



**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

Department Name: General Services/
Behavioral Wellness
Department No.: 063/043
For Agenda Of: June 18, 2024
Placement: Administrative
Estimated Time: N/A
Continued Item: No
If Yes, date from:
Vote Required: 4/5

TO: Board of Supervisors
FROM: General Services Kirk Lagerquist, Director, (805) 560-1011
Behavioral Wellness Antonette Navarro, LMFT, Director, (805) 681-5200
Contact Info: Skip Grey, Assistant Director, General Services, (805) 568-3083
Laura Zeitz, Interim Assistant Director, Inpatient/Crisis and
Access/Homeless and Housing/Justice, Behavioral Wellness,
(805) 681-5200

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SUBJECT: Resolution Authorizing Application for and Acceptance of California Department of Health Care Services (DHCS) Behavioral Health Continuum Infrastructure Program (BHCIP) Round 4 Grant Funds; Advocates for Human Potential, Inc. (AHP) FY 22-27 BHCIP Round 4 Program Funding Agreement; and Acquisition of an Administrative Office Building located at 315 W. Haley Street in Santa Barbara, First District

County Counsel Concurrence

As to form: Yes

Other Concurrence: Risk Management

As to form: Yes

Auditor-Controller Concurrence

As to form: Yes

Other Concurrence

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 Health Care Services (DHCS) Behavioral Health Continuum Infrastructure Program (BHCIP) Round 4: Children and Youth grant funds in a total amount not to exceed \$5,939,453 for the acquisition and renovation of real property located at 315 W. Haley Street in the City of Santa Barbara (Assessor Parcel Number 037-192-001) (Property); and

ii. Authorizes, ratifies, and directs the Director of the Department of Behavioral Wellness or designee to execute the Application, Standard Agreement, and any and all other documents

required or deemed necessary to secure BHCIP Round 4 grant funds and participate in the BHCIP Program;

b) Approve, ratify, and authorize the Director of the Department of Behavioral Wellness or designee to execute Standard Agreement No. 7469-CA BHCIP-B4_211_Haley-01G with Advocates for Human Potential, Inc. (AHP), a Massachusetts corporation, DHCS' administrator, to accept BHCIP Round 4 grant funds in a total amount not to exceed \$5,939,453 for the period beginning December 1, 2022, and ending June 30, 2027, (Funding Agreement);

c) Approve and authorize the Director of the Department of Behavioral Wellness or designee to execute any amendments to the Funding Agreement and any and all other documents required or deemed necessary to secure BHCIP Round 4 grant funds and participate in the BHCIP Program without having to return to the Board for approval, subject to the Board's authority to rescind this delegated authority at any time;

d) 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 and c;

e) Approve and authorize the negotiation and acquisition of the Property by the County from PathPoint (Owner), a California Nonprofit Public Benefit Corporation, for an amount not to exceed \$4,500,000, subject to the Real Property Purchase Agreement and Escrow Instructions (Purchase Agreement) and approve and authorize the Director of General Services or designee to approve, negotiate, and execute any and all escrow documents required to facilitate the terms and conditions of the proposed acquisition as set forth in the Purchase Agreement, subject to concurrence from County Counsel, and approve and authorize the Chair to execute the Purchase Agreement;

f) Approve and authorize the Clerk of the Board, upon satisfaction of the terms and conditions of the Purchase Agreement as determined by the Director of General Services or designee, with concurrence from County Counsel, to execute a Certificate of Acceptance completing the purchase and accepting title to the Property;

g) Approve and authorize the Director of General Services or designee to execute all ancillary documents including escrow documents and expend funds in a total amount not to exceed the purchase price plus associated costs required to finalize the transaction in accordance with the forthcoming finalized Purchase Agreement and Escrow Instructions; and

h) Determine that the above actions are government funding mechanisms or other government fiscal activities that do not involve any commitment to any specific project that may result in a potentially significant physical impact on the environment and are organizational or administrative activities of the government that will not result in direct or indirect physical changes in the environment and are therefore not a project under the California Environmental Quality Act (CEQA) pursuant to section 15378(b)(4) and (b)(5) of the CEQA Guidelines and are otherwise activities that are exempt from CEQA review per CEQA Guidelines section 15061(b)(3) since it can be seen with certainty that there is no possibility that the recommended actions may have a significant effect on the environment, and direct staff to file and post the attached Notice of Exemption on that basis.

