

1 [Grant Agreement - California Department of Health Care Services - BHCIP Round 5 -
2 Anticipated Revenue to the City \$10,000,000]

3 **Resolution authorizing the Department of Public Health to enter into a Grant Agreement**
4 **for a term commencing on execution of the Grant Agreement, through June 30, 2027,**
5 **between the City and County of San Francisco (“City”), acting by and through its**
6 **Department of Public Health (“DPH”), and the California Department of Healthcare**
7 **Services and its third-party administrator Advocates for Human Potential, Inc., having**
8 **anticipated revenue to the City of \$10,000,000; including a Permitted and Restricted**
9 **Use; authorizing DPH to accept and expend grant funds; authorizing the Grantor to**
10 **apply for a Receiver in the event of the City’s default; and authorizing DPH to enter into**
11 **amendments or modifications to the Grant Agreement that do not materially increase**
12 **the obligations or liabilities of the City and are necessary to effectuate the purpose of**
13 **the Grant.**

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15 WHEREAS, The California Department of Health Care Services (“DHCS”), through its
16 contractor and fiscal administrator Advocates for Human Potential, Inc. (“AHP”), issued a
17 Request for Applications (“RFA”) for Round 5 of the Behavioral Health Continuum
18 Infrastructure Program (“BHCIP”); and

19 WHEREAS, DHCS is authorized to administer BHCIP pursuant to Welfare and
20 Institutions Code Sections 5960–5960.45, and AHP manages and administers BHCIP for
21 DHCS; and

22 WHEREAS, The City submitted an application (“Application”) to DHCS for BHCIP grant
23 funds to acquire a new site to relocate and expand DPH’s behavioral health programs
24 (“Project”); and

1 WHEREAS, In June 2023, DHCS awarded the City BHCIP grant funds in an amount
2 not to exceed \$10,000,000, with a term commencing on execution of the Grant Agreement,
3 through June 30, 2027 ("Grant"); and

4 WHEREAS, Charter, Section 9.118(a) requires contracts entered by a department
5 having anticipated revenue to the City of \$1,000,000 or more be approved by the Board by
6 Resolution; and

7 WHEREAS, The Grant Agreement requires a minimum match of 10% from counties,
8 cities and nonprofit providers; and

9 WHEREAS, The match will be funded from DPH's one-time Homelessness Gross
10 Receipts Tax funds; and

11 WHEREAS, DPH proposes to maximize the use of available Grant funds on Project
12 expenditures by not including indirect costs in the Grant budget; and

13 WHEREAS, The grant does not require an Annual Salary Ordinance Amendment; and

14 WHEREAS, The City has negotiated a Purchase and Sale Agreement to locate the
15 Project at 1660 Mission Street in San Francisco ("Property"); and

16 WHEREAS, To expediently acquire the Property and meet the deadlines set by DHCS
17 related to the BHCIP 5 grant, the purchase of the Property will initially be funded with City
18 Homelessness Gross Receipts Tax funds; and

19 WHEREAS, After the execution of the Grant Agreement between DPH and DHCS,
20 DPH will submit eligible acquisition costs for reimbursement by the BHCIP 5 grant; and

21 WHEREAS, The Grant Agreement includes a Regulatory Agreement and Declaration
22 of Restrictions ("Declaration"), to be recorded in the City's official records, that ensures that
23 the Property be used in compliance with the BHCIP terms ("Permitted Use") for a period of at
24 least thirty (30) years after Project completion ("Restriction Period"), regardless of any sale,
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1 assignment, transfer, or conveyance (including, without limitation, by foreclosure sale) of the
2 Property or any portion thereof to any other person or entity; and

3 WHEREAS, If the City defaults under the Grant, the Declaration authorizes DHCS to
4 apply to a court of competent jurisdiction for the appointment of a Receiver to take over and
5 operate the Property in accordance with the requirements of Grant Agreement and the
6 Declaration, including all of the powers necessary for the protection, possession, control,
7 management, and operation of the Property; and

8 WHEREAS, The Grant Agreement obligates the City to defend, indemnify and hold
9 harmless DHCS and AHP against all loss, costs, damages, expenses, suits, judgments,
10 actions, and liabilities of whatever nature ("Claims") directly or indirectly resulting from or
11 arising out of or related to (a) the operation, use, occupancy, maintenance, financing, or
12 ownership of the Project, and (b) the City's breach of its Grant obligations; and

13 WHEREAS, A draft of the Grant is on file with the Clerk of the Board of Supervisors in
14 File No. _____, which is hereby declared to be a part of this Resolution as if set forth fully
15 herein; now, therefore, be it

16 RESOLVED, That DPH is hereby authorized to accept and expend the Grant in the
17 amount of \$10,000,000 from the DHCS; and, be it

18 FURTHER RESOLVED, That DPH is hereby authorized to accept and expend the
19 grant funds pursuant to Administrative Code, Section 10.170-1; and, be it

20 FURTHER RESOLVED, That the Board of Supervisors hereby waives inclusion of
21 indirect costs in the Grant budget; and, be it

22 FURTHER RESOLVED, That the Board of Supervisors hereby authorizes the Director
23 of Health or the Director's designee to enter into the Grant Agreement, having anticipated
24 revenue to the City of \$10,000,000 and a term from the execution of the Grant Agreement,
25 through June 30, 2027; and, be it

1 FURTHER RESOLVED, That said Grant Agreement may include a Declaration to be
2 recorded in the City's official records, that ensures that the Property is used for the Permitted
3 Use for the Restriction Period; and, be it

4 FURTHER RESOLVED, That said Grant Agreement may include a provision
5 authorizing DHCS to apply for the appointment of a Receiver to take over and operate the
6 Property in the event of the City's default; and, be it

7 FURTHER RESOLVED, That the Grant Agreement may include a clause obligating the
8 City to defend, indemnify and hold harmless DHCS and AHP against all loss, costs, damages,
9 expenses, suits, judgments, actions, and liabilities of whatever nature ("Claims") directly or
10 indirectly resulting from or arising out of or related to (a) the operation, use, occupancy,
11 maintenance, financing, or ownership of the Project, and (b) the City's breach of its Grant
12 obligations; and, be it

13 FURTHER RESOLVED, That the Board of Supervisors hereby authorizes the Director
14 of Health or the Director's designee to enter into any amendments or modifications to the
15 Grant that the Department determines, in consultation with the City Attorney, are in the best
16 interests of the City, do not otherwise materially increase the obligations or liabilities of the
17 City, are necessary to effectuate the purposes of the Grant, and are in compliance with all
18 applicable laws; and, be it

19 FURTHER RESOLVED, That within thirty (30) days of the Grant being fully executed
20 by all parties, the Director of Health shall provide the final agreement to the Clerk of the Board
21 for inclusion in File No. _____.
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1 Recommended:
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3 _____ /s/ _____

Approved: _____ /s/ _____
Mayor

4 Daniel Tsai
5 Director of Health
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Approved: _____ /s/ _____
Controller