

File No. 251260

Committee Item No. 14

Board Item No. 13

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Budget and Finance Committee Date January 7, 2026

Board of Supervisors Meeting Date January 13, 2026

Cmte Board

- | | | |
|---|-------------------------------------|--|
| ☒ | ☒ | Resolution |
| ☐ | ☐ | Budget and Legislative Analyst Report |
| ☐ | ☐ | Youth Commission Report |
| ☐ | ☐ | Introduction Form |
| ☐ | ☐ | Department/Agency Cover Letter and/or Report |
| ☐ | ☐ | MOU |
| ☒ | ☒ | Grant Information Form |
| ☒ | ☒ | Grant Budget |
| <ul style="list-style-type: none">• Budget• Budget Justification | | |
| ☐ | ☐ | Subcontract Budget |
| ☒ | ☒ | Contract/Agreement |
| ☐ | ☐ | Form 126 – Ethics Commission |
| ☒ | ☒ | Award Letter |
| ☐ | ☐ | Application |
| ☐ | ☐ | Public Correspondence |

OTHER (Use back side if additional space is needed)

- | | | |
|-------------------------------------|-------------------------------------|--|
| ☒ | ☒ | <u>California Assembly Bill No. 531 10/12/2023</u> |
| ☒ | ☒ | <u>Request for Applications 7/17/2024</u> |
| ☒ | ☒ | <u>2024 Proposition 1</u> |
| ☒ | ☒ | <u>DPH Statement on Retroactivity 12/29/2025</u> |
| ☒ | ☒ | <u>DPH Presentation 1/7/2026</u> |
| ☐ | ☒ | <u>Presidential Action Memo – Temp Member – 1/5/2026</u> |
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Completed by: Brent Jalipa Date December 31, 2025

Completed by: Brent Jalipa Date January 8, 2026

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.**

15
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.

1 Recommended: Approved: _____ /s/ _____
2 Mayor
3 _____ /s/ _____
4 Daniel Tsai Approved: _____ /s/ _____
5 Director of Health Controller
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File Number: 251260
(Provided by Clerk of Board of Supervisors)

Grant Resolution Information Form
(Effective July 2011)

Purpose: Accompanies proposed Board of Supervisors resolutions authorizing a Department to accept and expend grant funds.

The following describes the grant referred to in the accompanying resolution:

1. Grant Title: **Bond Behavioral Health Continuum Infrastructure Program (BHCIP) Round 1
7th Street Enhanced Dual Diagnosis Residential Treatment**
2. Department: **Department of Public Health**
3. Contact Person: **Kelly Kirkpatrick** Telephone: **(628) 754-9542**
4. Grant Approval Status (check one):
☒ Approved by funding agency ☐ Not yet approved
5. Amount of Grant Funding Approved or Applied for: **\$6,337,140**
- 6a. Matching Funds Required: **\$633,714 (10% of total award)**
b. Source(s) of matching funds (if applicable): **In-kind Property Equity at 333 7th Street San Francisco CA 94103**
- 7a. Grant Source Agency: **California Department of Health Care Services**
b. Grant Pass-Through Agency (if applicable): **N.A.**
8. Proposed Grant Project Summary:

The San Francisco Department of Public Health (SFDPH) was awarded funding for the 7th Street Enhanced Dual Diagnosis Social Residential Treatment project to rehabilitate an existing City-owned building at 333 7th Street in San Francisco. The City will upgrade the facility to be ADA-accessible and open a 16-bed enhanced dual diagnosis residential program to serve adults and older adults who have serious mental illness and its comorbidities. Dual diagnosis residential treatment has been identified as a critical need by SFDPH's assessments of the city's continuum of residential behavioral health care. The 7th Street project will prioritize services for CARE Court or justice-involved clients, high users in multiple healthcare systems, and clients stepping down from the hospital or crisis care.

9. Grant Project Schedule, as allowed in approval documents, or as proposed:
Start-Date: **May 6, 2025** End-Date: **June 30, 2030**

- 10a. Amount budgeted for contractual services: **\$5,937,140**
 - b. Will contractual services be put out to bid? **Yes, bids will be put out by DPW**
 - c. If so, will contract services help to further the goals of the Department's Local Business Enterprise (LBE) requirements? **Yes**
 - d. Is this likely to be a one-time or ongoing request for contracting out? **One-time**

11a. Does the budget include indirect costs? ☐ Yes ☒ No

b1. If yes, how much? **N.A.**

b2. How was the amount calculated? **N.A.**

c1. If no, why are indirect costs not included?

☐ Not allowed by granting agency

☒ To maximize use of grant funds on direct services

☐ Other (please explain):

c2. If no indirect costs are included, what would have been the indirect costs? **5% of Direct Costs**

12. Any other significant grant requirements or comments:

We respectfully request approval to accept and expend these funds retroactive to May 6, 2025. The Department received the grant of \$6,337,140 on May 6, 2025, for the period starting from Date of Execution to June 30, 2030.

The grant does not require an ASO amendment and does not create net new positions.

The California Department of Health Care Services (DHCS) has designated Advocates for Human Potential, Inc. (AHP) as the Third-Party Administrator to administer the grant program and to communicate with Applicant with respect to grant administration in connection with the Behavioral Health Continuum Infrastructure Program (BHCIP).

Equipment will require tracking per grantor and will need capitalization. Equipment will be owned by DHCS.

Project Description:	HM125 - 333 7th Street Enhanced Dual Diagnosis Residenti
Project ID:	10043071
Proposal ID:	CTR00005210
Fund:	11580
Version ID:	V101
Authority ID:	10001
Activity ID:	0001

****Disability Access Checklist** (Department must forward a copy of all completed Grant Information Forms to the Mayor's Office of Disability)**

13. This Grant is intended for activities at (check all that apply):

- | | | |
|---|---|--|
| ☐ Existing Site(s) | ☐ Existing Structure(s) | ☐ Existing Program(s) or Service(s) |
| ☐ Rehabilitated Site(s) | ☐ Rehabilitated Structure(s) | ☐ New Program(s) or Service(s) |
| ☒ New Site(s) | ☐ New Structure(s) | |

14. The Departmental ADA Coordinator or the Mayor's Office on Disability have reviewed the proposal and concluded that the project as proposed will be in compliance with the Americans with Disabilities Act and all other Federal, State and local disability rights laws and regulations and will allow the full inclusion of persons with disabilities. These requirements include, but are not limited to:

1. Having staff trained in how to provide reasonable modifications in policies, practices and procedures;
2. Having auxiliary aids and services available in a timely manner in order to ensure communication access;
3. Ensuring that any service areas and related facilities open to the public are architecturally accessible and have been inspected and approved by the DPW Access Compliance Officer or the Mayor's Office on Disability Compliance Officers.

If such access would be technically infeasible, this is described in the comments section below:

Comments:

Departmental ADA Coordinator or Mayor's Office of Disability Reviewer:

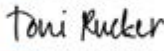
Toni Rucker, PhD

(Name)

DPH ADA Coordinator

(Title)

Date Reviewed: 12/11/2025 | 10:06 AM PST

DocuSigned by:

 (Signature Required)

Department Head or Designee Approval of Grant Information Form:

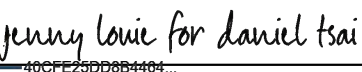
Daniel Tsai

(Name)

Director of Health

(Title)

Date Reviewed: 12/12/2025 | 1:49 PM PST

Signed by:

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PROGRAM FUNDING AGREEMENT

SUMMARY COVER SHEET

Program Funding
Agreement ID

7690-CA BHCIP-BOND_1029_thStreetEnhance-01

Program Agreement
Effective Date:

Program Funding
Agreement Manager:

ADVOCATES FOR HUMAN POTENTIAL, INC., a Massachusetts corporation (AHP)

490-B Boston Post Road, Sudbury, MA 01776-3365

Tel: +1 (978) 443-0055 ♦ Fax: (978) 261-1467

AHP Contracting Officer:

General Counsel

Tel: +1 (978) 443-0055 (o) | legalnotices@ahpnet.com

AHP Designated Representatives:

Steve Thronson, Senior Program Director

Tel: +1 (323) 545-6627 (o) | BONDBHCIPRound1@ahpnet.com

Nichole Rupp, Program Director

Tel: +1 (626) 757-0009 (o) | BONDBHCIPRound1@ahpnet.com

Sponsor:

City and County of San Francisco, a California municipal corporation, acting through its Department of Public Health

1380 Howard Street

San Francisco, CA 94103

Sponsor Designated Representative:

Kelly Kirkpatrick

Tel: (628) 754-9542 | kelly.kirkpatrick@sfdph.org

Prime Contract
Identification:

State Department of Health Care Services

Agreement No.: 24-40117

Contract Title: *California Bond Behavioral Health Continuum Infrastructure Program (Bond BHCIP)*

Contract Type:

Deliverable Based Program Funding Agreement

Period of Performance:

[Effective Date] through June 30, 2030

Consideration/Budget:

Bond BHCIP Round 1 Launch Ready Program Funding

Not to Exceed \$6,337,140.00

Billing Terms:

See Attachment E-Payment Schedule

This Program Funding Agreement (the “**Agreement**”) is entered into as of (the “**Effective Date**”), by and between **ADVOCATES FOR HUMAN POTENTIAL, INC.**, a Massachusetts corporation, with offices located at **490-B Boston Post Road, Sudbury, MA 01776** (“**AHP**”), and **CITY AND COUNTY OF SAN FRANCISCO**, a California municipal corporation, acting through its Department of Public Health, with offices located at **1380 Howard Street, San Francisco, CA 94103** (“**City and County of San Francisco**” or the “**Sponsor**”). AHP and the Sponsor may be referred to separately as a “**Party**” or collectively as “**Parties**.”

RECITALS

A. The State of California (the “**State**”), through the Department of Health Care Services (“**DHCS**”), has entered into an agreement with AHP, a private consulting and research firm focused on improving health and human services systems, to assist with management of the Behavioral Health Infrastructure Bond Act of 2024 funds (“**Bond BHCIP Funds**”) and to administer the Behavioral Health Continuum Infrastructure Program (“**BHCIP**” or “**Program**”), as amended. The agreement between DHCS and AHP shall hereinafter be referred to as the “**Prime Contract**;”

B. Pursuant to the requirements of BHCIP and DHCS guidelines, qualified grantees or entities shall use an award of Bond BHCIP Funds to expand the community capacity for serving persons with behavioral health disorders by the acquisition, construction, renovation, or other physical improvement of real property, infrastructure, or facilities;

C. DHCS oversees BHCIP to award Bond BHCIP Funds to qualified entities to construct, acquire, and rehabilitate real estate assets to address significant crisis care gaps in California’s behavioral health (mental health and substance use disorder) infrastructure;

D. In response to that certain Request for Applications for Bond BHCIP Round 1: Launch Ready issued by DHCS on or about July 17, 2024 (the “**RFA**”), for the Bond BHCIP Funds, the Sponsor submitted an application (“**Application**”) to construct the project described in the Statement of Work, **Attachment D** (“**SOW**”), located at 333 7th Street, San Francisco, CA 94103 (the “**Project**”); and the Sponsor has been awarded Bond BHCIP Funds for the Project in an amount not to exceed Six Million, Three Hundred Thirty-seven Thousand, One Hundred Forty Dollars and Zero Cents (\$6,337,140.00) (“**Program Funds**”); and

E. This Agreement sets forth the terms and conditions of AHP’s management and administration of the Program Funds and the Sponsor’s duties and obligations related to its receipt of Program Funds. Capitalized terms not defined herein shall have the meanings ascribed thereto in the California Welfare and Institutions Code sections 5960–5960.4.

NOW, THEREFORE, based upon the foregoing, and in consideration of the mutual covenants and agreements herein set forth, the Parties agree as follows:

ARTICLE 1. **AUTHORITY**

California Assembly Bill 133 (Chapter 143, Statutes of 2021) (“**AB 133**”) added sections 5960–5960.45 to the California Welfare and Institutions Code, providing the statutory basis for the Program.

The Behavioral Health Infrastructure Bond Act of 2024 (section 4, Chapter 4 of California Assembly Bill 531 (“**AB 531**”)), that provided, in part, for the: (a) addition of section 5965.04 to the California Welfare and Institutions Code allocating additional funding to the Program; and (b) repealed section 5960.45 from the California Welfare and Institutions Code.

DHCS, as part of the California Health and Human Services Agency, issued the RFA for the Bond BHCIP Funds, and AHP provides pre-application consultation, technical assistance, general training, and support on individual BHCIP projects, as well as management and administration of the Bond BHCIP Funds.

This Agreement is entered under the authority of and in furtherance of the Program. This Agreement is the result of the Application by the Sponsor for funding under BHCIP.

This Agreement hereby incorporates by reference the Sponsor’s approved Application, as well as any report prepared by AHP in reliance on the representations and descriptions included in that Application. This Agreement is governed by the following (collectively, the “**Program Requirements**”), and each of the following, as amended and in effect from time to time, is hereby incorporated by this reference as if set forth herein in full:

- 1.1 AB 133, including any subsequent amendments to the statutes contained therein;
- 1.2 AB 531, including any subsequent amendment to the statutes contained therein;
- 1.3 California Welfare and Institutions Code Division 5, Part 7, Chapter 1, including any subsequent amendment to the statutes contained therein;
- 1.4 The Behavioral Health Infrastructure Bond Act of 2024 (California Welfare and Institutions Code Division 5, Part 7, Chapter 4) including any subsequent amendment to the statutes contained therein;
- 1.5 The State General Obligation Bond Law (Chapter 4 (commencing with section 16720) of Part 3 of Division 4 of Title 2 of the Government Code), including any subsequent amendments to the statutes contained therein, with the exception of subdivisions (a) and (b) of section 16727 of the Government Code;
- 1.6 All California State Treasurer’s Office, California Department of Finance, and Internal Revenue Service statutes, regulations, and sub-regulatory guidance applicable to bond funded programs;
- 1.7 The RFA, in the form attached to this Agreement as **Attachment J**; Notwithstanding any incorporation of the RFA into this Agreement, the parties expressly agree that the portion of Section 2.8 of the RFA providing, ‘if an applicant has a current Negotiated Indirect Cost Rate Agreement (NICRA) established with a federal cognizant agency responsible for reviewing, negotiating, and approving cost allocation plans or indirect cost proposals, then the applicant may use its current NICRA as the basis for indirect costs,’ shall **not** apply and is hereby excluded from this Agreement. The parties expressly agree that the applicable indirect cost rate for indirect costs shall be determined by DHCS in its sole discretion
- 1.8 Guidance issued by DHCS regarding the Program;

- 1.9 Program Guidelines, or Program Manuals, as adopted by DHCS, and as may be amended from time to time;
- 1.10 The Notice of Conditional Grant Award letter issued by DHCS to the Sponsor (the “**Notice of Conditional Award Letter**”) attached to this Agreement as **Attachment K**; State Requirements attached to this Agreement as **Attachment A**; Certification Regarding Lobbying attached to this Agreement as **Attachment B**; the Sponsor Public Works Certification attached to this Agreement as **Attachment C**; Statement of Work attached to this Agreement as **Attachment D**; Payment Schedule attached to this Agreement as **Attachment E**; the Sponsor Compliance Certifications attached to this Agreement as **Attachment F**; Performance Milestones attached to this Agreement as **Attachment G**; Regulatory Agreement and Declaration of Restrictions (“**Declaration of Restrictions**”) attached to this Agreement as **Attachment H**; Construction Contract Addendum attached to this Agreement as **Attachment I**; and Facility Access Agreement attached to this Agreement as **Attachment L**; and
- 1.11 All other applicable law, including, but not limited to, California Labor Code statutes applicable to public works projects.

The Sponsor is solely responsible and liable for the Sponsor’s and the Sponsor’s subcontractors’ performance and compliance with this Agreement, the above-referenced Program Requirements, and all other local, state, and federal laws applicable to the Project.

ARTICLE 2.

TERM

2.1 This Agreement shall commence on the Effective Date and shall automatically expire concurrently with the expiration of the Prime Contract, on June 30, 2030 (the “**Expiration Date**”); unless, prior to the date of expiration of the Prime Contract, AHP shall assign, and DHCS shall accept, an assignment of AHP’s duties and obligations pursuant to this Agreement (the period from the Effective Date through the Expiration Date shall be referred to herein as the “**Term**”), unless earlier terminated by AHP or DHCS.

2.2 Upon the expiration of the Term, there shall be no extension or renewal of the Term of this Agreement, unless the Parties and DHCS otherwise agree in writing.

2.3 Notwithstanding the foregoing or anything to the contrary contained herein, AHP and/or DHCS shall have the termination rights as set forth in Article 9 and Article 10 of this Agreement.

ARTICLE 3.

PROGRAM FUNDS

The Sponsor has been awarded the Program Funds in the amount set forth in this Agreement to be used solely for the purposes set forth in this Agreement and as detailed in the SOW and for no other purposes. The Sponsor shall be responsible for any costs to complete the Project in excess of the Program Funds award amount. The Sponsor shall return any excess or remaining Program Funds to the State upon completion of the Project.

This Agreement is entered into, and the obligation to fund is made, based upon the appropriation and availability of funds from the Behavioral Health Infrastructure Fund as defined in and created pursuant to California Welfare and Institutions Code section 5965.03. In the event that this appropriation is reduced subsequent to the Effective Date of this Agreement, AHP may, with written approval from DHCS, reduce the amount of Program Funds awarded to the Sponsor or cease to provide funding and pursuant to Section 10.1 of this Agreement, terminate the Agreement.

ARTICLE 4.

CONDITIONS OF DISBURSEMENT

AHP shall disburse the Program Funds to the Sponsor for the amount of any allowable, reasonable, actual and documented Project specific fees and expenses incurred by the Sponsor on or after May 6, 2025, the date of the Notice of Conditional Award Letter, issued by DHCS to the Sponsor, upon DHCS's determination, in its sole discretion, that the requirements described in Section 4.1 below have been satisfied.

Program Funds disbursed for real property acquisition shall be disbursed only upon satisfaction of the requirements in Section 4.1 and the additional requirements of Section 4.2 below.

Program Funds to be disbursed for construction costs, including for costs of demolition, shall be disbursed only upon satisfaction of the requirements of Section 4.1 and the additional requirements described in Section 4.3 below. Under this Agreement, "demolition" shall include, but not be limited to, the dismantling, razing, destroying, or wrecking of any building or structure, or any part thereof.

Program Funds shall be disbursed to the Sponsor for costs incurred for the Project, contingent upon the availability of Bond BHCIP Funds. The Sponsor shall submit requests for Program Funds monthly, no later than the 15th of each month. Funding requests for reimbursement shall include incurred costs no later than forty-five (45) days from the date the Sponsor incurs the expense. Such request for Program Funds must be approved and all requirements set forth in this Article 4 must be satisfied in the sole discretion of AHP and DHCS, as applicable.

Notwithstanding the foregoing, or any provisions in this Agreement to the contrary, any request for disbursement of Program Funds submitted after April 30th of any State fiscal year ending June 30th may be subject to delayed review, processing, and disbursement, without liability to AHP or DHCS.

4.1 Requirements for Disbursement of Program Funds. No Program Funds shall be released to the Sponsor for any Project costs until the Sponsor submits, and AHP and DHCS approves, the documents described below, and any additional supporting information, as may be required:

- 4.1.1 a fully executed copy of this Agreement, including all Attachments;
- 4.1.2 the Sponsor's request for Program Funds, with all required supporting documents appended thereto;
- 4.1.3 an executed copy of Certification No. 2, "Related Party & Related Party Transaction Disclosure";

- 4.1.4 a completed Government Agency Taxpayer ID Form;
- 4.1.5 a projection model on the approved template provided to the Sponsor by AHP or DHCS presenting expected expenditures of Program Funds (“**Funding Projection Survey**”);
- 4.1.6 an authorizing resolution or set of authorizing resolutions that, in AHP’s reasonable determination, materially comports with the Program Requirements (if the Sponsor has not already submitted the same);
- 4.1.7 evidence in the form of account statements or other auditable financial record that the Sponsor has received Program Funds and paying fees and expenses directly related to the Project, as detailed in the Project budget attached as Schedule 1 to the SOW;
- 4.1.8 evidence in the form of account statements or other auditable financial record that any funds required to match the Program Funds pursuant to the RFA (“**Match Funds**”); or, in the event the Match Funds are an in-kind contribution, in lieu of cash, including real property upon which the Project is to be constructed or operated and/or the amount of any allowable, reasonable, actual, and documented, as determined by AHP and DHCS in their sole discretion, Project specific fees and expenses incurred by the Sponsor no more than one (1) year prior to May 6, 2025, the date of the Notice of Conditional Award (“**Sunk Costs**”), the value of such in-kind contribution has been approved by AHP and DHCS in their sole discretion, as may be required;
 - 4.1.8.1 AHP and DHCS reserve the right to withhold up to twenty-five percent (25%) of total Program Funds (“**Withheld Funds**”) until such time as the Sponsor provides documents, in the form and substance acceptable to AHP and DHCS, verifying that the Sponsor expended its Match Funds or that the value of its in-kind contribution and/or Sunk Costs has been reviewed and approved by AHP and DHCS. If AHP and DHCS elects to exercise this right, AHP and DHCS shall inform the Sponsor of that election in writing. AHP and DHCS shall release the Withheld Funds only after the Sponsor provides documentation that adequately, as determined by DHCS, verifies that the Sponsor has expended its Match Funds or that the value of its in-kind contribution and/or Sunk Costs has been reviewed and approved by AHP and DHCS. Withheld Funds are entirely separate and distinct from Retention Funds, as described in Section 4.3.7.1 below;
- 4.1.9 unless the Sponsor is acquiring real property for the construction or operation of the Project, in which event the Sponsor shall be subject to the requirements as described in Section 4.2.5.1, a copy of a recorded **Declaration of Restrictions** that demonstrates that the Sponsor has recorded the Declaration of Restrictions against the real property upon which the Project is to be constructed or operated shall be provided to AHP; provided that, in the event that the Project is being constructed or operated

on a leasehold interest, which lease must be for a term of not less than thirty (30) years, the Sponsor shall record the Declaration of Restrictions against the leasehold and the fee interest to the real property upon which the Project is to be constructed or operated;

4.1.10 intentionally omitted;

4.1.11 Evidence of insurance or self-insurance in the amounts and types sufficient to satisfy the requirements of Article 11 of this Agreement, subject to AHP approval, in its sole discretion;

4.1.12 certifications in the form attached as **Attachment F** required for the disbursements of Program Funds, which shall be submitted within sixty (60) days of the completion of each Performance Milestone set forth in **Attachment G**;

4.1.13 a current title report reflecting all existing liens, encumbrances, taxes owed, easements, covenants, or any other restrictions for the real property upon which the Project is to be constructed or operated. If the Sponsor's interest in the real property upon which the Project is to be constructed or operated is a leasehold, then the Sponsor shall provide a current title report for the leasehold interest and the fee interest;

4.1.14 a signed opinion letter from the Sponsor's legal counsel certifying that this Agreement, the Declaration of Restrictions, and the Program Requirements do not conflict with any existing contract, agreement, or other requirement applicable **to the Sponsor, the property** upon which the Project is to be constructed or operated, **or the Project**, and **are otherwise enforceable against the Sponsor**; and such opinion letter shall be in the form and substance acceptable to AHP, subject to DHCS's approval in its sole discretion; or a written confirmation letter certifying that the Sponsor has reviewed a current title report reflecting all existing liens, encumbrances, taxes owed, easements, covenants, or any other restrictions for the real property upon which the Project is to be constructed or operated; has received delegated authority from the Board of Supervisors for the County of San Francisco to the Department(s) of Public Health to accept Program Funds; comply with Program Requirements; and has determined there are no other deed restrictions, including restrictions of use of the Project; and such confirmation letter shall be in the form and substance acceptable to AHP, subject to DHCS's approval in its sole discretion; and

4.1.15 the Sponsor and DHCS have executed a Facility Access Agreement substantially in the form attached as **Attachment L**.

4.2 Requirements for Disbursement of Program Funds for Acquisition Costs. Program Funds granted in advance of the Sponsor expending the funds for acquisition of real property will be deposited directly into an escrow account opened by the Sponsor for the transfer of title of the real property with First American Title Insurance Company, unless another title company is approved by AHP and DHCS. No Program Funds shall be released to the Sponsor for any Project costs related to the acquisition of real property until the Sponsor satisfies the requirements

described in Section 4.1 above and the Sponsor submits, and AHP and DHCS approve, all documents described in this Section 4.2, and any additional information as may be required.

- 4.2.1 a fully executed purchase and sale agreement or other agreement evidencing the Sponsor's right to acquire the property upon which the Project is to be constructed or operated;
- 4.2.2 a written appraisal report setting forth an opinion of fair market value of the real property upon which the Project is to be constructed or operated prepared by a certified general appraiser licensed in the State of California ("**Certified Appraisal Report**"), which shall be in the form and substance acceptable to AHP and DHCS;
- 4.2.3 intentionally omitted;
- 4.2.4 evidence of any additional funds necessary for the Sponsor to acquire the property upon which the Project is to be constructed if the Program Funds are not providing the full amount of the acquisition costs;
- 4.2.5 signed escrow instructions, approved by AHP or DHCS, providing for the following:
 - 4.2.5.1 a Declaration of Restrictions in the form attached to this Agreement as **Attachment H** shall be recorded at the close of escrow against the real property upon which the Project is to be constructed or operated; and
 - 4.2.5.2 intentionally omitted.
- 4.2.6 completing and signing Certification No. 8 included as part of **Attachment F** shall be submitted to evidence the Sponsor's performance of required due diligence; and
- 4.2.7 certifications in the form of **Attachment F** required for the disbursements of Program Funds, which shall be submitted within sixty (60) days of the completion of each Performance Milestone set forth in **Attachment G**.

4.3 Requirements for Disbursement of Program Funds for Construction Costs. No Program Funds shall be released to the Sponsor for Project costs related to construction or demolition on the Project until the Sponsor satisfies the requirements described in Section 4.1 above and the Sponsor submits, and AHP and DHCS approve, all documents described below, and any additional information, as may be required:

- 4.3.1 the Sponsor Certification No. 1, in the form attached as **Attachment F**, and the Sponsor's General Contractor's Certification No. 12, certifying compliance with requirements related to public works projects pursuant to California Labor Code section 1720 et seq., as well as all applicable federal labor and wage laws;

- 4.3.2 plans and specifications for the construction work approved by AHP, as identified by the completion of Certifications Nos. 9 and 10 no later than six (6) months from the Effective Date;
- 4.3.3 a construction contract, as identified by the completion of Certification No. 11, based on a permitted set of construction plans with a licensed general contractor for an amount consistent with the construction costs in the approved Project budget incorporated into the SOW as Schedule 1 that incorporates the requirements of this Agreement, including, but not limited to, the prevailing wage requirements, and contains the Construction Contract Addendum in the form attached as **Attachment I**;
- 4.3.4 a copy of the Notice of Exemption for the Project filed with the county clerk of each county in which the Project is located, pursuant to the California Environmental Quality Act (“CEQA”) Guidelines section 15062 (14 CCR Section 15062);
- 4.3.5 copies of labor and material bonds and performance bonds for the construction work in an amount equal to one hundred percent (100%) of the cost of construction, naming AHP and DHCS as co-obligees on the bonds;
- 4.3.6 a written request for Program Funds on a form approved by AHP and DHCS, providing sufficient detail and with sufficient supporting documentation to permit AHP and DHCS to confirm that the request is consistent with the terms of this Agreement and the Project budget;
- 4.3.7 when a disbursement is requested by a Sponsor to pay any contractor in connection with the construction work, the written request must be accompanied by (a) certification by the Sponsor’s architect or project manager that the work for which disbursement is requested has been completed (although AHP reserves the right to inspect the Project and make an independent evaluation) and (b) lien releases and/or mechanics lien title insurance endorsements reasonably acceptable to AHP;
 - 4.3.7.1 AHP and DHCS shall retain ten percent (10%) of total Program Funds to the Sponsor (“**Retention Funds**”) until the Sponsor submits an executed copy of Certification No. 17, “Notice of Completion and Receipt of Conditional/Unconditional Final Releases of Liens,” as set forth in **Attachment F**. AHP and DHCS shall release Retention Funds to the Sponsor only upon the Sponsor’s satisfaction of all applicable requirements in this Section 4.3.7.1 and the submission of Certification No. 17 in a form and substance acceptable to AHP and DHCS, and any additional supporting documentation, as may be required, subject to approval by AHP or DHCS. Retention Funds are entirely separate and distinct from Withheld Funds, as described in Section 4.1.8.1 above; and

- 4.3.8 certifications in the form of **Attachment F** required for the disbursements of Program Funds, which shall be submitted within sixty (60) days of the completion of each Performance Milestone set forth in **Attachment G**.

4.4 **Disbursements for Pre-construction Expenses.** Notwithstanding anything to the contrary stated in this Article 4, or otherwise in this Agreement, Program Funds may be released to the Sponsor for certain pre-construction Project costs, subject to approval by AHP or DHCS in its sole discretion, provided that the Sponsor has: (i) satisfied the requirements set forth in subsections 4.1.1, 4.1.2, 4.1.3, 4.1.4, 4.1.5, 4.1.6, 4.1.7, 4.1.8, 4.1.11, 4.1.12, 4.1.14, and 4.1.15; (ii) the Project budget includes pre-construction expenses; and (iii) the planning and pre-construction phase of Project development shall be completed within ninety (90) days of the Effective Date.

4.5 **Monthly Submittal of Funding Projection Survey.** The Sponsor shall continue to review, update, and resubmit to AHP no later than the 15th day of each month, its Funding Projection Survey forecasting anticipated Project expenses.

ARTICLE 5.

CONSTRUCTION PROJECTS/NOTICE TO PROCEED

In the event that Program Funds are used for the performance of construction or demolition on the Project, the Sponsor shall submit an updated budget and schedule to AHP and DHCS for its approval prior to the Sponsor's issuance of a notice to proceed to its general contractor. The updated budget and schedule shall be consistent with the final plans and specifications for the Project. The Sponsor shall not issue a notice to proceed to its general contractor until AHP and DHCS have approved the updated budget and schedule. AHP or DHCS shall use reasonable efforts to review and provide feedback on the updated budget within seven (7) business days. Notwithstanding the foregoing, AHP or DHCS may extend the period of review and feedback, with notice to the Sponsor, for an additional thirty (30) days without any liability to the Sponsor, AHP, or DHCS.

ARTICLE 6.

PERFORMANCE

The Sponsor shall comply with the schedule set forth in the Performance Milestones in **Attachment G** and shall provide each certification contained in **Attachment F** within sixty (60) days of the completion of each Performance Milestone. The Sponsor shall provide regular progress reports to AHP but in all events at least once every thirty (30) days, including its progress toward meeting the Performance Milestones. The Project shall not be considered complete until the submission of either Certification No. 16 or Certification No. 17, as applicable, and Certification No. 18. The Sponsor may apply to AHP for an extension of any Performance Milestones or an extension to submit any required certification, which AHP may approve, provided that the Sponsor has made a showing of good cause for such an extension and provided acceptable assurances for timely completion of the remaining Performance Milestones as determined by AHP. Any extension granted by AHP shall not be effective unless granted in writing, and such writing shall be considered an amendment to this Agreement and incorporated herein. In all events, all Program Funds must be obligated and expended by June 30, 2030.

FAILURE TO SATISFY ANY ONE OF THE CERTIFICATIONS AND/OR PERFORMANCE MILESTONES (UNLESS SUCH PERFORMANCE MILESTONE IS EXTENDED OR WAIVED IN WRITING BY DHCS) SHALL CONSTITUTE A BREACH OF THIS AGREEMENT AND ENTITLE AHP TO MANDATE THE SPONSOR TO RETURN TO THE STATE OF CALIFORNIA ANY PROGRAM FUNDS DISBURSED; IN ANY SUCH INSTANCE, AHP MAY, ONLY WITH DHCS APPROVAL, ALSO CANCEL THIS AGREEMENT WITHOUT OWING ANY DAMAGES OR OTHER PAYMENT TO THE SPONSOR.

ARTICLE 7.

FISCAL ADMINISTRATION

7.1 Disbursements of Program Funds to the Sponsor by AHP shall be deposited in the Sponsor's account unless such funds are to be used for acquisition of the property upon which the Project is to be constructed or operated, in which event the Program Funds shall be deposited directly into an escrow account established with a title company for the purposes of acquisition of the property upon which the Project is to be constructed or operated. All interest earned from the deposit of Program Funds shall be used by the Sponsor for eligible Program administrative activities; however, any such use shall not exceed Five Hundred Dollars (\$500.00) per year. Program Funds shall be segregated from the Sponsor's other funds and shall only be disbursed from the Sponsor's account for eligible Program Funds costs.

