



**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: Behavioral Wellness
Department No.: 043
For Agenda Of: May 7, 2024
Placement: Administrative
Estimated Time: N/A
Continued Item: No
If Yes, date from:
Vote Required: Majority

TO: Board of Supervisors
FROM: Department Antonette Navarro, LMFT, Director
Director(s) Department of Behavioral Wellness, (805) 681-5220
Contact Info: Laura Zeitz, Interim Assistant Director, Inpatient/Crisis and
Access/Homeless and Housing/Justice, Department of Behavioral
Wellness, (805) 681-5220
SUBJECT: **Horne LLP FY 22–29 Program Funding Agreement for the Community Care
Expansion Preservation Program**

County Counsel Concurrence

As to form: Yes

Other Concurrence: Risk

As to form: Yes

Auditor-Controller Concurrence

As to form: Yes

Recommended Actions:

That the Board of Supervisors:

- a.) Approve, ratify and authorize the Director of the Department of Behavioral Wellness or designee to execute the Community Care Expansion Preservation Program (CCE-PP) Program Funding Agreement with Horne LLP (Horne), a Delaware limited liability company (not a local provider), serving as the California Department of Social Services Agreement No: 22-3100 third-party administrator, to implement the preservation and renovation of licensed adult and senior care facilities serving applicants or recipients of Supplemental Security/State Supplementary Payment or qualified Cash Assistance Program for Immigrants for a maximum program funding amount of \$1,272,988 to consist of \$529,102 allocated to Operating Subsidy Payments and \$743,886 for Capital Projects for the period May 7, 2024, through January 29, 2029 (Attachment A);
- b.) Approve, ratify, and authorize the Director of the Department of Behavioral Wellness or designee to execute the Horne LLP (Horne), a Delaware limited liability company (not a local provider) Community Care Expansion Preservation Program (CCE-PP) Program Funding Agreement Amendment 1, extending the term to obligate funding to June 30, 2027, and to liquidate funds to March 31, 2029;

- c.) Delegate authority to the Director of the Department of Behavioral Wellness or designee to act on behalf of the County in the implementation of the CCE-PP Program and develop and administer a Notice of Funding Availability process to distribute the funds to applicants who meet criteria to immediately preserve and avoid the closure of licensed residential adult and senior care facilities serving qualified residents, and make immaterial changes to the Program Funding Agreement, all without altering the maximum program funding amount and without requiring the Board's approval of an amendment of the Program Funding Agreement, subject to the Board's ability to rescind this delegated authority at any time; and
- d.) Determine that the above actions are government fiscal activities or funding mechanisms which do not involve any commitment to any specific project, which may result in a potentially significant physical impact on the environment, and are therefore not a project under the California Environmental Quality Act (CEQA) pursuant to section 15378(b)(4) of the CEQA Guidelines.

Summary Text:

Approval of this item by the Board of Supervisors (Board) will allow the Department of Behavioral Wellness (BWell) to accept and utilize Community Care Expansion – Preservation Program (CCE-PP) funding to develop and implement a Notice of Funding Availability opportunity for community-based organizations to apply for funding specific to their infrastructure needs. Horne LLP (Horne) serves as the third-party administrator for the Community Care Expansion (CCE) program for the California Department of Social Services (CDSS). Horne's Agreement No. 22-3100, is for the administration and management of the entire program funding amount of \$1,272,988, with \$529,102 allocated to Operating Subsidy Payments (OSP) and \$743,886 allocated for Capital Projects (CP) for the period May 7, 2024, through March 31, 2029. The program funding allows for two funding streams that include CP and OSP to preserve and avoid the closure of licensed residential adult and senior care facilities that serve applicants and recipients of Supplemental Security Income/State Supplementary Payment and Cash Assistance Program for Immigrants ("Qualified Residents"), and who are experiencing or are at risk of homelessness. Since being awarded the funding, BWell has conducted several outreach sessions to discern how many eligible organizations would be interested in applying for the funding and several organizations have expressed interest in applying.

In conjunction with execution of the Program Funding Agreement, Horne has required that the County simultaneously execute an amendment (Attachment B) which makes changes to certain deadlines in the original Program Funding Agreement.

Background:

California has a shortage of adult and senior care facilities (e.g., Adult Residential Facilities and Residential Care Facilities for the Elderly) that accept individuals receiving or applying for Supplemental Security Income/State Supplementary Payment (SSI/SSP) or Cash Assistance Program for Immigrants (CAPI). The CCE program was established by Assembly Bill 172 (Chapter 696, Statutes of 2021) to fund capital projects, promote the sustainability of residential adult and senior care facilities, and to address historic gaps in the long-term care continuum. A total of \$195 million was reserved for the Preservation Program which is intended to immediately preserve and avoid the closure of licensed residential adult and senior care facilities serving [qualified residents](#), defined as applicants or recipients of SSI/SSP or CAPI, including the "[prioritized population](#)" of qualified residents who are experiencing or at risk of homelessness ([Welfare & Institutions Code sections 18999.97\(c\)\(1\) and \(2\)](#)).

