

CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY (“Authority”)

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

First Amendment to Resolution Number MH 2015-09 (San Bernardino County)

February 23, 2017

PURPOSE OF THE REQUEST:

San Bernardino County (the “County”) is requesting the Authority approve an amendment to Resolution Number MH 2015-09 (fourth funding round) to extend the resolution and grant period expiration date from June 30, 2017 to May 31, 2018.

BACKGROUND:

On December 3, 2015, the Authority approved a Final Allocation for a grant for the County in amount not to exceed \$7,586,185 to establish a 16-bed Crisis Residential Treatment program (“CRT”) in the West Valley Region and a 20-bed Crisis Stabilization program (“CSU”) in the East Valley Region as part of the fourth funding round. The total cost of the CRT and CSU projects is approximately \$13,420,000. The County will use other sources of funds (Mental Health Services Act “MHSA” funds and County funds) to complete both projects.

At its February 14, 2017 meeting, the County’s Board of Supervisors approved the award of construction contracts for both the CRT and CSU. The County has submitted the following documentation to the Authority: detail of building plans, costs, timelines, architect contracts, CEQA exemptions, and evidence of property ownership.

In the construction contracts, the construction contractors are contractually obligated to complete construction of the CRT and CSU on or December 31, 2017; and a \$4,000 per day penalty will be imposed on the each contractor that fails to meet this date. The County will initiate licensure and certification upon Fire Marshall Clearance, approximately one month prior to completing the facilities. The County anticipates any licensure and certification required for the CRT and CSU will be obtained and both facilities will be fully operational on or before May 31, 2018.

ISSUE:

The County will be unable to have the CRT and CSU operational by the June 30, 2017 grant period and resolution expiration date due to a delay. Therefore, the County is requesting an extension from June 30, 2017 to May 31, 2018.

The primary reasons for the delay are the December 2015 Waterman Terrorist incident and a design delay due to an error on the Assessor’s Parcel Map, which indicated the parcel, purchased by the County for the CRT, was larger than initially reported. The design of the project had to be modified to account for the actual parcel size that was smaller than the reported parcel size.

The County does not want to proceed with the CRT and CSU projects unless the current grant period and resolution expiration date is extended due to the financial risk the County will encounter if the County were to proceed with the project but loses the grant award because the projects are not operational before the resolution and grant period expiration dates. After the construction contracts are executed, the next step is to issue a Notice to Proceed to each construction contractor. If the County cancels a construction contract prior to issuance of the Notice to Proceed, the County is only obligated to pay approximately \$100,000 to the construction contractor. If the County cancels a construction contract after issuance of the Notice to Proceed, the County is obligated to pay 20%-30% of the total contract amount, approximately \$2.5 million, to the construction contractor.

The County needs to complete construction, licensure and certification, and become operational by May 31, 2018 for both the CRT and CSU.

Attachment A and B are comparisons of the timelines in the County's application with the current timeline that has a project completion and operational date before May 31, 2018.

RECOMMENDATION:

Staff recommends the Authority approve an Amendment to Resolution Number MH 2015-09 to 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 and CSU by March 15, 2017, and (b) the CRT and CSU shall be operational by May 31, 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 May 31, 2018.
3. The County must submit all grant disbursement requests, including required supporting documentation, to the Authority no later than April 30, 2018.

Round 4 Crisis Residential Treatment: West Valley Region

Timeline from Application

CRT Key milestones	Start	Date	Completion	Date
Obtain Board approval-preliminary grant submitted 9/1/15	Upon Notification of Receipt			
Project initiation/Preliminary Design	7/1/15	7/1/15	3 months	10/1/15
A&E to Solicit RFP/Award Design Contract/ Prepare Construction Doc	1 months	8/1/15	6 months	1/1/16
CEQA	1 months	8/1/15	2 months	9/1/15
Complete bid documents and any required authorization/permits	3 months	10/1/15	6 months	1/1/16
Develop and Bid for interior furniture	6 months	1/1/16	9 months	4/1/16
Construction of CRT	8 months	3/1/16	20 months	3/1/17
CCL and other license requirements	19 months	2/1/17	20 months	3/1/17
Occupy Facility/ Move-In	20 months	3/1/17	22 months	5/1/17
Total Months			22 months	5/1/17