7.2 AHP has approved the Sponsor's budget for the Project incorporated in the SOW at **Attachment D**, as such budget may be updated prior to issuance of a notice to proceed to the general contractor in accordance with Article 5. The Sponsor may adjust line items in the budget, including drawing upon any contingency amounts listed in the budget, only with the prior written approval from AHP and DHCS, provided that such adjustments do not increase the overall budget amount. If, upon completion of a particular phase or segment of the Project, the Program Funds allocated to that segment or phase have not been fully expended, the Program Funds allocated to the Sponsor for such segment of the Project shall remain available to the Sponsor for disbursement for subsequent segments of the Project; provided, however, in no event shall the total amount of the Program Funds available to the Sponsor exceed the amount set forth in this Agreement without a written amendment to this Agreement signed by both Parties and approved by DHCS.

7.3 The Sponsor shall notify AHP and DHCS within thirty (30) days of any changes in the work required to be performed under this Agreement, including any additions, changes, or deletions to the plans and specifications approved by AHP and DHCS. The Sponsor shall provide prior notice to AHP of any written change order before any of the following changes, additions, or deletions in work for the Project may be performed: (1) any change in the work the cost of which exceeds One Hundred Thousand Dollars (\$100,000); (2) any set of changes in the work the cost of which cumulatively exceeds One Hundred Thousand Dollars (\$100,000); (3) any material change in building materials or equipment, specifications, or the structural or architectural design or appearance of the Project as provided for in the plans and specifications approved by AHP; or (4) any changes in the schedule that will extend the completion date. Notice of any additions, changes, or deletions to the work shall not relieve or release the Sponsor from any other obligations under this Agreement or relieve or release the Sponsor or its surety from any surety bond.

7.4 The Sponsor shall provide AHP with an updated budget and schedule for the Project when fifty percent (50%) completion of construction work is achieved that shows all changes in

costs and schedule from the budget and schedule provided to AHP prior to issuance of the Notice to Proceed.

7.5 Any Program Funds that were granted but have not been expended by the expiration of the Period of Performance set forth in the Summary Cover Sheet and the Attached Performance Milestones must be returned to DHCS with any accrued interest in excess of Five Hundred Dollars (\$500.00) per year, which may be used pursuant to Section 7.1 for administrative activities. Returned Program Funds shall be paid as directed by AHP or DHCS, no later than thirty (30) calendar days after the expiration of the applicable Period of Performance.

ARTICLE 8.

CHANGES TO STATEMENT OF WORK

8.1 The Sponsor shall not, without the prior written approval of DHCS, change either of the following: (i) the behavioral health purpose of the Project; or (ii) the population to be served by the Project, the foregoing, each, as described in (x) the Sponsor's Application, and (y) the SOW. The Sponsor shall ensure, and change as necessary, the purpose of the Project or the population to be served by the Project is tailored to provide behavioral health treatment that will meet community needs identified by local stakeholders, including the county board of supervisors, the county behavioral health director, providers of behavioral health services, and individuals who have or have had a mental health disorder or substance use disorder. As part of its review of the Sponsor's change request, DHCS shall ensure that any requested change aligns with these community needs. DHCS shall approve or deny the Sponsor's request for change within thirty (30) days of DHCS' receipt of the request. DHCS's decision to disapprove a request to change the Sponsor's SOW is fact-specific, and the decision shall be final and not subject to further review. The Sponsor shall submit to AHP, with a copy to DHCS, its written request to change either (i) the behavioral health purpose of the Project; or (ii) the population to be served by the Project, which shall include a detailed description of the following criteria:

- 8.1.1 the changes to the services or the Project that the Sponsor is requesting to make;
- 8.1.2 a detailed explanation of why the change is necessary and justification for how the change in the Project meets the changing behavioral health needs of the county or geographic area that the Project serves;
- 8.1.3 the behavioral health population, services, and needs that the Sponsor's change will meet;
- 8.1.4 an attestation that the Sponsor will serve the same percentage (or more) of Medi-Cal beneficiaries as originally stated in the Sponsor's Application;
- 8.1.5 anticipated additional costs of changes to the Project, including a financial plan for meeting additional costs; and
- 8.1.6 any other information requested by AHP or DHCS to evaluate the Sponsor's request.

Any changes to the SOW approved by DHCS shall be provided to AHP and set forth as an amendment to this Agreement as required by Section 20.10 of this Agreement.

8.2 The Sponsor is solely liable and responsible for any increases in costs that exceed the Program Funds. In no event shall AHP or DHCS be responsible for any costs that exceed the Program Funds amount awarded for the Project. In the event that Project costs exceed the funds that the Sponsor has available to pay such costs, the Sponsor shall within thirty (30) days of such occurrence provide for notice to AHP of the financial plan, for AHP's approval, for meeting such additional costs, which may be approved or disapproved by DHCS, in its sole discretion. A financial plan for meeting additional costs may include the Sponsor providing additional funds for the Project or the Sponsor incurring additional debt. The Sponsor shall not incur any additional debt without the prior written approval of AHP and DHCS. A preliminary financial plan may be submitted to AHP in the form of a written confirmation that the Sponsor or designee shall request approval from the Board of Supervisors regarding the use of additional funds necessary to complete the Project. The Sponsor shall provide to AHP written confirmation of such Board of Supervisor approval within thirty (30) days of its submittal to AHP of its preliminary financial plan.

ARTICLE 9.

DEFAULT AND REMEDIES

9.1 **Event of Default.** Any of the following shall, after written notice by AHP or DHCS and expiration of any applicable cure period, constitute an “**Event of Default**” under this Agreement:

- 9.1.1 The Sponsor's failure to satisfy the conditions precedent to disbursement of Program Funds, as set forth in Article 4 above, or to expend Program Funds pursuant to the terms of this Agreement;
- 9.1.2 The Sponsor's failure to timely satisfy each or any of the conditions set forth in this Agreement or the Notice of Conditional Award Letter;
- 9.1.3 The Sponsor's violation of any of the Program Requirements; and
- 9.1.4 AHP's or DHCS's determination of the following:
 - 9.1.4.1 the Sponsor has concealed any material fact from AHP or DHCS related to the Sponsor, the Application, the property upon which the Project is to be constructed or operated, or the Project;
 - 9.1.4.2 any material fact or representation, made or furnished to AHP or DHCS by the Sponsor in connection with the Application, the Notice of Conditional Award Letter, or this Agreement which shall have been untrue or misleading at the time that such fact or representation was made known to AHP, or subsequently becomes untrue or misleading at the Sponsor's fault;
 - 9.1.4.3 any certification provided by the Sponsor is determined to be untrue or misleading; or
 - 9.1.4.4 any objectives or requirements of the Program cannot be met in accordance with this Agreement or within applicable timeframes, as memorialized by this Agreement.

9.2 Right to Cure. If the breach, violation, or default pursuant to Section 9.1 is not cured to AHP's and DHCS's satisfaction, as determined by AHP and DHCS, subject to DHCS's approval in its sole and absolute discretion, within **thirty (30) days** of notice to the Sponsor, provided in accordance with the notice requirements of this Agreement, then AHP, subject to DHCS's approval, may declare an Event of Default under this Agreement.

9.2.1 Notwithstanding the foregoing, the Sponsor may request additional time to cure any Event of Default. AHP may, but shall not be required to, grant any such request, which request shall be subject to DHCS's approval. AHP's approval of the Sponsor's request for additional time to cure shall be subject to the Sponsor's continuing and diligent efforts to cure, and any additional cure period provided to the Sponsor shall be reasonable, as determined by AHP, subject to DHCS's approval in its sole discretion. In no event shall any extension of the cure period exceed thirty (30) days. For the avoidance of doubt, any extension of the cure period shall be granted in writing by AHP, subject to DHCS's approval in its sole discretion.

9.3 AHP/State/DHCS Remedies. Upon the occurrence of an Event of Default or termination, AHP and/or DHCS may take any and all actions or remedies that are available under this Agreement, in law, or in equity, including, but not limited to, the following:

- 9.3.1 temporarily withhold disbursement of Program Funds pending correction of the noncompliance, breach, violation, or default;
- 9.3.2 disallow use of Program Funds for all or part of the costs resulting from the noncompliance, breach, violation, or default;
- 9.3.3 wholly or partly suspend or terminate this Agreement and the Sponsor's award of Program Funds, or disbursements thereof (any such suspension or termination of this Agreement or the Sponsor's award of Program Funds shall be effective upon the Sponsor's receipt of AHP or DHCS notice of termination or suspension);
- 9.3.4 withhold or deny further Program Funds or awards to the Sponsor;
- 9.3.5 require the Sponsor to return all or part of any Program Funds, including any interest earned thereon;
- 9.3.6 intentionally omitted;
- 9.3.7 any and all remedies under the Declaration of Restrictions;
- 9.3.8 specific performance;
- 9.3.9 injunctive relief;
- 9.3.10 recovery and completion of the Project pursuant to the payment and performance bonds; and
- 9.3.11 any and all other remedies allowed by law or available in equity.

ARTICLE 10.

TERMINATION

10.1 AHP and/or DHCS shall have the right, each in its sole discretion and without prejudice to any other rights and remedies it may have under applicable law, to terminate this Agreement effective immediately upon written notice of such termination to the Sponsor if (i) an Event of Default is declared by AHP or DHCS; (ii) three (3) breaches, violations, or defaults by the Sponsor of the terms and conditions of this Agreement (whether the same or different) occur within any twelve-month period, so long as such breaches, violations, or defaults are caused by the Sponsor's negligence or willful misconduct, and regardless of whether any or all such breaches, violations, or defaults are timely corrected; (iii) the Sponsor files a petition in bankruptcy or is adjudicated by a court of competent jurisdiction to be bankrupt or insolvent, or makes an assignment for the benefit of creditors or an arrangement pursuant to any bankruptcy law, or the Sponsor discontinues or dissolves its business, or a receiver is appointed for the Sponsor or the Sponsor's business; (iv) any lender to the Sponsor declares a default under its loan agreement, or funds available to the Sponsor from any lender become unavailable such that the Sponsor is unable to timely satisfy obligations under this Agreement; (v) the Sponsor's failure to provide AHP or DHCS with adequate assurances within a reasonable time that the Sponsor is financially solvent, or AHP or DHCS determines that the Sponsor is financially insecure; or (vi) Bond BHCIP Funds necessary to complete the Project are no longer available based upon a reduction in the appropriation or availability of funds from the Behavioral Health Infrastructure Fund as defined in and created pursuant to California Welfare and Institutions Code section 5965.03.

10.2 Notwithstanding the foregoing, or anything to the contrary stated herein, AHP may terminate this Agreement upon thirty (30) days' written notice if the Prime Contract is terminated by DHCS, or if AHP is directed by DHCS to terminate this Agreement.

10.2.1 For Cause

DHCS may terminate this Agreement, in whole or in part, and be relieved of any payments should the Sponsor or Owner fail to perform the requirements of this Agreement at the time and in the manner herein provided. In the event of such termination, DHCS may proceed with the work in any reasonable manner deemed proper by DHCS, with the goal of ensuring liquidated funds result in and align with program intent pursuant to California Welfare and Institutions Code section 5965.03. If this Agreement is terminated, in whole or in part, DHCS will require the Sponsor or Owner to work with DHCS to ensure continued use of real or personal property acquired, developed, or purchased with funds under this Agreement align with program intent as specified. In the case of licensed software, license, Sponsor or Owner may be required to deliver to DHCS any completed deliverables, partially completed deliverables, and any other materials, related to the terminated portion of this Agreement, including but not limited to, computer programs, data files, user and operations manuals, system and program documentation, training programs related to the operation and maintenance of the system, and all information necessary for the reimbursement of any outstanding claims subject to DHCS review and approval.

10.2.2 intentionally omitted.

10.3 Upon termination of this Agreement for any reason, neither AHP nor DHCS shall be liable for any work that is not performed in accordance with the Agreement. Neither AHP nor DHCS shall be responsible for any disbursement of Program Funds after the effective date of termination of this Agreement unless: (1) the Sponsor submitted to AHP a complete draw request for disbursement of a specific amount of Program Funds prior to the effective date of termination of this Agreement; and (2) AHP determines that the request is for expenses consistent with the terms of this Agreement and the Project budget. Notwithstanding the foregoing, neither AHP nor DHCS shall be responsible for any disbursement of Program Funds requested by the Sponsor after the effective date of termination of this Agreement based upon the occurrence of an Event of Default. Upon any termination, neither AHP nor DHCS shall be responsible for any damages to the Sponsor as a result of such termination.

ARTICLE 11. **INSURANCE**

11.1 Insurance Requirements. The Sponsor shall continuously maintain for the duration of this Agreement, and so long as the Declaration of Restrictions is in place, the following insurance or self-insurance at, or in excess of, the limits detailed below:

- 11.1.1 Builder's risk insurance, including a permission to occupy endorsement during the course of construction, and upon completion of construction, if the Project is new construction, property insurance, covering all risks of loss, excluding earthquake, flood, or other risks customarily excluded from "All-Risks" coverage, in an amount equal to full replacement cost of the Project, including all improvements, fixtures, furnishings, and equipment thereon at the time of loss.
- 11.1.2 If the Project is rehabilitation of an existing facility, property insurance covering all risks of loss, excluding earthquake, flood, or other risks customarily excluded from "All-Risks" coverage, in an amount equal to the full replacement costs of all improvements located on the property upon which the Project is to be constructed, including all improvements, fixtures, furnishings, and equipment thereon at the time of loss. Upon completion of the rehabilitation, any property insurance policy shall be updated to reflect the increased replacement costs resulting from the rehabilitation.
- 11.1.3 Workers' compensation insurance as required by the State.
- 11.1.4 Comprehensive automobile and vehicle liability insurance covering claims for injuries to members of the public and/or damages to property of others arising from use of motor vehicles, including on-site and off-site operations and owned, non-owned, or hired vehicles, with One Million Dollars (\$1,000,000) combined single limits.
- 11.1.5 Commercial general liability insurance of not less than One Million Dollars (\$1,000,000) per occurrence with an annual aggregate limit of Five Million Dollars (\$5,000,000) for bodily injury and property damage liability combined. The Sponsor's required limits may be satisfied through a combination of general liability and umbrella or excess liability policies of coverage. The commercial general liability insurance policy shall cover

liabilities arising out of premises, independent contractors, products, completed operations, ongoing operations, personal and advertising injury, and liability assumed under an insured agreement. The commercial general liability insurance shall apply to each insured against whom claim is made or suit is brought subject to the Sponsor's limit of liability. If the scope of services involves one on one activities with minors, such policy shall include or not exclude sexual assault and misconduct coverage.

11.2 Third-Party Insurance Policy Requirements. If the Sponsor elects to obtain third-party insurance, with the exception of Workers' Compensation, all policies, including their Lender Loss Payable clauses, shall be endorsed to name AHP and the "State Department of Health Care Services on behalf of the State (Agreement No.: 24-40117)" as additional insureds on such third-party insurance with respect to the work to be performed by the Sponsor. The endorsements and policies will provide that the insurer waives its rights of subrogation, and the insurer will provide notice to AHP in writing at least thirty (30) days prior to any cancellation, material change in coverage, or intent not to renew such insurance coverage. All such insurance must be primary and non-contributory and required to respond and pay prior to any other insurance or self-insurance available.

11.3 Contractor Insurance Requirements. The Sponsor shall require its general contractor and its subcontractors to provide insurance in the amounts and form set forth above during the course of construction (except the general contractor shall not be required to maintain Builder's Risk insurance or property insurance) and to name AHP and the "State Department of Health Care Services on behalf of the State (Agreement No.: 24-40117)" as additional insureds on all such insurance during the course of construction.

11.4 Evidence of Self-Insurance. If the Sponsor elects to maintain self-insurance, upon the request of AHP or DHCS, the Sponsor shall immediately deposit with AHP a letter, signed by an authorized Sponsor representative, certifying that the Sponsor maintains self-insurance consistent with the above requirements. The Sponsor shall certify its self-insurance maximum coverage amounts for each of the items above and whether they have individually self-insured or if they pooled self-insurance with other public entities through a joint powers agreement. Self-insurance maximum coverage amounts shall meet or exceed the minimum coverage amounts listed for each item above. Upon AHP's request, the Sponsor shall also provide to AHP the Department of Industrial Relations' certificate of consent for the county to self-insure against workers' compensation claims. The Sponsor shall maintain self-insurance consistent with the requirements set forth above at all times during the term of the Agreement and the term of the Declaration of Restrictions. Notwithstanding the expiration of this Agreement, the Sponsor shall provide to DHCS a new certificate of insurance evidencing its third-party insurance, or a new letter certifying its compliance with the self-insurance coverage, as provided herein, for a period not less than thirty (30) years from the date of either of the following: (i) the date of issuance of a Certificate of Occupancy, or (ii) the date of recordation of a Notice of Completion, in the official records of the county where the Project is located.

11.5 Insurance Indemnification. The Sponsor shall indemnify, defend, and hold harmless AHP and DHCS against any and all liabilities to third persons and other losses (not compensated by insurance or otherwise) and for any other costs and expenses incurred, including reasonable attorneys' fees, judgments, settlements, or penalties, as a result of any claim or liability resulting from the failure of the Sponsor (or its lower-tier subcontractors or consultants) to maintain the insurance policies required by this Article.

11.6 Insurance Premiums. Neither AHP nor DHCS shall be responsible for any premiums, deductibles, or assessments on any insurance policy referred to in this Agreement.

11.7 Survival. The requirements to provide insurance in this Article 11 shall survive termination of this Agreement.

ARTICLE 12. **OPERATIONS**

The Sponsor agrees that, in consideration of the receipt of Program Funds pursuant to the terms of this Agreement, the Sponsor shall enter into, as required by this Agreement, the Declaration of Restrictions, to be recorded against the property upon which the Project is to be constructed or operated, in a form substantially similar as attached hereto and incorporated herein by this reference as **Attachment H**. The Declaration of Restrictions shall by its terms restrict the development, use, and occupancy of the Project for the term of thirty (30) years, from either the date of the issuance of a Certificate of Occupancy or the recordation of a Notice of Completion in the official records of the county in which the Project is located. In addition to any requirements in the Declaration of Restrictions, the Sponsor shall comply with all applicable state, federal, and local health and safety laws and ordinances with respect to the operation and maintenance of the Project. The facility or facilities financed pursuant to this Agreement shall accept and provide services to Medi-Cal beneficiaries as patients. If the Sponsor transfers title to the Project, the Sponsor shall ensure and guarantee that the requirements of this provision transfer and bind the Sponsor's successor in title. These rights and obligations shall survive the expiration or early termination of this Agreement and are covenants running with the Project pursuant to the Declaration of Restrictions in the form of **Attachment H** to be recorded against the Project. During the Term of this Agreement and the term of the Declaration of Restrictions, the Sponsor shall execute such other documents as required by DHCS to comply with the Program Requirements, including deed restrictions, covenants, and conditions recorded against the Project.

ARTICLE 13. **POLICIES AND LEGAL AUTHORITIES**

13.1 The Sponsor shall comply with:

13.1.1 All California and federal law, regulations, and published guidelines, to the extent that these authorities contain requirements applicable to the Sponsor's performance under this Agreement, including any applicable licensing and health and safety requirements;

13.1.2 AB 133, including any subsequent amendments to the statutes contained therein;

13.1.3 AB 531, including any subsequent amendment to the statutes contained therein;

13.1.4 California Welfare and Institutions Code Division 5, Part 7, Chapter 1, including any subsequent amendment to the statutes contained therein and any related DHCS guidance, regulations, and/or subsequent additions or amendments thereto;

- 13.1.5 The State Behavioral Health Infrastructure Bond Act of 2024 (California Welfare and Institutions Code Division 5, Part 7, Chapter 4) including any subsequent amendment to the statutes contained therein;
- 13.1.6 The State General Obligation Bond Law (Chapter 4 (commencing with section 16720) of Part 3 of Division 4 of Title 2 of the Government Code), including any subsequent amendments to the statutes contained therein, with the exception of subdivisions (a) and (b) of section 16727 of the Government Code; and
- 13.1.7 All California State Treasurer's Office, California Department of Finance, and Internal Revenue Service statutes, regulations, and sub-regulatory guidance applicable to bond funded programs.

13.2 In the event the Sponsor does not comply with the terms of this Article 13, AHP shall give notice in accordance with Section 20.7 and shall have all rights set forth in Article 9 and Article 10.

ARTICLE 14. **INDEMNIFICATION**

14.1 The Sponsor shall indemnify, defend, and hold harmless AHP, its directors, officers, employees, consultants, and agents, and DHCS, and its respective officers, members, supervisors, directors, officials, and employees, counsel, attorneys, and agents against liabilities to third persons and other losses (not compensated by insurance or otherwise) and for any costs and expenses incurred by AHP and DHCS, including judgments, settlements, or penalties, against all liabilities, claims, suits, demands, or liens for damages to persons or property ("**Claims**") (unless such Claims arise from the gross negligence or willful misconduct of AHP or DHCS) arising out of, resulting from, or relating to, the Sponsor's performance under this Agreement, and including, but not limited to, the following:

- 14.1.1 any act, omission, or statement of the Sponsor, or any person employed by or engaged under contract with the Sponsor, that results in injury (including death), loss, or damage to any person or property;
- 14.1.2 any failure on the part of the Sponsor to comply with applicable Program Requirements and requirements of law;
- 14.1.3 any failure to maintain the insurance policies required by this Agreement or the work performed, inclusive of intellectual property infringement, if applicable, under this Agreement. Insurance coverage that may be required shall in no way lessen or limit the liability of the Sponsor under the terms of this obligation;
- 14.1.4 any failure on the part of the Sponsor to satisfy all claims for labor, equipment, materials, and other obligations relating to the performance of the work hereunder;
- 14.1.5 any injury to property or person occurring on or about the Project or the property of the Sponsor; or

14.1.6 any claims related to the use, generation, storage, release, threatened release, discharge, disposal, or presence of hazardous materials on, under, or about the property upon which the Project is to be constructed or located.

14.2 The Sponsor shall indemnify AHP and DHCS under this clause for any of the above acts attributable to its employees, consultants, agents, and/or lower-tier subcontractors engaged in performance of the work under this Agreement. AHP or DHCS shall provide timely notice of any Claim, describing in reasonable detail such facts and circumstances with respect to such Claim. The Sponsor shall defend AHP and DHCS with counsel reasonably acceptable to AHP and DHCS. AHP and DHCS, each, may, at its option and own expense, engage separate counsel to advise them regarding the Claim and its defense. Such counsel may attend all proceedings. The Sponsor shall not settle any Claim without the consent of AHP and DHCS, if the settlement impacts either of their interests. If the settlement does not impact either AHP's or DHCS' interests, the Sponsor shall provide AHP and DHCS with notice of the settlement within seven (7) days.

14.3 The Sponsor agrees to indemnify, defend, and save harmless AHP and its directors, officers, employees, consultants, and agents, and DHCS and its officers, employees, consultants, and agents from any and all claims, costs (including, but not limited to, all expenses incurred in investigating, preparing, serving as a witness in, or defending against any such claim, action, or proceeding, commenced or threatened), and losses accruing or resulting to any and all contractors, subcontractors, suppliers, laborers, and any other person, firm, or corporation furnishing or supplying work services, materials, or supplies in connection with the performance of this Agreement and from any and all claims and losses accruing or resulting to any person, firm, or corporation who may be injured or damaged by the Sponsor in the performance of this Agreement.

14.4 This indemnification shall survive the expiration or termination of the Agreement.

ARTICLE 15. **PREVAILING WAGE**

Any construction work that is part of the Project is subject to state and federal prevailing wage law, including California Labor Code section 1720 et seq. The Sponsor is urged to seek professional legal advice about prevailing wage law requirements and the Sponsor's obligations thereunder. Prior to disbursing the Program Funds, the Sponsor must sign Certification No. 1 and the Sponsor's general contractor must sign Certification No. 12, certifying compliance with California's prevailing wage law and all applicable wage and hours laws. The Sponsor shall also comply with any other labor requirements applicable to the Project as a result of other funding sources or regulatory requirements.

ARTICLE 16. **ENVIRONMENTAL CONDITIONS**

The Sponsor shall provide a Phase I Environmental Site Assessment ("ESA") for the Project, in conformance with Advancing Standards Transforming Markets (ASTM) Standard Practice E 1527, evaluating whether the Project is affected by any recognized environmental conditions. If the Phase I ESA discloses evidence of recognized environmental conditions and the Sponsor desires to proceed with the Project, the Sponsor shall provide AHP with a Phase II report and any additional reports as required by AHP and in a form acceptable to AHP. The Sponsor shall also provide an asbestos assessment and a lead-based paint report for AHP's approval if the Project involves rehabilitation or demolition of existing improvements. Prior to disbursement of Program

Funds for real property acquisition, AHP shall require the Sponsor to complete and sign Certification No. 8, certifying that all recommendations of the Phase I or Phase II ESA have been complied with or shall be complied with prior to commencement of construction. Prior to disbursement of Program Funds for any rehabilitation work, AHP shall require the Sponsor to complete and sign Certification No. 8, certifying that all asbestos and/or lead-based paint has been abated or shall be abated prior to or during the performance of any such rehabilitation work.

ARTICLE 17. **RELOCATION**

The Sponsor must comply with the California Relocation Assistance Law (California Government Code section 7260 et seq.), and their implementing regulations (collectively, the “**Relocation Laws**”) if the Project will result in the displacement, as that term is defined in the Relocation Laws, of any persons, businesses, or farm operations. Pursuant to the Relocation Laws, the Sponsor must have a relocation plan prior to proceeding with any phase of a Project or other activity that will result in the displacement of persons, businesses, or farm operations. The Sponsor shall provide any required notices and relocation benefits in accordance with the Relocation Laws. AHP shall require the Sponsor to complete and sign Certification No. 8, certifying that all applicable Relocation Laws have been complied with.

ARTICLE 18. **INSPECTIONS, AUDITS, AND RECORD RETENTION**

18.1 AHP or any of its authorized representatives shall have the right to access any documents, papers, or other records of the Sponsor which are pertinent to the Program Funds, in the format requested by AHP and DHCS, for the purpose of performing audits, examinations, and/or review regarding compliance with the provisions of this Agreement and the Program Requirements. Such monitoring activities shall include, but are not limited to, inspection of the Sponsor’s books and records, in addition to site inspections, as AHP or DHCS deems appropriate.

18.2 AHP or DHCS may perform compliance reviews, review procedures and documents pertaining to the SOW and other elements of this Agreement, perform on-site visits, and desk reviews in order to ensure the Sponsor’s compliance with this Agreement, as well as to protect against fraud, waste, and abuse.

18.3 The right to access records, in the format requested by AHP and DHCS, also includes timely and reasonable access, no longer than thirty (30) days, to the Sponsor’s personnel for the purpose of interview and discussion related to the requested documents and/or information. Notwithstanding the foregoing, AHP shall use reasonable efforts to not disrupt the Sponsor’s business operations when accessing records or personnel

18.4 The right to access records, in the format requested by AHP and DHCS, is not limited to the required retention period but lasts as long as the records are retained by the Sponsor.

18.5 The Sponsor shall retain all financial records, supporting documents, statistical records, and all other records pertinent to the Project and the Program Funds for a minimum of thirty-five (35) years from the date of final payment under this Agreement, and in compliance with the July 2, 2008 General Obligation Bond Record Retention Memorandum from the California State Treasury Office, 26 C.F.R. §1.148-5(d)(6)(iii)(E), Section 7 of **Attachment A** of this Agreement, and all applicable Internal Revenue Service statutes, regulations, and guidance.

18.5.1 The Sponsor shall maintain the list of documents as listed in Appendix V of the Department of Finance's "Bond Accountability and Audits" guide document. The list of documents is not exhaustive and additional documents may be requested by AHP or DHCS.

View this publication at the following:

https://dof.ca.gov/wp-content/uploads/sites/352/Programs/OSAE/Bond_Accountability_and_Audits.pdf

18.6 The Parties recognize and acknowledge that DHCS and the Sponsor are public entities subject to the Public Records Act and information exchanged between the Parties and DHCS may be subject to public disclosure and the Parties have no right to assume that such information shall be kept confidential.

18.7 Any review or inspection undertaken by AHP with reference to the Project is solely for the purpose of determining whether the Sponsor is properly discharging its obligations to DHCS and should not be relied upon by the Sponsor or by any third parties as a warranty or representation by AHP or DHCS as to the quality of the design or construction of the Project.

18.8 The Sponsor agrees that claims based upon an audit finding, that is appealed and upheld, shall be recovered by AHP and made payable to the State Department of Health Care Services by one of the following options:

18.8.1 the Sponsor's remittance to AHP of the full amount of the audit exception within thirty (30) days of the date the audit finding is upheld; or

18.8.2 a repayment schedule which is agreeable to AHP, DHCS, and the Sponsor.

18.9 AHP reserves the right to select which option described in Sections 18.8.1 and 18.8.2 shall be employed, and AHP shall notify the Sponsor in writing of the claim procedure to be utilized. Interest on the unpaid balance of the audit finding or debt shall accrue at a rate equal to the maximum allowed by applicable law in the State of California for any such other audit findings.

ARTICLE 19. **THIRD-PARTY BENEFICIARIES**

The State, represented by DHCS in this Agreement, is a third-party beneficiary of this Agreement. The Agreement shall not be construed so as to give any other person or entity, other than the Parties and DHCS, any legal or equitable claim or right. DHCS or another authorized department or agency representing the State may enforce any provision of this Agreement to the full extent permitted in law or equity as a third-party beneficiary of this Agreement. The State may take any and all remedies available in law or equity. In the event of litigation, the State may choose to seek any type of damages available in law or equity, up to the full amount of Program Funds awarded to the Sponsor.

ARTICLE 20. **MISCELLANEOUS**

20.1 Dispute Resolution.

20.1.1 In the event of a dispute, the Parties shall first try to resolve the dispute by escalating it to higher levels of management to negotiate in good faith. If negotiations are unsuccessful, any controversy, dispute, or disagreement arising out of or relating to this Agreement, its breach, or its subject matter shall be conducted in a court of competent jurisdiction in San Francisco County, California. Any Party bringing an action must comply with all applicable laws relating to claims against public entities, including the time limitations and manner of claim presentation prescribed by Chapter 2, commencing with section 910 of Part 3 (Claims Against Public Entities) of Division 3.6 of Title 1 of the California Government Claims Act.

20.1.2 The Sponsor shall be obligated to continue to perform pursuant to this Agreement while any dispute is pending.

20.1.3 Dispute Resolution provisions do not apply to the State.

20.2 Intentionally Omitted.

20.3 Waiver. AHP's failure to notify the Sponsor of a breach or to insist on strict performance of any provision of this Agreement shall not constitute waiver of such breach or provision.

20.4 Remedies. No remedy in this Agreement is exclusive of any other remedy available under this Agreement, in law or equity. AHP or DHCS may seek equitable relief, including an injunction, against the Sponsor in connection with any breach or threatened breach of this Agreement.

20.5 Limitation of Liability. Except as otherwise provided in this Agreement, or by applicable law, the Sponsor waives any right to seek, and AHP and DHCS shall not be liable for, any special, consequential, or punitive damages; indirect or incidental damages; or for any loss of goodwill, profits, data, or loss of use arising out of, resulting from, or in any way connected with the performance or breach of this Agreement, even if the Sponsor advises AHP or DHCS of the possibility of any such damages.

20.6 Relationship. The Sponsor is an independent contractor with respect to AHP and DHCS. This Agreement is not intended to create a partnership, joint venture, employment, agency, or fiduciary relationship between the Parties or between any Party and DHCS.

20.7 Notices. Unless otherwise provided in this Agreement, each Party shall deliver all notices, requests, consents, Claims, demands, waivers, and other communications required or permitted under this Agreement (each, a "Notice") (i) in writing; (ii) exclusively by electronic mail ("email"); and (iii) sent to the other Party's Designated Representatives at the email address(es) set forth in Section 20.7.1.1 or to such other email address(es) as a Party may designate from time to time in accordance with the requirements of this Section. Counsel for a Party may send or receive a Notice on behalf of such Party.

20.7.1 The Parties acknowledge that Notices delivered by email shall be valid and binding and shall satisfy any requirement that a Notice must be in writing under applicable law, including the California Uniform Electronic Transactions Act (Cal. Civ. Code § 1633.1 et seq.), subject to the following:

20.7.1.1 For purposes of this Agreement, “**Designated Representative**” means initially (i) for AHP, BONDHCIPRound1@ahpnet.com, and (ii) for the Sponsor, Kelly Kirkpatrick at kelly.kirkpatrick@sfdph.org and Daniel Tsai at daniel.tsai@sfdph.org. A Party may change a Designated Representative only upon delivery of a Notice to the receiving Party, in accordance with the requirements of Section 20.7 - 20.7.1.3.