Summary Text:

The California Department of Health Care Services (DHCS), through Advocates for Human Potential, Inc. (AHP), the grant administrator, released the Behavioral Health Continuum Infrastructure Program (BHCIP), a grant program focused on the acquisition and/or renovation of structures to increase behavioral health treatment capacity. The Department of Behavioral Wellness (BWell) applied for a BHCIP Round 3 grant to acquire and renovate a property located at 315 W. Haley St. in Santa Barbara (Property), and as part of the application process, General Services executed an Exclusive Right to Negotiate with the property owner, PathPoint. While the initial BHCIP Round 3 funding application was not successful, BWell reapplied for BHCIP Round 4 funding in the amount of \$5,939,453 and was awarded in December 2022.

BWell intends to utilize the building to provide outpatient mental health and substance use services to children, youth to age 25, and their families who are eligible for Medi-Cal funding. This item is before the Board to request approval of a resolution authorizing the BWell Director to submit the BHCIP Round 4 grant application and execute a standard agreement with the State, acceptance of the BHCIP Round 4 funding, authorization for the BWell Director to execute the Program Funding Agreement and Amendments, and authorization for General Services to negotiate and purchase the building.

Background:

DHCS launched BHCIP to address historic gaps in the State's behavioral health and long-term care continuum and meet the growing demand for services and supports across the life span. DHCS was authorized through 2021 legislation to establish BHCIP and award approximately \$2.1 billion to construct, acquire, and expand properties and invest in mobile crisis infrastructure related to behavioral health.

BHCIP is designed to address the following State Priorities:

- Invest in behavioral health and community care options that advance racial equity
- Seek geographic equity of behavioral health and community care options
- Address urgent gaps in the care continuum for people with behavioral health conditions, including seniors, adults with disabilities, and children and youth
- Increase options across the life span that serve as an alternative to incarceration, hospitalization, homelessness, and institutionalization
- Meet the needs of vulnerable populations with the greatest barriers to access, including people experiencing homelessness and justice involvement
- Ensure care can be provided in the least restrictive settings to support community integration, choice, and autonomy
- Leverage county and Medi-Cal investments to support ongoing sustainability
- Leverage the historic state investments in housing and homelessness

BHCIP Round 4: Children & Youth funding is intended for construction, acquisition, and rehabilitation of real estate assets to expand the behavioral health continuum of treatment and service resources in settings that serve children, youth to age 25, and their families, including pregnant/postpartum women and their children. As part of the Central Coast region, Santa Barbara County competed for a portion of the regional funding allocation of \$13,819,998. BWell applied for and was awarded a grant in the amount of \$5,939,453 to acquire and renovate the 315 W. Haley St. building. The grant requires a 10% funding

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match in the amount of \$549,946, utilizing a restricted fund balance and the provision of services to Medi-Cal-eligible clients for 30 years. Funding must be encumbered by June 30, 2024, and fully expended by June 30, 2027.

Behavioral Wellness (BWell) developed the BHCIP Round 4: Children & Youth application in collaboration with General Services to ensure accuracy of budget and acquisition and renovation needs. A majority of the funding, including the 10% match, will be allocated to the purchase of the building. The remainder will be reserved for any necessary renovations, including updating the exterior elevator to meet Americans with Disabilities Act requirements. At this time, General Services does not anticipate major renovations; therefore, construction should be completed by the end of FY 25-26. BWell and General Services will collaborate after the purchase of the building to assess floor plans and space necessary for providing services and will develop plans accordingly.

Property

The Property is located in the City of Santa Barbara and consists of an 8,560-square-foot office building on a rectangular-shaped, 10,890 square foot lot with Commercial Restricted (C-R) zoning (Assessor Parcel Number 037-192-001). The property owner, PathPoint, a California Nonprofit Public Benefit Corporation, uses the Property as its corporate headquarters and to provide behavioral health and community care services. The owner also leases one first floor office space to an unaffiliated third-party, which includes approximately 660 square feet and 3 unassigned parking spaces, at a current monthly rent of \$1,906.20. The lease expires on October 31, 2024, and there are no remaining options to extend the term.

The Owner also holds an existing access and parking easement and lease agreement over a portion of adjacent real property at 319 West Haley Street, which is owned by the City of Santa Barbara. The Owner pays rent in the amount of \$37,670.28 per year for use of the parking lot. The parking easement and lease agreement originated in 1983, will terminate on September 19, 2035, and is transferrable to a new owner.

