



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 and Public Defender
Department No.: 043 & 023
Agenda Date: May 13, 2025
Placement: Administrative Agenda
Estimated Time: N/A
Continued Item: No
If Yes, date from: N/A
Vote Required: 4/5

TO: Board of Supervisors
FROM: Department Directors: Antonette Navarro, LMFT, Director, Department of Behavioral Wellness
Tracy M. Macuga, Director, Public Defender's Office
Contact Info: Laura Zeitz, RN, Assistant Director for Inpatient, Crisis, Long Term Care, Justice and Housing, Department of Behavioral Wellness
John Winkler, LMFT, Branch Chief Crisis and Homeless Services, Department of Behavioral Wellness
Deepak Budwani, Chief Financial and Administrative Officer, Public Defender's Office

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SUBJECT: Grant Agreement with the California Department of State Hospitals for Pre-Trial Felony Mental Health Diversion Program Services for Fiscal Year 2024–29 and Salary Resolution Amendment to Add Positions to the Department of Behavioral Wellness and the Public Defender's Office

County Counsel Concurrence

As to form: Yes

Risk Management Concurrence:

As to form: Yes

Auditor-Controller Concurrence

As to form: Yes

County Executive Office - Budget Concurrence:

As to form: Yes

Central Human Resources Concurrence:

As to form: Yes

Recommended Actions:

That the Board of Supervisors:

- Approve, ratify, and authorize the Director of the Department of Behavioral Wellness or designee to execute a grant agreement with the California Department of State Hospitals (DSH) (Agreement No. 24-79016-000), as well as the required certifications, for the County's provision of pre-trial felony mental health services for clients with serious mental disorders residing within the county, known as Felony Mental Health Diversion clients, for a maximum

contract amount not to exceed \$14,822,000 for the period of July 1, 2024 through June 30, 2029, (Attachments A & B);

- b) Adopt an amendment to Salary Resolution No. 07-207 to add one (1.0 full-time equivalent [FTE]) Team Supervisor, one (1.0 FTE) Clinical Psychologist, and one (1.0 FTE) Department Business Specialist to the Department of Behavioral Wellness and two (2.0 FTE) Deputy Public Defenders and one (1.0 FTE) Legal Office Professional to the Office of the Public Defender, effective May 12, 2025 (Attachment C);
- c) Approve Budget Revision Request (BJE) No. 0010369, to establish appropriations of \$934,100 in Public Defender General Funds for Salaries & Benefits (\$890,000), Services & Supplies (\$44,100) funded by unanticipated revenue from Intergovernmental Rev-State; Establish appropriations of \$2,683,078 in BWell Mental Health Service Act Fund for Salaries & Benefits (\$999,727), Services & Supplies (\$749,251), and other Financing Uses (\$934,100) funded by unanticipated revenue from Charges for Services (\$101,078), Intergovernmental Rev-State (\$2,582,000)., (Attachment D); and
- d) 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) and (b)(5), finding that the actions are governmental funding mechanisms and/or administrative or fiscal activities that will not result in direct or indirect physical changes in the environment.

Summary Text:

This item is on the agenda to authorize Behavioral Wellness (BWell) to execute an Agreement with the DSH to receive funding to provide “wraparound services” for felony mental health diversion clients for a contract maximum amount of \$14,822,000, for the period of July 1, 2024 through June 30, 2029. This item will also add staffing in the Public Defender’s Office of one Team Supervisor, one Clinical Psychologist, and one Department Business Specialist to BWell, and two Senior Deputy Public Defenders and one Legal Office Professional. Approval of these actions will enable the County to provide support for these individuals through long-term mental health treatment and other services, thereby reducing the likelihood of criminal charges and institutionalization.

Background:

In 2016, the County joined the Stepping Up initiative to address the issue of individuals in mental health crisis being arrested and ending up in jail, which negatively impacts individuals, their families, the County, and the community. Criminal justice, law enforcement, behavioral health, and community leaders collaborated to develop a Sequential Intercept Model (SIM) for identifying key diversion points. This collaboration led to efforts such as a centralized Court for individuals found incompetent to stand trial (IST), outpatient competency restoration for misdemeanants, and enhanced inter-agency collaboration. The Public Defender’s Office implemented holistic defense practices to reduce recidivism by helping clients access community-based services. Additional efforts included law enforcement/mental health crisis co-response, a Public Defender Early Representation program, and expanded Crisis Intervention Training for law enforcement. These initiatives positively impacted misdemeanor cases but had limited effects on felony cases due to statutory and resource limitations.