20.7.1.2 A Notice shall be deemed effective only upon the sending Party’s receipt of an acknowledgement of receipt from the receiving Party, which shall be established by a reply email from the receiving Party expressly confirming receipt of the Notice.

20.7.1.3 If the sending Party does not receive an acknowledgement of receipt from the other Party, receives a bounce-back, out-of-office message, or other automated response indicating non-receipt, the sending Party shall (i) re-attempt delivery to the same designated email address(es) until the other Party acknowledges receipt, or (ii) if no acknowledgement is received within a reasonable time, in the sole discretion of DHCS, deliver a Notice to the other Party by a nationally recognized overnight courier service to the address(es) set forth on the Summary Cover Sheet as an alternative. The Notice shall be deemed valid and effective on the first business day following its timely deposit with the courier service, with delivery fees prepaid for next business day delivery. The internal records of the courier service shall serve as sufficient evidence of the date of the deposit of the Notice with the courier service.

20.8 Governing Law. The place of performance of this Agreement is California and the laws of the State of California shall govern the validity, performance, enforcement, and interpretation of this Agreement. Any litigation or enforcement of an award must be brought in the appropriate federal or state court in the State of California, County of Sacramento. Each Party consents to personal and subject matter jurisdiction and venue in such courts and waives the right to change venue with respect to any such proceeding. The Parties acknowledge that all directions issued by the forum court, including injunctions and other decrees, shall be binding and enforceable in all jurisdictions and countries.

20.9 Assignment. The Sponsor shall not assign, delegate, or otherwise transfer this Agreement or its duties or obligations in connection therewith, in whole or in part, without the prior approval of AHP and DHCS. AHP’s obligations under this Agreement shall be assignable to DHCS or DHCS’s designee upon DHCS’s request without the Sponsor’s consent. In the event that AHP assigns its obligations under this Agreement to DHCS, AHP shall make commercially reasonable efforts to transition any reasonably necessary documentation related to this Agreement to DHCS or its designee; provided, however, that AHP shall have no obligation to incur any liability nor pay fees, charges, or reimbursement in connection with any assignment, wind-down, or transition of its services hereunder.

20.10 Entire Agreement; Amendments. This Agreement constitutes the entire agreement of the Parties with respect to its subject matter. It supersedes all oral or written agreements or

communications between the Parties. No understanding, agreement, modification, change order, or other matter affecting this Agreement shall be binding, unless in writing, signed by both Parties. No handwritten changes shall be effective unless initialed by each Party.

20.11 Independent Legal and Tax Advice. AHP and the Sponsor, each, have reviewed and negotiated this Agreement using such independent legal and tax counsel as each has deemed appropriate. The Sponsor further acknowledges that it has been afforded the opportunity to obtain legal and tax advice concerning its legal and financial duties and obligations, including its state and federal tax liabilities related to its receipt of Program Funds, and hereby confirms by the execution and delivery of this Agreement that it has either done so or waived its right to do so in connection with entering into this Agreement. For the avoidance of doubt, the Sponsor shall be solely responsible for its tax liabilities related to its receipt of Program Funds.

20.12 Exhibits. The attachments, schedules, and addenda attached to this Agreement are a part of this Agreement and incorporated into this Agreement by reference.

20.13 Partial Invalidity. If any part of this Agreement is unenforceable, the remainder of this Agreement and, if applicable, the application of the affected provision to any other circumstance, shall be fully enforceable.

20.14 Captions. The headings contained herein are for convenience only and are not intended to define, limit, or describe the scope or intent of any provision of this Agreement.

20.15 Force Majeure. Neither Party shall be liable to the other for loss or damages due to failure or delay in rendering performance caused by circumstances beyond its reasonable control, if such failure could not have been overcome by the exercise of due diligence, due care, or foresight. Such circumstances may include, but are not limited to, acts of God or a public enemy; wars; acts of terrorism; riots; fires; floods; epidemics; quarantine restrictions; labor disputes; strikes; defaults of subcontractors/vendors; failure/delays in transportation; unforeseen freight embargoes; unusually severe weather; or any law/order/regulation/request of a state or local government entity, the U.S. Government, or any agency, court, commission, or other instrumentality of any such governments. Times of performance under this Agreement may be appropriately extended for excused delays if the Party whose performance is affected promptly notifies the other of the existence and nature of such delay.

20.16 Publicity. Without prior written approval of the other, neither Party shall use the other's name or make reference to the other Party or any of its directors, officers, employees, consultants, or agents in publications, news releases, advertising, speeches, technical papers, photographs, sales promotions, or publicity purposes of any form related to this work or data developed hereunder, unless disclosure of such materials is required by legal, accounting, or regulatory requirements beyond the disclosing Party's reasonable control. Use of either Party's name may be made in internal documents, annual reports, and proposals. This Section shall survive expiration/termination of this Agreement. Notwithstanding the foregoing, the Sponsor agrees that the State may use and refer to the Sponsor and the Project in any publication, news release, advertising, speech, technical paper, or for any other purposes.

20.17 Notice of Litigation. Promptly, and in any event within five (5) business days after an officer or other authorized representative of the Sponsor obtains knowledge thereof, the Sponsor shall provide written notice to AHP of (i) any litigation or governmental proceeding pending against the Sponsor which could materially adversely affect the business, operations, property,

assets, condition (financial or otherwise), or prospects of the Sponsor and (ii) any other event which is likely to materially adversely affect the business, operations, property, assets, condition (financial or otherwise), or prospects of the Sponsor.

20.18 Survival. Except as otherwise stated, sections that by their terms impose continuing obligations or establish continuing rights shall be deemed to survive the expiration or termination of this Agreement.

20.19 Successors. This Agreement shall be binding upon the Parties, their successors, and assigns.

20.20 Approvals. Whenever this Agreement calls for approval by either (i) a Party or (ii) DHCS, approval shall mean prior written approval (including via email), not to be unreasonably conditioned, delayed, or withheld, unless sole discretion is expressly noted.

20.21 Timeliness. Time is of the essence in this Agreement.

20.22 Counterparts; Electronic Signatures. The Parties may sign this Agreement in several counterparts, each of which constitutes an original, but all of which together constitute one instrument. Electronic signatures are valid and shall bind the Party delivering such signature.

SIGNATURES ON THE FOLLOWING PAGE

IN WITNESS THEREOF, the Parties hereto have executed this Agreement by their duly authorized respective officers as of the day and year last written below.

AHP:

**ADVOCATES FOR HUMAN
POTENTIAL, INC.**, a Massachusetts
corporation

By:

Name:

Title:

Date:

SPONSOR:

**CITY AND COUNTY OF SAN
FRANCISCO**, a California municipal
corporation, acting through its Department of
Public Health

By:

Name: Daniel Tsai

Title: Director of Health

Date:

LIST OF ATTACHMENTS

Title
Attachment A – State Requirements
Attachment B – Certification Regarding Lobbying
Attachment C – The Sponsor Public Works Certification
Attachment D – Statement of Work
Attachment E – Payment Schedule
Attachment F – The Sponsor Compliance Certifications
Attachment G – Performance Milestones
Attachment H – Regulatory Agreement and Declaration of Restrictions
Attachment I – Construction Contract Addendum
Attachment J – RFA
Attachment K – Notice of Conditional Award Letter
Attachment L – Facility Access Agreement

ATTACHMENT A

STATE REQUIREMENTS

Only the State Requirements applicable to the Sponsor's Program Funding are included in this Attachment and inapplicable provisions have been intentionally omitted.

1. Federal Equal Opportunity Requirements.

- a. The Sponsor will not discriminate against any employee or applicant for employment because of race, color, religion, sex, national origin, physical or mental handicap, disability, age or status as a disabled veteran or veteran of the Vietnam era. The Sponsor will take affirmative action to ensure that qualified applicants are employed, and that employees are treated during employment, without regard to their race, color, religion, sex, national origin, physical or mental handicap, disability, age or status as a disabled veteran or veteran of the Vietnam era. Such action shall include, but not be limited to the following: employment, upgrading, demotion or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and career development opportunities and selection for training, including apprenticeship. The Sponsor agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the Federal Government or AHP, setting forth the provisions of the Equal Opportunity clause, section 503 of the Rehabilitation Act of 1973 and the affirmative action clause required by the Vietnam Era Veterans' Readjustment Assistance Act of 1974 (38 U.S.C. § 4212). Such notices shall state the Sponsor's obligation under the law to take affirmative action to employ and advance in employment qualified applicants without discrimination based on their race, color, religion, sex, national origin physical or mental handicap, disability, age or status as a disabled veteran or veteran of the Vietnam era and the rights of applicants and employees.
- b. The Sponsor will, in all solicitations or advancements for employees placed by or on behalf of the Sponsor, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex, national origin physical or mental handicap, disability, age or status as a disabled veteran or veteran of the Vietnam era.
- c. The Sponsor will send to each labor union or representative of workers with which it has a collective bargaining agreement or other contract or understanding a notice, to be provided by the Federal Government or the State, advising the labor union or workers' representative of the Sponsor's commitments under the provisions herein and shall post copies of the notice in conspicuous places available to employees and applicants for employment.
- d. The Sponsor will comply with all provisions of and furnish all information and reports required by section 503 of the Rehabilitation Act of 1973, as amended, the Vietnam Era Veterans' Readjustment Assistance Act of 1974 (38 U.S.C. § 4212) and of the Federal Executive Order No. 11246 as amended, including by Executive

Order 11375, 'Amending Executive Order 11246 Relating to Equal Employment Opportunity,' and as supplemented by regulation at 41 C.F.R. part 60, "Office of the Federal Contract Compliance Programs, Equal Employment Opportunity, Department of Labor," and of the rules, regulations, and relevant orders of the Secretary of Labor.

- e. The Sponsor will furnish all information and reports required by Federal Executive Order No. 11246 as amended, including by Executive Order 11375, 'Amending Executive Order 11246 Relating to Equal Employment Opportunity,' and as supplemented by regulation at 41 C.F.R. part 60, "Office of Federal Contract Compliance Programs, Equal Employment Opportunity, Department of Labor," and the Rehabilitation Act of 1973, and by the rules, regulations, and orders of the Secretary of Labor, or pursuant thereto, and will permit access to its books, records, and accounts by the State and its designated representatives and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations, and orders.
- f. In the event of the Sponsor's noncompliance with the requirements of the provisions herein or with any federal rules, regulations, or orders which are referenced herein, this Agreement may be cancelled, terminated, or suspended in whole or in part and the Sponsor may be declared ineligible for further federal and state contracts in accordance with procedures authorized in Federal Executive Order No. 11246 as amended and such other sanctions may be imposed and remedies invoked as provided in Federal Executive Order No. 11246 as amended, including by Executive Order 11375, 'Amending Executive Order 11246 Relating to Equal Employment Opportunity,' and as supplemented by regulation at 41 C.F.R. part 60, "Office of Federal Contract Compliance Programs, Equal Employment Opportunity, Department of Labor," or by rule, regulation, or order of the Secretary of Labor, or as otherwise provided by law.
- g. The Sponsor will include the provisions of Paragraphs a through g in every subcontract or purchase order unless exempted by rules, regulations, or orders of the Secretary of Labor issued pursuant to Federal Executive Order No. 11246 as amended, including by Executive Order 11375, 'Amending Executive Order 11246 Relating to Equal Employment Opportunity,' and as supplemented by regulation at 41 C.F.R. part 60, "Office of Federal Contract Compliance Programs, Equal Employment Opportunity, Department of Labor," or section 503 of the Rehabilitation Act of 1973 or (38 U.S.C. § 4212) of the Vietnam Era Veteran's Readjustment Assistance Act, so that such provisions will be binding upon each Sponsor or vendor. The Sponsor will take such action with respect to any subcontract or purchase order as the Director of the Office of Federal Contract Compliance Programs or AHP may direct as a means of enforcing such provisions including sanctions for noncompliance provided, however, that in the event the Sponsor becomes involved in, or is threatened with litigation by a subcontractor or vendor as a result of such direction by AHP, the Sponsor may request in writing to AHP, who, in turn, may request the United States to enter into such litigation to protect the interests of the State and of the United States.

2. Travel and Per Diem Reimbursement.

(Applicable if travel and/or per diem expenses are authorized to be reimbursed with Agreement funds.)

Reimbursement for travel and/or per diem expenses from AHP under this Agreement shall, unless otherwise specified in this Agreement, be at the rates currently in effect, as established by the California Department of Human Resources (CalHR), for nonrepresented state employees as stipulated in DHCS's Travel Reimbursement Information Exhibit in Attachment A-State Requirements. If the CalHR rates change during the term of the Agreement, the new rates shall apply upon their effective date and no amendment to this Agreement shall be necessary. Exceptions to California Department of Human Resources (CalHR) lodging rates may be approved by AHP upon the submission of a statement by the Sponsor indicating that such rates are not available to the Sponsor. No travel outside the State of California shall be reimbursed without prior authorization from DHCS. Verbal authorization should be confirmed in writing. Written authorization may be in a form including fax or email confirmation.

3. Procurement Rules.

Applicable to agreements in which equipment/property, commodities and/or supplies are furnished by AHP or DHCS or expenses for said items are reimbursed by funds with state or federal funds provided under this Agreement.

a. Equipment/Property Definitions.

Wherever the term equipment and/or property is used, the following definitions shall apply:

Major equipment/property: A tangible or intangible item having a base unit cost of Five Thousand Dollars (\$5,000) or more with a life expectancy of one (1) year or more and is either furnished by DHCS or the cost is reimbursed through this Agreement. Software and videos are examples of intangible items that meet this definition.

Minor equipment/property: A tangible item having a base unit cost of less than Five Thousand Dollars (\$5,000) with a life expectancy of one (1) year or more and is either furnished by DHCS or the cost is reimbursed through this Agreement.

b. Government and public entities (including state colleges/universities and auxiliary organizations), whether acting as a contractor and/or subcontractor, may secure all commodities, supplies, equipment and services related to such purchases that are required in performance of this Agreement. Said procurements are subject to Paragraphs d through h of Provision 3. Paragraph c of Provision 3 shall also apply, if equipment/property purchases are delegated to subcontractors that are nonprofit organizations or commercial businesses.

c. Intentionally Omitted.

d. Intentionally Omitted.

- e. In AHP's sole discretion (e.g., when AHP has a need to monitor certain purchases, etc.), AHP, with DHCS approval, may require prior written authorization and/or the submission of paid vendor receipts for any purchase, regardless of dollar amount. AHP or DHCS reserves the right to either deny claims for reimbursement or to request repayment for any Sponsor purchase that AHP or DHCS determines to be unnecessary in carrying out performance under this Agreement.
- f. The Sponsor must maintain a copy or narrative description of the procurement system, guidelines, rules, or regulations that will be used to make purchases under this Agreement. AHP and the State reserves the right to request a copy of these documents and to inspect the purchasing practices of the Sponsor at any time.
- g. For all purchases, the Sponsor must maintain copies of all paid vendor invoices, documents, bids and other information used in vendor selection, for inspection or audit. Justifications supporting the absence of bidding (i.e., sole source purchases) shall also be maintained on file by the Sponsor for inspection or audit.
- h. AHP may, with cause (e.g., with reasonable suspicion of unnecessary purchases or use of inappropriate purchase practices, etc.), and DHCS approval, withhold, cancel, modify, or retract the delegated purchase authority granted under Paragraphs b and/or c of Provision 3 by giving the Sponsor no less than thirty (30) calendar days written notice.

4. Equipment/Property Ownership/Inventory/Disposition.

(Applicable to agreements in which equipment/property is furnished by DHCS and/or AHP when said items are purchased or reimbursed by DHCS with state or federal funds provided under this Agreement.)

- a. Wherever the term equipment and/or property is used in Provision 4, the definitions in Paragraph a of Provision 3 shall apply.

Unless otherwise stipulated in this Agreement, all equipment and/or property that is purchased/reimbursed with Agreement funds or furnished by AHP under the terms of this Agreement shall be considered state equipment and the property of DHCS, unless a waiver is granted.

- (1) Reporting of Equipment/Property Receipt - DHCS requires the reporting, tagging and annual inventorying of all equipment and/or property that is furnished by AHP or DHCS, or purchased or reimbursed with funds provided through this Agreement.

Upon receipt of equipment and/or property, the Sponsor shall report the receipt to the AHP. To report the receipt of said items and to receive property tags, the Sponsor shall use a form or format designated by AHP. If the appropriate form does not accompany this Agreement, the Sponsor shall request a copy from AHP.

- (2) Annual Equipment/Property Inventory - If the Sponsor enters into an agreement with a term of more than twelve months, the Sponsor shall

submit an annual inventory of state equipment and/or property to the AHP using a form or format designated by AHP. If an inventory report form does not accompany this Agreement, the Sponsor shall request a copy from AHP. The Sponsor shall:

- (a) Include in the inventory report, equipment and/or property in the Sponsor's possession and/or in the possession of a subcontractor (including independent consultants).
 - (b) Submit the inventory report to AHP according to the instructions appearing on the inventory form or issued by AHP.
 - (c) Contact AHP to learn how to remove, trade-in, sell, transfer or survey off, from the inventory report, expired equipment and/or property that is no longer wanted, usable or has passed its life expectancy. Instructions will be supplied by AHP.
- b. Title to state equipment and/or property shall not be affected by its incorporation or attachment to any property not owned by the State.
- c. Unless otherwise stipulated, AHP or DHCS shall be under no obligation to pay the cost of restoration, or rehabilitation of the Sponsor's facility which may be affected by the removal of any state equipment and/or property.
- d. The Sponsor shall maintain and administer a sound business program for ensuring the proper use, maintenance, repair, protection, insurance and preservation of state equipment and/or property.
 - (1) In administering this provision, AHP may require the Sponsor to repair or replace, to AHP's satisfaction, any damaged, lost or stolen state equipment and/or property. In the event of state equipment and/or miscellaneous property theft, the Sponsor shall immediately file a theft report with the appropriate police agency or the California Highway Patrol and the Sponsor shall promptly submit one copy of the theft report to AHP.
- e. Unless otherwise stipulated by the Program funding this Agreement, equipment and/or property purchased/reimbursed with agreement funds or furnished by AHP under the terms of this Agreement, shall only be used for performance of this Agreement or another DHCS agreement, with prior approval only.
- f. Within sixty (60) calendar days prior to the termination or end of this Agreement, the Sponsor shall provide a final inventory report of equipment and/or property to AHP and shall, at that time, query DHCS as to the requirements, including the manner and method, of returning state equipment and/or property to AHP. Final disposition of equipment and/or property shall be at AHP's expense and according to AHP's instructions. Equipment and/or property disposition instructions shall be issued by AHP immediately after receipt of the final inventory report. At the termination or conclusion of this Agreement, AHP OR DHCS may at its discretion,

authorize the continued use of state equipment and/or property for performance of work under a different DHCS agreement.

5. Subcontract Requirements.

- a. Intentionally Omitted.
- b. DHCS reserves the right to (i) approve or disapprove the selection of subcontractors, where any such DHCS approval or disapproval may be communicated to the Sponsor by AHP, and (ii) with advance written notice, require the substitution of subcontractors and require the Sponsor to terminate subcontracts entered into in support of this Agreement. DHCS shall consult with the Sponsor prior to issuing a final disapproval of a subcontractor.
 - (1) Upon receipt of a written notice from AHP requiring the substitution and/or termination of a subcontract, the Sponsor shall take steps to ensure the completion of any work in progress and select a replacement, if applicable, within sixty (60) calendar days, unless a longer period is agreed to by DHCS. DHCS shall consult with the Sponsor prior to issuing a final disapproval of a subcontractor.
- c. DHCS in its sole discretion, may elect to require that all actual subcontracts (i.e., written agreement between the Sponsor and a subcontractor) of Fifty Thousand Dollars (\$50,000) or more shall be subject to DHCS prior review and written approval. Any such DHCS election shall be confirmed in writing by DHCS.
- d. The Sponsor shall maintain a copy of each subcontract entered into in support of this Agreement and shall, upon request by AHP or DHCS, make copies available for approval, inspection, or audit.
- e. AHP assumes no responsibility for the payment of subcontractors used in the performance of this Agreement. The Sponsor accepts sole responsibility for the payment of subcontractors used in the performance of this Agreement.
- f. The Sponsor is responsible for all performance requirements under this Agreement even though performance may be carried out through a subcontract.
- g. The Sponsor shall ensure that all subcontracts for services include provision(s) requiring compliance with applicable terms and conditions specified in this Agreement.
- h. The Sponsor agrees to include the following clause, relevant to record retention, in all subcontracts for services:

The Sponsor agrees to maintain and preserve, until three years after termination of this Agreement and final payment from AHP, to permit AHP or DHCS or any duly authorized representative, to have access to, examine

or audit any pertinent books, documents, papers and records related to this subcontract and to allow interviews of any employees who might reasonably have information related to such records.

- i. Unless otherwise stipulated in writing by AHP, AHP shall be the Sponsor's sole point of contact for all matters related to performance and payment under this Agreement.
- j. The Sponsor shall, as applicable, advise all subcontractors of their obligations to comply with this **Attachment A**.

6. Intentionally Omitted.

7. Audit and Record Retention.

- a. The Sponsor shall maintain books, records, documents, and other evidence, accounting procedures and practices, sufficient to properly reflect all direct and indirect costs of whatever nature claimed to have been incurred in the performance of this Agreement, including any matching costs and expenses. The foregoing constitutes "records" for the purpose of this provision.
- b. The Sponsor shall maintain records in a data storage medium that is accessible to AHP and DHCS. DHCS, at its sole discretion, shall determine whether the Sponsor's type of data storage medium meets this accessibility requirement.
- c. The Sponsor shall maintain the list of documents as listed in Appendix V of the "Bond Accountability and Audits" guide document. View this publication at the following:

https://dof.ca.gov/wp-content/uploads/sites/352/Programs/OSAE/Bond_Accountability_and_Audits.pdf
- d. The Sponsor's facility or office or such part thereof as may be engaged in the performance of this Agreement and his/her records shall be subject at all reasonable times to inspection, audit, and reproduction.
- e. The Sponsor agrees that AHP, DHCS, the Department of General Services, the Bureau of State Audits, or their designated representatives including the Comptroller General of the United States shall have the right to review and to copy any records and supporting documentation pertaining to the performance of this Agreement. The Sponsor agrees to allow the auditor(s) access to such records during normal business hours and to allow interviews of any employees who might reasonably have information related to such records. Further, the Sponsor agrees to include a similar right of the State to audit records and interview staff in any subcontract related to performance of this Agreement. (Cal. Gov. Code, § 8546.7; Cal. Code Regs., tit. 2, § 1896.77.)
- f. The Sponsor shall preserve and make available his/her records (1) for a period of thirty-five (35) years from the date of final payment under this Agreement, and (2)

for such longer period, if any, as is required by applicable statute, by any other provision of this Agreement, or by subparagraphs (1) or (2) below.

- (1) If this Agreement is completely or partially terminated, the records relating to the work terminated shall be preserved and made available for a period of thirty-five (35) years from the date of any resulting final settlement.
 - (2) If any litigation, claim, negotiation, audit, or other action involving the records has been started before the expiration of the thirty-five (35) year period, the records shall be retained until completion of the action and resolution of all issues which arise from it, or until the end of the regular thirty-five (35) year period, whichever is later.
- g. The Sponsor may, following receipt of final payment under this Agreement, submit a request to AHP and DHCS to reduce its accounts, books and records related to this Agreement to CD ROM, DVD, or other data storage medium accessible to AHP and DHCS. DHCS, at its sole discretion, may approve or deny this request. Upon request by an authorized representative to inspect, audit or obtain copies of said records, the Sponsor must supply or make available applicable devices, hardware, and/or software necessary to view, copy and/or print said records.
- h. The Sponsor shall, if applicable, comply with the Single Audit Act and the audit requirements set forth in 2 C.F.R. § 200.501 (2014).

8. Site Inspection.

The State has the right at all reasonable times to inspect or otherwise evaluate the work performed or being performed hereunder including subcontract supported activities and the premises in which it is being performed. If any inspection or evaluation is made of the premises of the Sponsor, the Sponsor shall provide and shall require Sponsors to provide all reasonable facilities and assistance for the safety and convenience of the authorized representatives in the performance of their duties. All inspections and evaluations shall be performed in such a manner as will not unduly delay the work.

9. Intentionally Omitted.

10. Intentionally Omitted.

11. Warranties.

The Sponsor represents and warrants that:

- a. It is free to enter into and fully perform this Agreement.
- b. It has secured and will secure all rights and licenses necessary for its performance of this Agreement.

- c. It has not granted and shall not grant to any person or entity any right that would or might derogate, encumber, or interfere with any of the rights granted to AHP or DHCS in this Agreement.
- d. It has appropriate systems and controls in place to ensure that State funds will not be used in the performance of this Agreement for the acquisition, operation or maintenance of computer software in violation of copyright laws.
- e. It has no knowledge of any outstanding claims, licenses or other charges, liens, or encumbrances of any kind or nature whatsoever that could affect in any way the Sponsor's performance of this Agreement.
- f. All materials and equipment furnished with respect to the Project and all work performed by the Sponsor will be of good and workmanlike quality, free from faults and defects, and in conformance with the Agreement.
- g. It shall comply with all applicable laws in connection with its performance of its obligations under this Agreement.
- h. Intentionally Omitted.
- i. It shall disclose to AHP and/or DHCS, during the Term of this Agreement, promptly upon the existence or discovery of the existence of an actual or potential transaction, agreement, or settlement with any entity, member, manager, partner, or person that directly or indirectly owns or controls, is owned or controlled by, or is under common ownership or common control with the Sponsor ("Related Party" or "Related Parties") in connection with the Project ("Related Party Transaction").
- j. It shall disclose to AHP and/or DHCS, during the Term of this Agreement, promptly upon the existence or discovery of the existence of a Related Party or a Related Party Transaction: (1) the nature of the relationship, (2) the nature of the potential or actual transaction, agreement, or settlement, (3) the dollar amounts of any such transaction, agreement, or settlement, (4) the dollar amounts due to or from a Related Party, and (5) documents and any additional information, as may be required by AHP and/or DHCS in their sole discretion.
- k. The provisions set forth herein shall survive any termination or expiration of this Agreement or any Project schedule.

12. Intentionally Omitted.

13. Prior Approval of Training Seminars, Workshops or Conferences.

The Sponsor shall obtain prior AHP approval of the location, costs, dates, agenda, instructors, instructional materials, and attendees at any reimbursable training seminar, workshop, or conference conducted pursuant to this Agreement and of any reimbursable publicity or educational materials to be made available for distribution. The Sponsor shall acknowledge the support of the State whenever publicizing the work under this Agreement in any media. This

provision does not apply to necessary staff meetings or training sessions held for the staff of the Sponsor to conduct routine business matters.

14. Confidentiality of Information.

- a. The Sponsor and its employees, agents, or subcontractors shall protect from unauthorized disclosure names and other identifying information concerning persons either receiving services pursuant to this Agreement or persons whose names or identifying information become available or are disclosed to the subcontractors as a result of services performed under this Agreement, except for statistical information not identifying any such person.
- b. The Sponsor and its employees, agents shall not use such identifying information for any purpose other than carrying out the Sponsor's obligations under this Agreement.
- c. The Sponsor and its employees, agents shall promptly transmit to the AHP Contract Office or Project Manager all requests for disclosure of such identifying information not emanating from the client or person.
- d. The Sponsor shall not disclose, except as otherwise specifically permitted by this Agreement or authorized by the client, any such identifying information to anyone other than AHP without prior written authorization from the AHP Contract Office or Project Manager, except if disclosure is required by State or Federal law.
- e. For purposes of this provision, "identity" shall include, but not be limited to name, identifying number, symbol, or other identifying particular assigned to the individual, such as finger or voice print or a photograph.
- f. As deemed applicable by AHP or DHCS, this provision may be supplemented by additional terms and conditions covering personal health information (PHI) or personal, sensitive, and/or confidential information (PSCI). Said terms and conditions will be outlined in one or more exhibits that will either be attached to this Agreement or incorporated into this Agreement by reference.

15. Intentionally Omitted.

16. Intentionally Omitted.

17. Intentionally Omitted.

18. Intentionally Omitted.

19. Novation.

If the Contractor proposes any novation agreement, DHCS shall act upon the proposal within sixty (60) days after receipt of the written proposal. DHCS may review and consider the proposal, consult and negotiate with the Contractor, and accept or reject all or part of the proposal. Acceptance or rejection of the proposal may be made orally within the sixty (60)-day period and

confirmed in writing within five (5) days of said decision. Upon written acceptance of the proposal, DHCS will initiate an amendment to this Agreement to formally implement the approved proposal.

20. Intentionally Omitted.

21. Intentionally Omitted.

22. Intentionally Omitted.

23. Intentionally Omitted.

24. Intentionally Omitted.

25. Officials Not to Benefit.

No members of or delegate of Congress or the State Legislature shall be admitted to any share or part of this Agreement or to any benefit that may arise therefrom. This provision shall not be construed to extend to this Agreement if made with a corporation for its general benefits.

26. Intentionally Omitted.

27. Intentionally Omitted.

28. Intentionally Omitted.

29. Intentionally Omitted.

30. Intentionally Omitted.

31. Intentionally Omitted.

32. Suspension or Stop Work Notification.

- a. AHP, only with the approval from DHCS, may, at any time, issue a notice to suspend performance or stop work under this Agreement. The initial notification may be a verbal or written directive issued by the funding Program's Contract Manager. Upon receipt of said notice, the Sponsor is to suspend and/or stop all, or any part, of the work called for by this Agreement.
- b. Written confirmation of the suspension or stop work notification with directions as to what work (if not all) is to be suspended and how to proceed will be provided within thirty (30) working days of the verbal notification. The suspension or stop work notification shall remain in effect until further written notice is received from AHP or DHCS. The resumption of work (in whole or part) will be at AHP's or DHCS' discretion and upon receipt of written confirmation.
 - (1) Upon receipt of a suspension or stop work notification, the Sponsor shall immediately comply with its terms and take all reasonable steps to minimize or halt the incurrence of costs allocable to the performance covered by the notification during the period of work suspension or stoppage.

- (2) Within ninety (90) days of the issuance of a suspension or stop work notification, AHP or DHCS shall either:
 - (a) Cancel, extend, or modify the suspension or stop work notification; or
 - (b) Terminate the Agreement as provided for in the Cancellation / Termination clause of the Agreement.
- c. If a suspension or stop work notification issued under this clause is canceled or the period of suspension or any extension thereof is modified or expires, the Sponsor may resume work only upon written concurrence of AHP or DHCS.
- d. If the suspension or stop work notification is cancelled and the Agreement resumes, changes to the services, deliverables, performance dates, and/or agreement terms resulting from the suspension or stop work notification shall require an amendment to the Agreement.
- e. If a suspension or stop work notification is not canceled and the Agreement is cancelled or terminated pursuant to the provision entitled Cancellation/ Termination, AHP or DHCS shall allow reasonable costs resulting from the suspension or stop work notification in arriving at the settlement costs.
- f. AHP and DHCS, each individually, and collectively, shall not be liable to the Sponsor for loss of profits because of any suspension or stop work notification issued under this clause.

33. Intentionally Omitted.

34. Compliance with Statutes and Regulations.

- a. The Sponsor shall comply with all California and federal law, regulations, and published guidelines, to the extent that these authorities contain requirements applicable to the Sponsor's performance under the Agreement.
- b. These authorities include, but are not limited to, Title 2, Code of Federal Regulations (CFR) Part 200, subparts D, E, and F, Appendix II; Title 42 CFR Part 431, subpart F; Title 42 CFR Part 433, subpart D; Title 42 CFR Part 434; Title 45 CFR Part 75, subpart D; and Title 45 CFR Part 95, subpart F. To the extent applicable under federal law, this Agreement shall incorporate the contractual provisions in these federal regulations and they shall supersede any conflicting provisions in this Agreement.

35. Intentionally Omitted.

ATTACHMENT B

STATE of California Department of Health Care Services

CERTIFICATION REGARDING LOBBYING

The undersigned certifies, to the best of his or her knowledge and belief, that:

1. No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of an agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the making, awarding, or entering into of this Federal contract, Federal grant, or cooperative agreement, and the extension, continuation, renewal, amendment, or modification of this Federal contract, grant or cooperative agreement.
2. If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency of the United States Government, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant or cooperative agreement, the undersigned shall complete and submit Standard Form LLL, "Disclosure of Lobbying Activities" in accordance with its instructions.
3. The undersigned shall require that the language of this certification be included in the award documents for all subawards at all tiers (including subcontractors, subgrants, and contracts under grants and cooperative agreements) of One Hundred Thousand Dollars (\$100,000) or more, and that all subrecipients shall certify and disclose accordingly.

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by § 1352, Title 31, U.S.C., any person who fails to file the required certification shall be subject to a civil penalty of not less than Ten Thousand Dollars (\$10,000) and not more than One Hundred Thousand Dollars (\$100,000) for each such failure.

