



Board Agenda Item 54

DATE: December 9, 2025

TO: Board of Supervisors

SUBMITTED BY: Susan L. Holt, Director, Department of Behavioral Health

SUBJECT: Program Funding Agreement with Advocates for Human Potential, for Bond Behavioral Health Continuum Infrastructure Program Launch Ready Grant Funding

RECOMMENDED ACTION(S):

Approve and authorize the Chairman to execute a Program Funding Agreement, with Advocates for Human Potential, Inc., the contractor for the California Department of Health Care Services, for the Bond Behavioral Health Continuum Infrastructure Program Round 1 Launch Ready grant funding, total not to exceed \$47,000,000.

There is no additional Net County Cost associated with the recommended action. The recommended action will allow the Department of Behavioral Health (Department) to accept a conditional award from the California Department of Health Care Services (DHCS) for grant funding, which is to be administered through their partner Advocates for Human Potential, Inc. (AHP) for Bond Behavioral Health Continuum Infrastructure Program (BHCIP) Round 1 Launch Ready for the Olive Campus. The Bond BHCIP Round 1 grant program funding allocations are subject to the terms and conditions of the Bond BHCIP Request for Application (RFA), the County's response to the RFA, the Program Funding Agreement (PFA) (collectively the "Program Funding Agreement"), and all other legal requirements of the Bond BHCIP program. The conditionally awarded amount for the Olive project is \$47,000,000. This item pertains to a location in District 3.

ALTERNATIVE ACTION(S):

Your Board may decide to not accept the terms of the PFA and the conditionally awarded funding; however, for the Olive Campus project which focuses on the expansion and co-location of both adult and youth behavioral health outpatient services, the Department would be required to use other resources, thus limiting the ability to continue to expand the service capacity in the future.

FISCAL IMPACT:

There is no increase in Net County Cost associated with the recommended action. The Department received a conditional award notice for the Olive Campus project in the amount of \$47,000,000. The Department will be providing a 10% (\$4,700,000) match for the Olive project funded by Realignment. AHP will withhold 10% of the awarded funds until the Department's match funding has been expended. Sufficient appropriations and estimated revenues are included in the Department's Org 5630 FY 2025-26 Adopted Budget and will be included in future budget requests for the duration of the grant funding period.

DISCUSSION:

In March 2024, Proposition 1 passed in California, which is a two-bill package including the Behavioral Health

Services Act (BHSA), Senate Bill 326, and the Behavioral Health Infrastructure Bond Act of 2024 (BHIBA), Assembly Bill 531. The BHIBA portion is a \$6.38 billion general obligation bond to develop an array of behavioral health treatment, residential care settings, and supportive housing to help provide appropriate care facilities for individuals experiencing mental health and substance use disorders. Of the total amount, DHCS will distribute up to \$4.4 billion in bond funding for BHCIP competitive grants.

On October 10, 2023, Senate Bill (SB) 43 was signed into law, effective January 1, 2024, which updates the existing law under the Lanterman-Petris-Short Act that governs the involuntary detention, treatment, and conservatorship of people with behavioral health conditions. The new statute significantly updates civil detention and conservatorship laws in California by establishing new diagnostic criteria for being civilly detained to include danger to self, danger to others, and grave disability. SB 43 expands the definition of 'gravely disabled' to include a mental health disorder, a severe substance use disorder, or a co-occurring mental health disorder and a severe substance use disorder. In order to implement the changes made by SB 43, the County will need to develop an extensive array of new policies, procedures, workforce, facilities, and treatment capacity.

On December 12, 2023, the Board adopted a resolution effective January 1, 2024, deferring implementation of the changes made to the Health and Safety Code and Section 5008 by SB 43 to January 1, 2026. These changes will require the Department to develop an extensive array of new policies, procedures, workforce, residential facilities, and treatment capacity for the expanded population potentially subject to detention and conservatorship.