Current Timeline

Key milestones	Start Date	Completion Date
Obtain Board approval to submit Grant Application	09/01/2015 BOS Approval to Apply	09/14/2015 <i>Grant Application Submitted to CHFFA</i>
Project initiation/Preliminary Design	04/05/2016 <i>Board Executed Agreement SBRN-03</i>	12/20/2016 Final drawings submitted to BOS for Approval
A&E to Solicit RFP/Award Design Contract	04/05/2016 <i>Board Executed Agreement SBRN-03</i>	06/30/2016 Contract Executed with Architect
CEQA	03/10/2016 <i>Notice of Exemption</i>	05/24/2016 <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	12/21/2016 Initial Meeting to Discuss Interior Design	06/15/2017 <i>Submission of Purchase Order</i>
Construction of CRT	03/13/2017 <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 Approx. 31 months</i>
Contingencies		5/31/18
Total Months		32 Months

Round 4 Crisis Stabilization Unit: East Valley Region

Timeline from Application

CSU Key milestones	Start	Date	Completion	Date
Obtain Board approval- preliminary grant submitted 9/1/15	Upon Notification of Receipt			
Project initiation/ Preliminary Design	7/1/15	7/1/15	3 months	10/1/15
A&E to Solicit RFP/ Award Design Contract/ Prepare Construction Doc	1 month	8/1/15	6 months	1/1/16
Complete bid documents and any required authorization/permits	2 months	9/1/15	4 months	1/1/16
Develop and Bid for interior furniture	4 months	11/1/15	6 months	4/1/16
Construction of CSU	6 months	1/1/16	18 months	1/1/17
Occupy Facility/ Move-In	18 months	1/1/17	20 months	3/1/17
Total Months			20 months	3/1/17

Current Timeline

Key milestones	Start Date	Completion Date
Obtain Board approval to submit Grant Application	09/01/2015 BOS Approval to Apply	09/14/2015 <i>Grant Application Submitted to CHFFA</i>
Project initiation/ Preliminary Design	04/05/2016 <i>Board Executed Agreement SBRN-03</i>	12/20/2016 Final drawings submitted to BOS for Approval
A&E to Solicit RFP/ Award Design Contract	04/05/2016 <i>Board Executed Agreement SBRN-03</i>	06/30/2016 Contract Executed with Architect
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	12/21/2016 Initial Meeting to Discuss Interior Design	06/15/2017 Submission of <i>Purchase Order</i>
Construction of CSU	03/13/2017 <i>Date of Notice to Proceed</i>	12/31/2017 <i>File Notice of Completion</i>
Occupy Facility/ Move-In	12/31/2017 <i>File Notice of Partial Occupancy</i>	01/31/2018 <i>File Notice of Occupancy</i>
Contingencies		5/31/18
Total Months		32 Months

FIRST ADMENDMENT TO RESOLUTION NO. MH 2015-09

**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 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 \$7,586,185.00 for the eligible project (the “Project”), which consists of no more than \$4,886,185.00 for crisis residential treatment capital costs and no more than \$2,700,000.00 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 \$7,586,185.00 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 (a) start of construction on the Project (crisis residential treatment facility) by March 15, 2017, and (b) the Project shall be operational by May 31, 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 May 31, 2018. Grantee must submit all disbursement requests, including required supporting documentation, to the Authority no later than 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:

Crisis Residential Treatment Program

The County of San Bernardino (the “County”) plans to develop a new 16-bed Crisis Residential Treatment (“CRT”) Program to serve diverse County residents ages 18 and older in the West Valley region of the County. The CRT Program will provide recovery-based crisis services for individuals diagnosed with co-occurring substance use and mental health disorders in a safe home-like environment. The County anticipates that the CRT program will improve access and quality of care for mental health crisis services, reduce recidivism, and mitigate the burden on hospital and law enforcement resources. Grant funds will be used for the purchase of real property, construction or renovation, purchase of furnishings and equipment, and for information technology costs.

Crisis Stabilization Program

The County plans to develop a new 20-bed Crisis Stabilization Unit (“CSU”) Program to serve diverse County residents of all age groups in the East Valley region of the County. The voluntary CSU will designate 16 beds for adults and 4 beds for adolescents. The CSU Program will provide a community-based alternative destination from psychiatric inpatient hospitalization for emergency responders, law enforcement, hospital medical departments, and consumers. Grant funds will be used for construction or renovation, purchase of furnishings and equipment, and for information technology costs.

Summary of Amounts:

Program	Approved Grant Amount
Crisis Residential Treatment	\$ 4,886,185.00
Crisis Stabilization	\$ 2,700,000.00
Total	\$ <u>7,586,185.00</u>