City and County of San Francisco, a
California municipal corporation, acting
through its Department of Public Health

Daniel Tsai

Name of the Sponsor Printed

BR1-25-3801

Name of Person Signing for Sponsor

Contract Number

Signature of Person Signing for Sponsor

Director of Health

Date

Title

After execution by or on behalf of the Sponsor, please return to: California Department of Health Care Services

CERTIFICATION REGARDING LOBBYING

Complete this form to disclose lobbying activities pursuant to 31 U.S.C. 1352

Check this box if not applicable

1. Type of Federal Action: Contract Grant Cooperative Agreement Loan Loan guarantee Loan insurance	2. Status of Federal Action: bid/offer/application initial award post-award	3. Report Type: Initial filing Material change For Material Change Only: Year Quarter Date of Last Report
4. Name and Address of Reporting Entity: Prime Subawardee Tier , if known Congressional District, if known:	5. If Reporting Entity in No. 4 is a Subawardee, Enter Name and Address of Prime: Congressional District, if known:	
6. Federal Department/Agency:	7. Federal Program Name/Description:	

	CFDA Number, if applicable:
8. Federal Action Number, if known:	9. Award Amount, if known: \$
10a. Name and Address of Lobbying Registrant (If individual, last name, first name, MI):	10b. Individuals Performing Services (including address if different from 10a.) (last name, first name, MI):
11. Information requested through this form is authorized by title 31 U.S.C. section 1352. This disclosure of lobbying activities is a material representation of fact upon which reliance was placed by the tier above when this transaction was made or entered into. This disclosure is required pursuant to 31 U.S.C. 1352. This information will be available for public inspection. Any person that fails to file the required disclosure shall be subject to a fine not to exceed \$100,000 for each such failure.	Signature: Print Name: <u>Daniel Tsai</u> Title: <u>Director of Health</u> Telephone No. <u>(628) 754-9542</u> Date:

INSTRUCTIONS FOR COMPLETION OF SF-LLL, DISCLOSURE OF LOBBYING ACTIVITIES

This disclosure form shall be completed by the reporting entity, whether subawardee or prime Federal recipient, at the initiation or receipt of a covered Federal action, or a material change to a previous filing, pursuant to U.S.C. §1352. The filing of a form is required for each payment or agreement to make payment to any lobbying entity for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with a covered Federal action. Complete all items that apply for both the initial filing and material change report. Refer to the implementing guidance published by the Office of Management and Budget for additional information.

1. Identify the type of covered Federal action for which lobbying activity is and/or has been secured to influence the outcome of a covered Federal action.
2. Identify the status of the covered Federal action.
3. Identify the appropriate classification of this report. If this is a follow-up report caused by a material change to the information previously reported, enter the year and quarter in which the change occurred. Enter the date and of the last previously submitted report by this reporting entity for this covered Federal action.
4. Enter the full name, address, city, state and zip code of the reporting entity. Include Congressional District, if known. Check the appropriate classification of the reporting entity that designates if it is, or expects to be a prime or subaward recipient. Identify the tier of the subawardee, e.g., the first subawardee of the prime is the first tier. Subawards include but are not limited to subcontracts, subgrants and contract awards under grants.
5. If the organization filing the report in item 4 checks "Subawardee", then enter the full name, address, city, state and zip code of the prime Federal recipient. Include Congressional District, if known.
6. Enter the name of the Federal agency making the award or loan commitment. Include at least one organizational level below agency name, if known. For example, Department of Transportation, United States Coast Guard.
7. Enter the Federal program name or description for the covered Federal action (item 1). If known, enter the full Catalog of Federal Domestic Assistance (CFDA) number for grants, cooperative agreements, loans, and loan commitments.
8. Enter the most appropriate Federal identifying number available for the Federal action identified in Item 1 (e.g., Request for Proposal (RFP) number; Invitation for Bid (IFB); grant announcement number; the contract, grant or loan award number; the application/proposal control number assigned by the Federal agency). Include prefixes, e.g., "RFP-DE-90-001."
9. For a covered Federal action where there has been an award or loan commitment by the Federal agency, enter the Federal amount of the award/loan commitment for the prime entity identified in item 4 or 5.
10. (a) Enter the full name, address, city, state and zip code of the lobbying registrant under the Lobbying Disclosure Act of 1995 engaged by the reporting entity identified in item 4 to influence the covered Federal action.

(b) Enter the full names of the individual(s) performing services, and include full address if different from 10(a). Enter Last Name, First Name, and Middle Initial (MI).
11. The certifying official shall sign and date the form, print his/her name, title and telephone number.

According to the Paperwork Reduction Act, as amended, no persons are required to respond to a collection of information unless it displays a valid OMB Control Number. The valid OMB control number for this information collection is OMN No. 0348-0046. Public reporting burden

for this collection of information is estimated to average 10 minutes per response, including time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding the burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the Office of Management and Budget, Paperwork Reduction Project (0348-0046), Washington, DC 20503.

ATTACHMENT C

THE SPONSOR PUBLIC WORKS CERTIFICATION

The Sponsor Certification Clause CCC 04/2017

CERTIFICATION

I, the official named below, CERTIFY UNDER PENALTY OF PERJURY that I am duly authorized to legally bind the prospective Sponsor to the clause(s) listed below. This certification is made under the laws of the State of California.

Sponsor/Bidder Firm Name (Printed)	Federal ID Number
City and County of San Francisco, a California municipal corporation, acting through its Department of Public Health	94-6000417

By (Authorized Signature)

Daniel Tsai, Director of Health
Printed Name and Title of Person Signing

Date Executed	Executed in the County of

SPONSOR CERTIFICATION CLAUSES

ARTICLE 1. STATEMENT OF COMPLIANCE

The Sponsor has, unless exempted, complied with the nondiscrimination program requirements. (Cal. Gov. Code, § 12990, subds. (a)-(f); Cal. Code Regs., tit. 2, § 11102) (Not applicable to public entities.)

ARTICLE 2. DRUG-FREE WORKPLACE REQUIREMENTS

The Sponsor will comply with the requirements of the Drug-Free Workplace Act of 1990 and will provide a drug-free workplace by taking the following actions:

- a) Publish a statement notifying employees that unlawful manufacture, distribution, dispensation, possession or use of a controlled substance is prohibited and specifying actions to be taken against employees for violations.
- b) Establish a Drug-Free Awareness Program to inform employees about:
 - 1. the dangers of drug abuse in the workplace;
 - 2. the person's or organization's policy of maintaining a drug-free workplace;
 - 3. any available counseling, rehabilitation and employee assistance programs; and
 - 4. penalties that may be imposed upon employees for drug abuse violations.
- c) Every employee who works on the proposed Agreement will:
 - 1. receive a copy of the company's drug-free policy statement; and
 - 2. agree to abide by the terms of the company's statement as a condition of employment on the Agreement.

Failure to comply with these requirements may result in suspension of payments under the Agreement or termination of the Agreement or both and the Sponsor may be ineligible for award of any future State agreements if the department determines that any of the following has occurred: (1) the Sponsor has made false certification, or (2) violated the certification by failing to carry out the requirements as noted above. (Cal. Gov. Code, § 8350 et seq.)

ARTICLE 3. NATIONAL LABOR RELATIONS BOARD CERTIFICATION

The Sponsor certifies that no more than one (1) final unappealable finding of contempt of court by a Federal court has been issued against the Sponsor within the immediately preceding two-year period because of the Sponsor's failure to comply with an order of a Federal court which orders the Sponsor to comply with an order of the National Labor Relations Board. (Cal. Pub. Contract Code, § 10296) (Not applicable to public entities.)

ARTICLE 4. INTENTIONALLY OMITTED.

ARTICLE 5. SWEATFREE CODE OF CONDUCT

- a) All Sponsors contracting for the procurement or laundering of apparel, garments or corresponding accessories, or the procurement of equipment, materials, or supplies, other than procurement related to a public works Agreement, declare under penalty of perjury that no apparel, garments or

corresponding accessories, equipment, materials, or supplies furnished to the state pursuant to the Agreement have been laundered or produced in whole or in part by sweatshop labor, forced labor, convict labor, indentured labor under penal sanction, abusive forms of child labor or exploitation of children in sweatshop labor, or with the benefit of sweatshop labor, forced labor, convict labor, indentured labor under penal sanction, abusive forms of child labor or exploitation of children in sweatshop labor. The Sponsor further declares under penalty of perjury that they adhere to the Sweatfree Code of Conduct as set forth on the California Department of Industrial Relations website located at www.dir.ca.gov and California Public Contract Code section 6108.

- b) The Sponsor agrees to cooperate fully in providing reasonable access to the Sponsor's records, documents, agents or employees, or premises if reasonably required by authorized officials of the contracting agency, the Department of Industrial Relations, or the Department of Justice to determine the Sponsor's compliance with the requirements under paragraph (a).

ARTICLE 6. DOING BUSINESS WITH THE STATE OF CALIFORNIA

The following laws apply to persons or entities doing business with the State of California.

6.1 LABOR CODE/WORKERS' COMPENSATION:

The Sponsor needs to be aware of the provisions which require every employer to be insured against liability for Workers' Compensation or to undertake self-insurance in accordance with the provisions, and the Sponsor affirms to comply with such provisions before commencing the performance of the work of this Agreement. (Cal. Lab. Code, § 3700.)

It is hereby mutually agreed that the Sponsor shall forfeit to the State a monetary penalty as determined in California Labor Code section 1775 for each calendar day, or portion thereof, for each worker paid by him or her, or subcontractor under him or her, less than the prevailing wage so stipulated and in addition the contractor further agrees to pay to each worker the difference between the actual amount paid for each calendar day, or portion thereof, and the stipulated prevailing wage rate for the same. This provision shall not apply to properly, registered apprentices.

It is further agreed that the maximum hours a worker is to be employed is limited to eight hours a day and forty (40) hours a week and the contractor shall forfeit, as a penalty to the State, twenty-five dollars (\$25.00) for each worker employed in the execution of the contract for each calendar day during which a worker is required or permitted to labor more than eight hours in any calendar day or more than forty (40) hours in any calendar week, in violation of California Labor Code sections 1810-1815, inclusive.

Properly registered apprentices may be employed in the prosecution of the work. Every such apprentice shall be paid the standard wage paid to apprentices under the regulations of the

craft or trade at which he or she is employed, and shall be employed only at the work of the craft or trade to which he or she is registered. The contractor and each subcontractor must comply with the requirements of California Labor Code section 1777.5 and any related regulations regarding the employment of registered apprentices.

Each contractor and subcontractor shall comply with California Labor Code section 1776 regarding record keeping.

6.2 AMERICANS WITH DISABILITIES ACT:

The Sponsor assures the State that it complies with the Americans with Disabilities Act (ADA) of 1990, which prohibits discrimination on the basis of disability, as well as all applicable regulations and guidelines issued pursuant to the ADA. (42 U.S.C. § 12101 et seq.)

6.3 THE SPONSOR'S NAME CHANGE:

An amendment is required to change the Sponsor's name as listed on this Agreement. Upon receipt of legal documentation of the name change the State will process the amendment. Payment of invoices presented with a new name cannot be paid prior to approval of said amendment.

6.4 CORPORATE QUALIFICATION TO DO BUSINESS IN CALIFORNIA:

- a) When agreements are to be performed in the state by corporations, the contracting agencies will be verifying that the Sponsor is currently qualified to do business in California in order to ensure that all obligations due to the state are fulfilled.
- b) "Doing business" is defined in California Revenue and Taxation Code section 23101 as actively engaging in any transaction for the purpose of financial or pecuniary gain or profit. Although there are some statutory exceptions to taxation, rarely will a corporate Sponsor performing within the state not be subject to the franchise tax.
- c) Both domestic and foreign corporations (those incorporated outside of California) must be in good standing in order to be qualified to do business in California. Agencies will determine whether a corporation is in good standing by calling the Office of the Secretary of State.

6.5 RESOLUTION:

A county, city, district, or other local public body must provide the State with a copy of a resolution, order, motion, or ordinance of the local governing body which by law has authority to enter into an agreement, authorizing execution of the agreement.

6.6 AIR OR WATER POLLUTION VIOLATION:

Under the State laws, the Sponsor shall not be: (1) in violation of any order or resolution not subject to review promulgated by the State Air Resources Board or an air pollution control

district; (2) subject to cease and desist order not subject to review issued pursuant to section 13301 of the California Water Code for violation of waste discharge requirements or discharge prohibitions; or (3) finally determined to be in violation of provisions of federal law relating to air or water pollution.

6.7 PAYEE DATA RECORD FORM STD. 204:

This form must be completed by all Sponsors that are not another state agency or other government entity.

6.8 CALIFORNIA CIVIL RIGHTS LAWS:

For Agreement executed or renewed after January 1, 2017, the Sponsor certifies compliance with the Unruh Civil Rights Act (section 51 of the California Civil Code) and the Fair Employment and Housing Act (section 12960 of the California Government Code).

6.9 EMPLOYER DISCRIMINATION POLICIES:

For Agreements executed or renewed after January 1, 2017, if the Sponsor has an internal policy against a sovereign nation or peoples recognized by the United States government, the Sponsor certifies that such policies are not used in violation of the Unruh Civil Rights Act (section 51 of the California Civil Code) and the Fair Employment and Housing Act (section 12960 of the California Government Code).

6.10 ANTITRUST CLAIMS:

The Sponsor offers and agrees and will require all of its contractors and subcontractors and suppliers to agree to assign to the awarding body all rights, title, and interest in and to all causes of action they may have under section 4 of the Clayton Act (Title 15, U.S.C. § 15) or under the Cartwright Act (Chapter 2 [commencing with section 16700] of Part 2 of Division 7 of the Business and Professions Code) arising from purchases of goods, services, or materials pursuant to the public works contract or subcontract. The assignment made by the contractor and all additional assignments made by the subcontractors and suppliers shall be deemed to have been made and will become effective at the time the awarding body tenders final payment to the contractor without further acknowledgment or the necessity of tendering to the awarding body any written assignments.

If an awarding body receives, either through judgment or settlement, a monetary recovery for a cause of action assigned under California Government Code sections 4550 to 4554, the assignor shall be entitled to receive reimbursement for actual legal costs incurred and may, on demand, recover from the public body any portion of the recovery, including treble damages, and attributable overcharges that were paid by the assignor but were not paid by the public body as a part of the bid price, less the expenses incurred in obtaining that portion of the recovery. On demand in writing by the assignor, the assignee shall, within one year from such demand, reassign the cause of action assigned under California Government Code sections 4550 to 4554 if the assignor has been or may have been injured by the violation of law for which the cause of action arose and (a) the assignee has not been injured thereby, or (b) the assignee declines to file a court action for the cause of action.

ATTACHMENT D

STATEMENT OF WORK (“SOW”)

A: PROJECT AND SPONSOR INFORMATION

Sponsor Name: City and County of San Francisco, a California municipal corporation, acting through its Department of Public Health

Entity type: County

Project UUID: BOND_1029_thStreetEnhance

Project Name: Enhanced Dual Diagnosis Residential Treatment

Project Address: 333 7th Street, San Francisco, CA 94103

B: PROGRAM FUNDS

Program Funds: \$6,337,140.00

Acquisition with Grant Funds: No

C: PROJECT NARRATIVE (as described in the RFA)

The San Francisco Department of Public Health (SFDPH) is requesting funding for the 7th Street Enhanced Dual Diagnosis Social Residential Treatment project to rehabilitate an existing county-owned building at 333 7th Street in San Francisco. The county will upgrade the facility to be ADA-accessible and open a new 16-bed enhanced dual diagnosis residential program to serve adults and older adults who have serious mental illness and its comorbidities. This project is in the design development phase, and we anticipate completion of the project by December 2026. SFDPH has decades of experience providing high-quality behavioral health services to high-needs safety net clients from diverse backgrounds. Furthermore, SFDPH has extensive experience working with adults and older adults and will contract with a community-based organization that has at least four years of relevant experience operating a Social Rehabilitation Facility. Dual diagnosis residential treatment has been identified as a critical need by SFDPH’s assessments of the county’s continuum of residential behavioral health care. The 7th Street project will prioritize services for CARE Court or justice-involved clients, high users in multiple healthcare systems, and clients stepping down from the hospital or crisis care.

D: PROJECT EXPANSION SCOPE REQUIREMENTS

Facility Type 1: Social Rehabilitation Facility (SRF)	# New Beds: 16	# New Slots:
Facility Type 2:	# New Beds:	# New Slots:
Facility Type 3:	# New Beds:	# New Slots:
Facility Type 4:	# New Beds:	# New Slots:

Facility Type 5:	# New Beds:	# New Slots:
Facility Type 6:	# New Beds:	# New Slots:
Facility Type 7:	# New Beds:	# New Slots:
Facility Type 8:	# New Beds:	# New Slots:
Facility Type 9:	# New Beds:	# New Slots:
Facility Type 10:	# New Beds:	# New Slots:
	Total # New Beds: 16	Total # New Slots: 0

E: PROJECT MILESTONES AND DELIVERABLES

Milestone documentation and certifications must be submitted within sixty (60) days of meeting each milestone. Future Bond BHCIP Round 1: Launch Ready funding for this Project is dependent on successful completion of the minimum requirements and match minimum requirements at this Project Milestone and the terms and conditions of the Program Funding Agreement.

E.1 Minimum Requirements

1. Executed Program Funding Agreement
2. Board Authorizing Resolutions (BAR), if applicable
3. Completed Government Agency Taxpayer ID Form (W-9)
4. Opinion Letter by Legal Counsel
5. Certificates of Insurance: Commercial General Liability, Builders' Risk, Workers' Compensation, and Property
6. Current Title Report issued within the last thirty (30) days, if applicable
7. Recorded Declaration of Restrictions (DoR)
8. Certification #5 - Declaration of Restrictions
9. Execution of Facility Access Agreement (FAA) with State of California, Department of Health Care Services
10. Certification #1 - Budget Prevailing Wage Compliance
11. Certification #2 - Related Party and Related Party Transaction Disclosure
12. Certification #3 – Execution of Program Funding Agreement
13. Certification #6 - Legal Review of CA Welfare and Institution Code §5960.31

14. Certification #19 – Execution of a Facility Access Agreement with State of California, Department of Health Care Services
15. Program Funding Projection Survey

E.2 Match Minimum Requirements

1. Documentation to satisfy that Sponsor has an In-Kind Match, if applicable:
 - a. Property Value Documentation (Tax Assessor's Value or Certified Appraisal)
 - b. Sunk Costs Value Documentation (paid receipts, invoices, payment validation)
2. Documentation to satisfy evidence of Cash Match Funds as approved by DHCS. Entire cash match must be expended prior to disbursement of the final up to twenty-five percent (25%) of Program Funds ("**Withheld Funds**") to Sponsor.
3. Certification # 4 - Match Funds, Property Equity, or In-Kind Match

E.3 Acquisition

In addition to the deliverables listed in Minimum Requirements, all projects acquired with Bond BHCIP funds will be required to submit:

1. Purchase and Sale Agreement (mutually executed by buyer and seller)
2. Certified Appraisal Report of Target Acquisition Property
3. Estimate of Escrow Closing Costs
4. Phase 1 Environmental Report
5. Phase 2 Environmental Report, if necessary
6. Asbestos Assessment and Lead-Based Paint Report
7. Certification #8 - Due Diligence Completed
8. Evidence of Any Additional Funds Necessary to Acquire Real Property, if necessary
9. Signed Escrow Instructions including Final Settlement Statement
10. Planning Agency Review Narrative
11. Certification #7 - Planning Agency Review

E.4 Pre-Construction (Planning and Permitting)

1. Phase 1 environmental report
2. Phase 2 environmental report, if necessary
3. Asbestos assessment and lead-based paint report (only required for rehabilitations)
4. Evidence of remediation or abatement, if necessary
5. Certification # 8 - Due Diligence Completed, if not previously provided
6. Planning Agency Review Narrative, if not previously provided
7. Certification # 7 - Planning Agency Review, if not previously provided

8. Certification # 9 - Design Development Drawings Are 100% Complete
9. Certification # 10 – Construction Drawings for First Submittal To Building Department

E.5 Start of Construction (Notice to Proceed and Executed Construction Contract)

1. Complete set of approved/stamped construction drawings
2. Executed construction contract with Construction Contract Addendum (**Attachment I** within PFA)
3. Certification # 11 – Construction Contract with Construction Contract Addendum
4. Confirmation the project has been registered with the California Department of Industrial Relations (DIR)
5. Evidence of Payment and Performance Bond by general contractor
6. Certification # 12 – Prevailing Wage Compliance
7. Copy of building permits
8. Approvals and Written Utility Service Commitments (will serve letters) from all Local Agencies, as required
9. Copy of Notice of Exemption filed for California Environmental Quality Act
10. Certification # 13 – Utility Service Commitments, Building Permit Receipt, and Notice Of Exemption Filed
11. Updated construction contract budget & schedule prior to issuance of Notice to Proceed
12. Evidence of Builder's Risk (new construction and rehabilitation when there is a GC contract)
13. Evidence of Property Insurance (rehabilitation) – review to ensure coverage is “equal to the full replacement costs of all improvements” per the PFA
14. Evidence of Workers' Compensation Insurance, Automobile Insurance, and General Liability Insurance
15. Copy of Notice to Proceed with issue date
16. Certification # 14 – Required Insurance and Notice to Proceed

E.6 Project Construction 50% Complete

1. Certification #15 – Project Construction is 50% Complete
2. Updated construction budget and schedule from general contractor at expenditure of 50% of the costs of construction

E.7 Construction Complete, Licensing, and Operations

1. Temporary Certificate of Occupancy, if necessary
2. Certification #16 – Receipt of Certificate of Occupancy (CoO)
3. Certification #17 – Notice of Completion and Receipt of Conditional/Unconditional Final Release of Liens
4. Copy of Notice of Completion

5. Certification #18 – Receipt of Business License and Operational
6. Certification #20 –Project Close-Out, Retention Funds, Excess Funds, And Continued Compliance

F. FUNDING REQUIREMENTS

Minimum Requirements for all requests:

1. Complete Draw Request for Program Funds inclusive of signed sponsor draw request form, invoice index, all proof of payment (including preliminary lien notices, conditional lien waivers, and lien release), if applicable
2. Site inspections reports, as necessary
3. Budget reallocation request, if applicable
4. Requirements associated with project milestone (Section E), dependent on project type
5. Updated Program Funding Projection Survey
6. DHCS Forms 1203 and 1204, as needed for purchases of Furniture, Fixtures, and Equipment (FF&E), if applicable
7. Regular progress reports to AHP but in all events at least once every thirty (30) days
8. Additional documentation as required at the sole discretion of AHP or DHCS.

Release of Retention Funds

9. Retention Funds, equal to ten percent (10%) of total Program Funds, are withheld as financial security until the contractor satisfactorily completes the construction work in accordance with contract requirements.
10. Retention Funds shall be released only upon the Sponsor's submission of Certification No. 17, "Notice of Completion and Receipt of Conditional/Unconditional Final Releases of Liens," in a form and substance acceptable to AHP or DHCS, and any additional supporting documentation, as may be required, subject to approval by AHP or DHCS.

SCHEDULE 1

BOND BHCIP ROUND 1 FORM 2: LAUNCH READY BUDGET	
Applicant Name	City and County of San Francisco, a California municipal corporation, acting through its Department of Public Health
Primary Applicant's legal entity type	County
BOND BHCIP ROUND 1 BUDGET: GRANT REQUEST	
FEASIBILITY/DUE DILIGENCE	
USE OF FUNDS	To be funded by grant
Owner Administration (10% autofill)	\$0.00
Legal	\$0.00
Architect (schematic drawings/fit study)	\$0.00
Consultants (specify)	\$0.00
Engineering	\$0.00
Construction Manager/Owner's Representative	\$0.00
Preliminary Title Report (submitted with application)	\$0.00
Phase 1 Environmental Report	\$0.00
Phase 2 Environmental Report, if necessary	\$0.00
Site Surveys (soils and environmental)	\$0.00
Other Feasibility / Due Diligence Costs	\$0.00
Other Feasibility / Due Diligence Costs	\$0.00
Contingency (10% autofill)	\$0.00
Total Feasibility Costs	\$0.00
DEVELOPMENT PLANNING	
USE OF FUNDS	To be funded by grant
Owner Administration (10% autofill)	\$25,700.00
Legal	\$0.00
Architecture (design drawings and construction drawings)	\$200,000.00
Construction Manager/Owner's Representative	\$57,000.00
Civil Engineer	\$0.00
Mechanical, Electrical, and Plumbing (MEP) Engineer	\$0.00
Structural Engineer	\$0.00
Certified Appraisal Fee (for Property Match)	\$0.00
Consultants (specify)	\$0.00

Consultants (specify)	\$0.00
Consultants (specify)	\$0.00
Other Developmental Planning Costs (specify)	\$0.00
Other Developmental Planning Costs (specify)	\$0.00
Other Developmental Planning Costs (specify)	\$0.00
ALTA Lender's Policy (estimate 0.01% of total grant award)	\$0.00
Contingency (20% autofill)	\$56,540.00
Total Development Planning Costs	\$339,240.00
LAND COSTS/ACQUISITION	
USE OF FUNDS	To be funded by grant
Owner Administration (2% autofill)	\$0.00
Land Cost or Purchase Price	\$0.00
Closing Costs	\$0.00
Legal Fees	\$0.00
Broker's Fee	\$0.00
Appraisal Fee	\$0.00
Property Insurance at Closing	\$0.00
Construction Manager	\$0.00
Demolition Involved in Acquisition	\$0.00
Other Acquisition Costs (specify)	\$0.00
Contingency (5% autofill)	\$0.00
Total Land Costs	\$0.00
Off-Site Improvements (if needed)	\$0.00
Total Acquisition Costs	\$0.00
REHABILITATION OF EXISTING FACILITY	
USE OF FUNDS	To be funded by grant
Owner Administration (5% autofill)	\$232,250.00
Legal	\$0.00
Construction Manager/Owner's Representative	\$320,000.00
Physical Needs Assessment (PNA)	\$0.00
Asbestos and Lead Paint Survey (required for all rehabs)	\$25,000.00
Site Work/Grading (materials and labor)	\$0.00
Hard Costs (materials and labor); labor must include prevailing wages	\$3,900,000.00
Furniture/Fixtures/Equipment (FFE; 10% cap)	\$400,000.00
Demolition	\$0.00

Contractor Overhead	\$0.00
Contractor Profit	\$0.00
Prevailing Wages Administration	\$0.00
Builder's Risk Insurance	\$0.00
General Liability Insurance	\$0.00
Project Inspection	\$0.00
Urban Greening	\$0.00
Other Rehabilitation (specify)	\$0.00
Other Rehabilitation (specify)	\$0.00
Other Rehabilitation (specify)	\$0.00
Owner's Contingency (20% autofill)	\$975,450.00
Total Rehabilitation Costs	\$5,852,700.00
GROUND-UP NEW CONSTRUCTION	
USE OF FUNDS	To be funded by grant
Owner Administration (5% autofill)	\$0.00
Legal	\$0.00
Construction Manager/Owner's Representative	\$0.00
Site Work (materials and labor)	\$0.00
Hard Costs (materials and labor); labor must include prevailing wages	\$0.00
Furniture/Fixtures/Equipment (FFE; 10% cap)	\$0.00
Demolition	\$0.00
General Conditions/Requirements	\$0.00
Contractor Profit	\$0.00
Prevailing Wages Administration	\$0.00
Builder's Risk Insurance	\$0.00
General Liability Insurance	\$0.00
Project Inspection	\$0.00
Urban Greening	\$0.00
Other New Construction (specify)	\$0.00
Other New Construction (specify)	\$0.00
Other New Construction (specify)	\$0.00
Other New Construction (specify)	\$0.00
Other New Construction (specify)	\$0.00
Owner's Contingency (20% autofill)	\$0.00
Total New Construction Costs	\$0.00
CONSTRUCTION PERMITS AND FEES	
USE OF FUNDS	To be funded by grant
Owner Administration (10% autofill)	\$12,000.00

Payment and Performance Bonds by General Contractor	\$0.00
Building Permit Fees	\$120,000.00
Local Development Impact Fees	\$0.00
DIR Employment Reporting	\$0.00
Other Construction Permits and Fees (specify)	\$0.00
Other Construction Permits and Fees (specify)	\$0.00
Other Construction Permits and Fees (specify)	\$0.00
Owner's Contingency (10% autofill)	\$13,200.00
Total Construction Permits and Fees	\$145,200.00
RESERVES	
USE OF FUNDS	To be funded by grant
Operating Reserves (rehabilitation)	\$0.00
Additional Cash Match (in excess of the required match percentage)	\$0.00
Total Reserves Amount	\$0.00
OTHER PROJECT COSTS	
USE OF FUNDS	To be funded by grant
Post-Construction Commissioning	\$0.00
Accounting/Reimbursable	\$0.00
Other Costs (specify)	\$0.00
Other Costs (specify)	\$0.00
Other Costs (specify)	\$0.00
Other Costs (specify)	\$0.00
Owner's Contingency (10% autofill)	\$0.00
Total Other Project Costs	\$0.00
DEVELOPER COSTS	
USE OF FUNDS	To be funded by grant
Developer Overhead	\$0.00
Consultants/Processing Agents	\$0.00
Project Administration	\$0.00
Other Developer Costs (specify)	\$0.00
Total Developer Costs	\$0.00
TOTAL BOND BHCIP ROUND 1 FUNDING:	\$6,337,140.00

ATTACHMENT E

PAYMENT SCHEDULE

Payment Schedule

Payment schedule: The Sponsor shall submit a complete request for Program Funds monthly no later than the 15th of each month to AHP and DHCS in a form acceptable to AHP and DHCS, for a specific amount of funds confirmed by specific invoices and supporting documents for actual work completed. The Sponsor shall submit a draw request for any expenditure no later than forty-five (45) days from the date the Sponsor incurs the expense. AHP shall disburse Program Funds to the Sponsor's account upon written approval of the Sponsor's complete draw request, contingent upon the availability of Bond BHCIP Funds.

ATTACHMENT F

THE SPONSOR COMPLIANCE CERTIFICATIONS

CERTIFICATION NO. 1	BUDGET PREVAILING WAGE COMPLIANCE
CERTIFICATION NO. 2	RELATED PARTY & RELATED PARTY TRANSACTION DISCLOSURE
CERTIFICATION NO. 3	EXECUTION OF PROGRAM FUNDING AGREEMENT
CERTIFICATION NO. 4	MATCH FUNDS, PROPERTY EQUITY, OR IN-KIND MATCH
CERTIFICATION NO. 5	DECLARATION OF RESTRICTIONS
CERTIFICATION NO. 6	LEGAL REVIEW OF CA WELFARE AND INSTITUTIONS CODE §5960.31
CERTIFICATION NO. 7	PLANNING AGENCY REVIEW
CERTIFICATION NO. 8	DUE DILIGENCE COMPLETED
CERTIFICATION NO. 9	DESIGN DEVELOPMENT DRAWINGS 100% COMPLETE
CERTIFICATION NO. 10	CONSTRUCTION DRAWINGS FOR FIRST SUBMITTAL TO BUILDING DEPARTMENT
CERTIFICATION NO. 11	CONSTRUCTION CONTRACT WITH CONSTRUCTION CONTRACT ADDENDUM
CERTIFICATION NO. 12	PREVAILING WAGE COMPLIANCE
CERTIFICATION NO. 13	UTILITY SERVICE COMMITMENTS, BUILDING PERMIT RECEIPT AND NOTICE OF EXEMPTION FILED
CERTIFICATION NO. 14	REQUIRED INSURANCE AND NOTICE TO PROCEED
CERTIFICATION NO. 15	PROJECT CONSTRUCTION IS 50% COMPLETE
CERTIFICATION NO. 16	RECEIPT OF CERTIFICATE OF OCCUPANCY
CERTIFICATION NO. 17	NOTICE OF COMPLETION AND RECEIPT OF CONDITIONAL/UNCONDITIONAL FINAL RELEASES OF LIENS
CERTIFICATION NO. 18	RECEIPT OF BUSINESS LICENSE AND OPERATIONAL
CERTIFICATION NO. 19	EXECUTION OF A FACILITY ACCESS AGREEMENT WITH STATE OF CALIFORNIA, DEPARTMENT OF HEALTH CARE SERVICES
CERTIFICATION NO. 20	PROJECT CLOSE-OUT, RETENTION FUNDS, EXCESS FUNDS, AND CONTINUED COMPLIANCE

SPONSOR'S CERTIFICATION NO. 1

BUDGET PREVAILING WAGE COMPLIANCE

I, Daniel Tsai, as an authorized representative of **City and County of San Francisco**, a California municipal corporation, acting through its Department of Public Health (the “**Sponsor**”), hereby certify that:

1. I possess the legal authority to submit this certification on behalf of the Sponsor, and the information and statements set forth below are, to the best of my knowledge and belief, true and correct.
2. I am providing this information in connection with an application for funding from the State of California (the “**State**”) pursuant to the Behavioral Health Continuum Infrastructure Program for the Enhanced Dual Diagnosis Residential Treatment (“**Project**”) and acknowledge that the State and its contract manager, Advocates for Human Potential, Inc. (“**AHP**”), are relying on this information in awarding and disbursing Program Funds.
3. As part of the application, the Sponsor has submitted a construction budget for the Project. The construction budget was prepared with the assistance and/or consultation of a licensed contractor, architect, or experienced construction manager; the licensed contractor, architect, or construction manager was informed that the Project is a Public Works project as that term is defined in the California Labor Code section 1720 et. seq.; and was prepared using the applicable prevailing wages for all construction work to be performed as part of the Project in accordance with California Labor Code section 1720 et seq.
4. The Sponsor further certifies that the Sponsor (i) has been provided with copies of California Labor Code sections 1771, 1775, 1776, 1777.5, 1813 and 1815, attached hereto as Schedule 1; (ii) has included, or shall include, those California Labor Code provisions in the construction contract with the licensed contractor; and (iii) has notified, or shall notify, the licensed contractor that such California Labor Code provisions must be included in any subcontracts.
5. The Sponsor acknowledges and agrees to periodically review the licensed contractors’ payroll records to monitor compliance with California prevailing wage requirements and to take diligent action if the Sponsor discovers any failure by the licensed contractor or any of its subcontractors to pay prevailing wages or to otherwise comply with the requirements of the California Labor Code.
6. The Sponsor agrees, in accordance with California Labor Code section 1773.3, to provide notice to the California Department of Industrial Relations (“**DIR**”) of the construction contract within thirty (30) days of the award of such construction contract.
7. The Sponsor shall require the licensed contractor to keep accurate payroll records in compliance with California Labor Code section 1776 and shall require the licensed contractor to make such records available to the DIR in accordance with California Labor Code section 1771.4(a)(3).
8. The Sponsor shall comply with, and shall require its licensed contractor to comply with, any and all other requirements of the California Labor Code related to prevailing wages, all California

wage and hours laws, and any applicable federal labor and wage and hour requirements for the duration of the Project.