CDSS originally contracted with Advocates for Human Potential (AHP) as the program funding administrator, but in August 2023, Horne was selected as the new program funding administrator for

the CCE program, including the Preservation Program. CCE-PP funds have two components: Operating Subsidy Payments (OSP), which are targeted to cover an eligible licensed facility's potential or projected operating deficits, and Capital Projects (CP) with a focus on physical repairs and upgrades to the eligible facility's property, including inside or outside within its property line, to ensure compliance with licensing standards.

On April 7, 2023, through AHP program funding administration, BWell received an award letter in the amount of \$1,272,988, with an allocation of \$743,886 for CP and \$529,102 for OSP programs. Program funds awarded for OSP may not be commingled with program funds awarded for CP, and vice versa. BWell will be obligated to develop a Notice of Funding Availability process, including distribution of funds to sub-awardees, for eligible recipients consistent with the terms of Agreement No 23-3100 with HORNE and their contracts with County. BWell will return to the Board of Supervisors for approval of these contracts. BWell will incorporate reporting requirements in these contracts.

In the First Amendment BWell received on March 6, 2024, the following dates have been modified by Horne:

- A. State General Funds must be obligated by June 30, 2027 and liquidated by March 31, 2029. Final invoices will be due prior to the liquidation deadline.
 - i. State General Funds will fund longer-term funding needs such as OSP for CCE Preservation as well as COSR for CCE Expansion.
- B. A portion of State General Funds (formerly State Fiscal Recovery Funds or SFRF) must be obligated by December 31, 2026 and liquidated by September 30, 2028. Final invoices will be due prior to the liquidation deadline.
 - i. State General Funds (formerly SFRF) will fund medium-term funding needs, such as capital projects for CCE Preservation and construction costs for CCE Expansion.
 - ii. These funds were moved from SFRF to the General Fund by Executive Order pursuant to the Budget Act of 2022 (Assembly Bill 179 (Chapter 249, Statutes of 2022)).
- C. A portion of Program Funds are part of California's Home and Community Based Services (HCBS) Spending Plan and must be obligated by October 31, 2024 and liquidated by December 31, 2024. HCBS funding will fund immediate / short-term funding needs for projects such as acquisition costs for CCE Expansion projects.

Performance Measure:

The goals of the Program Funding Agreement are the following:

- Develop and administer a Notice of Funding Availability process for community-based organizations to apply for infrastructure funding directly related to renovations needed to ensure compliance with licensing requirements, such as roof repairs.
- Distribute funding to community-based organizations ensuring applications are consistent with CCE-PP program funding requirements.
- Monitor community-based organization funding expenditures for compliance with program funding requirements and consistency with approved Notice of Funding Availability application.
- Develop and submit required reports to Horne/DSS in accordance with Agreement

Fiscal and Facilities Impacts:

Budgeted: No

Fiscal Analysis:

<u>Funding Sources</u>	<u>FY 23-24 Grant Funding:</u>	<u>FY 24-25 Grant Funding:</u>	<u>Total Grant Funding:</u>
General Fund			
State Grant	\$ 318,247	\$ 954,741	\$ 1,272,988
Federal			
Match:			
Other:			
Total	\$ 318,247	\$ 954,741	\$ 1,272,988

BWell will receive 25% of the funds shortly after the execution of the Program Funding Agreement (PFA). A BJE will be completed for the 25% and the remaining 75% are included in our adopted budget for FY24/25. Subgrants will be awarded to eligible facilities during FY24/25.

Key Contract Risks:

The Agreement imposes procedural and reporting requirements that BWell will need to implement, which may be subject to future audit. Failure to fully comply with the reporting requirements detailed in the Agreement could result in the State withholding funding, pending correction of breach, violation or default or disallow use of Program Funds. In addition, the repayment of audit exceptions plus interest is a potential audit consequence for BWell. BWell has also agreed if dispute arises, non-prevailing party shall pay prevailing parties reasonable expenses including arbitration costs and reasonable attorney fees.

Special Instructions:

Please return one (1) Minute Order to Michael Purvis at mpurvis@sbcbswell.org and to BWell Contracts Division at bswellcontractsstaff@sbcbswell.org.

Attachments:

Attachment A: Horne, LLP FY 23-29 Program Funding Agreement No: 22-3100
Attachment B: Horne, LLP FY 23-29 Amendment 1 to Program Funding Agreement

Authored by:

E. Zuroske/M. Purvis