Funding Source and Property Usage

The property purchase and renovation will be funded with the BHCIP Round 4 grant award of \$5,939,453 and the required 10% match of \$549,946, for which BWell intends to utilize a portion of the proceeds from the sale of the 117 N. B Street, Lompoc property that was converted into a Homekey housing project. The Lompoc property sales proceeds are currently held as Mental Health Services Act (MHSA) Restricted Fund Balance.

Once in operation, the Haley Street Children and Youth Integrated Outpatient Services will provide children, youth and their families with mental health and substance use prevention, early intervention, and intensive outpatient treatment services. With a focus on integrating services utilized by the target population, BWell also intends to relocate Homeless Services and Justice Alliance programs from their current location at 2034 De La Vina in Santa Barbara, which is leased through December 31, 2024.

BHCIP Round 4 funding must be obligated by June 30, 2024, and fully expended by June 30, 2027. The County will be required to commit to a behavioral health services and building use restriction on the Property for a 30-year period.

Performance Outcomes:

BWell will be required to submit quarterly progress reports to the grant administrator, AHP and (DHCS), including information about escrow, the actual purchase, and renovation budgets and expenditures. No reporting on client and/or services data is required.

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Fiscal and Facilities Impacts:

Budgeted: Yes.

Fiscal Analysis:

Funding Sources		FY 23-24		FY 24-25		Total One-Time Project Cost
General Fund						
State: BHCIP Grant			\$	5,939,453	\$	5,939,453
BWELL Local Match	\$	549,946			\$	549,946
Total	\$	549,946	\$	5,939,453	\$	6,489,399

Fiscal Narrative:

The \$6.5 million funding will consist of approximately \$4.4 million for building acquisition costs and the remainder will be used towards remodeling the property for retrofit to a clinic. General Services will return to the BOS with a budget revision once the timeframe to purchase the property becomes more clearly defined.

On November 7, 2023, the Board of Supervisors approved Budget Journal Entry (BJE) 0009389 to transfer funds in the amount of \$549,946 from the MHSA Restricted Fund Balance established from the sale of the 117 N. B Street property in Lompoc to be used as a 10% match for the acquisition and renovation of the Haley St. Property.

Key Contract Risks

The County of Santa Barbara may only acquire the Property if the conditions of the Purchase Agreement are met, including without limitation securing BHCIP grant funding, and if the parties successfully negotiate a mutually acceptable agreement. The County of Santa Barbara agrees to restrict the use of the Property for a period of 30 years in accordance with BHCIP requirements and BWell will monitor the provision of services and report to AHP as required by the grant award. The BHCIP agreement is structured so that all of the risk is with the County. Should a financial loss of some nature occur, the County would not be insured for that loss.

Failure to satisfy any of the certifications and/or performance milestones, unless they are extended, shall constitute a breach of agreement and entitle AHP to mandate the County to return program funds that have been disbursed. If action is necessary, AHP may, with DHCS approval, also cancel this Funding Agreement without owing any damages or other payment to the County.

Upon termination of this Agreement for any reason, neither AHP nor DHCS shall be liable for any work that is not performed in accordance with the Agreement. Additionally, neither AHP nor DHCS shall be responsible for any additional disbursements of Program Funds after the termination date or for any damages to the County as a result of such termination.

The County will agree that claims based upon an audit finding and/or an audit finding that is appealed and upheld, shall be recovered by AHP.

Special Instructions:

RP #004018

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- 1) Please email one (1) minute order to Behavioral Wellness staff M. Simon-Gersuk at msimongersuk@sbcbswell.org, Evelyn Zuroske at ezuroske@sbcbswell.org, and the Behavioral Wellness Contracts Division at bwellcontractsstaff@sbcbswell.org.
- 2) To the Clerk of the Board Files: Duplicate Original Purchase Agreement and Escrow Instructions, Copy Certificate of Acceptance
- 3) To Real Property Manager, Jeff Laass: Original Purchase Agreement and Escrow Instructions, Original Certificate of Acceptance

Attachments:

Attachment A: AHP BHCIP Round 4 Haley Street Resolution

Attachment B: FINAL BHCIP Round 4 Haley Street Application ID# 415679 Submitted

Attachment C: BHCIP Round 4 Standard Agreement No. 7469-CA BHCIP-B4_211_Haley-01G

Attachment D: County of Santa Barbara R4 Conditional Award Notice (415679)

Attachment E: Purchase Agreement

Attachment F: CEQA Notice of Exemption

Attachment G: Sponsors Certification Pursuant to Section 4.1.13 of the Program Funding Agreement

Authored by:

A. Foschaar, M. Simon-Gersuk, and S. Grey