I certify under penalty of perjury that the above information is true and correct and that the Sponsor shall comply with all requirements set forth above, in Sponsor's Certification No. 1, Budget Prevailing Wage Compliance, as a condition of receiving the Program Funds.

Authorized Signature

Daniel Tsai

Typed Name of Signatory

Director of Health

Title of Signatory

Date

Schedule 1

Copies of California Labor Code Sections 1771, 1775, 1776, 1777.5, 1813, and 1815 Attached

STATE PREVAILING WAGES STATUTES

The provisions of California Labor Code sections 1771, 1775, 1776, 1777.5, 1813, and 1815, as set out below and as may be amended, must be incorporated into all construction contracts. All references to sections are to sections of the California Labor Code.

(i) Section 1771:

“Except for public works projects of one thousand dollars (\$1,000) or less, not less than the general prevailing rate of per diem wages for work of a similar character in the locality in which the public work is performed, and not less than the general prevailing rate of per diem wages for holiday and overtime work fixed as provided in this chapter, shall be paid to all workers employed on public works.

This section is applicable only to work performed under contract, and is not applicable to work carried out by a public agency with its own forces. This section is applicable to contracts let for maintenance work.”

(ii) Section 1775:

“(a) (1) The contractor and any subcontractor under the contractor shall, as a penalty to the state or political subdivision on whose behalf the contract is made or awarded, forfeit not more than two hundred dollars (\$200) for each calendar day, or portion thereof, for each worker paid less than the prevailing wage rates as determined by the director for the work or craft in which the worker is employed for any public work done under the contract by the contractor or, except as provided in subdivision (b), by any subcontractor under the contractor.

(2) (A) The amount of the penalty shall be determined by the Labor Commissioner based on consideration of both of the following:

(i) Whether the failure of the contractor or subcontractor to pay the correct rate of per diem wages was a good faith mistake and, if so, the error was promptly and voluntarily corrected when brought to the attention of the contractor or subcontractor.

(ii) Whether the contractor or subcontractor has a prior record of failing to meet its prevailing wage obligations.

(B) (i) The penalty may not be less than forty dollars (\$40) for each calendar day, or portion thereof, for each worker paid less than the prevailing wage rate, unless the failure of the contractor or subcontractor to pay the correct rate of per diem wages was a good faith mistake and, if so, the error was promptly and voluntarily corrected when brought to the attention of the contractor or subcontractor.

(ii) The penalty may not be less than eighty dollars (\$80) for each calendar day, or portion thereof, for each worker paid less than the prevailing wage rate, if the contractor or subcontractor has been assessed penalties within the previous three years for failing to meet its prevailing wage obligations on a separate contract, unless those penalties were subsequently withdrawn or overturned.

(iii) The penalty may not be less than one hundred twenty dollars (\$120) for each calendar day, or portion thereof, for each worker paid less than the prevailing wage rate, if the Labor Commissioner determines that the violation was willful, as defined in subdivision (c) of Section 1777.1.

(C) If the amount due under this section is collected from the contractor or subcontractor, any outstanding wage claim under Chapter 1 (commencing with Section 1720) of Part 7 of Division 2 against that contractor or subcontractor shall be satisfied before applying that amount to the penalty imposed on that contractor or subcontractor pursuant to this section.

(D) The determination of the Labor Commissioner as to the amount of the penalty shall be reviewable only for abuse of discretion.

(E) The difference between the prevailing wage rates and the amount paid to each worker for each calendar day or portion thereof for which each worker was paid less than the prevailing wage rate shall be paid to each worker by the contractor or subcontractor, and the body awarding the contract shall cause to be inserted in the contract a stipulation that this section will be complied with.

(b) If a worker employed by a subcontractor on a public works project is not paid the general prevailing rate of per diem wages by the subcontractor, the prime contractor of the project is not liable for any penalties under subdivision (a) unless the prime contractor had knowledge of that failure of the subcontractor to pay the specified prevailing rate of wages to those workers or unless the prime contractor fails to comply with all of the following requirements:

(1) The contract executed between the contractor and the subcontractor for the performance of work on the public works project shall include a copy of the provisions of this section and Sections 1771, 1776, 1777.5, 1813, and 1815.

(2) The contractor shall monitor the payment of the specified general prevailing rate of per diem wages by the subcontractor to the employees, by periodic review of the certified payroll records of the subcontractor.

(3) Upon becoming aware of the failure of the subcontractor to pay his or her workers the specified prevailing rate of wages, the contractor shall diligently take corrective action to halt or rectify the failure, including, but not limited to, retaining sufficient funds due the subcontractor for work performed on the public works project.

(4) Prior to making final payment to the subcontractor for work performed on the public works project, the contractor shall obtain an affidavit signed under penalty of perjury from the subcontractor that the subcontractor has paid the specified general prevailing rate of

per diem wages to his or her employees on the public works project and any amounts due pursuant to Section 1813.

(c) The Division of Labor Standards Enforcement shall notify the contractor on a public works project within 15 days of the receipt by the Division of Labor Standards Enforcement of a complaint of the failure of a subcontractor on that public works project to pay workers the general prevailing rate of per diem wages.”

(iii) Section 1776:

“(a) Each contractor and subcontractor shall keep accurate payroll records, showing the name, address, social security number, work classification, straight time and overtime hours worked each day and week, and the actual per diem wages paid to each journeyman, apprentice, worker, or other employee employed by the contractor or subcontractor in connection with the public work. Each payroll record shall contain or be verified by a written declaration that it is made under penalty of perjury, stating both of the following:

(1) The information contained in the payroll record is true and correct.

(2) The employer has complied with the requirements of Sections 1771, 1811, and 1815 for any work performed by that person on the public works project.

(b) The payroll records enumerated under subdivision (a) shall be certified and shall be available for inspection at all reasonable hours at the principal office of the contractor on the following basis:

(1) A certified copy of an employee’s payroll record shall be made available for inspection or furnished to the employee or the employee’s authorized representative on request.

(2) A certified copy of all payroll records enumerated in subdivision (a) shall be made available for inspection or furnished upon request to a representative of the body awarding the contract and the Division of Labor Standards Enforcement of the Department of Industrial Relations.

(3) A certified copy of all payroll records enumerated in subdivision (a) shall be made available upon request by the public for inspection or for copies thereof. However, a request by the public shall be made through either the body awarding the contract or the Division of Labor Standards Enforcement. If the requested payroll records have not been provided pursuant to paragraph (2), the requesting party shall, prior to being provided the records, reimburse the costs of preparation by the contractor, subcontractors, and the entity through which the request was made. The public may not be given access to the records at the principal office of the contractor.

(c) Unless required to be furnished directly to the Labor Commissioner in accordance with paragraph (3) of subdivision (a) of Section 1771.4, the certified payroll records shall be on forms provided by the Division of Labor Standards Enforcement or shall contain the same information as the forms provided by the division. The payroll records may consist of printouts of payroll data that are maintained as computer records, if the printouts contain

the same information as the forms provided by the division and the printouts are verified in the manner specified in subdivision (a).

(d) A contractor or subcontractor shall file a certified copy of the records enumerated in subdivision (a) with the entity that requested the records within 10 days after receipt of a written request.

(e) Except as provided in subdivision (f), any copy of records made available for inspection as copies and furnished upon request to the public or any public agency by the awarding body or the Division of Labor Standards Enforcement shall be marked or obliterated to prevent disclosure of an individual's name, address, and social security number. The name and address of the contractor awarded the contract or the subcontractor performing the contract shall not be marked or obliterated. Any copy of records made available for inspection by, or furnished to, a multiemployer Taft-Hartley trust fund (29 U.S.C. Sec. 186(c)(5)) that requests the records for the purposes of allocating contributions to participants shall be marked or obliterated only to prevent disclosure of an individual's full social security number, but shall provide the last four digits of the social security number. Any copy of records made available for inspection by, or furnished to, a joint labor-management committee established pursuant to the federal Labor Management Cooperation Act of 1978 (29 U.S.C. Sec. 175a) shall be marked or obliterated only to prevent disclosure of an individual's social security number.

(f) (1) Notwithstanding any other provision of law, agencies that are included in the Joint Enforcement Strike Force on the Underground Economy established pursuant to Section 329 of the Unemployment Insurance Code and other law enforcement agencies investigating violations of law shall, upon request, be provided nonredacted copies of certified payroll records. Any copies of records or certified payroll made available for inspection and furnished upon request to the public by an agency included in the Joint Enforcement Strike Force on the Underground Economy or to a law enforcement agency investigating a violation of law shall be marked or redacted to prevent disclosure of an individual's name, address, and social security number.

(2) An employer shall not be liable for damages in a civil action for any reasonable act or omission taken in good faith in compliance with this subdivision.

(g) The contractor shall inform the body awarding the contract of the location of the records enumerated under subdivision (a), including the street address, city, and county, and shall, within five working days, provide a notice of a change of location and address.

(h) The contractor or subcontractor has 10 days in which to comply subsequent to receipt of a written notice requesting the records enumerated in subdivision (a). In the event that the contractor or subcontractor fails to comply within the 10-day period, the contractor or subcontractor shall, as a penalty to the state or political subdivision on whose behalf the contract is made or awarded, forfeit one hundred dollars (\$100) for each calendar day, or portion thereof, for each worker, until strict compliance is effectuated. Upon the request of the Division of Labor Standards Enforcement, these penalties shall be withheld from progress payments then due. A contractor is not subject to a penalty assessment pursuant to this section due to the failure of a subcontractor to comply with this section.

(i) The body awarding the contract shall cause to be inserted in the contract stipulations to effectuate this section.

(j) The director shall adopt rules consistent with the California Public Records Act (Division 10 (commencing with Section 7920.000) of Title 1 of the Government Code) and the Information Practices Act of 1977 (Title 1.8 (commencing with Section 1798) of Part 4 of Division 3 of the Civil Code) governing the release of these records, including the establishment of reasonable fees to be charged for reproducing copies of records required by this section.”

(iv) Section 1777.5:

“(a) (1) This chapter does not prevent the employment upon public works of properly registered apprentices who are active participants in an approved apprenticeship program.

(2) For purposes of this chapter, “apprenticeship program” means a program under the jurisdiction of the California Apprenticeship Council established pursuant to Section 3070.

(b) (1) Every apprentice employed upon public works shall be paid the prevailing rate of per diem wages for apprentices in the trade to which he or she is registered and shall be employed only at the work of the craft or trade to which he or she is registered.

(2) Unless otherwise provided by a collective bargaining agreement, when a contractor requests the dispatch of an apprentice pursuant to this section to perform work on a public works project and requires the apprentice to fill out an application or undergo testing, training, an examination, or other preemployment process as a condition of employment, the apprentice shall be paid for the time spent on the required preemployment activity, including travel time to and from the required activity, if any, at the prevailing rate of per diem wages for apprentices in the trade to which he or she is registered. Unless otherwise provided by a collective bargaining agreement, a contractor is not required to compensate an apprentice for the time spent on preemployment activities if the apprentice is required to take a preemployment drug or alcohol test and he or she fails to pass that test.

(c) Only apprentices, as defined in Section 3077, who are in training under apprenticeship standards that have been approved by the Chief of the Division of Apprenticeship Standards and who are parties to written apprentice agreements under Chapter 4 (commencing with Section 3070) of Division 3 are eligible to be employed at the apprentice wage rate on public works. The employment and training of each apprentice shall be in accordance with either of the following:

(1) The apprenticeship standards and apprentice agreements under which he or she is training.

(2) The rules and regulations of the California Apprenticeship Council.

(d) If the contractor to whom the contract is awarded by the state or any political subdivision, in performing any of the work under the contract, employs workers in any apprenticeable craft or trade, the contractor shall employ apprentices in at least the ratio set forth in this section and may apply to any apprenticeship program in the craft or trade that

can provide apprentices to the site of the public work for a certificate approving the contractor under the apprenticeship standards for the employment and training of apprentices in the area or industry affected. However, the decision of the apprenticeship program to approve or deny a certificate shall be subject to review by the Administrator of Apprenticeship. The apprenticeship program or programs, upon approving the contractor, shall arrange for the dispatch of apprentices to the contractor. A contractor covered by an apprenticeship program's standards shall not be required to submit any additional application in order to include additional public works contracts under that program. "Apprenticeable craft or trade," as used in this section, means a craft or trade determined as an apprenticeable occupation in accordance with rules and regulations prescribed by the California Apprenticeship Council. As used in this section, "contractor" includes any subcontractor under a contractor who performs any public works not excluded by subdivision (o).

(e) Before commencing work on a contract for public works, every contractor shall submit contract award information to an applicable apprenticeship program that can supply apprentices to the site of the public work. The information submitted shall include an estimate of journeyman hours to be performed under the contract, the number of apprentices proposed to be employed, and the approximate dates the apprentices would be employed. A copy of this information shall also be submitted to the awarding body, if requested by the awarding body. Within 60 days after concluding work on the contract, each contractor and subcontractor shall submit to the awarding body, if requested, and to the apprenticeship program a verified statement of the journeyman and apprentice hours performed on the contract. The information under this subdivision shall be public. The apprenticeship programs shall retain this information for 12 months.

(f) The apprenticeship program supplying apprentices to the area of the site of the public work shall ensure equal employment and affirmative action in apprenticeship for women and minorities.

(g) The ratio of work performed by apprentices to journeymen employed in a particular craft or trade on the public work may be no higher than the ratio stipulated in the apprenticeship standards under which the apprenticeship program operates if the contractor agrees to be bound by those standards. However, except as otherwise provided in this section, in no case shall the ratio be less than one hour of apprentice work for every five hours of journeyman work.

(h) This ratio of apprentice work to journeyman work shall apply during any day or portion of a day when any journeyman is employed at the jobsite and shall be computed on the basis of the hours worked during the day by journeymen so employed. Any work performed by a journeyman in excess of eight hours per day or 40 hours per week shall not be used to calculate the ratio. The contractor shall employ apprentices for the number of hours computed as above before the end of the contract or, in the case of a subcontractor, before the end of the subcontract. However, the contractor shall endeavor, to the greatest extent possible, to employ apprentices during the same time period that the journeymen in the same craft or trade are employed at the jobsite. When an hourly apprenticeship ratio is not feasible for a particular craft or trade, the Administrator of Apprenticeship, upon

application of an apprenticeship program, may order a minimum ratio of not less than one apprentice for each five journeymen in a craft or trade classification.

(i) A contractor covered by this section who has agreed to be covered by an apprenticeship program's standards upon the issuance of the approval certificate, or who has been previously approved for an apprenticeship program in the craft or trade, shall employ the number of apprentices or the ratio of apprentices to journeymen stipulated in the applicable apprenticeship standards, but in no event less than the 1-to-5 ratio required by subdivision (g).

(j) Upon proper showing by a contractor that he or she employs apprentices in a particular craft or trade in the state on all of his or her contracts on an annual average of not less than one hour of apprentice work for every five hours of labor performed by journeymen, the Administrator of Apprenticeship may grant a certificate exempting the contractor from the 1-to-5 hourly ratio, as set forth in this section for that craft or trade.

(k) An apprenticeship program has the discretion to grant to a participating contractor or contractor association a certificate, which shall be subject to the approval of the Administrator of Apprenticeship, exempting the contractor from the 1-to-5 ratio set forth in this section when it finds that any one of the following conditions is met:

(1) Unemployment for the previous three-month period in the area exceeds an average of 15 percent.

(2) The number of apprentices in training in the area exceeds a ratio of 1 to 5.

(3) There is a showing that the apprenticeable craft or trade is replacing at least one-thirtieth of its journeymen annually through apprenticeship training, either on a statewide basis or on a local basis.

(4) Assignment of an apprentice to any work performed under a public works contract would create a condition that would jeopardize his or her life or the life, safety, or property of fellow employees or the public at large, or the specific task to which the apprentice is to be assigned is of a nature that training cannot be provided by a journeyman.

(l) If an exemption is granted pursuant to subdivision (k) to an organization that represents contractors in a specific trade from the 1-to-5 ratio on a local or statewide basis, the member contractors shall not be required to submit individual applications for approval to local joint apprenticeship committees, if they are already covered by the local apprenticeship standards.

(m) (1) A contractor to whom a contract is awarded, who, in performing any of the work under the contract, employs journeymen or apprentices in any apprenticeable craft or trade shall contribute to the California Apprenticeship Council the same amount that the director determines is the prevailing amount of apprenticeship training contributions in the area of the public works site. A contractor may take as a credit for payments to the council any amounts paid by the contractor to an approved apprenticeship program that can supply apprentices to the site of the public works project. The contractor may add the amount of the contributions in computing his or her bid for the contract.

(2) (A) At the conclusion of the 2002–03 fiscal year and each fiscal year thereafter, the California Apprenticeship Council shall distribute training contributions received by the council under this subdivision, less the expenses of the Department of Industrial Relations for administering this subdivision, by making grants to approved apprenticeship programs for the purpose of training apprentices. The grant funds shall be distributed as follows:

(i) If there is an approved multiemployer apprenticeship program serving the same craft or trade and geographic area for which the training contributions were made to the council, a grant to that program shall be made.

(ii) If there are two or more approved multiemployer apprenticeship programs serving the same craft or trade and county for which the training contributions were made to the council, the grant shall be divided among those programs based on the number of apprentices from that county registered in each program.

(iii) All training contributions not distributed under clauses (i) and (ii) shall be used to defray the future expenses of the Department of Industrial Relations for the administration and enforcement of apprenticeship and preapprenticeship standards and requirements under this code.

(B) An apprenticeship program shall only be eligible to receive grant funds pursuant to this subdivision if the apprenticeship program agrees, prior to the receipt of any grant funds, to keep adequate records that document the expenditure of grant funds and to make all records available to the Department of Industrial Relations so that the Department of Industrial Relations is able to verify that grant funds were used solely for training apprentices. For purposes of this subparagraph, adequate records include, but are not limited to, invoices, receipts, and canceled checks that account for the expenditure of grant funds. This subparagraph shall not be deemed to require an apprenticeship program to provide the Department of Industrial Relations with more documentation than is necessary to verify the appropriate expenditure of grant funds made pursuant to this subdivision.

(C) The Department of Industrial Relations shall verify that grants made pursuant to this subdivision are used solely to fund training apprentices. If an apprenticeship program is unable to demonstrate how grant funds are expended or if an apprenticeship program is found to be using grant funds for purposes other than training apprentices, then the apprenticeship program shall not be eligible to receive any future grant pursuant to this subdivision and the Department of Industrial Relations may initiate the process to rescind the registration of the apprenticeship program.

(3) All training contributions received pursuant to this subdivision shall be deposited in the Apprenticeship Training Contribution Fund, which is hereby created in the State Treasury. Upon appropriation by the Legislature, all moneys in the Apprenticeship Training Contribution Fund shall be used for the purpose of carrying out this subdivision and to pay the expenses of the Department of Industrial Relations.

(n) The body awarding the contract shall cause to be inserted in the contract stipulations to effectuate this section. The stipulations shall fix the responsibility of compliance with this section for all apprenticeable occupations with the prime contractor.

(o) This section does not apply to contracts of general contractors or to contracts of specialty contractors not bidding for work through a general or prime contractor when the contracts of general contractors or those specialty contractors involve less than thirty thousand dollars (\$30,000).

(p) An awarding body that implements an approved labor compliance program in accordance with subdivision (b) of Section 1771.5 may, with the approval of the director, assist in the enforcement of this section under the terms and conditions prescribed by the director.”

(v) Section 1813:

“The contractor or subcontractor shall, as a penalty to the state or political subdivision on whose behalf the contract is made or awarded, forfeit twenty-five dollars (\$25) for each worker employed in the execution of the contract by the respective contractor or subcontractor for each calendar day during which the worker is required or permitted to work more than 8 hours in any one calendar day and 40 hours in any one calendar week in violation of the provisions of this article. In awarding any contract for public work, the awarding body shall cause to be inserted in the contract a stipulation to this effect. The awarding body shall take cognizance of all violations of this article committed in the course of the execution of the contract, and shall report them to the Division of Labor Standards Enforcement.”

(vi) Section 1815:

“Notwithstanding the provisions of Sections 1810 to 1814, inclusive, of this code, and notwithstanding any stipulation inserted in any contract pursuant to the requirements of said sections, work performed by employees of contractors in excess of 8 hours per day, and 40 hours during any one week, shall be permitted upon public work upon compensation for all hours worked in excess of 8 hours per day at not less than 1 ½ times the basic rate of pay.”

SPONSOR'S CERTIFICATION NO. 2

RELATED PARTY & RELATED PARTY TRANSACTION DISCLOSURE

I, Daniel Tsai, as an authorized representative of **City and County of San Francisco**, a California municipal corporation, acting through its Department of Public Health (the “**Sponsor**”), hereby certify that:

1. I possess the legal authority to submit this certification on behalf of the Sponsor, and the information and statements set forth below are, to the best of my knowledge and belief, true and correct.
2. I am providing this information in connection with an application for funding from the State of California (“**State**”) pursuant to the Behavioral Health Continuum Infrastructure Program for the Enhanced Dual Diagnosis Residential Treatment (“**Project**”) and acknowledge that the State and its contract manager, Advocates for Human Potential, Inc. (“**AHP**”), are relying on this information in awarding and disbursing Program Funds.
3. The Sponsor certifies that it has disclosed to AHP and/or the State the composition of the Sponsor including any entity, member, manager, partner, or person that directly or indirectly owns or controls, is owned or controlled by, or is under common ownership or common control with the Sponsor (“**Related Party**” or “**Related Parties**”).
4. The Sponsor certifies that it shall disclose to AHP and/or the State, promptly, any change in ownership or control of the Sponsor or any merger or acquisition that changes the control of the Sponsor. For purposes of this Agreement, “ownership” shall mean any entity, member, manager, partner, or person that has an ownership interest of greater than ten percent (10%) in the Sponsor, and “control” shall mean possession of the authority to direct or cause the direction of the affairs or management of the Sponsor.
5. The Sponsor certifies that it shall disclose to AHP and/or the State, promptly, upon the existence or discovery of an actual or potential transaction, agreement, or settlement with a Related Party in connection with the Project (“**Related Party Transaction**”).
6. The Sponsor certifies that it shall disclose to AHP and/or the State: (1) the nature of the relationship, (2) the nature of the potential or actual transaction, agreement, or settlement, (3) the dollar amounts of any such transaction, agreement, or settlement, (4) the dollar amounts due to or from any Related Party, and (5) documents and any additional information, as may be required by AHP and/or the State in their sole discretion.

SIGNATURE ON THE FOLLOWING PAGE

I certify that the above information is true and correct and that the Sponsor shall comply with all requirements set forth above, in Sponsor's Certification No. 2, Related Party & Related Party Transaction Disclosure, as a condition of receiving the Program Funds.

Authorized Signature

Daniel Tsai

Typed Name of Signatory

Director of Health

Title of Signatory

Date

SPONSOR'S CERTIFICATION NO. 3

EXECUTION OF PROGRAM FUNDING AGREEMENT

I, Daniel Tsai, as an authorized representative of **City and County of San Francisco**, a California municipal corporation, acting through its Department of Public Health (the "**Sponsor**"), hereby certify that:

1. I possess the legal authority to submit this certification on behalf of the Sponsor, and the information and statements set forth below are, to the best of my knowledge and belief, true and correct.
2. I am providing this information in connection with an application for funding from the State of California (the "**State**") pursuant to the Behavioral Health Continuum Infrastructure Program for the Enhanced Dual Diagnosis Residential Treatment ("**Project**") and acknowledge that the State and its contract manager, Advocates for Human Potential, Inc. ("**AHP**"), are relying on this information in awarding and disbursing Program Funds.
3. The Sponsor certifies that it has executed a contract with AHP entitled "**Program Funding Agreement**" and that it has provided a true and correct copy of such executed AHP-Sponsor Program Funding Agreement, including all attachments, to AHP.

I certify that the above information is true and correct and that the Sponsor shall comply with all requirements set forth above, in Sponsor's Certification No. 3, Execution of Program Funding Agreement, as a condition of receiving the Program Funds.

Authorized Signature

Daniel Tsai

Typed Name of Signatory

Director of Health

Title of Signatory

Date

SPONSOR'S CERTIFICATION NO. 4

MATCH FUNDS, PROPERTY EQUITY, OR IN-KIND MATCH

I, _____, as an authorized representative of **City and County of San Francisco**, a California municipal corporation, acting through its Department of Public Health (the "**Sponsor**"), hereby certify that:

1. I possess the legal authority to submit this certification on behalf of the Sponsor, and the information and statements set forth below are, to the best of my knowledge and belief, true and correct.

2. I am providing this information in connection with an application for funding from the State of California ("**State**") pursuant to the Behavioral Health Continuum Infrastructure Program for the Enhanced Dual Diagnosis Residential Treatment ("**Project**") and acknowledge that the State and its contract manager, Advocates for Human Potential, Inc. ("**AHP**"), are relying on this information in awarding and disbursing the Program Funds.

3. The Sponsor certifies that, if, and as required by the terms of the Program, the Sponsor is required to provide a match for the Program Funds, and the Sponsor's match is in the form of cash, the Sponsor has provided to AHP, as required by the terms of the Program Funding Agreement, evidence in the form of account statements or other auditable financial record to the amount of _____ ("**Match Funds**").

4. The Sponsor certifies that, if, and as required by the terms of the Program, the Sponsor is required to provide a match for the Program Funds, and the Sponsor's match is in the form of equity in real property upon which the Project is to be constructed, located at 333 7th Street, San Francisco, CA 94103 (the "**Project Property**"), the Sponsor has provided to AHP (i) the assessed value of the Project Property on the property tax assessment rolls or a written appraisal report setting forth an opinion of fair market value prepared by a certified general appraiser licensed in the State of California, and (ii) all current loan statements reflecting any outstanding loan balances secured by the Project Property, or a statement of outstanding bond debt.

5. The Sponsor certifies that, if, and as required by the terms of the Program, the Sponsor is required to provide an in-kind match for the Program Funds, and the Sponsor's match is in the form of the amount of any reasonable, actual, and documented, as determined by DHCS in their sole discretion, Project specific fees and expenses incurred by the Sponsor directly for the improvement of the Project Property no more than one (1) year prior to May 6, 2025, the date of the Notice of Conditional Award ("**Sunk Costs**"), such expenditures incurred were in the amount of not less than _____, as evidenced by Project specific documents, including, but not limited to, invoices with attached proof of payment for work completed, materials purchased, professional, design-build, or other services rendered and paid for by the Sponsor in connection with the Project.

6. The Sponsor further certifies that its match for the Program Funds, as required by the terms of the Program, is in the form of _____ described as follows:

7. At AHP's request, the Sponsor agrees to submit to AHP, promptly, documentation that verifies the Sponsor's statements contained in Sections 3, 4, 5, or 6 of this Certification prior to disbursement of any Program Funds, including, but not limited to, bank account statements or other auditable financial record and title documents.

I certify under penalty of perjury that the above information is true and correct and that the Sponsor shall comply with all requirements set forth above, in Sponsor's Certification No. 4, Match Funds, Property Equity, or In-Kind Match, as a condition of receiving the Program Funds.

Authorized Signature

Typed Name of Signatory

Title of Signatory

Date

SPONSOR'S CERTIFICATION NO. 5

DECLARATION OF RESTRICTIONS

I, _____, as an authorized representative of **City and County of San Francisco**, a California municipal corporation, acting through its Department of Public Health (the "**Sponsor**"), hereby certify that:

1. I possess the legal authority to submit this certification on behalf of the Sponsor, and the information and statements set forth below are, to the best of my knowledge and belief, true and correct.
2. I am providing this information in connection with an application for funding from the State of California ("**State**") pursuant to the Behavioral Health Continuum Infrastructure Program for the Enhanced Dual Diagnosis Residential Treatment ("**Project**") and acknowledge that the State and its contract manager, Advocates for Human Potential, Inc. ("**AHP**"), are relying on this information in awarding and disbursing Program Funds.
3. The Sponsor certifies that the Project is subject to a Regulatory Agreement and Declaration of Restrictions, substantially in the form attached to the Program Funding Agreement as **Attachment H** (the "**Declaration of Restrictions**"), which has been recorded in the official records in the county in which the Project is located, and which, in addition to other matters, restricts the use of the Project. The Sponsor further certifies that it shall provide to AHP, concurrently with this Certification, a copy of such recorded Declaration of Restrictions, which shall evidence recordation in the official records in the county in which the Project is located.

I certify under penalty of perjury that the above information is true and correct and that the Sponsor shall comply with all requirements set forth above, in Sponsor's Certification No. 5, Declaration of Restrictions, as a condition of receiving the Program Funds.

Authorized Signature

Typed Name of Signatory

Title of Signatory

Date

SPONSOR'S CERTIFICATION NO. 6

LEGAL REVIEW OF CA WELFARE AND INSTITUTIONS CODE §5960.31

I, _____, as an authorized representative of **City and County of San Francisco**, a California municipal corporation, acting through its Department of Public Health (the "**Sponsor**"), hereby certify that:

1. I possess the legal authority to submit this certification on behalf of the Sponsor, and the information and statements set forth below are, to the best of my knowledge and belief, true and correct.
2. I am providing this information in connection with an application for funding from the State of California ("**State**") pursuant to the Behavioral Health Continuum Infrastructure Program for the Enhanced Dual Diagnosis Residential Treatment ("**Project**") and acknowledge that the State and its contract manager, Advocates for Human Potential, Inc. ("**AHP**"), are relying on this information in awarding and disbursing Program Funds.
3. The Sponsor certifies that it has had the opportunity to seek advice from legal counsel as to its rights and responsibilities regarding California Welfare and Institutions Code section 5960.31, set forth below:

(a) Notwithstanding any other law, projects funded pursuant to paragraph (3) or (4) of subdivision (b) of Section 5965.04 shall be a use by right and shall be subject to the streamlined, ministerial review process and filing requirement, pursuant to subdivisions (b) and (d) of Section 50675.1.5 of the Health and Safety Code, and not subject to a conditional use permit, discretionary permit, or to any other discretionary reviews or approvals, if it meets the criteria of paragraph (1) or (2) and complies with subdivisions (b) and (c).

(1) The project is a behavioral health treatment and residential setting, including, but not limited to, children's residential crisis programs, peer respite, children's and adult substance use disorder residential programs, recovery housing, short-term residential therapeutic program, and social rehabilitation program, and shall be located in a zone where residential, office, retail, or parking are a principally permitted use.

(2) (A) The project is a real estate asset, as described in Section 5960.05, except for those described in paragraph (1), or in subparagraph (A) of paragraph (1) of subdivision (a) of Section 5831, that is funded pursuant to Section 5967.01, and shall be located in a zone where office, retail, or parking are a principally permitted use.

