



Board Agenda Item 35

DATE: April 23, 2024

TO: Board of Supervisors

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

SUBJECT: Program Funding Agreement for Community Care Expansion Preservation Projects

RECOMMENDED ACTION(S):

- 1. Approve and authorize the Chairman to execute a Program Funding Agreement with the HORNE LLP for Community Care Expansion (CCE) Preservation Projects which will provide support through Operating Subsidy Payment (OSP) funds to prevent closure of licensed residential adult and senior care facilities, effective upon execution through June 30, 2029 (\$2,351,591) and Capital Project (CP) funds to prevent closure of licensed residential adult and senior care facilities, effective upon execution through December 31, 2026 (\$3,111,750); and,**
- 2. Approve and authorize the Director of the Department of Behavioral Health, or designee, as signatory on behalf of the Board of Supervisors on associated grant agreement documents, expenditure forms and reports, with no change to the compensation amount or term.**

There is no increase in Net County Cost associated with the recommended actions. The first recommended action will allow the Department to fund selected facilities at risk of closure to preserve services for persons receiving Supplemental Security Income/State Supplementary Payment (SSI/SSP), including those who are experiencing or at risk of homelessness. Approval of the second recommended action will allow the Director to sign grant documents, expenditure forms, and reports on behalf of your Board, without changing the maximum or term. This item is countywide.

ALTERNATIVE ACTION(S):

If the recommended actions are not approved, the Department will not receive grant funds to prevent the closure of licensed residential adult and senior care facilities. Additionally, the Department will have to return to your Board for signature on all necessary grant reports and forms for submittal to CDSS.

FISCAL IMPACT:

There is no increase in Net County Cost associated with the recommended actions. The recommended CCE Preservation Program agreement will fund Specialized Supplemental Board and Care Homes in the amount of \$2,351,591 for OSP upon execution through June 30, 2029; and \$3,111,750 for CP effective upon execution through December 31, 2026 totaling \$5,463,341. The CP funding requires a 10% match which will be allocated through the Department's administrative time implementing and administering this project. The Department is allowed up to 15% (\$819,501) of program funds for administrative costs. Sufficient appropriations and estimated revenues will be included in the Department's Org 5630 FY 2024-25 Recommended Budget and future budget requests.

DISCUSSION:

The California Department of Social Services (CDSS) acknowledges that California has a shortage of adult and senior care facilities (e.g., Adult Residential Facilities [ARFs] and Residential Care Facilities for the Elderly [RCFEs]) that accept individuals receiving or applying for SSI/SSP or CAPI. It has also seen a decline in the number of SSI/SSP recipients residing in adult and senior care facilities. The CCE program was established by Assembly Bill (AB) 172 (Chapter 696, Statutes of 2021) to fund capital projects and promote the sustainability of residential adult and senior care facilities and to address historic gaps in the long-term care continuum.

CDSS is contracting with HORNE LLP to serve as the third-party administrator for the CCE program.

On July 15, 2022, the Department chose to accept the funds established above by the CCE Program for OSP and CP to prevent closure of licensed adult and senior care facilities. On August 15, 2022, the Department was notified that it was awarded these noncompetitive allocations. The Department submitted an implementation plan on January 30, 2023 outlining the Department's plan for administration of the plan and the disbursement of funds. On April 7, 2023, the Department was advised that additional funds were awarded through CCE Preservation Project. The final amounts awarded can be found in the fiscal impact section above. The Department has been working with the third-party administrator of the grant since November 2023 to finalize the funding agreement.

The Department will review the need of licensed residential adult and senior care facilities through a Request for Application (RFA) process and award facilities that need assistance in preventing closure, coming into compliance with Community Care Licensing, and that serve a high percentage of persons receiving SSI/SSP or persons who are experiencing or at risk of homelessness.

Allowable uses for OSP funds can cover potential or projected operating deficits. They are costs associated with the day-to-day physical operation of facilities such as staffing, utilities, security, maintenance, etc. Per the CCE requirements, OSP funding requires a deed restriction to provide licensed adult and senior residential care for at least the length of time they are paid for OSP funding.

Allowable uses for CP funds are to preserve facilities in need of repairs or required upgrades, thereby potentially preventing a facility closure and exits to homelessness. Funds can be applied to physical repairs and upgrades on an approved facility's property, including inside or outside the facility, within its property line. The CP funds can also be used for repairs needed for facilities to ensure they are compliant with licensing standards.

Several clauses are included in this funding agreement that are not customary including the following:

- The County is agreeing to indemnify HORNE for any claims related to this Agreement (Article 10);
- The County is agreeing to resolve disputes through arbitration rather than in a court of law as well as giving up their right to a jury trial. (Section 15.1);
- The County is agreeing to limit liability (Section 15.5); and
- The parties are agreeing that the venue regarding any litigation or enforcement of an award will occur in Sacramento County rather than Fresno County (Section 15.8).

OTHER REVIEWING AGENCIES:

The Behavioral Health Board was notified of this agreement at the March 2024 meeting.

ATTACHMENTS INCLUDED AND/OR ON FILE:

On file with Clerk - Agreement with HORNE LLP

CAO ANALYST:

Ronald Alexander