An October 2017 census revealed that 52% of 1,051 jail inmates had a history of receiving mental health services from County providers, 47% had prior enrollment in community-based substance abuse treatment, and 39% had received both services. Overall, 60% (626 of 1,051 jail inmates) had a history of mental health and/or substance abuse treatment. In October 2018, the County Executive

Office submitted a Letter of Intent to apply for DSH funding for Pre-Trial Felony Mental Health Diversion Programs. In December 2018, the County was awarded \$2,644,500 in funding and was required to contribute a 20% match (\$528,900) provided by the Community Corrections Partnership.

DSH Diversion Pilot Program Agreement

On January 28, 2020, the Board of Supervisors approved Grant Agreement No. 19-79011-000 (Pilot Program Grant Agreement) with DSH to accept \$2,644,500 for the period from January 1, 2020 through December 31, 2022, for the County's Pre-Trial Mental Health Diversion Program from January 1, 2020 to December 31, 2022. This funding was part of a DSH Diversion Pilot Program aimed at expanding diversion programs for clients with serious mental illness. The DSH Diversion Pilot Program was a collaboration between DSH, county governments (locally, the County Executive Office, BWell, Public Defender's Office, District Attorney's Office, Probation Department, Sheriff's Office, and the Superior Court), community-based treatment providers, and housing providers to help expand diversion programs for clients with serious mental illness.

The DSH Diversion Pilot Program's target population was clients with serious mental disorders who have committed certain felony crimes and who were found by the Court of competent jurisdiction to qualify for diversion services pursuant to Penal Code § 1001.36. Specifically, these are individuals who faced felony charges who could be determined IST. The goal of the DSH Diversion Pilot Program was to provide these individuals, when deemed appropriate by the court, with long-term community mental health treatment and other services to avoid criminal charges and institutionalization.

Under the Pilot Program Grant Agreement, the County was required to contribute a 20% match (\$528,900) which was provided by the Community Corrections Partnership, a committee made up of justice partner agencies and other local stakeholders charged with the responsibility of the implementation of a local Realignment Plan and strategies that increase public safety as part of "justice reinvestment." The DSH Diversion Pilot Program also required that the County divert 18 individuals who had committed felony offenses as a result of their mental illness, who are or who may be found to be IST, and who did not pose an unreasonable risk to the public, to residential treatment, over the three-year grant period.

This new mental health diversion statutory framework allowed for the expansion of efforts from solely addressing misdemeanor cases involving individuals found IST, to also include felony cases involving individuals found IST.

On January 24, 2023, the Board approved a First Amendment to the Pilot Program Grant Agreement, providing additional funds to expand diversion programs by including a second category of diversion clients. Category 1 included individuals with serious mental disorders who have committed certain felonies and are found, or are likely to be found, IST due to a diagnosis of Schizophrenia, schizoaffective disorder, or bipolar disorder, as determined by a Court of competent jurisdiction under Penal Code § 1001.36. Category 2 included individuals who are currently on the DSH IST waitlist. All clients in Category 2 are eligible for housing if they are currently on the DSH waitlist. The goal was to secure appropriate placements and housing for diversion clients who are currently on the DSH IST waitlist and provide housing that is in the most appropriate level of care. This amendment also increased the total grant amount to \$4,862,500, increased the overall number of clients, and extended the term of the Pilot Program Grant Agreement until December 31, 2024.

On June 27, 2023, the Board approved a Second Amendment to the Pilot Program Grant Agreement. This amendment increased program funds and expanded services to an additional six clients in Category 2, bringing the total to 10 clients in this category and the overall caseload from 22 to 28 clients. Due to the increase of service to six individuals in Category 2, the funding in this area increased by \$852,000, for a revised total grant amount of \$5,714,500. Additionally, DSH updated or

extended housing funding distribution dates to provide more opportunities for clients being placed in housing.

On December 3, 2024, the Board approved the Third Amendment to the Pilot Program Grant Agreement. The Board of Supervisors approved the Third Amendment to the multi-year grant agreement with DSH to remove the right to amend the agreement for any additional terms, to add requirements regarding the County's use of Generative Artificial Intelligence, and to extend the term of the agreement for an additional six months, all without any change to the contract maximum which remains at \$5,714,500 for the amended period of January 1, 2020 through June 30, 2025.

