

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

**Investment in Mental Health Wellness Grant Program (“IMHWGP”) – 3<sup>rd</sup> Round**

**Second Amendment to Resolution Number MH 2015-03 (Mendocino County)**

**March 23, 2017**

**PURPOSE OF THE REQUEST:**

Mendocino County (the “County”) is requesting the Authority approve a second amendment to Resolution Number MH 2015-03, awarded in the third funding round, to extend the resolution and grant period expiration date from June 30, 2017 to May 31, 2018 and revise its project description to allow its non-profit service provider, Redwood Community Services (“RCS”), to purchase property using grant funds.

**BACKGROUND:**

On June 25, 2015, the Authority approved a grant for the County in an amount not to exceed \$500,000 to implement a 10-bed Crisis Residential Treatment Program (“CRT”). The County planned to purchase and renovate real property, purchase furnishings, equipment, information technology, and to finance three months of start-up costs.

Since the approval, the County has encountered a number of setbacks such as (1) staff turnover at the County causing delay in the grant agreement execution, (2) the original contractor and service provider both pulled out right after the County was awarded the grant by the Authority, and (3) properties that had been identified fell through due to costly repairs/renovations and are no longer available for purchase.

On April 28, 2016, the Authority approved an amendment to extend the resolution and grant period expiration date from June 30, 2016 to June 30, 2017 as a result of the issues mentioned above to ensure the County would be able to complete its project and request disbursement of all grant funds.

**ISSUE:**

The County has been unable to get a timely approval from the Board of Supervisors to purchase property causing prospective properties to continue to fall through. Therefore, the County has decided it would be a better option for the non-profit service provider to purchase the property. The County is requesting an amendment to its project description to allow its non-profit service provider, RCS, to purchase property using grant funds and to hold title to the property for the CRT. The proposed change would be beneficial as the County would avoid the timely process of gaining Board of Supervisors’ approval to submit a purchase offer and run the risk of losing the property. RCS’ board approval process is much quicker than the County’s process, and the faster process would allow the County and RCS to move the CRT forward without further delays. RCS will be required to execute a Grant Agreement and enter into a lease agreement with the County, which must contain the provisions required under the Program regulations (e.g. term of the lease shall be at least as long as the useful life of the project, sale of the property

shall be subject to the lease agreement, the property shall be used only for the CRT, etc.) to help ensure the grant funds will be solely used for the CRT as outlined in the Grant Agreement. The County believes a one year extension to its grant period and resolution expiration date will ensure ample time to execute the new grant agreement, purchase property, finish construction/renovations, complete the project and become operational before the expiration.

The requested changes to Resolution Number MH 2015-03 are attached as Exhibit A in track changes.

**RECOMMENDATION:**

Staff recommends the Authority approve the Second Amendment to Resolution Number MH 2015-03 to extend the grant period and resolution expiration date to May 31, 2018 and to revise the project description to allow the County's designated non-profit organization, Redwood Community Services, to purchase and renovate real property with the conditions that the County must meet the following three milestone deadlines:

1. The County shall provide evidence of being in escrow to Authority staff by August 31, 2017.
2. The County may receive advancement of funds if the County submits evidence acceptable to Authority staff that the CRT is on track to be operational on or before May 31, 2018, as well as meet other disbursement requirements under Program regulations.
3. All grant disbursement requests and required supporting documentation must be submitted to the Authority no later than April 30, 2018.

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

**SECOND AMENDMENT TO RESOLUTION NO. MH 2015-03**

**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 MENDOCINO**

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 Mendocino (“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 \$500,000.00 for the eligible project (the “Project”), which consists of no more than \$500,000.00 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 \$500,000.00 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, 2016~~ May 31, 2018. Within this project period, Grantee shall provide evidence of being in escrow to Authority staff by August 31, 2017. Grantee may receive advancement of funds if Grantee submits evidence acceptable to Authority staff that the CRT is on track to be operational on or before May 31, 2018, as well as meet other disbursement requirements under Program regulations. All grant disbursement requests and required documentation must be submitted 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, 2016~~May 31, 2018.

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

**EXHIBIT A**

**PROJECT DESCRIPTION**

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

The County of Mendocino (the “County”) will implement 10-bed Crisis Residential Treatment (“CRT”) Program. The CRT Program will provide a clinically effective and cost-efficient alternative to psychiatric hospitalization for individuals ages 18 and over experiencing a mental health crisis. The County currently does not have a crisis residential facility. [Redwood Community Services \(“RCS”\), a private nonprofit corporation, was awarded the County contract to provide CRT program services as well as locate and secure a property as the County’s designated grantee.](#) It is anticipated that the CRT Program will serve 800 individuals annually. The County expects to begin providing CRT services within one year following Final Allocation. Grant funds will be used to purchase real property, renovate real property, purchase furnishings, equipment, and information technology, and to finance three months of start-up costs.

**Summary of Amounts:**

| <b>Program</b>               | <b>Approved Grant Amount</b> |
|------------------------------|------------------------------|
| Crisis Residential Treatment | \$ 500,000.00                |