(B) This paragraph shall not be construed to limit the discretion of local jurisdictions to permit real estate assets in a zone not expressly provided in this paragraph.

(b) Projects, as applicable, pursuant to this section shall comply with the core components of Housing First, as defined under subdivision (b) of Section 8255, and may include recovery housing, as defined by the United States Department of Housing and Urban Development.

(c) Projects pursuant to this section shall meet the labor standards contained in Sections 65912.130 and 65912.131 of the Government Code.

(d) For purposes of this section, “use by right” means a development project that satisfies both of the following conditions:

(1) The development project does not require a conditional use permit, planned unit development permit, or other discretionary local government review.

(2) The development project is not a “project” for purposes of Division 13 (commencing with Section 21000) of the Public Resources Code.

I certify under penalty of perjury that the above information is true and correct and that the Sponsor has read and understands the terms of this certification and shall comply with all requirements set forth above, in Sponsor’s Certification No. 6, Legal Review of CA Welfare and Institutions Code §5960.31, as a condition of receiving the Program Funds.

Authorized Signature

Typed Name of Signatory

Title of Signatory

Date

SPONSOR'S CERTIFICATION NO. 7

PLANNING AGENCY REVIEW

I, _____, as an authorized representative of **City and County of San Francisco**, a California municipal corporation, acting through its Department of Public Health (the "**Sponsor**"), hereby certify that:

1. I possess the legal authority to submit this certification on behalf of the Sponsor, and the information and statements set forth below are, to the best of my knowledge and belief, true and correct.
2. I am providing this information in connection with an application for funding from the State of California ("**State**") pursuant to the Behavioral Health Continuum Infrastructure Program for the Enhanced Dual Diagnosis Residential Treatment ("**Project**") and acknowledge that the State and its contract manager, Advocates for Human Potential, Inc. ("**AHP**"), are relying on this information in awarding and disbursing Program Funds.
3. The Sponsor certifies that, if constructing a new facility or expanding an existing facility, it shall provide to AHP contemporaneously with this Certification a one-to-two-page narrative report summarizing the results of any preliminary planning meeting with the planning department, or equivalent, in the jurisdiction where the Project is located, including any written documentation and comments received.

I certify under penalty of perjury that the above information is true and correct and that the Sponsor shall comply with all requirements set forth above, in Sponsor's Certification No. 7, Planning Agency Review, as a condition of receiving the Program Funds.

Authorized Signature

Typed Name of Signatory

Title of Signatory

Date

SPONSOR'S CERTIFICATION NO. 8

DUE DILIGENCE COMPLETED

I, _____, as an authorized representative of **City and County of San Francisco**, a California municipal corporation, acting through its Department of Public Health (the "**Sponsor**"), hereby certify that:

1. I possess the legal authority to submit this certification on behalf of the Sponsor, and the information and statements set forth below are, to the best of my knowledge and belief, true and correct.
2. I am providing this information in connection with an application for funding from the State of California ("**State**") pursuant to the Behavioral Health Continuum Infrastructure Program for the Enhanced Dual Diagnosis Residential Treatment ("**Project**") and acknowledge that the State and its contract manager, Advocates for Human Potential, Inc. ("**AHP**"), are relying on this information in awarding and disbursing Program Funds.
3. In the event that the Project involves the acquisition of real property with Program Funds, the Sponsor certifies that it has obtained a Certified Appraisal Report, setting forth an opinion of fair market value of the real property upon which the Project is to be constructed or operated, prepared by a certified appraiser licensed in the State of California, in a form acceptable to AHP; and the Sponsor has provided copies of the Certified Appraisal Report to AHP.
4. The Sponsor certifies that it has obtained a Phase I environmental site assessment of the Project in conformance with ASTM Standard Practice E-1527 and, if necessary, a Phase II environmental site assessment and that the Sponsor has or shall comply with all recommendations in those assessments as part of the Project. The Sponsor shall provide AHP with copies of all environmental reports and, to the extent applicable, evidence of completion of any recommended environmental remediation.
5. In the event that the Project involves rehabilitation or renovation of an existing structure, the Sponsor certifies that it has obtained an asbestos assessment and lead-based paint report for the Project and has complied or shall comply with all abatement requirements identified therein. The Sponsor certifies that it has provided AHP with copies of all asbestos and lead-based paint reports and, to the extent applicable, evidence of completion of any recommended asbestos or lead-based paint abatement.
6. The Sponsor certifies that it has complied with all applicable federal, state, and local relocation requirements related to the Project, including under the California Relocation Assistance Law (California Government Code section 7260 et seq.); and that the Sponsor has complied with all applicable state laws and corresponding regulations for the safe transfer and relocation of residents in residential care facilities licensed by the State and agrees to obtain a State-approved relocation plan for each resident in care.

7. The Sponsor's above certifications are solely for the purpose of confirming that the Sponsor has properly discharged their obligations under the Program Funding Agreement, and AHP's receipt of these certifications should not be relied upon by the Sponsor or any third parties as a warranty or representation by AHP or DHCS as to the quality of the design or construction of the Project.

8. The Sponsor agrees that it is solely responsible and liable for compliance with requirements and recommendations pertaining to asbestos, lead, environmental assessment, local planning, and relocation requirements for the Project and shall indemnify AHP and the State consistent with the terms of the Sponsor's Agreement with AHP and the State.

I certify under penalty of perjury that the above information is true and correct and that the Sponsor shall comply with all requirements set forth above, in Sponsor's Certification No. 8, Due Diligence Completed, as a condition of receiving the Program Funds.

Authorized Signature

Typed Name of Signatory

Title of Signatory

Date

SPONSOR'S CERTIFICATION NO. 9

DESIGN DEVELOPMENT DRAWINGS 100% COMPLETE
(to be completed by the Sponsor's Architect)

I, _____, as an authorized representative of _____ (the "**Architect**"), on behalf of **City and County of San Francisco**, a California municipal corporation, acting through its Department of Public Health (the "**Sponsor**"), hereby certify that:

1. I possess the legal authority to submit this certification on behalf of the Architect, and the information and statements set forth below are, to the best of my knowledge and belief, true and correct.
2. I am providing this information in connection with the Sponsor's application for funding from the State of California ("**State**") pursuant to the Behavioral Health Continuum Infrastructure Program for the Enhanced Dual Diagnosis Residential Treatment ("**Project**") and acknowledge that the State and its contract manager, Advocates for Human Potential, Inc. ("**AHP**"), are relying on this information in awarding and disbursing Program Funds.
3. I am the lead architect on behalf of the Sponsor for the Project, duly licensed to practice architecture in the State of California pursuant to Chapter 3 of Division 3 of the Business and Professions Code, and have been hired by the Sponsor to provide architectural services for the Project.
4. I hereby certify that design development drawings, including architectural and mechanical, electrical, and plumbing (MEP) drawings for the Project, are one hundred percent (100%) complete.
5. I hereby certify that the Sponsor is ready to commence preparation of construction drawings for the purpose of submittal to the building department, or equivalent, in the jurisdiction where the Project is located.

SIGNATURE ON THE FOLLOWING PAGE

I certify under penalty of perjury that the above information is true and correct in Sponsor's Certification No. 9, Design Development Drawings 100% Complete, as a condition of the Sponsor receiving the Program Funds.

Authorized Signature
(Licensed Architect on plan set)

Typed Name of Signatory

Title of Signatory
(Licensed Architect on plan set)

Date

SPONSOR'S AND ARCHITECT'S CERTIFICATION NO. 10

**CONSTRUCTION DRAWINGS FOR
FIRST SUBMITTAL TO BUILDING DEPARTMENT**

(to be completed by the Sponsor and the Sponsor's Architect)

I, _____, as an authorized representative of **City and County of San Francisco**, a California municipal corporation, acting through its Department of Public Health (the "**Sponsor**"), and I, _____, as an authorized representative of _____ (the "**Architect**"), each hereby certify that:

1. The Sponsor and Architect each certify that they possess the legal authority to submit this certification on behalf of the Sponsor and the Architect, respectively, and the information and statements set forth below are, to the best of their knowledge and belief, true and correct.
2. The Sponsor and Architect each certify that they are providing this information in connection with an application for funding from the State of California ("**State**") pursuant to the Behavioral Health Continuum Infrastructure Program for the Enhanced Dual Diagnosis Residential Treatment ("**Project**") and acknowledge that the State and its contract manager, Advocates for Human Potential, Inc. ("**AHP**"), are relying on this information in awarding and disbursing Program Funds.
3. The Sponsor certifies that it has obtained updated estimates of all applicable fees and charges due to the local jurisdiction with permitting authority over the Project, including, but not limited to, fees for plan checks, building permits, schools, special assessments, impact fees, and fire permits, among others, as may be applicable to the Project, depending on the jurisdiction, and the Sponsor has sent copies of all such fee estimates to AHP.
4. The Sponsor and Architect each certify that they have construction drawings for the Project that are ready for first submittal to the building department, or its equivalent, in the jurisdiction where the Project is located. The Sponsor shall provide AHP with copies of all such drawings upon request.
5. The Sponsor certifies that it is prepared to submit complete applications and pay required fees to the applicable government authorities for building permits and approvals necessary to construct the Project.
6. The Sponsor and Architect shall attest by their signatures below that the construction drawings for the Project are ready for first submittal to the building department, or its equivalent, in the jurisdiction where the Project is located, within thirty (30) days of the date of execution of this Certification No. 10.

SIGNATURES ON THE FOLLOWING PAGE

I certify under penalty of perjury that the above information is true and correct and that the Sponsor shall comply with all requirements set forth above, in Sponsor's and Architect's Certification No. 10, Construction Drawings for First Submittal to Building Department, as a condition of receiving the Program Funds.

Authorized Signature

Typed Name of Signatory

Title of Signatory

Date

Authorized Signature
(Licensed Architect on plan set)

Typed Name of Signatory

Title of Signatory
(Licensed Architect on plan set)

Date

SPONSOR'S CERTIFICATION NO. 11

CONSTRUCTION CONTRACT WITH CONSTRUCTION CONTRACT ADDENDUM

I, _____, as an authorized representative of **City and County of San Francisco**, a California municipal corporation, acting through its Department of Public Health (the "**Sponsor**"), hereby certify that:

1. I possess the legal authority to submit this certification on behalf of the Sponsor, and the information and statements set forth below are, to the best of my knowledge and belief, true and correct.
2. I am providing this information in connection with an application for funding from the State of California ("**State**") pursuant to the Behavioral Health Continuum Infrastructure Program for the Enhanced Dual Diagnosis Residential Treatment ("**Project**") and acknowledge that the State and its contract manager, Advocates for Human Potential, Inc. ("**AHP**"), are relying on this information in awarding and disbursing Program Funds.
3. The Sponsor certifies that it has negotiated and attached to this Certification a construction contract for the Project as mutually agreed upon by the Sponsor and the general contractor ("**Construction Contract**") which includes a total cost of construction that does not exceed the amount set forth in the application for Program Funds for construction costs of the Project, unless otherwise approved by AHP or the State, in their sole discretion.
4. The Sponsor further certifies that the Construction Contract includes an attachment thereto, in the form attached to the Program Funding Agreement as **Attachment I** (the "**Construction Contract Addendum**"), which shall contain certain required additional details, conditions, or terms to be agreed upon by and between the Sponsor and the general contractor.
5. Upon full execution of the Construction Contract or any amendment thereof, the Sponsor promptly shall provide AHP a copy of the fully executed Construction Contract, with the Construction Contract Addendum attached thereto and incorporated by reference.
6. The Sponsor certifies that the Construction Contract Addendum, as incorporated into the Construction Contract, shall not be amended or modified in any manner, at any time, without prior approval by AHP or the State, in their sole discretion.
7. The Sponsor certifies that the final Construction Contract for the full course of construction of the Project is based on the fully permitted set of construction drawings, which constitute the full scope of the construction for the Project.
8. The Sponsor certifies that the General Contractor is registered with the California Department of Industrial Relations ("**DIR**") as required by California Labor Code section 1725.5. The Sponsor further certifies that the Construction Contract and any subcontracts entered into by the general contractor shall require the general contractor and all subcontractors to comply with California

Labor Code section 1720 et seq. for all work performed for the Project, including, but not limited to, the payment of prevailing wages for all work performed on the Project.

I certify under penalty of perjury that the above information is true and correct and that the Sponsor shall comply with all requirements set forth above, in Sponsor's Certification No. 11, Construction Contract with Construction Contract Addendum, as a condition of receiving the Program Funds.

Authorized Signature

Typed Name of Signatory

Title of Signatory

Date

GENERAL CONTRACTOR'S CERTIFICATION NO. 12

PREVAILING WAGE COMPLIANCE (to be completed by the Sponsor's General Contractor)

I, _____, as an authorized representative of [insert name of General Contractor] ("General Contractor"), hereby certify that:

1. I possess the legal authority to submit this certification on behalf of the General Contractor, and the information and statements set forth below are, to the best of my knowledge and belief, true and correct.
2. I am providing this information in connection with an application for funding from the State of California ("State") pursuant to the Behavioral Health Continuum Infrastructure Program for the Enhanced Dual Diagnosis Residential Treatment ("Project") submitted by **City and County of San Francisco**, a California municipal corporation, acting through its Department of Public Health (the "Sponsor") and acknowledge that the State, and its contract manager, Advocates for Human Potential, Inc. ("AHP"), and the Sponsor are relying on this information in awarding and disbursing Program Funds to the Sponsor.
3. General Contractor certifies that all construction work performed on the Project shall comply with California Labor Code section 1720 et seq. and require the payment of prevailing wages.
4. General Contractor certifies that the Sponsor has provided General Contractor with copies of California Labor Code sections 1771, 1775, 1776, 1777.5, 1813, and 1815; that the construction contract includes those California Labor Code provisions; and that such California Labor Code provisions shall be included in all subcontracts entered into by General Contractor for the Project.
5. General Contractor agrees to periodically review its subcontractors' payroll records to monitor compliance with California prevailing wage requirements and to take diligent action if General Contractor discovers any failure by a subcontractor to pay prevailing wages and to otherwise comply with the requirements of the California Labor Code.
6. General Contractor shall not release final payment to any subcontractors for work performed on the Project until General Contractor has obtained an affidavit signed under penalty of perjury from the subcontractor that the subcontractor has paid the specified general prevailing wage for all work performed on the Project as well as any other amounts due under the California Labor Code.
7. General Contractor agrees to keep accurate payroll records in compliance with California Labor Code section 1776 and shall require all of its subcontractors to keep such records and to make such records available to the California Department of Industrial Relations ("DIR") in accordance with California Labor Code section 1771.4(a)(3).
8. General Contractor agrees to comply with any and all other requirements of the California Labor Code related to prevailing wages, all California wage and hours laws, and any applicable federal labor and wage and hours requirements for the duration of the Project.

9. General Contractor acknowledges that neither the State nor AHP shall be liable for any penalties or damages resulting from General Contractor's failure to comply with all requirements related to public works projects applicable to the Project.

I certify that the above information is true and correct and that General Contractor shall comply with all requirements set forth above, in General Contractor's Certification No. 12, Prevailing Wage Compliance, as a condition of the Sponsor receiving the Program Funds.

Authorized Signature
(General Contractor)

Typed Name of Signatory
(General Contractor)

Title of Signatory

Date

SPONSOR'S CERTIFICATION NO. 13

UTILITY SERVICE COMMITMENTS, BUILDING PERMIT RECEIPT AND NOTICE OF EXEMPTION FILED

I, _____, as an authorized representative of **City and County of San Francisco**, a California municipal corporation, acting through its Department of Public Health (the "**Sponsor**"), hereby certify that:

1. I possess the legal authority to submit this certification on behalf of the Sponsor, and the information and statements set forth below are, to the best of my knowledge and belief, true and correct.
2. I am providing this information in connection with an application for funding from the State of California ("**State**") pursuant to the Behavioral Health Continuum Infrastructure Program for the Enhanced Dual Diagnosis Residential Treatment ("**Project**") and acknowledge that the State and its contract manager, Advocates for Human Potential, Inc. ("**AHP**"), are relying on this information in awarding and disbursing Program Funds.
3. The Sponsor certifies that it has obtained and provided to AHP copies of any written utility service commitments (commonly referred to as "will serve letters"), as may be required by the local jurisdiction with permitting authority over the Project.
4. The Sponsor certifies that it has obtained and provided to AHP copies of the building permits required to commence construction on the Project issued by the local jurisdiction with permitting authority over the Project. The building permits approve a total building area for the Project of **[insert number in words (Number) and delete this note]** square feet.
5. The Sponsor certifies that, upon receipt of the building permits from the jurisdiction where the Project is located, a Notice of Exemption for the Project has been filed with the county clerk of each county in which the Project is located pursuant to the California Environmental Quality Act ("**CEQA**") Guidelines section 15062.
6. The Sponsor further certifies that it has provided to DHCS a copy of the Notice of Exemption for the Project filed with the county clerk of each county in which the Project is located pursuant to the CEQA Guidelines section 15062.

SIGNATURE ON THE FOLLOWING PAGE

I certify under penalty of perjury that the above information is true and correct and that the Sponsor shall comply with all requirements set forth above, in Sponsor's Certification No. 13, Building Permit Receipt and Notice of Exemption Filed, as a condition of receiving the Program Funds.

Authorized Signature

Typed Name of Signatory

Title of Signatory

Date

SPONSOR'S CERTIFICATION NO. 14

REQUIRED INSURANCE AND NOTICE TO PROCEED

I, _____, as an authorized representative of **City and County of San Francisco**, a California municipal corporation, acting through its Department of Public Health (the "**Sponsor**"), hereby certify that:

1. I possess the legal authority to submit this certification on behalf of the Sponsor, and the information and statements set forth below are, to the best of my knowledge and belief, true and correct.
2. I am providing this information in connection with an application for funding from the State of California ("**State**") pursuant to the Behavioral Health Continuum Infrastructure Program for the Enhanced Dual Diagnosis Residential Treatment ("**Project**") and acknowledge that the State and its contract manager, Advocates for Human Potential, Inc. ("**AHP**"), are relying on this information in awarding and disbursing Program Funds.
3. The Sponsor certifies that it has acquired all general liability and any applicable builder's risk and property insurance pursuant to the requirements of Article 11 of the Program Funding Agreement.
4. The Sponsor certifies that it has provided to AHP copies of its certificates of insurance in accordance with the requirements of Article 11 of the Program Funding Agreement.
5. The Sponsor certifies that it has provided to AHP an updated budget and schedule for the Project prior to the Sponsor's issuance of a notice to proceed to its general contractor.
6. The Sponsor certifies that on or about _____, 202__, [**insert date and delete this note**] a notice to proceed was issued to its general contractor to commence construction on the Project.

SIGNATURE ON THE FOLLOWING PAGE

I certify that the above information is true and correct and that the Sponsor shall comply with all requirements set forth above, in Sponsor's Certification No. 14, Required Insurance and Notice to Proceed, as a condition of receiving the Program Funds.

Authorized Signature

Typed Name of Signatory

Title of Signatory

Date

SPONSOR'S CERTIFICATION NO. 15

PROJECT CONSTRUCTION IS 50% COMPLETE

I, _____, as an authorized representative of **City and County of San Francisco**, a California municipal corporation, acting through its Department of Public Health (the "**Sponsor**"), hereby certify that:

1. I possess the legal authority to submit this certification on behalf of the Sponsor, and the information and statements set forth below are, to the best of my knowledge and belief, true and correct.
2. I am providing this information in connection with an application for funding from the State of California ("**State**") pursuant to the Behavioral Health Continuum Infrastructure Program for the Enhanced Dual Diagnosis Residential Treatment ("**Project**") and acknowledge that the State and its contract manager, Advocates for Human Potential, Inc. ("**AHP**"), are relying on this information in awarding and disbursing Program Funds.
3. The Sponsor certifies that on or about _____, 202__, [**insert date and delete this note**] Project construction is fifty percent (50%) complete; and further certifies that it has provided to AHP an updated budget and schedule for the completion of the Project.
4. The Sponsor further certifies that it has the additional funds or funding necessary to complete the Project in the event that the remaining Program Funds are insufficient to satisfy the remaining fifty percent (50%) of construction costs.

I certify that the above information is true and correct and that the Sponsor shall comply with all requirements set forth above, in Sponsor's Certification No. 15, Project Construction Is 50% Complete, as a condition of receiving the Program Funds.

Authorized Signature

Typed Name of Signatory

Title of Signatory

Date

SPONSOR'S CERTIFICATION NO. 16

RECEIPT OF CERTIFICATE OF OCCUPANCY

I, _____, as an authorized representative of **City and County of San Francisco**, a California municipal corporation, acting through its Department of Public Health (the "**Sponsor**"), hereby certify that:

1. I possess the legal authority to submit this certification on behalf of the Sponsor, and the information and statements set forth below are, to the best of my knowledge and belief, true and correct.
2. I am providing this information in connection with an application for funding from the State of California ("**State**") pursuant to the Behavioral Health Continuum Infrastructure Program for the Enhanced Dual Diagnosis Residential Treatment ("**Project**") and acknowledge that the State and its contract manager, Advocates for Human Potential, Inc. ("**AHP**"), are relying on this information in awarding and disbursing Program Funds.
3. The Sponsor certifies that the Project has received its Certificate of Occupancy or equivalent from the jurisdiction where the Project is located.
4. The Sponsor further certifies that it has provided to AHP a copy of the Certificate of Occupancy.

I certify that the above information is true and correct and that the Sponsor shall comply with all requirements set forth above, in Sponsor's Certification No. 16, Receipt of Certificate of Occupancy, as a condition of receiving the Program Funds.

Authorized Signature

Typed Name of Signatory

Title of Signatory

Date

SPONSOR'S CERTIFICATION NO. 17

NOTICE OF COMPLETION AND
RECEIPT OF CONDITIONAL/UNCONDITIONAL FINAL RELEASES OF LIENS

I, _____, as an authorized representative of **City and County of San Francisco**, a California municipal corporation, acting through its Department of Public Health (the "**Sponsor**"), hereby certify that:

1. I possess the legal authority to submit this certification on behalf of the Sponsor, and the information and statements set forth below are, to the best of my knowledge and belief, true and correct.
2. I am providing this information in connection with an application for funding from the State of California ("**State**") pursuant to the Behavioral Health Continuum Infrastructure Program for the Enhanced Dual Diagnosis Residential Treatment ("**Project**") and acknowledge that the State and its contract manager, Advocates for Human Potential, Inc. ("**AHP**"), are relying on this information in awarding and disbursing Program Funds.
3. The Sponsor certifies that, pursuant to California Civil Code section 8182 et seq., it has recorded with the county clerk in the jurisdiction where the Property is located a Notice of Completion; and that the Sponsor has provided to AHP a copy of the Notice of Completion.
4. The Sponsor certifies that it has obtained from its general contractor conditional/unconditional final releases of all liens for all labor or services provided, or equipment and material delivered, to or on behalf of the Sponsor, for construction or rehabilitation at the Project.
5. The Sponsor further certifies that it has provided to AHP copies of all conditional/unconditional final releases of all liens, which the Sponsor received from its general contractor, and that the Sponsor shall provide to AHP any additional release of lien documentation or information, as may be required by AHP and/or the State in their sole discretion.

SIGNATURE ON THE FOLLOWING PAGE

I certify that the above information is true and correct and that the Sponsor shall comply with all requirements set forth above, in Sponsor's Certification No. 17, Notice of Completion and Receipt of Conditional/Unconditional Final Releases of Liens, as a condition of receiving the Program Funds.

Authorized Signature

Typed Name of Signatory

Title of Signatory

Date

SPONSOR'S CERTIFICATION NO. 18

RECEIPT OF BUSINESS LICENSE AND OPERATIONAL

I, _____, as an authorized representative of **City and County of San Francisco**, a California municipal corporation, acting through its Department of Public Health (the "**Sponsor**"), hereby certify that:

1. I possess the legal authority to submit this certification on behalf of the Sponsor, and the information and statements set forth below are, to the best of my knowledge and belief, true and correct.
2. I am providing this information in connection with an application for funding from the State of California ("**State**") pursuant to the Behavioral Health Continuum Infrastructure Program for the Enhanced Dual Diagnosis Residential Treatment ("**Project**") and acknowledge that the State and its contract manager, Advocates for Human Potential, Inc. ("**AHP**"), are relying on this information in awarding and disbursing Program Funds.
3. The Sponsor certifies that the Sponsor and the Project, each, as may be required, individually and collectively, has received, renewed, or maintained all licenses, designations, and certifications, including a business license, as may be required, by the jurisdiction where the Project is located and by the State, to operate the Project pursuant to the requirements of the Program Funding Agreement.

I certify that the above information is true and correct and that the Sponsor shall comply with all requirements set forth above, in Sponsor's Certification No. 18, Receipt of Business License and Operational, as a condition of receiving the Program Funds.

Authorized Signature

Typed Name of Signatory

Title of Signatory

Date

SPONSOR'S CERTIFICATION NO. 19

**EXECUTION OF A FACILITY ACCESS AGREEMENT WITH STATE OF
CALIFORNIA,
DEPARTMENT OF HEALTH CARE SERVICES**

I, Daniel Tsai, as an authorized representative of **City and County of San Francisco**, a California municipal corporation, acting through its Department of Public Health (the "**Sponsor**"), hereby certify that:

1. I possess the legal authority to submit this certification on behalf of the Sponsor, and the information and statements set forth below are, to the best of my knowledge and belief, true and correct.
2. I am providing this information in connection with an application for funding from the State of California ("**State**") pursuant to the Behavioral Health Continuum Infrastructure Program for the Enhanced Dual Diagnosis Residential Treatment ("**Project**") and acknowledge that the State and its contract manager, Advocates for Human Potential, Inc. ("**AHP**"), are relying on this information in awarding and disbursing Program Funds.
3. The Sponsor certifies that it has executed a contract with the State Department of Health Care Services ("**DHCS**") entitled Facility Access Agreement ("**Facility Access Agreement**").
4. The Sponsor certifies that it has provided a true and correct copy of the executed Facility Access Agreement, including all attachments, to AHP.

I certify that the above information is true and correct and that the Sponsor shall comply with all requirements set forth above, in Sponsor's Facility Certification No. 19, Execution of a Facility Access Agreement with State of California, Department of Health Care Services, as a condition of receiving the Program Funds.

Authorized Signature

Daniel Tsai

Typed Name of Signatory

Director of Health

Title of Signatory

Date

SPONSOR'S CERTIFICATION NO. 20

PROJECT CLOSE-OUT, RETENTION FUNDS, EXCESS FUNDS, AND CONTINUED COMPLIANCE

I, _____, as an authorized representative of **City and County of San Francisco**, a California municipal corporation, acting through its Department of Public Health (the "**Sponsor**"), hereby certify that:

1. I possess the legal authority to submit this certification on behalf of the Sponsor and the information and statements set forth below are, to the best of my knowledge and belief, true and correct.
2. I am providing this information in connection with an application for funding from the State of California ("**State**") pursuant to the Behavioral Health Continuum Infrastructure Program ("**BHCIP**") for the Enhanced Dual Diagnosis Residential Treatment ("**Project**") and acknowledge that the State and its contract manager, Advocates for Human Potential, Inc. ("**AHP**") are relying on this information in connection with the management of BHCIP and Program Funds.
3. The Sponsor certifies that it received an award of Program Funds pursuant to that certain Notice of Conditional Award Letter issued by DHCS to the Sponsor, attached as **Attachment K** to that certain Program Funding Agreement, dated _____ (the "**Program Funding Agreement**") by and between AHP and the Sponsor.
4. The Sponsor certifies that AHP has released and the Sponsor has received Retention Funds pursuant to Section 4.3.7.1 of the Program Funding Agreement.
5. The Sponsor certifies that the Project is complete, operational, and serving patients/persons in compliance with all applicable state, federal, and local health and safety laws and ordinances.
6. The Sponsor certifies that it will not request, declines to use, and releases a portion of its awarded Program Funds in the amount of _____ Dollars (\$_____) ("**Excess Funds**"). The Sponsor further certifies that the Excess Funds are not required for Project completion or reimbursement for its Project expenses.
7. The Sponsor acknowledges that pursuant to Article 2 of the Program Funding Agreement, the terms of the Program Funding Agreement are in full force and effect.
8. The Sponsor further certifies that it has satisfied all applicable requirements of the Program Funding Agreement, is not in default, and shall continue to comply with the requirements of the Program Funding Agreement, the Facility Access Agreement, and the Declaration of Restrictions, each as defined in the Program Funding Agreement.

SIGNATURES ON THE FOLLOWING PAGE

I certify under penalty of perjury that the above information is true and correct and that Sponsor shall comply with all requirements set forth above, in Sponsor's Certification No. 20, Project Close-Out, Retention Funds, Excess Funds, and Continued Compliance.

Authorized Signature

Typed Name of Signatory

Title of Signatory

Date

ACKNOWLEDGED:

DHCS:

DEPARTMENT OF HEALTH CARE SERVICES,
a public agency of the State of California

By: _____
Laurice Artap, Section Chief
Community Services Division / Behavioral Health Continuum
Infrastructure Program Section

Date: _____

ATTACHMENT G

PERFORMANCE MILESTONES

BOND BHCIP Round 1: Launch Ready			
ATTACHMENT G - PERFORMANCE MILESTONES			
These Performance Milestones are the basis for your Project's Payment Schedule so that in all events, all Program Funds must be obligated and expended by June 30, 2030.			
ESTIMATED MILESTONES			
Preconstruction/Acquisition, Construction, Move-in			
PHASE	MILESTONE	Milestone Certification or Documents	COMPLETION DATE: Not To Exceed
E.1 Minimum Requirements	BUDGET PREVAILING WAGE COMPLIANCE	Certification # 1	Project specific, N/A
	RELATED PARTY AND RELATED PARTY TRANSACTION DISCLOSURE	Certification # 2	
	EXECUTION OF PROGRAM FUNDING AGREEMENT	Certification # 3	
	RECORDED DECLARATION OF RESTRICTIONS	Certification # 5	
	LEGAL REVIEW OF CA WELFARE AND INSTITUTIONS CODE §5960.3(a)	Certification # 6	
	EXECUTION OF A FACILITY ACCESS AGREEMENT WITH STATE OF CALIFORNIA, DEPARTMENT OF HEALTH CARE SERVICES	Certification #19	
E.2 Match Minimum Requirements	MATCH FUNDS, PROPERTY EQUITY, OR IN-KIND MATCH	Certification # 4	
E.3 Acquisition	CLOSE OF ESCROW/RECORDED DECLARATION OF RESTRICTIONS & PERFORMANCE DEED OF TRUST	Recorded Deed	
	PLANNING AGENCY REVIEW	Certification # 7	
	DUE DILIGENCE COMPLETED FOR ACQUISITION	Certification # 8	
E.4 Preconstruction (Planning and Permitting)	PLANNING AGENCY REVIEW, if not previously provided	Certification # 7	
	DUE DILIGENCE COMPLETED, if not previously provided	Certification # 8	
	DESIGN DEVELOPMENT DRAWINGS 100% COMPLETE	Certification # 9	
	CONSTRUCTION DRAWINGS FOR FIRST SUBMITTAL TO BUILDING	Certification # 10	
E.5 Start of Construction (Notice to Proceed and Executed Construction Contract)	CONSTRUCTION CONTRACT WITH CONSTRUCTION CONTRACT RISK	Certification # 11	
	PREVAILING WAGE COMPLIANCE (GC)	Certification # 12	
	UTILITY SERVICE COMMITMENTS, BUILDING PERMIT RECEIPT, AND NOTICE OF EXEMPTION FILED	Certification # 13	
	REQUIRED INSURANCE AND NOTICE TO PROCEED	Certification # 14	
E.6 Project Construction 50% Complete	PROJECT CONSTRUCTION IS 50% COMPLETE	Certification # 15	6/30/2030
E.7 Construction Complete, Licensing, and Operation	RECEIPT OF CERTIFICATE OF OCCUPANCY	Certification # 16	
	NOTICE OF COMPLETION AND RECEIPT OF UNCONDITIONAL FINAL RELEASES OF LIENS	Certification # 17	Project specific, N/A
	RECEIPT OF BUSINESS LICENSE AND OPERATIONAL	Certification # 18	
	PROJECT CLOSE-OUT, RETENTION FUNDS, EXCESS FUNDS, AND CONTINUED COMPLIANCE	Certification # 20	6/30/2030
	ANTICIPATED EXPIRATION DATE OF THE AGREEMENT & TRANSFER TO STATE OVERSIGHT		

RECORDING REQUESTED BY AND
WHEN RECORDED RETURN TO:

Advocates for Human Potential, Inc.
490-B Boston Post Road
Sudbury, MA 01776-3365

Attention: Legal Department

NO FEE FOR RECORDING PURSUANT TO
GOVERNMENT CODE SECTION 27383

SPACE ABOVE THIS LINE FOR RECORDER'S USE

ATTACHMENT H

REGULATORY AGREEMENT AND DECLARATION OF RESTRICTIONS

This Regulatory Agreement and Declaration of Restrictions (the “**Declaration**”), dated _____ for reference purposes, is by and between **CITY AND COUNTY OF SAN FRANCISCO**, a California municipal corporation, acting through its Department of Public Health (the “**Owner**”) and the State of California (the “**State**”), represented by the **DEPARTMENT OF HEALTH CARE SERVICES**, a public agency of the State of California (“**DHCS**”).