On July 15, 2024, DHCS issued an RFA for the BHCIP Round 1 2024 Launch Ready Program. BHCIP prioritizes regional models or collaborative partnerships, including public-private partnerships, aimed at constructing, renovating, and/or expanding community-based services, as well as projects using a campus-type model that collocate multiple levels of care on the continuum, with a focus on residential treatment facilities.

On November 5, 2024, the Board adopted a resolution authorizing the submittal of up to three (3) applications for project award grant funding during Round 1. These project grant applications were for the Olive Campus, Psychiatric Residential Treatment Facility (PRTF), and SB 43 Psychiatric Health Facility (PHF) at the Heritage Centre. The overall goal of the Department is the expansion and the capacity for future growth of behavioral health services and resources to better meet the needs of persons served.

The Olive Campus project, which is located at 5555 E. Olive Ave., Fresno, CA 93721, focuses on the expansion and co-location of both adult and youth behavioral health outpatient services. These services are currently operating at different sites and include, but are not limited to, psychotherapy, treatment, medication services, psychiatry services, assessment, crisis intervention, case management, and other support services. The architectural design of the Olive facility will allow space for staff to work in a separate office setting when they are not delivering services. Additionally, both the adult and youth behavioral health outpatient services will have their own areas and entrances within the facility.

On May 6, 2025, the Department received notice from DHCS announcing the conditional award of funding for the Bond BHCIP Round 1 Launch Ready grant applications. The Department received a conditional award for the Olive project in the amount of \$47,000,000. Bond BHCIP Round 1 funding bonds will be sold twice a year based on project draw projection surveys provided by conditional awardees. Grant funds are issued on a reimbursement basis up to 45 days after a valid draw packet has been submitted and as long as bond funding is available. The Department also received a conditional award for the PRTF and SB 43 projects to be located at the Heritage Centre. The Department will bring an item before your Board for the acceptance of the conditional award for the PRTF and SB 43 PHF at a later date due to ownership complexities extending contract negotiations for their PFAs. Since issuance of the conditional award, the Department has been working with AHP/DHCS to provide all information needed to generate the PFAs.

If the County accepts the terms of the recommended PFA for the Olive project, the County will be required to

add a 30-year building use deed restriction for the provision of behavioral health services in the financed facility. Awarded funding would allow for the construction, acquisition, and/or rehabilitation of real estate assets to expand the continuum of behavioral health treatment and service resources.

The recommended agreement with AHP deviates from the County's standard contract language as follows:

- The County is required to indemnify the State and AHP against claims arising from the County's performance, except for claims that arise from the State's or AHP's gross negligence or willful misconduct, under the Agreement.
- The County is required to maintain insurance and specifically states that the County will indemnify the State and AHP for claims arising out of its failure to maintain the insurance.
- The County is obligated to require its general contractor and subcontractors provide Commercial General Liability of lesser amounts (\$1 million per occurrence and \$5 million in the aggregate) than the County's typical amounts, which often times require a \$5 million/\$10 million policy or a combination of a \$2 million/\$2 million primary policy and a \$10 million/\$10 million umbrella policy.
- The County is required to provide Builder's Risk Insurance. The County typically requires the general contractor to purchase this insurance but does have the ability to procure the required insurance.

The Department requested edits to the PFA so that the required general contractor and subcontractor Commercial General Liability amounts could be considered minimums, and that the general contractor provide Builder's Risk Insurance. However, AHP stated that DHCS will accept no changes to the PFA. The Department has determined that the risks associated with these changes are an acceptable business risk.

OTHER REVIEWING AGENCIES:

The Behavioral Health Board will be notified of the Program Funding Agreement during the December 2025 meeting.

REFERENCE MATERIAL:

BAI #9.1, November 5, 2024

BAI #5, December 12, 2023

ATTACHMENTS INCLUDED AND/OR ON FILE:

On file with Clerk - Program Funding Agreement

CAO ANALYST:

Dylan McCully