



Board Agenda Item 28.1

DATE: January 6, 2026

TO: Board of Supervisors

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

SUBJECT: Delegate Authority to Execute Program Funding Agreements with Advocates for Human Potential, for Bond Behavioral Health Continuum Infrastructure Program Launch Ready Grant Funding

RECOMMENDED ACTION(S):

Adopt Resolution authorizing the Chairman, or designee, to be the signatory on behalf of the Board of Supervisors on all grant documents associated with the Bond Behavioral Health Continuum Infrastructure Program, including Program Funding Agreements which would be substantially similar to the form attached to this item, subject to the review and approval of County Counsel as to legal form and the Auditor-Controller/Treasurer-Tax Collector as to accounting form.

There is no additional Net County Cost associated with the recommended action. The recommended action will allow the Chairman, or designee to be the signatory on behalf of the Board of Supervisors for the California Department of Health Care Services (DHCS) 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 rehabilitation of an existing facility to create a Psychiatric Residential Treatment Facility (PRTF) and a Senate Bill (SB) 43 Psychiatric Health Facility (PHF) at the Heritage Centre Campus. This item pertains to a location in District 3.

ALTERNATIVE ACTION(S):

Your Board may decide to not accept the recommended action; however, the Department would be unable to execute the Program Funding Agreements for the PRTF and SB 43 PHF projects due to a State-imposed deadline falling two days prior to the following Board date and delays caused by ongoing negotiation with the State regarding language of the Program Funding Agreement. The projects will not move forward until a funding source can be identified, severely limiting the Department's ability to serve the expanded grave disability population as outlined in SB 43.

FISCAL IMPACT:

There is no increase in Net County Cost associated with the recommended actions. The Department received a conditional award notice for the PRTF project in the amount of \$10,000,000. The Department also received a conditional award notice for the SB 43 PHF project in the amount of \$10,000,000, with a combined total of \$20,000,000. The Department will provide a required 10% (\$2,000,000) match for these project awards 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:

On October 10, 2023, 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.

In March 2024, Proposition 1 passed in California, which is a two-bill package including the Behavioral Health Services Act, 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 July 15, 2024, DHCS issued a Request for Application (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, PRTF, and SB 43 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.

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 SB43 and PRTF projects in the amount of \$10,000,000 each. The Department also received a conditional award for the Olive project total not to exceed \$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 Bond BHCIP Round 1 grant funding allocations are subject to the terms and conditions of the RFA, the County's response to the RFA, the Program Funding Agreement (PFA), and all other legal requirements of the Bond BHCIP program.

On December 9, 2025, your Board approved and authorized the execution of a PFA with AHP for the BHCIP Olive Campus project in the amount of \$47,000,000.

The PRTF and PHF projects will both consist of the development and renovation of facilities located at the Heritage Centre Campus. Both the PRTF and PHF projects will increase the Department's residential treatment bed capacity by a total of 32 and are to be co-located on a campus that offers additional 24/7 services that support seamless access into residential psychiatric care.

The PRTF project focuses on the establishment of adequate and clinically appropriate inpatient psychiatric services for individuals under the age of 21 as a response to the directives of Assembly Bill 2317 and serves as an alternative to hospitals for children and young adults. The PRTF will provide trauma-informed therapeutic programming to support children and youth in addressing the complex factors that often drive behavioral dysregulation. The PRTF will operate under the interim regulations provided by DHCS.

The SB43 PHF focuses on providing services to the State's expanded "gravely disabled" criteria. Services for adults will include but not be limited to mental health assessments, medical evaluation, psycho-social assessment, 24/7 nursing, multi-disciplinary milieu treatment programs, individualized focused treated plannings, and aftercare planning to support this new expanded population.

The recommended resolution will allow the Chairman or his designee to execute the PFAs prior to the State-imposed deadline which falls two days prior to the next Board date on January 25, 2026. Due to ongoing communications with the State regarding the current language of the PFA, the final version of the PFA was not available for today's Board meeting. However, the final version of the PFAs will be substantially similar to the draft version attached to the recommended resolution. Areas where the language may be updated in the course of communication with AHP have been highlighted in the resolution.

If the County accepts the terms of the recommended PFAs for the SB 43 PHF and PRTF projects, 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 rehabilitation of the existing facilities at the Heritage Centre 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 BHCIP Program Funding Agreements during the January 2026 meeting.

REFERENCE MATERIAL:

BAI #54, December 9, 2025
BAI #9.1, November 5, 2024
BAI #5, December 12, 2023

ATTACHMENTS INCLUDED AND/OR ON FILE:

On file with Clerk - Resolution

CAO ANALYST:

Dylan McCully