RECITALS

A. DHCS oversees the Behavioral Health Continuum Infrastructure Program (“**BHCIP**” or “**Program**”), which was established by California Assembly Bill No. 133 (Chapter 143, Statutes of 2021), and which is governed by California Welfare and Institutions Code sections 5960-5960.4, as amended by the State Behavioral Health Infrastructure Bond Act of 2024 (section 4, Chapter 4 of California Assembly Bill 531 (“**AB 531**”)) which provided, in part, for the: (a) addition of section 5965.04 to the California Welfare and Institutions Code allocating additional funding to the Program; and (b) repealed section 5960.45 from the California Welfare and Institutions Code.

B. Under BHCIP, DHCS awards State Behavioral Health Infrastructure Bond Act of 2024 funds (“**Bond BHCIP Funds**”) to qualified entities, through competitive grants, to construct, acquire, and rehabilitate real estate assets to build new capacity or expand existing capacity for facilities that will operate for a minimum of thirty (30) years to provide short-term crisis stabilization, acute and subacute care, crisis residential, community-based mental health residential, substance use disorder residential, peer respite, community and outpatient behavioral health services, and other clinically enriched longer term treatment and rehabilitation options for persons with behavioral health disorders in the least restrictive and least costly settings;

C. On July 17, 2024, DHCS issued a Request for Applications (“**RFA**”) for Bond BHCIP Funds and selected Owner’s Project (as defined below) as a recipient of Bond BHCIP Funds. Advocates for Human Potential, Inc., a Massachusetts corporation (“**AHP**”), acting as the initial program administrator for the initial five (5) year building phase of BHCIP, entered into a Program Funding Agreement with an Effective Date of

(the “**Program Funding Agreement**”), with Owner for the distribution of Bond BHCIP Funds in an amount not to exceed Six Million, Three Hundred Thirty-seven Thousand, One Hundred Forty Dollars and Zero Cents (\$6,337,140.00) (the “**Program Funds**”) over the above-mentioned five (5) year building phase for Owner to acquire, expand, or construct certain improvements more particularly described in the RFA (“**Owner’s Project**”) on that certain real property commonly known as 333 7th Street, located in the City of San Francisco (“**City**”), County of San Francisco (“**County**”), State of California, and the improvements thereon (the “**Property**”), as more particularly described and shown on **Exhibit A**, attached hereto and incorporated herein by this reference;

D. As an award recipient, in consideration for the Program Funds, and in order to comply with the policies, programs, and applicable legislation, including the RFA, the Program Funding Agreement, the Facility Access Agreement between DHCS and the Owner, and BHCIP, the Property and the owner thereof are subject to certain requirements and restrictions, including, without limitation, the obligation to ensure that the Property shall be used for residential services (the “**Permitted Use**”) for the Restriction Period (defined below), subject to change or modification to another use set forth in **Exhibit B**, attached hereto, and incorporated herein by this reference, with DHCS approval, which must accept and provide services to Medi-Cal beneficiaries as patients;

E. The Property shall be owned, held, used, maintained, and transferred pursuant to the covenants, conditions, restrictions, and limitations as further described herein; and

F. Owner and DHCS have agreed to enter into this Declaration to memorialize some of the aforementioned requirements and restrictions in the public record that will survive the expiration of the Program Funding Agreement to ensure compliance with the same.

NOW, THEREFORE, in consideration of the Program Funds paid to the Owner under the Program Funding Agreement and for other valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Owner hereby enters into this Declaration and hereby covenants, agrees, and declares the following:

AGREEMENT

1. Use of Property. Owner, for itself and for its successors and assigns, hereby declares and covenants that, for the Restriction Period, the use of the Property, or in the event only a portion thereof has been improved with the use of Program Funds, then only that portion that has been so improved shall be restricted to the Permitted Use. Any change to another use described in Exhibit B, attached hereto and incorporated herein by this reference, shall require the express prior written approval of DHCS in its sole and absolute discretion, which modification and consent may be recorded in the official records of the County.

2. Use, Maintenance, Repair, and Improvement of the Property. Owner agrees:

2.1 To use the Property, or that portion of the Property constructed or improved with Program Funds, continuously for the Permitted Use;

2.2 To maintain the Property in conformity with the habitability and fire codes of the City or County where the Property is located in decent, safe, and sanitary condition and repair, and to permit no waste thereof;

2.3 Not to commit or suffer to be done or exist on or about the Property any condition causing the Property to become less valuable, except in accordance with this Declaration;

2.4 Not to apply for any permits or construct any buildings or improvements on the Property, other than the permits, buildings, and improvements contemplated as part of this Declaration, that would detrimentally affect the Property, including, without limitation, the value of the Property, the structural integrity of the Property, or the contemplated uses of the Property set forth in Exhibit B; or add to, remove, demolish, or structurally alter any buildings or improvements included as part of the Property purchased or improved with Program Funds, without DHCS's consent;

2.5 To comply with all applicable laws affecting the Property, including, but not limited to, Behavioral Health Continuum Infrastructure Program, authorized by California Welfare and Institutions Code sections 5960-5960.4, and not to suffer or permit any violations of any such applicable law, nor of any covenant, condition, or restriction affecting the Property. To the extent an amendment to the foregoing imposes requirements upon the ownership or operation of the Project more restrictive than those imposed by this Declaration, this Declaration shall be deemed automatically amended, without consent or approval of any other person, to impose such additional or more restrictive requirements; however, Owner hereby agrees to execute such amendment upon request by DHCS;

2.6 To construct and maintain the deliverables developed and produced pursuant to the Program Funding Agreement in compliance with the accessibility requirements of sections 7405 and 11135 of the California Government Code, section 508 of the Rehabilitation Act of 1973 as amended (29 U.S.C. § 794d), regulations implementing the Rehabilitation Act of 1973 as set forth in Part 1194 of Title 36 of the Code of Federal Regulations, and the Americans with Disabilities Act of 1990 (42 U.S.C. § 12101 et seq.);

2.7 Not to initiate or acquiesce in any change in any zoning or other land use or legal classification which affects any of the Property without DHCS's prior written consent, which may be granted or withheld at DHCS's sole discretion;

2.8 Not to alter the use of all or any part of the Property constructed or improved with Program Funds without DHCS's prior written consent;

2.9 To maintain all licenses, certifications, or designations required to continue operating for the use specified in the Program Funding Agreement, or other use approved in writing by DHCS;

2.10 To pay to DHCS its then-current fees in connection with any consent, approval, transfer, amendment, or waiver requested by Owner, together with any expenses incurred by DHCS in connection therewith;

2.11 To submit to DHCS such periodic reports, updates, and information deemed necessary by DHCS to monitor compliance and/or perform program evaluation. Any requested data or information shall be submitted in electronic format in a manner specified by DHCS;

2.12 To pay all taxes, assessments, and other charges, liens, fines, and impositions attributable to or encumbering the Property, by making payment, prior to delinquency, directly to the payee thereof. Owner shall, upon request by DHCS or its agent, promptly furnish to DHCS or its agent all notices of amounts due under this subsection and receipts evidencing such payments. Owner shall have the right to contest in good faith any claim or lien, or payment due thereunder, so long as Owner does so diligently, without prejudice to DHCS, and provided that Owner has established on Owner's books adequate reserves with respect to such contested assessment, tax, charge, lien, or claim; and

2.13 To defend (with counsel satisfactory to DHCS, in DHCS's sole discretion), indemnify, and hold harmless DHCS and its respective officers, members, supervisors, directors, officials, and employees, counsel, attorneys, and agents, past, present, and future of each of them (collectively, the "**Indemnified Parties**") against all loss, costs, damages, expenses, suits, judgments, actions, and liabilities of whatever nature (including, without limitation, reasonable attorneys' fees, litigation and court costs, and amounts paid in settlement) directly or indirectly resulting from or arising out of or related to (a) the operation, use, occupancy, maintenance, financing or ownership of the Owner's Project, and (b) any breach of the foregoing obligations. Owner shall pay, upon demand, all of the reasonable fees and expenses paid or incurred by DHCS in enforcing the provisions of this Declaration against Owner.

3. Restrictions On Sale, Encumbrance, And Other Acts.

3.1 Owner shall not voluntarily (which term shall not be interpreted to include a foreclosure of any security for a loan or deed-in lieu) sell, encumber (including recordation of deeds of trust), hypothecate, assign, pledge, convey, or transfer the Property, or any portion thereof, or any of its interests therein, equity interest in Owner, or any general partner interest in the Owner without obtaining DHCS's prior written consent, which shall not be unreasonably withheld by DHCS, in DHCS's sole discretion, if (a) the Owner is not in default hereunder or under the Program Funding Agreement and delivers a certificate to DHCS certifying to the same; (b) the purchaser or assignee is not in default under any obligations it may have to DHCS and is not the subject of any legal or enforcement actions by DHCS; (c) evidence reasonably satisfactory to DHCS is presented to establish that the purchaser or assignee has prior experience in the successful development, ownership, and/or operation of a facility described in Exhibit B for individuals who qualify as members of the target population, or has a partner with said relevant experience; (d) DHCS shall have received reasonable evidence satisfactory to DHCS that the Owner's purchaser or transferee has assumed, in writing, the restrictions on the Property and Owner's duties and obligations under this Declaration and the Program Funding Agreement; (e) evidence satisfactory to DHCS that the purchaser or assignee does not have pending against it, nor does it have a history of, building or fire code violations as identified by any department of DHCS; and (f) such other conditions as the State may reasonably impose to ensure compliance by the assignee or purchaser and Property with the requirements of this Declaration and Program Funding Agreement. It is expressly stipulated and agreed that, except for any such sale, transfer or disposition agreed to by DHCS in a separate writing, any sale, transfer, or other disposition of the

Property in violation of this Section 3 shall be null and void, and shall not relieve the Owner of its obligations under this Declaration. Upon any sale or transfer which complies with this Declaration, the Owner shall be fully released from any obligations arising after said sale or transfer, but only to the extent such obligations have been assumed by the transferee of the Property. Any transfer of the Property to any entity, whether or not affiliated with the Owner, shall be subject to the provisions of this Section 3.

3.2 If DHCS determines, in its reasonable discretion, to grant its prior written consent for a sale, assignment, transfer, or conveyance of the Property, such consent may impose additional terms and conditions, as necessary, to preserve or establish the fiscal integrity of the Property or to ensure compliance with this Declaration.

3.3 If a trustee under a loan acquires title to the Property by foreclosure or deed in lieu of foreclosure, no consent of the State shall be required to such transfer under this Declaration; however, the consent of DHCS and delivery of items (a) through (f) in Section 3.1 above shall be required for any transfer of the Property subsequent to the trustee's acquisition of the Property by foreclosure or deed in lieu of foreclosure.

4. Insurance, Casualty, and Condemnation.

4.1 During the Restriction Period, Owner shall obtain and maintain (i) property insurance insuring against, among other things, loss of the Property, or any portion thereof, and Owner's personal property and fixtures by fire and such other hazards and casualties; (ii) commercial liability insurance insuring against liabilities arising out of the ownership, use, occupancy, condition, or maintenance of or the operations, use, and activities in, on, or about the Property; and (iii) other such insurance required by DHCS, and in such amounts as required by DHCS, which policies shall include DHCS as an additional insured upon request by DHCS. All insurance policies and renewals thereof shall be issued by a carrier and in a form acceptable to DHCS. Owner may choose to self-insure to comply with these requirements and agrees to provide written evidence of such insurance coverage within five (5) days of such request by DHCS or AHP.

4.2 In the event of any fire or other casualty to the Property or any part thereof, Owner shall immediately notify DHCS and seek direction from DHCS on how to proceed. DHCS, in its sole and absolute discretion, shall determine whether to instruct the Owner to apply the insurance proceeds to repayment to DHCS of the unamortized Program Funds. DHCS has the right but not the obligation to approve the plans and specifications for any repair and restoration, as well as the right but not the obligation to approve disbursements of insurance proceeds for repair and restoration under a construction escrow or similar arrangement.

5. Covenants Run with the Land. The Property is held and hereafter shall be held, conveyed, hypothecated, encumbered, leased, rented, used, and occupied subject to this Declaration. Notwithstanding section 1460, et seq., of the California Civil Code, the provisions hereof shall run with the land and may be enforced either in law or equity by any State agency. DHCS and Owner hereby declare their express intent that the covenants, reservations, and restrictions contained herein shall be deemed both equitable servitudes and covenants running with the land and shall pass to and be binding upon the Owner's successors in title to the Property;

provided, however, that upon the expiration of the Restriction Period said covenants, reservations, and restrictions shall expire. Owner expressly acknowledges and agrees that the Declaration is a reasonable restraint on Owner's right to own, use, maintain, and transfer the Property and any estate or interest therein and is not and shall not be construed to be an unreasonable restraint on alienation. Each and every contract, deed, or other instrument hereafter executed covering or conveying the Property, or any portion thereof, shall be held conclusively to have been executed, delivered, and accepted subject to this Declaration, regardless of whether this Declaration is set forth in such contract, deed, or other instrument.

6. **Term of Declaration.** The covenants in this Declaration shall be binding, effective, and enforceable commencing upon the recordation of this Declaration on the fee estate in land in the official records of the County, and they shall continue in full force and effect for a period of at least thirty (30) years after the date of either of the following: (i) the date of issuance of a Certificate of Occupancy, if the Owner's Project is for construction of a new facility, or (ii) the date of recordation of a Notice of Completion, in the official records of the County, if the Project is for the rehabilitation or expansion of an existing facility on the Property (the "**Restriction Period**"), regardless of any sale, assignment, transfer, or conveyance (including, without limitation, by foreclosure sale) of the Property or any portion thereof to any other person or entity.

7. **Default, Remedies.** If Owner defaults in the performance or observance of any covenant, agreement, restriction, or obligation of Owner set forth in this Declaration, and if such default remains uncured for a period of thirty (30) days after notice therefore shall have been given by DHCS to the Owner, then DHCS shall declare an "**Event of Default**" to have occurred hereunder. An Event of Default under this Declaration shall entitle DHCS to any rights, remedies, or damages available in law or equity, including, but not limited to, those that are specified in Section 7.1-7.4 below. DHCS's failure to exercise any specific right or remedy shall not be construed as a waiver of that or any other right or remedy. An Event of Default under this Declaration shall also constitute a default under the Program Funding Agreement, in the event the same has not expired by its terms.

7.1 **Specific Performance.** The use, repair, and maintenance of the Property is of a special and unique kind and character, so that a breach of any material provision of this Declaration by Owner would not have an adequate remedy in law. Therefore, DHCS's rights may be enforced by an action for specific performance and such other equitable relief as is provided by the laws of the State of California.

7.2 **Injunctive Relief.** In pursuing specific performance of the Declaration, DHCS shall be entitled to petition the court for injunctive relief to enjoin any acts or things which may be in violation of this Declaration or the Program Funding Agreement. Such injunctive relief may include a court order restraining any development of the Property that is inconsistent with the foregoing Declaration.

7.3 **Appointment of Receiver.** In addition to or in conjunction with any other remedy available in law or equity, DHCS may apply to a court of competent jurisdiction for the appointment of a receiver to take over and operate the Property in accordance with the requirements of the Program Funding Agreement and this Declaration. The receiver shall have all

powers which shall be necessary or are usual in such cases for the protection, possession, control, management, and operation of the Property.

7.4 Right to Cure Defaults. Upon the occurrence and during the continuance of any Event of Default, the State may, but without any obligation to do so and without notice to or demand on Owner and without releasing Owner from any obligation hereunder, take such actions to cure the Event of Default in such manner and to such extent as the State may deem necessary to protect the security hereof. The cost and expense of any cure hereunder (including reasonable attorneys' fees to the extent permitted by law) shall be due and payable to the State upon demand, plus an administration fee of ten percent (10%).

7.5 Intentionally omitted.

8. DHCS Review and Inspection.

8.1 At any time during the term of this Declaration and upon reasonable notice, DHCS or its designee may, but is not obligated to, enter and inspect the Property and inspect all records pertaining to the operation, repair, and maintenance of the Property. Upon request by DHCS, Owner shall notify occupants of upcoming inspections in accordance with state law.

8.2 DHCS or its designee may, but is not obligated to, request any other information that it deems necessary to confirm compliance with this Declaration. Owner shall provide such requested information within fourteen (14) calendar days of DHCS's or its designee's written request for the information.

8.3 DHCS or its designee shall not, by the fact of making or not making any entries or inspections, or by taking or failing to take any action in response thereto: (i) incur or undertake, or be deemed to incur or undertake, any obligation, duty, or liability whatsoever, whether to Owner or to any other person or entity; (ii) be deemed as approving or disapproving any matter, action, incident, or condition related to the Property; or (iii) be deemed as approving or disapproving any matter related to the compliance of the Property with this Declaration or other applicable laws. In no event or circumstance shall DHCS's or its designee's exercise or non-exercise of its discretion under this subsection constitute, or be deemed or interpreted as constituting, any termination, limitation, alteration, or waiver by DHCS or its designee of any right, benefit, or remedies under or with respect to this Declaration.

9. Owner Representations. Owner represents and warrants to DHCS that: (1) Owner has sufficient interest in the Property to support the operation of the Property in accordance with this Declaration; (2) to Owner's actual knowledge and belief, there are no agreements, contracts, covenants, conditions, or exclusions to which Owner (or its predecessor in interest) is a party which would, if enforced, prohibit or restrict the use of the Property in accordance with the terms of this Declaration; (3) Owner has the full right and authority to enter into this Declaration; (4) this Declaration constitutes a valid and legally binding obligation on Owner, enforceable in accordance with its terms; and (5) Owner is duly organized, validly existing, and authorized to do business in the State of California.

10. Amendment, Modification. This Declaration shall be amended only by a written instrument executed by the parties hereto or their successors in title, and duly recorded in the official records of the County.

11. Severability. Every provision of this Declaration is intended to be severable. If any provision of this Declaration is held invalid, illegal, or unenforceable by a court of competent jurisdiction, the validity, legality, and enforceability of the remaining provisions shall not be affected or impaired.

12. Governing Law. This Declaration shall be governed by and interpreted under the laws of the State of California and applicable federal laws.

13. Recordation of Agreement. This Declaration shall be recorded on the fee estate in land in the official records of the County no later than December 31, 2025. The Declaration shall be recorded, and shall remain, as a lien against the Property for the Restriction Period. After the expiration of the Restriction Period, and, after the State's receipt of a written request from Owner, the State shall execute a termination of this Declaration.

SIGNATURES ON THE FOLLOWING PAGES

IN WITNESS WHEREOF, Owner and State have caused this Declaration to be signed by their duly authorized representatives, as of the day and year first written above.

OWNER:

CITY AND COUNTY OF SAN FRANCISCO,
a California municipal corporation,
acting through its Department of Public Health

By: _____

Title: _____

Date: _____

ALL SIGNATURES MUST BE ACKNOWLEDGED

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
)
COUNTY OF _____)

On _____, before me, _____, Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify UNDER PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Printed Name: _____
Notary Public: _____

IN WITNESS WHEREOF, Owner and State have caused this Declaration to be signed by their duly authorized representatives, as of the day and year first written above.

DHCS:

DEPARTMENT OF HEALTH CARE SERVICES,
a public agency of the State of California

By: _____
Laurice Artap, Section Chief
Community Services Division / Behavioral Health
Continuum Infrastructure Program Section

Date: _____

ALL SIGNATURES MUST BE ACKNOWLEDGED

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
)
COUNTY OF _____)

On _____, before me, _____, Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify UNDER PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Printed Name: _____
Notary Public: _____

EXHIBIT A

LEGAL DESCRIPTION OF THE PROPERTY

Real property in the City of San Francisco, County of San Francisco, State of California, described as follows:

Parcel One:

Beginning at the point of intersection of the Northeasterly line of Seventh Street with the Northwestern line of Cleveland Street running thence Northwesternly along the Northeasterly line of Seventh Street 25 feet; thence at a right angle Northeasterly 75 feet; thence at a right angle Southeasterly 25 feet to the Northwestern line of Cleveland Street; and thence Southwesterly along the Northwestern line of Cleveland Street 75 feet to the Point of Beginning.

Being a portion of 100 Vara Block No. 396.

Parcel Two:

Beginning at a point on the Northeasterly line of Seventh Street, distant thereon 115 feet Southeasterly from the Southeasterly line of Folsom Street; running thence Southeasterly along said line of Seventh Street 25 feet; thence at a right angle Northeasterly 75 feet; thence at a right angle Northwesternly 25 feet; and thence at a right angle Southwesterly 75 feet to the Point of Beginning.

Being a portion of 100 Vara Block No. 396.

APN: Lot: 031; Block: 3754

EXHIBIT B

PROPERTY AND OPERATIONS

A facility that provides one or more of the following behavioral health (mental health and substance use disorder) services to address significant crisis care and behavioral health gaps in California's infrastructure, including: outpatient clinical support services, including urgent care, short-term crisis, crisis stabilization, substance use disorder, partial hospitalization; or residential clinical services that provide shelter and support, including psychiatric acute care, psychiatric health, psychiatric treatment, substance use disorder, community treatment, general acute care, acute care, mental health rehabilitation, peer respite, short-term therapeutic, skilled nursing with special treatment, or social rehabilitation. The facility shall accept and provide services to Medi-Cal beneficiaries as patients.

ATTACHMENT I

CONSTRUCTION CONTRACT ADDENDUM

This Construction Contract Addendum (this “**Addendum**”) is made this _____ day of _____, _____, by and between **City and County of San Francisco**, a California municipal corporation, acting through its Department of Public Health (the “**Owner**”), and _____ (the “**Contractor**”).

RECITALS

A. The Owner and Advocates for Human Potential, Inc., a Massachusetts corporation (“**AHP**”), acting as program administrator for the State of California (“**State**”) Department of Health Care Services, a public agency of the State of California (“**DHCS**”), have entered into that certain Program Funding Agreement dated _____ (the “**Agreement**”), pursuant to which Owner was allocated funds (“**Program Funds**”) pursuant to the Behavioral Health Continuum Infrastructure Program (“**BHCIP**”) for the purposes of developing the project located at 333 7th Street, San Francisco, CA 94103 (the “**Project**”).

B. Owner and Contractor have entered into a construction agreement dated _____, under which Contractor has agreed to undertake construction work on the Project (the “**Contract**”).

C. Owner and Contractor wish to modify and add to the terms of the Contract as set forth in this Addendum, and Contractor agrees to be bound by the following provisions in the construction of said Project, in order to provide for certain terms required by AHP as a condition of providing the Program Funds for the Project. It is a condition to AHP providing the Program Funds that the Contractor agrees to be bound by the terms hereof.

NOW, THEREFORE, Owner and Contractor hereby agree as follows:

1. OWNER’S OBLIGATIONS. Owner agrees that any obligation imposed on Contractor by this Addendum does not waive, diminish, or alter any of Owner’s obligations to AHP under the Agreement, and that the obligations of Contractor to AHP contained herein are in addition to those obligations of Owner to AHP or DHCS contained in the Agreement. Owner shall be solely responsible for satisfying its obligations to Contractor under the Contract.

2. CONSENT TO ASSIGNMENT OF DEVELOPMENT RIGHTS. Contractor consents to the assignment of its Contract with Owner to AHP, upon demand by AHP and written approval from DHCS, and to any subsequent assignment of the Contract by AHP at the election of AHP. Contractor agrees that if there is a breach of the Agreement or any other Event of Default (as the term may be defined in the Agreement), AHP may elect to enforce the assignment and take over the Contract. Contractor agrees to continue to perform its obligations under the Contract and this Addendum for the benefit and account of AHP in the same manner as if performed for the benefit and account of Owner in the absence of the assignment at no additional cost to AHP, as long as Contractor has received and continues to receive the compensation called for under the Contract. Contractor agrees that AHP shall not have any obligation under the Contract until AHP notifies it in writing of AHP’s election to accept the assignment. DHCS shall not provide its written approval to AHP without first consulting with the Sponsor about AHP’s request.

3. ASSIGNMENT OF SUBCONTRACTS. Contractor hereby consents to the assignment to AHP of all its interest in all subcontracts and agreements now or hereafter entered into by Contractor for performance of any part of the construction work required to be performed under the Contract. The assignment will be effective upon acceptance by AHP in writing and only as to those subcontracts and agreements which AHP designates in writing. After obtaining DHCS written approval, AHP may accept said assignment at any time during the course of the construction work required to be performed under the Contract and prior to final completion of construction work required to be performed under the Contract in the event of a suspension or termination of Contractor's rights under the Contract. Such assignment is part of the consideration to Owner for entering into the Contract with Contractor and may not be withdrawn prior to final completion of construction work required to be performed under the Contract. Contractor agrees that any subcontract entered by and between Contractor and a subcontractor in connection with the Contract or performance of the construction work required to be performed under the Contract shall expressly provide that such subcontract shall be assignable to AHP and that AHP subsequently may assign such subcontract. DHCS shall not provide its written approval to AHP without first consulting with the Sponsor about AHP's request.

4. COMMENCEMENT AND COMPLETION OF CONSTRUCTION. Contractor must begin construction of the Project by the date set for the commencement of construction in the Contract. Contractor must diligently prosecute construction of the Project to completion and must complete construction of the Project by the completion date set forth in the Contract. Incorporated herein are the Scope of Work, Performance Milestones, and Payment Schedule from the Agreement.

5. CONSTRUCTION BONDS. Upon execution of the Contract and prior to commencement of construction, unless otherwise approved by AHP or DHCS each in their sole discretion, Contractor must obtain a labor and material (payment) bond and a performance bond, or a dual bond which covers both payment and performance obligations, with respect to the construction of the Project in a penal sum each of not less than one hundred percent (100%) of the scheduled cost of construction. Such bonds must be issued by a company which is authorized to transact surety insurance in California and which has assets exceeding its liabilities in an amount equal to or in excess of the bond amount. The bonds must name AHP and DHCS as co-obligees. Owner shall provide to AHP a copy of any and all such payment and performance bonds prior to commencement of the construction work required to be performed under the Contract.

6. CONTRACT WORK. Contractor warrants and represents that it is licensed or otherwise authorized to perform the construction work specified in the Contract in the State of California. All construction work must be performed by persons or entities licensed or otherwise authorized to perform the applicable construction work in the State of California. Contractor shall insert similar provisions in all subcontracts for work for the Project.

7. QUALITY OF WORK. Contractor must construct the Project in conformance with the plans and specifications and any modifications thereto approved by AHP. Contractor must construct the Project according to general industry standards and shall employ building materials of a quality suitable for the requirements of the Project and conforming to general industry standards. Contractor must construct the Project in full conformance with applicable local, state, and federal statutes, regulations, and building and housing codes.

The parties acknowledge that AHP and DHCS are under no duty to review the Plans and Specifications or to inspect construction of the Project. Any review or inspection undertaken by AHP or

DHCS of the Project is solely for the purpose of determining whether Owner and Contractor are properly discharging their obligations, and should not be relied upon by Owner, Contractor, or any third parties as a warranty or representation by AHP or DHCS as to the quality of the design or construction of the Project.

8. ADDITIONS OR CHANGES IN WORK. AHP must be notified, no later than thirty (30) days after the execution of a change order by and between Owner and Contractor, of any changes in the work required to be performed under the Contract or this Addendum, including any substantial additions, changes, or deletions to the approved plans and specifications, which exceeds One Hundred Thousand Dollars (\$100,000). Contractor shall not allow subcontractors to mark-up any change order by more than fifteen percent (15%). Contractor shall provide AHP and Owner with an updated budget and schedule prior to the commencement of construction at the Project and at fifty percent (50%) completion of the Project showing all changes from the budget and schedule prepared prior to the issuance of the notice to proceed to Contractor.

9. SITE INSPECTIONS. Contractor shall permit and facilitate in person and remote observation and inspection of work at the job site by AHP and DHCS and their agents and by public authorities during reasonable business hours.

10. AUDITS. Contractor must make available for examination at reasonable intervals and during normal business hours to AHP and DHCS's representatives all books, accounts, reports, files, and other papers or property with respect to all matters covered by the Contract and this Addendum, and must permit these representatives to audit, examine, and make copies, excerpts, or transcripts from such records.

11. NONDISCRIMINATION. Contractor may not discriminate against any employee or applicant for employment on the basis of race, color, religion, sex, sexual preference, national origin, AIDS or AIDS-related conditions, or disability in any phase of employment during construction. Contractor agrees to post in conspicuous places, available to all employees and applicants for employment, notices to be provided setting forth the provisions of this nondiscrimination clause.

12. PREVAILING WAGES. All workers performing construction work for the Project employed by Contractor and by any of its subcontractors must be compensated in an amount no less than the general prevailing rate of per diem wages as determined by the California Department of Industrial Relations under California Labor Code section 1770 et seq. and implementing rules and regulations. Contractor must comply with, and must ensure that its subcontractors comply with, all reporting and recordkeeping requirements of the applicable prevailing wage statutes and regulations.

In the event of underpayment of wages by Contractor or by any subcontractor employed on the Project, AHP, in addition to other rights and remedies afforded by this Agreement, may: (1) demand that any underpaying employer comply with these requirements; (2) demand that the underpaying employer pay the difference between the prevailing wage rate and the amount actually paid to workers; (3) withhold and/or pay any Program Funds as necessary to compensate workers the full wages required under this Agreement; and/or (4) pursue any lawful administrative or court remedy to enforce these requirements against the underpaying employer. Any underpaying employer shall comply with a demand to pay any amounts due under this section within ten (10) calendar days of the demand.

Contractor must include the prevailing wage requirement in all subcontracts for work on this Project and must specify that AHP and DHCS are intended third-party beneficiaries of such provisions. Contractor must take reasonable measures to monitor and enforce the prevailing wage requirements

imposed on its subcontractors, including withholding payments to those subcontractors who violate these requirements. In the event that Contractor fails to take the above measures, Contractor shall be liable for the full amount of any underpayment of wages, plus costs and attorneys' fees, as if Contractor was the actual employer.

13. INSURANCE COVERAGE. Contractor must have in full force and effect during the complete course of construction of the Project, insurance, providing coverage in the types and amounts set forth below:

13.1 Workers' compensation insurance as required by the State of California.

13.2 Comprehensive automobile and vehicle liability insurance covering claims for injuries to members of the public and/or damages to property of others arising from use of motor vehicles, including on-site and off-site operations, and owned, non-owned, or hired vehicles, with One Million Dollars (\$1,000,000) combined single limits.

13.3 Commercial general liability insurance of not less than One Million Dollars (\$1,000,000) per occurrence with an annual aggregate limit of Five Million Dollars (\$5,000,000) for bodily injury and property damage liability combined. Such insurance can be provided pursuant to a combination of a commercial general liability insurance policy and an umbrella policy. The commercial general liability insurance policy shall cover liabilities arising out of premises, operations, independent contractors, products, completed operations, personal and advertising injury, and liability assumed under an insured agreement. The commercial general liability insurance shall apply to each insured against whom claim is made or suit is brought subject to the Sponsor's limit of liability.

14. NON-LIABILITY OF OFFICIALS, EMPLOYEES, AND AGENTS. No director, officer, official, employee, consultant, or agent of AHP or DHCS shall be personally liable to Contractor for any obligation created under the terms of the Contract or this Addendum except in the case of actual fraud or willful misconduct by such person.

15. INDEMNITY. Notwithstanding the insurance requirements herein, Contractor hereby indemnifies, defends, and holds AHP, DHCS, and their respective directors, officers, officials, employees, consultants, and agents (collectively, the "**Indemnified Parties**"), harmless against any losses, damages, liabilities, claims, demands, judgments, actions, court costs, and legal or other expenses (including reasonable attorneys' fees) which an Indemnified Party may incur as consequence of Contractor's failure to perform any obligations as and when required by the Contract or this Addendum, any act or omission by Contractor or its subcontractors with respect to the Project, or any failure of any of Contractor's representations or warranties to be true and complete, except to the extent such losses are caused by the negligence or willful misconduct of the Indemnified Party. Contractor shall pay immediately upon the Indemnified Party's demand any amounts owing under this indemnity. The duty of Contractor to indemnify includes the duty to defend the Indemnified Party in any court action, administrative action, or other proceeding brought by any third party arising from the Project or the Contract or this Addendum. Contractor's duty to indemnify the Indemnified Party shall survive the term of the Contract.

