

1 [Grant Agreement - Accept and Expend Grant - Retroactive - California Department of Health
2 Care Services - Bond BHCIP Round 1 - Anticipated Revenue \$6,337,140]

3 **Resolution authorizing the Department of Public Health to enter into a Grant Agreement**
4 **for a term commencing on the execution of the Grant Agreement, through June 30,**
5 **2030, 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 Health Care**
7 **Services and its third-party administrator Advocates for Human Potential, Inc., having**
8 **anticipated revenue of \$6,337,140; including a provision allowing for the recapture of**
9 **allowable project expenses incurred retroactively to May 6, 2025; including a Permitted**
10 **and Restricted Use at 333 7th Street; retroactively authorizing DPH to accept and**
11 **expend grant funds; authorizing the Grantor to apply for a Receiver in the event of the**
12 **City’s default; and authorizing DPH to enter into amendments or modifications to the**
13 **Grant Agreement that do not materially increase the obligations or liabilities of the City**
14 **and are necessary to effectuate the purpose of the Grant.**

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16 WHEREAS, The California Department of Health Care Services (“DHCS”) is authorized
17 to administer the Behavioral Health Continuum Infrastructure Program (“BHCIP”) pursuant to
18 the Welfare and Institutions Code, Sections 5960–5960.45; and

19 WHEREAS, Advocates for Human Potential, Inc. (“AHP”) serves as the contractor and
20 fiscal administrator for BHCIP on behalf of DHCS; and

21 WHEREAS, The Behavioral Health Infrastructure Bond of 2024 (California Assembly
22 Bill 531) allocated up to \$4.4 billion in additional funding for BHCIP, subject to voter approval
23 as required by the California Constitution; and

24 WHEREAS, California voters approved Proposition 1 in March 2024, authorizing state
25 bond funding for BHCIP; and

1 WHEREAS, DHCS released the Request for Applications for up to \$3.3 billion in Round
2 1 of Bond BHCIP funding in May 2024; and

3 WHEREAS, In Resolution No. 577-24 (File No. 241097), the Board of Supervisors
4 authorized DPH to apply for grant funds under Bond BHCIP Round 1, including the Enhanced
5 Dual Diagnosis Residential Treatment Facility at 333 7th Street (“Project”); and

6 WHEREAS, On May 6, 2025, DHCS awarded Bond BHCIP Round 1 grant funds to the
7 City in an amount not to exceed \$6,337,140 for the Project, with a term commencing on the
8 execution of the Grant Agreement, through June 30, 2030, and which allows for the recapture
9 of allowable project expenses incurred retroactively to May 6, 2025; and

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

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

15 WHEREAS, The match requirement will be met by the assessed value of the City-
16 owned property at 333 7th Street (“Property”); and

17 WHEREAS, The Department proposes to maximize use of available grant funds on
18 program expenditures by not including indirect costs in the grant budget; and

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

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

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

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

11 WHEREAS, A draft of the Grant Agreement is on file with the Clerk of the Board of
12 Supervisors in File No. 251260, which is hereby declared to be a part of this Resolution as if
13 set forth fully herein; now, therefore, be it

14 RESOLVED, That DPH is hereby authorized to retroactively accept and expend the
15 grant in the amount of \$6,337,140 from DHCS, with authorization for the recapture of
16 allowable expenses retroactively to May 6, 2025, pursuant to Administrative Code, Section
17 10.170–1; and, be it

18 FURTHER RESOLVED, That the Board of Supervisors hereby authorizes the Director
19 of Health or the Director’s designee to enter into the Grant Agreement, having anticipated
20 revenue to the City of \$6,337,140 and a term from the execution of the Grant Agreement,
21 through June 30, 2030; and, be it

22 FURTHER RESOLVED, That the Board of Supervisors hereby waives inclusion of
23 indirect costs in the grant budget; and, be it

24 FURTHER RESOLVED, That said Grant Agreement may include a Declaration to be
25 executed by the Director of Health and the Director of Real Estate, or the directors’ designees,

1 and recorded in the City’s official records, that ensures that the Property is used for the
2 Permitted Use for the Restriction Period; and, be it

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

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

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

18 FURTHER RESOLVED, That within thirty (30) days of the Grant Agreement being fully
19 executed by all parties, the Director of Health shall provide the final agreement to the Clerk of
20 the Board for inclusion in File No. 251260.

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1 Recommended:

Approved: _____ /s/ _____

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Mayor

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4 Daniel Tsai

Approved: _____ /s/ _____

5 Director of Health

Controller

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