



**BOARD OF SUPERVISORS  
AGENDA LETTER**

**Agenda Number:**

**Clerk of the Board of Supervisors**  
105 E. Anapamu Street, Suite 407  
Santa Barbara, CA 93101  
(805) 568-2240

**Submitted on:**  
**(COB Stamp)**

**Department Name:** Behavioral Wellness  
**Department No.:** 043  
**Agenda Date:** February 4, 2025  
**Placement:** Administrative  
**Estimated Time:** N/A  
**Continued Item:** No  
**If Yes, date from:**  
**Vote Required:** 4/5

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**TO:** Board of Supervisors  
**FROM:** Department Director(s): Antonette Navarro, LMFT, Director, Department of Behavioral Wellness, 805-681-5200  
Contact Info: Laura Zeitz, RN, Assistant Director and Division Chief of Housing Placement/ Psychiatric Health Facility, Department of Behavioral Wellness, 805-681-5220  
**SUBJECT:** **Resolution Authorizing Application for and Acceptance of California Department of Social Services (CDSS) Community Care Expansion Program (CCE) Capital Expansion Grant Funds and Horne LLP CCE Program Funding Agreement for Tecolote House Renovations in the Second District**

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**County Counsel Concurrence**

As to form: Yes

**Other Concurrence: Risk Management**

As to form: Yes

**Auditor-Controller Concurrence**

As to form: Yes

**Other Concurrence: General Services**

As to form: Yes

**Recommended Actions:**

That the Board of Supervisors:

- a) Adopt a Resolution that:
  - i) Authorizes, ratifies, and directs the County’s submission of an application for California Department of Social Services (CDSS) Community Care Expansion Program (CCE) Capital Expansion grant funds in a total amount not to exceed \$1,043,433 for the renovation of real property located at 310 Camino del Remedio in the City of Santa Barbara, APN 059-140-029, in the Second District; and
  - ii) Authorizes, ratifies, and directs the Department of Behavioral Wellness or designee to execute on behalf of the County the application, program funding agreement, and any and all other documents required or deemed necessary to secure CCE grant funds and participate in the CCE Program;
- b) Approve and authorize the Director of the Department of Behavioral Wellness or designee to execute on behalf of the County a **Program Funding Agreement** (CCE-2378566416-051) with Horne LLP (Horne) for California Department of Social Services Community Care Expansion Program Capital Expansion grant funds for Tecolote House project renovations, located at 310 Camino del Remedio, Santa Barbara, APN 059-140-029, in the Second District in an amount not to exceed **\$1,043,433** from the conditional grant agreement effective date through June 30, 2029;

- c) Approve and authorize the Director of the Department of Behavioral Wellness or designee the authority to execute and record on behalf of the County a Declaration of Restrictions limiting the County's use of its real property located at 310 Camino del Remedio, Santa Barbara, APN 059-140-029, in the Second District to the restricted uses set forth in Exhibit B of the Declaration of Restrictions for a period of 20 years, as well as execute and record on behalf of the County a Performance Deed of Trust encumbering County's fee title interest in the aforementioned property as security for the County's performance under the Community Care Expansion Program Funding Agreement (CCE-2378566416-051) and the related Declaration of Restrictions for the benefit of the Department of Social Services and lasting until the discharge of all County obligations to the Department of Social Services under the Performance Deed of Trust;
- d) Approve and authorize the Director of the Department of Behavioral Wellness or designee the authority to execute any amendments to the Program Funding Agreement (CCE-2378566416-051) and any and all other documents required or deemed necessary to secure Community Care Expansion Program grant funds and participate in the program without having to return to the Board for approval, subject to the Board's authority to rescind this delegated authority at any time;
- e) Direct the Director of the Department of Behavioral Wellness or designee to obtain concurrence from Risk Management, Auditor-Controller, General Services, and County Counsel before exercising the delegated authority under Recommended Actions a through d;
- f) Approve Budget Revision Request No. BJE-0010039, increasing appropriations of \$598,700 in the Behavioral Wellness Mental Health Services Act Fund for Other Financial Uses funded by unanticipated revenue from the Community Care Expansion Grant and Changes to Restricted, funded by the sale of property, and increasing appropriations of \$598,700 in the General Services Capital Outlay Fund for Capital Assets, funded by an increase in operating transfers-in; and
- g) Determine that the above-recommended actions are not a project that is subject to environmental review under the California Environmental Quality Act (CEQA), pursuant to CEQA Guidelines section 15378(b)(4), finding that the actions are governmental funding mechanisms and/or fiscal activities that will not result in direct or indirect physical changes in the environment.

