facility in the city of Santa Ana. Construction permits for the renovation have been procured and construction at the site began in June 2017. The renovations include internal layout changes and enhancements which are expected to allow the facility to serve additional patients without increasing the size of the building. As the existing CSU must continue to operate throughout the construction process, the renovations will be done in phases. The County expects the project to be fully complete and operational by fall of 2018.

RECOMMENDATION:

Staff recommends the Authority approve an Amendment to Resolution Number MH 2016-07 to allow the County to use grant funds for one or more project sites and to extend the resolution and grant period expiration date to December 31, 2021 with the condition that the County shall meet the following milestone deadlines:

1. The County must provide evidence acceptable to Authority staff demonstrating (a) acquisition of a project site(s) by June 30, 2019, (b) start of construction by June 30, 2020, and (c) the CSU program(s) shall be operational by June 30, 2021.
2. Funds shall not be disbursed if the County is unable to provide evidence acceptable to Authority staff that the CSU program(s) are on track to be operational on or before June 30, 2021.
3. The County must submit all grant disbursement requests for the CSU program(s), including required supporting documentation, to the Authority no later than October 31, 2021.

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

AMENDMENT TO RESOLUTION NO. MH 2016-07

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 ORANGE

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 Orange (“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 \$3,076,811.00 for the eligible project (the “Project”), which consists of no more than \$3,076,811.00 for crisis stabilization 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 \$3,076,811.00 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 31, 2017~~ December 31, 2021. Within this project period, Grantee shall provide evidence acceptable to Authority staff demonstrating (a) acquisition of a Project site by June 30, 2019, (b) start of construction by June 30, 2020, and (c) the Project shall be operational by June 30, 2021. 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 June 30, 2021. Grantee must submit all disbursement requests, including required supporting documentation, to the Authority no later than October 31, 2021.

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, 2021.

Date Approved: _____

EXHIBIT A

PROJECT DESCRIPTION

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

Crisis Stabilization Program

The County of Orange (the “County”) will develop a ~~new 16 bed~~ Crisis Stabilization (“CS”) Program or Programs with a total of at least 16 new beds. The CS Program(s) ~~will~~ may be ~~hospital-based and~~ affiliated with a hospital to provide timely medical services and divert consumers from the emergency departments. The ~~p~~Program(s) will be in a less restrictive and less institutional setting not inside a hospital. The County expects to provide services to approximately an additional 5,450 annual admissions while providing psychiatric and crisis intervention services and intake and assessment capacity 24 hours a day. Grant funds ~~will~~ may be used for construction or renovation costs, the purchase of furnishings and equipment, information technology costs, and for three months of program startup or expansion costs.

Summary of Amounts:

Program	Approved Grant Amount
Crisis Stabilization	\$ 3,076,811.00