New DSH Agreement

In FY 2022-23, the State legislature approved ongoing, permanent funding to support community treatment options for felony defendants found IST, which resulted in DSH offering a new round of funding. The new DSH Agreement referenced herein relates to the new permanent funding available from DSH. The new permanent funding program is referred to herein as the "DSH Diversion Program." The DSH Diversion Program has many similarities to the DSH Diversion Pilot Program, except that a) all counties are now guaranteed funding, b) county matching funds are no longer required, c) all participants must be found IST on a felony charge, and d) there is increased program structure, oversight, and support.

Many of those found IST on a felony charge are individuals with serious mental illness who are experiencing homelessness at the time of their arrest, who have not had access mental health services in the six months prior to their arrest, and who are cycling in and out of the criminal justice system. Accordingly, the goals of the DSH Diversion Program are to a) create a full continuum of care from the community to the State Hospitals for the treatment of individuals found IST on a felony charge, while treating patients in the least restrictive setting appropriate for them, b) reserve limited State Hospital beds for patients in the most need of them, and c) reduce recidivism of individuals found IST on a felony charge.

As part of the services provided by County under the DSH Diversion Program, the County shall administer a pre-trial felony mental health diversion program for individuals charged with felony offenses in its jurisdiction. Program participants are individuals with serious mental disorders who have been charged with certain felony crimes and found by a Court of competent jurisdiction to qualify for diversion services pursuant to Penal Code (PC) section 1001.36 and Welfare & Institutions Code (WIC) section 4361. All individuals found IST on a felony charge participating in the felony mental health diversion program must meet the statutory eligibility criteria identified in PC section 1001.36 and WIC section 4361 and have been found IST on a current felony charge.

The Program is budgeted to provide mental health diversion services to 10 new Felony Mental Health Diversion Clients for an average length of stay of 18 months. The County will provide clinically appropriate or evidence-based mental health treatment and wraparound services across a continuum of care, as appropriate, to meet the needs of individuals found IST on a felony charge. Wraparound services are services provided in addition to the mental health treatment necessary to meet the individual's needs for successfully managing their mental health symptoms and to successfully live in the community.

Overall, Felony Mental Health Diversion clients will benefit from established collaborative initiatives that offer a broad range of treatment strategies from the following resources: a) the Public Defender's Office will be the first to identify clients' mental health needs and initiate the diversion process for felony candidates found IST; b) BWell will leverage existing restorative treatment models to develop a new intensive residential program with 10 beds for Felony Mental Health Diversion clients, including on-site security and clinical staff, linking clients with Full Service Partnership (FSP) level services provided by Justice Alliance, and will also connect clients with family members,

preexisting treatment providers, and other community supports; c) Justice Alliance staff will provide wraparound services to Felony Mental Health Diversion clients, facilitate access to the County's system of care for adults involved in the criminal justice system, and complete any necessary mental health assessments; and d) the District Attorney's Office will collaborate with the Public Defender's Office and BWell to develop a protocol for selecting individuals recommended for diversion.

As this program transitions from a Pilot Program to a permanent program facilitated by BWell in partnership with the Public Defender's Office, both departments will need additional staffing to support the client services. Unlike the Pilot program, the permanent DSH program requires all clients to receive the Full-Service Partnership (FSP) level of care, necessitating a stronger clinical team to support it. BWell will hire one Clinical Psychologist to replace the contracted service providing all the clinical evaluations, risk assessments, and treatment plans and presenting in court on initial evaluations and status updates; one Team Supervisor to provide clinical and administrative oversight of the team, provide some direct service to clients, and act as the community liaison between all DSH program stakeholders; and one Department Business Specialist (DBS) to handle all administrative functions of the program and manage all data acquisition and DSH-required monthly and quarterly reporting in conjunction with BWell's Research and Evaluation staff.

Also, in support of the new permanent program, the Public Defender's office will hire two Senior Deputy Public Defenders and one Legal Office Professional to provide legal services to the expanding pool of eligible candidates given the increased program oversight by the Court.

Performance Measure:

DSH Diversion Agreement

The County is expected to provide all services, including required data and reports, in a timely manner in accordance with the criteria and deliverables specified in the DSH Agreement, such as the data required in Exhibit A-1. The following deliverables are required:

- a) BWell will submit data regarding diversion on a weekly basis (unless DSH provides the County with 60 days' advance notice for changes in weekly reporting);
- b) BWell will submit data regarding diversion on a monthly basis; and
- c) BWell will submit and maintain all required reporting to DSH and the Courts as defined in the Agreement.