**Summary Text:**

The Department of Behavioral Wellness (BWell) has been awarded a \$1,043,433 Community Care Expansion (CCE) grant through the California Department of Social Service (CDSS), managed by Horne LLP (Horne). In order to accept such grant, CDSS and Horne require that BWell now enter into a Program Funding Agreement. BWell will utilize the grant funding to assist with the renovation of the county-owned property at 310 Camino del Remedio, Santa Barbara, CA (known as Tecolote House) to be used as an Adult Residential Facility (ARF) with a capacity of 12 clients in a board & care interim housing environment. Residents at Tecolote House will be able to stay for up to 18 months and, when needed, will have access to BWell supported and standard permanent supportive housing upon discharge, including connection with BWell's Housing Assistance and Retention Team (HART) to assist clients with a transition to independent living.

**Background:**

Administered through Horne, CDSS is the lead State agency for the CCE program. CCE investments ensure care will be provided in the least restrictive settings by creating a wide range of residential programs. Investing in adult and senior care facilities will divert Supplemental Security Income/State Supplementary Payment (SSI/SSP) and Cash Assistance Program for Immigrants (CAPI) applicants and recipients from homelessness as a key part of California's strategic multi-agency approach to increase housing options for seniors and persons with disabilities. CCE was established through Assembly Bill (AB) 172 (Chapter 696, of Statutes 2021) as an effort focused on the acquisition, construction, and rehabilitation of adult and senior care facilities for individuals who are challenged by mental health and/or substance use issues and are experiencing or are at risk of homelessness.

In June of 2022, BWell applied for and ultimately received a CCE grant in the amount of \$1,001,338 for the renovation of 310 Camino del Remedio, Santa Barbara, CA (formerly known as Casa Omega and now known as Tecolote House) on the County's Calle Real campus. Although the application was submitted in June of 2022, there was a delay in receiving the final Program Funding Agreement after CDSS originally chose to use Advocates for Human Potential, Inc. (AHP) as the Program Funding Agreement Manager for the grant and later changed to have Horne serve as the manager. BWell only recently received the final Program Funding Agreement from Horne. BWell received an additional grant award of \$42,095 on May 21, 2024 for a total grant award of \$1,043,433. The increase was due to an adjustment of developer fee costs relevant to executing the Program Funding Agreement.

The property was previously leased by a community-based organization, Casa Omega, who operated the facility as an Adult Residential Facility (ARF) until their lease expired. The grant and the Program Funding Agreement also requires an executed and recorded Performance Deed of Trust encumbering County's fee title interest in the aforementioned property as security for County's performance under the CCE Funding Agreement (CCE- 2378566416-051), lasting until the discharge of all County obligations to the Department of Social Services under the Performance Deed of Trust. Additionally, the grant and Program Funding Agreement requires a Declaration of Restrictions for a period of 20 years.

To increase BWell's capacity for interim supportive housing, BWell will continue to operate the building as a Board & Care (ARF) with a capacity of serving 12 clients at a time—one hundred percent of the twelve dedicated beds will be for the target population. Priority will be given to older adults who are challenged with serious mental illness and have been chronically homeless. When renovations are nearly completed, which is expected to be completed in Spring 2026, BWell will publish a Request for Proposal (RFP) process to identify and secure a provider for 24/7 housing management staff. The CCE grant will allow BWell to renovate the property to ensure it meets all American Disabilities Act (ADA) and ARF standards and requirements while also creating a caring living environment where clients will receive the support they need to continue their recovery and strengthen their independent living skills. BWell anticipates serving approximately 20 unique individuals a year, with stays ranging from six to 18 months. Tecolote House will have a 20-year deed restriction due to grant requirements. As residents near discharge, they will be provided with housing navigation support with a focus on transition to permanent supportive housing through BWell's Housing Assistance & Retention Team (HART).

