

CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY (“Authority”)

Investment in Mental Health Wellness Grant Program - 3rd Round

Third Amendment to Resolution Number MH 2015-01 (Kings County)

July 27, 2017

PURPOSE OF THE REQUEST:

Kings County (the “County”) is requesting the Authority approve an amendment to Resolution Number MH 2015-01 to revise the project description to allow the County the option to designate its nonprofit service provider to purchase and renovate property and extend the resolution and grant period expiration date from December 31, 2017 to June 30, 2019.

BACKGROUND:

On June 25, 2015, the Authority approved a Final Allocation to the County in amount not to exceed \$995,903.84 to establish an 8-bed Crisis Residential Treatment program (“CRT”).

The County had faced several project delays due to a limited inventory of homes available to support an 8-bed facility with the appropriate sewage capacity in compliance with the County’s strict water supply regulations. The County Board of Supervisors had also raised Not in My Backyard (“NIMBY”) concerns regarding the location of the CRT facility because residents in certain districts would be resistant to having a CRT facility in their neighborhoods. A second amendment to the resolution was approved at the November 10, 2016 Authority meeting to extend the County’s resolution expiration date from December 31, 2016 to December 31, 2017, with the condition that the County must meet two milestone deadlines: (1) the County shall be in escrow by June 1, 2017 to purchase real property, and (2) the County’s 8-bed CRT facility shall be operational by December 1, 2017. The milestone deadlines were based on the Investment in Mental Health Wellness Grant Program ending June 30, 2018, to give the County an adequate amount of time to successfully complete its project and establish the first in-county crisis facility.

ISSUE:

On April 3, 2017, the County entered into escrow to purchase a 2,685 square foot house with 4 bedrooms and 3 baths in the city of Hanford. The County had completed a property appraisal and all home inspections. On May 2, 2017, the County submitted a cancellation of escrow due to NIMBY concerns. The County did not have adequate time to identify and enter into escrow on another property prior to its first milestone deadline; therefore, the County did not meet its June 1st milestone deadline.

The County has continued to actively work with its real estate agent, the County Planning Department, and its service provider to identify properties. The County has expanded its search to commercially zoned properties and is considering designating its nonprofit service provider to purchase and renovate real property to increase buying options and decrease the likelihood of NIMBY concerns. The County believes its designated nonprofit service provider, STARS Behavioral Health Group (“STARS”), with its vast experience as a

behavioral health provider throughout the State of California, has the experience necessary to identify property and address NIMBY concerns. STARS would also be able to close escrow in a much faster amount of time due to a speedier a board approval process than the County's.

The 2017-18 state budget included an extension of the Investment in Mental Health Wellness Grant Program until December 31, 2021. With additional time now available to disburse grant funds, the County would like to take this opportunity to re-evaluate its timeline and request an extension from December 31, 2017 to June 30, 2019. The extension would provide the County with additional time to purchase and renovate real property, and incur startup expenses. The County is also requesting an amendment to its project description to include the option of designating its nonprofit service provider to purchase and renovate real property.

RECOMMENDATION:

Staff recommends the Authority approve a third Amendment to Resolution Number MH 2015-01 to (1) amend the County's project description to allow the County the option to designate its nonprofit service provider to purchase and renovate real property, and (2) to extend the resolution and grant period expiration date to June 30, 2019 with the condition that the County must meet the following milestone deadlines:

1. The County shall be in escrow by July 1, 2018 to purchase real property;
2. The County's 8-bed CRT facility shall be operational by June 1, 2019; and
3. The County must submit all grant disbursement requests, including required supporting documentation, to the Authority no later than May 30, 2019.

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

THIRD AMENDMENT TO RESOLUTION NO. MH 2015-01

**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 KINGS**

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 Kings (“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 \$995,903.84 for the eligible project (the “Project”), which consists of no more than \$995,903.84 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 \$995,903.84 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~~ June 30, 2019. Within this project period, Grantee shall be in escrow by ~~June 1, 2017~~ July 1, 2018 to purchase real property, ~~and~~ the Project shall be operational by ~~December 1, 2017~~ June 1, 2019, and the County must submit all grant disbursement requests, including required supporting documentation, to the Authority no later than May 30, 2019.

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~~ June 30, 2019.

Date Approved: _____

EXHIBIT A

PROJECT DESCRIPTION

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

The County of Kings (the “County”) will establish its first Crisis Residential Treatment (“CRT”) Program to provide services to adults ages 18 to 59, who are experiencing a psychiatric crisis including those with co-occurring substance use. The CRT Program will expand the County’s capacity by adding 8 new beds, which will enhance the current continuum of care that heavily relies on law enforcement, hospital emergency departments and out-of-county placements. The proposed CRT Program will provide a supportive, recovery-oriented, voluntary intervention in a home-like environment. Grant funds will be used to purchase real property, construct, purchase furnishings and equipment, for information technology costs, and to finance three months of start-up costs. [The County has the option to designate its nonprofit service provider to purchase and renovate real property as designated grantee.](#) Staff has evaluated the plan and determined it is likely both feasible and sustainable.

Summary of Amounts:

Program	Approved Grant Amount
Crisis Residential Treatment	\$ 995,903.84