Contract Renewals:

Past performance measures from the Pilot Program (client statistics as of February 3, 2025), are as follows:

- Active Clients – 7 clients
- Successful Clients Completion of the Program – 12 clients
- Clients moved out of County or their care was transferred to a different county – 2 clients
- Clients whose participation in the program was terminated due to treatment non-compliance – 4 clients
- Clients whose participation in the program was terminated due to re-arrest – 1 client
- Clients whose participation in the program was terminated due to AWOL – 1 client
- Clients whose status was terminated for Lanterman-Petris-Short (LPS) – 1 client

In summary, out of 28 total clients served in the DHS Diversion Pilot Program, 12 clients successfully completed the program, 2 clients moved out of the county, 7 clients remain as actively participating in the program, and 7 had unsuccessful discharges to date.

Key Contract Risks:

As with any Agreement, future funding is subject to the availability of funds and satisfactory progress of the Program. BWell must continue to meet the eligibility and program requirements of the award as the funded Program is implemented. BWell must also comply with the performance goals, milestones, outcomes, reporting, and performance data collection requirements of the Agreement, and adhere to all applicable laws and regulations.

Non-compliance with the Agreement requirements poses significant risks. Failure to follow the terms and conditions of the Agreement may result in the withholding of funds, disallowance of costs, suspension of payments, termination of the DSH Agreement, or denial of future funding. Additionally, DHS may conduct reviews and audits as identified in the Agreement and applicable law. If a review or audit reveals financial management concerns, funding may be restricted according to applicable law and the DSH Agreement. DSH may terminate the DSH Agreement for any reason with 30 days' written notice to the County and may terminate it for any breach by the County. The County may cancel the DSH Agreement with 50 days' written notice to DSH.

Fiscal and Facilities Impacts:

Budgeted: No; recommend approval of BJE No. 0010369.

Fiscal Analysis:

Funding Sources	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	Total
General Fund	\$0	\$0	\$0	\$0	\$0	\$0
State – DSH Grant	\$2,582,000	\$3,060,000	\$3,060,000	\$3,060,000	\$3,060,000	\$14,822,000
State – Medi-Cal Reimb.	\$101,100	\$104,700	\$106,700	\$109,400	\$112,100	\$533,400
Federal	\$0	\$0	\$0	\$0	\$0	\$0
Fees	\$0	\$0	\$0	\$0	\$0	\$0
Total	\$2,683,100	\$3,164,100	\$3,166,700	\$3,169,400	\$3,172,100	\$15,355,400

This Board letter seeks authorization for the County to sign an agreement with DSH accepting grant funds in the amount of \$14,822,000 over the five-year period of July 1, 2024 through June 30, 2029 for a Diversion Program that would provide intensive residential treatment services and other community mental health treatment for selected Felony Mental Health Diversion clients as well as other clients dealing with mental illness and/or substance abuse. New staffing impacts from the acceptance of the grant are described in the table below. The remainder of the grant's budget will be spent on the continuation of the Pilot Programming staffing of 6 FTE, housing for DSH clients, and other operational and administrative costs. Program costs are detailed in Attachment E. The attached budget revision will establish the budget for the first year of the program operations for BWell and the Public Defender's Office.

Staffing Impacts:

Position Request Summary

Legal Position Title	Department	FTE	FY 2024-25 through FY 2028-29 Estimated Cost
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Department Business Specialist	BWell	1.0	\$761,901
Team Supervisor	BWell	1.0	\$926,335
Clinical Psychologist II	BWell	1.0	\$903,053
Senior Deputy Public Defender	Public Defender's Office	2.0	\$2,822,337
Legal Office Professional	Public Defender's Office	1.0	\$428,245
Total FY 2024-29		5.0	\$5,841,871

Special Instructions:

Please return one (1) Minute Order, and one (1) copy of the executed Salary Resolution to msimongersuk@sbcbswell.org, to bwellcontractsstaff@sbcbswell.org, and to HRPositionControl@countyofsb.org.

Attachments:

Attachment A – DSH Diversion Program STD Agreement No. 24-79016-000 FY 2024-2029

Attachment B – DSH Diversion Program Contractor Certification Clauses FY 2024-2029

Attachment C – Salary Resolution

Attachment D – Budget Revision Request BJE #0010369

Attachment E – DSH Diversion Program Budget FY 2024 - 2029

Authored by:

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Contract Analysts