**Key Contract Risks:**

By executing and delivering the Performance Deed of Trust, the County irrevocably grants to the Title Company the power of sale and all of Trustor's interests, estates, rights, and claims in or to the

Security. Failure to satisfy the delivery obligations or performance milestones more fully described in the Program Funding Agreement shall constitute a breach of the Program Funding Agreement and entitle Horne to mandate the County to return to the State of California any program funds disbursed. In any such instance, Horne may also cancel the Program Funding Agreement without owing any damages or other payment to the County.

Failure to satisfy obligations under the Performance Deed of Trust or Program Funding Agreement shall constitute a breach and entitle the State of California to the following: (1) The Beneficiary’s right to enter and take possession; (2) foreclosure by Power of Sale, and (3) appoint a Receiver without providing notice to County. Moreover, any noncompliance or breach puts the State in a position to take the County’s property or force a sale. Additionally, the Program Funding Agreement contains many obligations and limitations on what the County can do with its property.

The Declaration of Restrictions must be recorded even before the Program Funding Agreement is effective and/or valid. The County will be responsible for submitting invoices and ensuring expenses are allowable and have sufficient backup documentation. The County may be subject to desk or site audits conducted by the BHCIP Launch Ready and CCE Program teams. Those teams may also request the repayment of funds or pursue any other remedies available, at law or in equity, for failure to comply with program requirements.

The County agreed to indemnify, and hold harmless, the Authority of the State of California against all claims, losses, costs, damages, and liabilities arising from or relating to the Grant or Project. The Parties agreed to waiver of a jury trial and agreed on binding arbitration instead whereby the non-prevailing party shall pay the prevailing party arbitration costs and attorney’s fees.

**Performance Measure:**

BWell will provide Horne with all compliance and reporting documentation required in the Program Funding Agreement with such frequency as is required by the Program Funding Agreement. BWell anticipates serving approximately 20 unique individuals a year, with stays ranging from six to 18 months.

**Fiscal and Facilities Impacts:**

**Budgeted:** Yes

**Fiscal Analysis:**

<b>Funding Source</b>	<b>FY24-25</b>	<b>Total</b>
General Fund		
State	42,100	<b>42,100</b>
Federal		
Fees		
Changes to Restricted	556,600	<b>556,600</b>
<b>Total</b>	<b>598,700</b>	<b>598,700</b>

Behavioral Wellness has accepted grant funding of \$1,043,433 from California Department of Social Services for Community Care Expansion (CCE) funds. Additionally, an extra \$42,100 in funding has been awarded. However, the total project costs for the Tecolote House project are \$2,300,000.

In addition to the above grant funding, the County Executive Office has allocated \$700,000 of American Rescue Plan Act (ARPA) funds, which funds have been utilized for demolition and other pre-construction cost since FY 22-23.

Furthermore, the grant award has a 10% match requirement, which is being fulfilled with in-kind match in the form of real property. County-owned property, Tecolote House, located at the Calle Real Campus, was accepted by the grant agency as match. The Tecolote House property has been valued at \$1,500,000.

Finally, \$556,600 in funding, which includes proceeds from the sale of the North B Street property, is being utilized from the restricted fund balance in Behavioral Wellness' Mental Health Services Act Fund.

**Special Instructions:**

Please email one (1) Minute Order and executed resolution to Marilyn Simon-Gersuk at [msimongersuk@sbcbswell.org](mailto:msimongersuk@sbcbswell.org) and to [bwellcontractsstaff@sbcbswell.org](mailto:bwellcontractsstaff@sbcbswell.org)

**Attachments:**

**Attachment A** – Tecolote House Renovation Project Resolution

**Attachment B** - Horne-Tecolote CCE Program Funding Agreement (CCE-2378566416-051)

**Attachment C** - Horne CCE Budget Revision Request (BJE-0010039)

**Attachment D** – SBC BWell Submitted Application 7.11.2022

**Authored by:**

Shannon Lewis / Michael Purvis / Victoria Lee