16. HAZARDOUS MATERIALS. Neither Contractor nor any of its subcontractors may use the real property upon which the Project is to be constructed (the "**Project Property**") or allow the Project Property to be used for the generation, manufacture, storage, disposal, or release of Hazardous Materials.

Contractor shall immediately notify AHP and Owner in writing of: (a) the discovery of any concentration or amount of Hazardous Materials on or under the Project Property requiring notice to be given to any governmental agency under Hazardous Materials Laws; (b) any knowledge by Contractor that the Project Property does not comply with any Hazardous Materials Laws; (c) the receipt by Contractor of written notice of any Hazardous Materials claims; and (d) the discovery by Contractor of any occurrence or condition on the Project Property or on any real property located within 2,000 feet of the Project Property that could cause the Project Property to be designated as a “hazardous waste property.”

17. NOTICES; NOTICE OF DEFAULT TO AHP. If at any time after the execution of the Contract it shall become necessary or convenient for Contractor to serve any notice, demand, or communication upon AHP, such notice, demand or communication shall be in writing provided in accordance with the notice requirements of the Agreement. Contractor shall give AHP prior or concurrent written notice of any default or breach claimed by Contractor against Owner or any other party under the Contract. The notice shall describe the default and give AHP the option to cure said default within thirty (30) calendar days. No termination of the Contract by Contractor shall be binding unless AHP has been given the required notice and has not cured the default within thirty (30) calendar days.

18. REMEDIES. The parties hereto agree that AHP, while not a party to the Contract, is an intended third-party beneficiary of the obligations imposed on Contractor in this Addendum. In the event of any breach or violation of any agreement or obligation of Contractor under the Contract or this Addendum, AHP may proceed with any of the following remedies:

18.1 Bring an action in equitable relief seeking the specific performance by Contractor of the terms and conditions of the Contract or this Addendum and/or enjoining, abating, or preventing any violation of said terms and conditions;

18.2 Order immediate stoppage of construction and demand that any condition leading to the default be corrected before construction may continue;

18.3 Enter the Project Property and take any actions necessary in its judgment to complete construction of the Project as permitted under the assignment of development rights;

18.4 Suspend disbursement of Program Funds for the Project until the breach or violation is corrected, or, if Owner had any concurrent obligation to perform on or ensure performance on the breached obligation, cancel the Program Funds commitment made to Owner and terminate AHP’s obligation to disburse Program Funds to Owner;

18.5 Terminate the Contract; or

18.6 Pursue any other remedy allowed in law or equity.

19. GOVERNING LAW. This Addendum shall be interpreted under and be governed by the laws of the State of California, except for those provisions relating to choice of law and those provisions preempted by federal law.

20. DEFINITIONS. Capitalized terms not defined in this Addendum shall have the same meaning as defined in the Agreement.

21. ATTORNEYS' FEES AND COSTS. In the event any legal action is commenced to interpret or to enforce the terms of this Addendum, the prevailing party in any such action shall be entitled to recover all reasonable attorneys' fees and costs incurred in such action.

22. TIME. Time is of the essence in the performance of this Addendum by Contractor.

23. CONSENTS AND APPROVALS. Any consent or approval required under this Addendum shall not be unreasonably withheld, delayed, or conditioned.

24. BINDING UPON SUCCESSORS. All provisions of this Addendum shall be binding upon and inure to the benefit of the heirs, administrators, executors, successors-in-interest, transferees, and assigns of each of the parties; provided, however, that this section does not waive the prohibition on assignment of this Addendum by Contractor without AHP's consent.

25. RELATIONSHIP OF CONTRACTOR AND AHP. Contractor understands that neither AHP nor DHCS undertakes or assumes any responsibility or duty to Contractor or to any third party. The relationship of Contractor and AHP and DHCS for this Project shall not be construed as a joint venture, equity venture, or partnership. AHP shall have no obligation to any party under the Contract but is an intended third-party beneficiary of the obligations under this Addendum. Contractor shall have no authority to act as an agent of AHP or DHCS or to bind AHP or DHCS to any obligation.

26. ASSIGNMENT. Contractor may not assign any of its interests under the Contract or the Addendum to any other party, except with the prior written consent of AHP. Any unauthorized assignment shall be void.

27. AMENDMENTS AND MODIFICATIONS. Any amendments or modifications to this Addendum must be in writing and shall be made only if executed by Owner and Contractor and consented to in writing by AHP.

28. SEVERABILITY. Every provision of this Addendum is intended to be severable. If any provision of this Addendum is held invalid, illegal, or unenforceable by a court of competent jurisdiction, the validity, legality, and enforceability of the remaining provisions shall not be affected or impaired.

29. ADDENDUM CONTROLS. In the event that any provisions of this Addendum and the Contract conflict, the terms of this Addendum shall control.

SIGNATURES ON THE FOLLOWING PAGE

IN WITNESS WHEREOF, Owner and Contractor have executed this Construction Contract Addendum as of the date first written above.

OWNER:

By: _____

Name: _____

Title: _____

Date: _____

CONTRACTOR:

By: _____

Name: _____

Title: _____

Date: _____

ATTACHMENT J

RFA



California Department of Health Care Services Proposition 1: Behavioral Health Infrastructure Bond Act of 2024:

Behavioral Health Continuum Infrastructure Program Round 1 (2024): Launch Ready Request for Applications

PART ONE: OVERVIEW	3
1.1. INTRODUCTION TO THE GRANT OPPORTUNITY AND STATE PRIORITIES.....	3
1.2. PURPOSE	3
1.3. BHCIP TO DATE	4
1.4. TIMELINE	5
1.5. TOTAL GRANT AMOUNTS.....	5
PART TWO: PROJECT REQUIREMENTS	5
2.1. ELIGIBILITY REQUIREMENTS	5
2.2. ELIGIBILITY CONSIDERATIONS	9
2.3. SITE IDENTIFICATION AND FEASIBILITY ANALYSIS.....	10
2.4. ELIGIBLE FACILITY TYPES.....	11
2.5. POST-AWARD EXPECTATIONS.....	12
2.6. ENCUMBRANCE AND USE RESTRICTIONS.....	12
2.7. MATCH REQUIREMENTS.....	13
2.8. DEVELOPMENT BUDGET.....	15
2.9. ACCESSIBILITY AND NONDISCRIMINATION	16
2.10. STATE PREVAILING WAGE	17
2.11. STREAMLINED, MINISTERIAL REVIEW PROCESS	17
2.12. CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA)	18
2.13. LOW-RENT HOUSING PROJECT EXEMPTION	18
PART THREE: APPLICATION PROCESS AND SUBMISSION	19
3.1. APPLICATION PROCESS	19
3.2. PRE-APPLICATION CONSULTATIONS AND TECHNICAL ASSISTANCE	22
PART FOUR: AWARD SCORING AND PROCESS.....	22
4.1. APPLICATION SCORING CRITERIA.....	22
4.2. AWARD PROCESS.....	23
4.3. APPEALS	24
PART FIVE: PROJECT OPERATIONS	24
5.1. PROJECT OVERSIGHT AND REPORTING	24
5.2. DISBURSEMENT OF GRANT FUNDS	25
5.3. FUNDING PROMOTION	26
PART SIX: FORMS/ATTACHMENTS (TOTAL OF 15)	26

Part One: Overview

1.1. Introduction to the Grant Opportunity and State Priorities

The California Department of Health Care Services (DHCS) launched the [Behavioral Health Continuum Infrastructure Program](#) (BHCIP) to address historic gaps in the behavioral health care continuum and meet the growing demand for services and support across the life span of vulnerable individuals in need. This Request for Applications (RFA) reflects the addition of the Behavioral Health Infrastructure Bond Act of 2024 (BHIBA).

The State priorities for BHCIP are:

- Address urgent needs in the care continuum for people with mental health or substance use conditions, including unhoused people, veterans, older adults, adults with disabilities, and children and youth.
- Invest in behavioral health and community care options that advance health equity of behavioral health care and community options.
- Increase options across the life span that serve as an alternative to incarceration, hospitalization, homelessness, and institutionalization.
- Meet the needs of vulnerable populations with the greatest barriers to access, including people experiencing unsheltered homelessness and justice involvement.
- Ensure care can be provided in the least restrictive settings to support community integration, choice, and autonomy.
- Leverage county and Medi-Cal investments to support ongoing sustainability.
- Leverage the historic state investments in housing and homelessness.

In addition, DHCS is prioritizing 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.

1.2. Purpose

In March 2024, California voters passed Proposition 1, which includes the Behavioral Health Services Act (Senate Bill 326) and the Behavioral Health Infrastructure Bond Act (BHIBA) of 2024 (Assembly Bill 531), authorizing DHCS to make additional BHCIP grant funding available to eligible entities. The BHIBA is a \$6.38 billion general obligation bond to develop a wide range of behavioral health treatment, residential care settings, and supportive housing to help provide appropriate care facilities for Californians experiencing mental health conditions and substance use disorders. Of the total bond amount, DHCS is authorized to award up to \$4.4 billion “to construct, acquire, and rehabilitate real estate assets or to invest in needed infrastructure to expand the continuum of behavioral health treatment resources to build new capacity or expand existing capacity for short-term crisis stabilization, acute and subacute care, crisis residential, community-based mental

health residential, substance use disorder residential, peer respite, community and outpatient behavioral health services, and other clinically enriched longer term treatment and rehabilitation options for persons with behavioral health disorders in the least restrictive and least costly setting.”¹ Of these funds, \$1.5 billion of competitive grant funding will be exclusively available to cities, counties, city and counties, and tribal entities and \$30 million will be specifically designated to tribal entities. The balance of the funds, up to \$2.893 billion, is available to cities, counties, tribal entities, and nonprofit and for-profit organizations. The BHCIP portion of the bond is estimated to fund 6,800 residential treatment beds and provide behavioral health outpatient treatment for 26,700 slots and will build on other major behavioral health initiatives in California. The Department of Housing and Community Development (HCD) will oversee the remaining BHIBA available funding—up to \$2 billion in total. There will be a separate Notice of Funding Availability for that portion of the BHIBA.

1.3. BHCIP to Date

DHCS was authorized through 2021 [legislation](#) to establish BHCIP and award grant funding to construct, acquire, and expand properties and invest in mobile crisis infrastructure related to behavioral health. DHCS has been releasing these funds through multiple grant rounds targeting various gaps in the state’s behavioral health facility infrastructure. Forty-nine counties have been [awarded BHCIP](#) funding through Round 1 to Round 5.

BHCIP funding rounds:

- Round 1: Crisis Care Mobile Units, \$205 million (\$55 million Substance Abuse and Mental Health Services Administration grant funding)
- Round 2: County and Tribal Planning Grants, \$16 million
- Round 3: Launch Ready, \$518.5 million
- Round 4: Children and Youth, \$480.5 million
- Round 5: Crisis and Behavioral Health Continuum, \$430 million

BHCIP funding has allowed eligible entities in all regions of the state to develop an unparalleled array of new and expanded behavioral health treatment facilities for residential/inpatient and outpatient care. However, inequities across the health care system remain seen in California. Statewide, a 6,000-plus behavioral health bed shortfall is contributing to the unmet need among people experiencing homelessness who have mental illness and/or substance use disorders.²

¹ [AB-531. The Behavioral Health Infrastructure Bond Act of 2023.](#)

² [BHSA Fact Sheet \(ca.gov\).](#)

1.4. Timeline

Table 1. Timeline for Bond BHCIP Round 1: Launch Ready

Request for Applications (RFA) release	July 17, 2024
Pre-recorded enhanced technical assistance presentations	Available beginning May 2024 BHCIP website
Application portal opens	August 9, 2024
Informational webinar— please register here	August 7, 2024; 1–2 p.m. Pacific Time (PT)
Tribal informational webinar— please register here	August 8, 2024; 2–3 p.m. PT
Pre-Application Consultation (PAC) registration opens (accessible here) Deadline to <u>schedule</u> a required PAC PAC window period	July 18, 2024 October 15, 2024 August 9, 2024, through November 14, 2024
Office Hours (Recommend PAC to be completed)	Wednesdays and Thursdays, 10-11 a.m. PT (ends December 13, 2024)
Application due date	December 13, 2024 , at 5 p.m. PT (no exceptions)
Award announcements	May 2025 (anticipated)

1.5. Total Grant Amounts

Bond BHCIP Round 1: Launch Ready: Up to of \$3.3 billion will be available to construct, acquire, and rehabilitate real estate assets to expand the continuum of behavioral health treatment and service resources for Californians (see section 2.4) in this round of Bond BHCIP funding. Of that amount, \$1.47 billion is designated for cities and counties; another \$30 million is designated for tribal entities. The remaining \$1.8 billion is available to all eligible entities, including cities, counties, and tribal entities. Bond BHCIP Round 1: Launch Ready funds are not intended to preserve existing service capacity. Bond BHCIP Round 1: Launch Ready grantees must commit to serving Medi-Cal beneficiaries.

For purposes of Bond BHCIP Round 1: Launch Ready funding, a project is defined as “launch ready” when some essential predevelopment design, planning, site control, and budgeting details have been professionally formalized; the project meets the minimum threshold requirements as listed in section 2.1 (“Project Readiness”); and construction for the requested project is not currently underway.

Part Two: Project Requirements

2.1. Eligibility Requirements

1. [Pre-Application Consultation](#)
2. [Eligible Applicants](#)
3. [Medi-Cal Services](#)
4. [Licensing, Certification, and Accreditation](#)
5. [Project Readiness](#)

6. [Building Use Restriction](#)
7. [Community Needs and Support](#)

Pre-Application Consultation

All prospective applicants will be required to engage in a pre-application consultation (PAC) with Advocates for Human Potential, Inc. (AHP), the BHCIP administrative entity, to discuss their potential project and application (see section 3.2).

Eligible Applicants

Counties, cities, tribal entities (“tribal entity” shall mean a federally recognized Indian tribe, tribal organization, or urban Indian organization, as defined in [Section 1603](#) of Title 25 of the United States Code), nonprofit organizations, and for-profit organizations whose projects reflect the State priorities and align with facility types listed in Table 2 are eligible to apply for this funding, noting the following stipulations:

- Projects must make a commitment to serve Medi-Cal beneficiaries.
- Recipients of BHCIP awards in prior rounds are eligible to apply. Any additional Bond BHCIP funding awarded must be used to further expand or create new facility capacity. To be considered, applications must clearly explain the funding request for additional behavioral health project expansion and how it meets the statewide continuum of care. Bond BHCIP funding will not fund budget shortfalls or cost overruns for any previously awarded BHCIP projects.
- For joint applications, all co-applicants must be named in the grant application and must submit letters of commitment that are included with the application.
- For-profit organizations with no prior behavioral health experience must apply with a partner, such as a nonprofit organization, tribal entity, city, or county, with the requirement that the partner organization have relevant experience with the target population reflected in the successful development, ownership, or operation of a comparable project. A memorandum of understanding (MOU) or other agreement with the nonprofit organization, tribal entity, city, or county to confirm the organization’s role in the project, including that they are working on behalf of the service provider, is also required.

Medi-Cal Services

Applicants must describe the payor mix that will pay for and sustain behavioral health services once project construction is complete. Examples of payors include private health insurance, Medi-Cal, private pay, grants, and county funds. Applicants must provide a description of their contingency plan for funding any potential cost coverage beyond the grant award.

Awarded applicants that offer Medi-Cal behavioral health services will be expected to have a contract in place with their county to ensure the provision of Medi-Cal services once the funded facility’s expansion or construction is complete. Community wellness centers and youth behavioral

health prevention centers, which are only eligible facility types for tribal entities, do not provide Medi-Cal reimbursable behavioral health treatment services and thus are not required to have a contract to provide Medi-Cal behavioral health services; however, they must provide services to Medi-Cal beneficiaries and describe how their services will be sustainably funded.

Licensing, Certification, and Accreditation

Applicants must also indicate the applicable behavioral health licensing, certifications, and accreditations required to operate their Bond BHCIP-funded program by the State and/or at the local level. Applicants with facilities that do not require licenses or certifications, such as community wellness centers, need to indicate this in their application. Tribal entities that are exempt from state licensing and/or requirements must describe the basis for their exemption and their plan for meeting programmatic requirements. As part of the technical assistance (TA) that will be made available, applicants may receive information and guidance about the licensure and certification process and timelines for application submission.

Project Readiness

To be eligible for Bond BHCIP Round 1: Launch Ready funding, a project must demonstrate “project readiness.” At a minimum, the fundamental threshold requirements for “project readiness” are as follows (items noted with an asterisk must be submitted with the application):

- **Site control.*** Any one of the following must be used to prove site control (other documentation demonstrating site control may be submitted for DHCS consideration):
 - Title vested to applicant demonstrated with current title report (ownership).
 - Executed purchase and sale agreement (PSA).
 - Mutually executed Letter of Intent (LOI).
 - Preexisting long-term lease (acceptance of a Bond BHCIP award will require a lease extension of no fewer than 30 years).
 - Executed exclusive negotiation agreement (ENA).
 - *Note:* An MOU does *not* constitute site control. Please be sure to discuss any other proposed site control documentation during your required pre-application consultation (PAC).
- **A preliminary title report.***
- **A sustainable business plan*** (pro forma) with five-year projections (Form 9) within existing available funding (income and expenses) of future objectives and strategies for achieving them.
- **A conceptual/schematic site plan*** with a forecast of the developmental potential of the property. The closer the construction drawings are toward “permit ready,” the higher the application will be scored, all other items being equal.

- **Stakeholder support*** as demonstrated by letters of support from internal boards of directors, tribal councils or advisory boards, and professional/community partners, as relevant. City, nonprofit, or for-profit applicants must also include a letter of support from their county behavioral health agency.
- **Demonstration of county and Medi-Cal investments** to support ongoing sustainability.
- **Match** amount and source identified in Budget (Form 2).
- **Board Authorizing Resolution (BAR)*** to confirm signing authority for the contract. Eligible entities may use the BAR template provided (Form 10). Local government entities can use their specific authorizing resolution document.

Building Use Restriction

A commitment to the provision of behavioral health services and building use restriction for a 30-year period through a deed restriction placed on the property title is required (see section 2.6). After a conditional award is issued to an applicant, the 30-year encumbrance period must officially be approved by the applicant's board (and property owner, if applicant is a lessee), as indicated through the submission of an official BAR.

Community Needs and Support

All applicants must describe the local needs based on the "[Assessing the Continuum of Care for Behavioral Health Services in California](#)" report and any local needs assessments used to justify the proposed expansion. All applicants will be required to demonstrate how the proposed project will advance equity. Projects will be required to certify that they will not exclude certain populations outside their mission or scope, such as those who are justice-involved or children and youth in foster care.

Organizational support and community engagement, including the active involvement of applicable stakeholders in the project design, are required. Insights from the community must be included in project planning, design, implementation, and evaluation. All applicants must complete application Form 7: Community Engagement and provide any relevant letters of support for the project. All letters must be signed and dated no more than six months before the date of application submission.

At the time of application, city, nonprofit, or for-profit applicants must also include a letter of support from their county behavioral health agency or, if a tribal entity, the tribal board. The letter must indicate that applicants providing Medi-Cal behavioral health services will have in place a contract with their county to ensure the provision of Medi-Cal services once the financed facility's expansion or construction is complete. Bond BHCIP grant awards do not guarantee county contracts.

All applicants governed by a CEO or board must submit a letter of support from the CEO or board.

2.2. Eligibility Considerations

All applicants must demonstrate how their infrastructure project will expand community-based facility capacity exclusively for behavioral health services in the continuum of care. Regional models or collaborative partnerships aimed at construction, renovation, and/or expansion of community-based services are eligible, as are projects using a campus-type model that collocates multiple levels of care on the continuum are strongly encouraged. Regional model is defined as two or more entities partnering to create established networks of organized systems of care. In addition, scoring will take into consideration a focus on the State's priorities, including efforts to advance equity and to expand services in regions and counties that currently do not have an adequate number of treatment options for behavioral health facilities. In an effort to be consistent with the bond proposal to expand 6,800 residential treatment beds, applicants proposing residential facilities will be prioritized for funding award. Expanded residential treatment beds will also assist counties with the implementation of the Community Assistance, Recovery and Empowerment (CARE) Act.

All applicants must describe the local needs based on the statewide needs assessment report and any local needs assessment used to justify the proposed expansion. All applicants will be required to demonstrate how the proposed project will advance equity. Projects will be required to certify that they will not exclude certain populations outside their mission or scope, such as those who are justice-involved or children and youth in foster care. Grantees with behavioral health facilities that offer Medi-Cal behavioral health services will be required to have a contract in place with their county to ensure the provision of Medi-Cal services once the funded facility's expansion or construction is complete.

In addition, inclusion of a professionally bid development budget, including all local prevailing wage rates, one for each phase, and a total budget for acquisition and construction, will increase an applicant's score. However, it will not guarantee an award.

Three phases of project development will be considered during the evaluation of each application. Applicants must be in one of the three phases; applicants in later phases will be scored higher. All projects must meet the minimum threshold of project readiness to be awarded grant funds. Applicant projects are considered to be in a given phase of development only after they have met all of the requirements in the previous phase. Required documentation will be reviewed with each applicant during the PAC process and must be submitted as part of the application.

Funding is intended for planning, preconstruction, permitting, and construction; allowable costs include those activities identified in the development phases below.

- *Phase 1: Planning and predevelopment*
 - Development team established; includes attorney, architect, and/or design-build team.

- Site control, defined as ownership, an executed PSA, an executed LOI, a long-term lease, or an executed ENA (see section 2.1).
 - Basic schematic design site plan, with basis of design; includes architectural and engineering narratives.
 - Property-specific site investigation report and due diligence.
 - Budget with cost estimates based on site plan/drawings.
- *Phase 2: Design development*
 - Site control, defined as ownership, an executed PSA, an executed LOI, a long-term lease, or an executed ENA (see section 2.1).
 - Site plan established with a schematic plan with architectural and engineering specifications, including architectural design drawings.
 - Stakeholder support established as demonstrated by a letter from city/county/board of directors/tribal entity.
 - Able to gain building permits within six months of funding.
 - Able to close on land and gain building permits within six months of funding.
 - Able to start construction within nine months of funding.
- *Phase 3: Shovel ready*
 - Ownership of real estate site.
 - Preliminary plan check completed, with comments received.
 - Construction drawings completed or near completion.
 - General contractor (builder) selected and ready for hire.
 - Ninety percent of construction drawings ready for submission for building permit.
 - Building permit ready for issue.
 - Able to start construction within 60 days or less.
- *Final Phase: Construction*
 - Projects that rehabilitate or renovate an existing facility are allowable as long as they result in an expansion of behavioral health services for the target population.

Full funding of a proposed development project will be contingent on completion of all three phases of development planning. The planning and predevelopment phase, which includes the submission of construction documents for building permit review, must be completed within six months of grant funding award.

2.3. Site Identification and Feasibility Analysis

Applicants will be expected to develop a competitive and itemized professional budget for all development costs, including legal, insurance, permits and fees, and performance and payment bonds, which will be scored alongside applications for projects of similar setting types and sizes.

DHCS, AHP, and AHP's subcontractors will conduct a financial viability assessment (as demonstrated through a five-year pro forma business plan) (Form 9), considering continued fluctuations in construction and other costs. Through various TA activities, such as the PAC and

financial document review, the State will assess long-term operational sustainability once the capital project is complete and in use for its intended purpose.

2.4. Eligible Facility Types

The following facility types may be considered for project funding **only** if they are expanding behavioral health infrastructure.

Table 2. Eligible Facility Types

Bond BHCIP Round 1: Launch Ready Eligible Facility Types
Acute Psychiatric Hospital
Adolescent Residential Substance Use Disorder (SUD) Treatment Facility
Adult Residential SUD Treatment Facility
Behavioral Health Urgent Care (BHUC)/Mental Health Urgent Care (MHUC)*
Chemical Dependency Recovery Hospital
Children's Crisis Residential Program (CCRP)
Community Mental Health Clinic (outpatient)
Community Residential Treatment System (CRTS)/Social Rehabilitation Program (SRP)
Community Treatment Facility (CTF)
Community Wellness/Prevention Center (tribal entities only)
Crisis Stabilization Unit (CSU)
General Acute Care Hospital (GACH) for behavioral health services only
Hospital-Based Outpatient Treatment (outpatient detoxification/withdrawal management)
Mental Health Rehabilitation Center (MHRC)
Narcotic Treatment Program (NTP)
NTP Medication Unit
Office-Based Opioid Treatment (OBOT)
Outpatient Treatment for SUD
Partial Hospitalization Program
Peer Respite
Perinatal Residential SUD Facility
Psychiatric Health Facility (PHF)
Psychiatric Residential Treatment Facility (PRTF)
Short-Term Residential Therapeutic Program (STRTP)
Skilled Nursing Facility with Special Treatment Program (SNF/STP)
Sobering Center (funded under the Drug Medi-Cal Organized Delivery System [DMC-ODS] and/or Community Supports)
Social Rehabilitation Facility (SRF)

*For purposes of this funding, a BHUC facility, also known as MHUC, is a walk-in center with voluntary stabilization-oriented services specific to individuals experiencing behavioral health or mental health crisis for less than 24 hours. This community-based option is typically designed to

provide an alternative to emergency department visits for urgent medical needs. BHUCs/MHUCs must focus on serving individuals in need of crisis services, commit to serving Medi-Cal beneficiaries, and offer some or all of the following:

- Multidisciplinary health assessment
- Psychiatric evaluation, diagnosis, and treatment
- Crisis stabilization and intervention, mental health counseling, and medication evaluation
- Direct referrals for treatment of care
- Linkage to community-based solutions
- Peer support

Facility types that are not eligible for funding:

- Correctional settings
- Schools

Applicants will be expected to define the types of facilities they will operate and explain how they will expand service capacity exclusively for community-based behavioral health facilities. Regional models, collaborative partnerships, and public-private partnerships are strongly encouraged.

2.5. Post-Award Expectations

Grantees must commit to executing Bond BHCIP contracts within 90 days of receipt of conditional award notice. Failure to fully execute contracts within the required time frame may result in the rescinding of Bond BHCIP funding awards. DHCS will not accept any changes to Bond BHCIP contracts.

Grantees must have a financial management system to track and project funding usage and perform any required data reporting. Bond payment processes and funding cycle will be subject to bond funding requirements. Additional guidance and TA will be provided to grantees in order to comply with bond requirements.

Awarded grant funding for Bond BHCIP Round 1: Launch Ready must be fully expended within five years of receipt of conditional award notice.

2.6. Encumbrance and Use Restrictions

In accordance with section 5960.15 of the California Welfare and Institutions Code (WIC), applicants will be required to commit to operating services in the financed facility for the intended purpose for a minimum of 30 years within existing funding for behavioral health services. Bond BHCIP funding may not be used to fund services. The approved building use restriction will be detailed in the Bond BHCIP contract.

2.7. Match Requirements

Mandatory match guidelines are required by statute and will be set according to applicant type. Cash match must be deposited into the project bank account (see section 5.2).

Project Funding Awarded	Local Government and Nonprofit Organization	For-Profit Organization
under \$150 million	10 percent	25 percent
above \$150 million	10 percent	25 percent
	Higher priority for applicants that include a higher local match	

Tribal entities (regardless of funding awarded) = 5 percent match.

For-profit organizations that have no prior behavioral health experience are required to partner and apply with an experienced service provider in order to leverage their partner's behavioral health experience. The partner's entity type will determine the percentage that will be used to calculate the match requirement. The match requirement will be based on the partner with the lowest match amount.

For-profit applicants with prior experience and no partnerships will be required to pledge a 25 percent match.

The match amount will be calculated using the following formula:

$(\text{total project award request} - \text{total calculated budget contingencies}) \times \text{required match percentage}$

Types of Eligible Match Sources

Applicants must document the match source being pledged for the project. Three types of sources are eligible to satisfy the match requirement: (1) cash, (2) in-kind property, and (3) sunk costs (i.e., capital expenses already incurred on the project). All match sources must be approved by DHCS.

a. Cash

Cash is the strongest form of match and can come from a variety of sources, depending on the applicant. Applicants must document their ability to pledge the required match in cash, including providing bank statements and investment statements showing available cash on hand. Applicants seeking to pledge public or private grant funds must document the funds are eligible for use on the proposed project. Cash sources for the delivery of services are not an eligible source of cash match. The list below provides additional examples of eligible cash sources:

- Local funding
- Mental Health Services Act (MHSA) funds from Community Services and Supports and Capital Facilities and Technological Needs (CFTN) components
- Behavioral Health Services Act (BHSA) funds from the Behavioral Health Services and Supports
- Foundation/philanthropic support
- [Opioid settlement funds](#) for SUD facilities
- Loans or investments
- Incentive payments from managed care plans; or
- Another source.

b. In-Kind Property Equity

Applicants may pledge the in-kind equity value of property if the property being pledged is the actual property where the facility will be located and the entire assessor's parcel number (APN) of the property being pledged for match is dedicated to the new development project. ***Only the equity value of the APNs that will be encumbered by the 30-year encumbrance restriction can count as an in-kind property match source and must be validated by a certified appraisal of the specific APN.***

In order to document the equity value of the pledged property, applicants must submit a certified appraisal dated within five years of the date of application. The certified appraisal must only give a value for the specific APN to be encumbered. The equity value of the property will be used to determine if the applicant can meet the match requirement.

If the applicant has an outstanding mortgage on the property that it pays on a regular basis, it must submit a copy of the most recent mortgage statement, including the outstanding mortgage value. The outstanding mortgage amount will be subtracted from the certified appraisal to determine the equity value:

$$\text{certified appraisal value} - \text{outstanding loan amount} = \text{equity value}$$

If an applicant has purchased the property outright and has clear title in hand, the applicant must submit either the grant deed or the payoff letter to indicate there is nothing outstanding that would reduce the equity value. Property valuations will be approved at the discretion of DHCS.

c. Sunk Costs

To satisfy the match requirement, DHCS may approve on a case-by-case basis sunk costs directly related to the development project. Sunk costs may be established with documentation of paid invoices including date and address of service and proof of payment (e.g., cancelled checks, online bank records, invoices) for professional services related to predevelopment of the proposed Bond BHCIP project. Eligible sunk costs may include the purchase of real property and

construction or renovation/rehabilitation costs, including project planning or project management; appraisals; inspections; preconstruction costs such as permitting, surveying, architectural, and engineering fees; hardscaping and/or landscaping costs essential to the completion of the project (may not exceed 5 percent of the total grant award); and furniture, fixtures, and equipment (FFE). A property that has been purchased at any time before execution of the Program Funding Agreement (PFA, or contract) can be contributed as a sunk cost, so long as it has undergone an appraisal within the past five years.

No sunk costs exceeding one year prior to the date of the Bond BHCIP Notice of Award may be claimed. Sunk costs must be claimed no later than seven calendar days after the date of the conditional award letter.

All match amounts must be well-documented. Both the amounts and sources will undergo a thorough review by DHCS and AHP prior to the awarding of funds. Cash is the preferred form of match. Services, Behavioral Health Subaccount funding, and State general funds are not permitted sources for match.

2.8. Development Budget

Applicants will be expected to submit a competitive and itemized professional development budget (see application attachment Form 2: Budget Template) with their Bond BHCIP Round 1: Launch Ready application. All development budgets must contain the requested amounts for each phase of funding. Bond BHCIP awards will be based on the application budget; therefore, special attention and care should be made to include all development costs associated with planning, permitting, and construction of a “public works” prevailing wage job. Applicants that have a current Negotiated Indirect Cost Rate Agreement (NICRA) established with a federal cognizant agency responsible for reviewing, negotiating, and approving cost allocation plans or indirect cost proposals may use the current NICRA as the basis for indirect costs. Alternatively, if the applicant does not have a current NICRA, the applicant may elect to use a rate of 10 percent of the modified total direct costs pursuant to 2 CFR 200.414(f).

Applicants should include all anticipated costs for the planning, permitting, and construction of their project, including prevailing wage rates for all onsite work, for an anticipated construction start in 2025-2026. Budgets should include all costs for insurance (including builder’s risk, workers’ compensation, commercial auto, general liability, and property), along with costs for payment and performance bonds, legal fees, specialty consultants, permits and fees associated with building permits, and potential additional fees, depending on the project and jurisdiction. The PFA details insurance requirements.

Applicants must comply with all Department of Industrial Relations (DIR) regulations related to completing a “public works” project and should only accept qualified construction bids from general

contractors who are currently registered with the DIR (see section 2.10) and preferably have past public works experience.

Essential FFEs may be allowable costs for permanent property that is attached to the building and/or required for license/certification of the facility, as per the DHCS allowable expense list (Attachment B), with a maximum of 10 percent of the total budget.

Project grantees are responsible for ensuring that their project is on schedule and on budget. Project grantees that are awarded Bond BHCIP funds will be solely responsible for any costs to complete the project in excess of the Bond BHCIP award amount. Neither DHCS nor AHP will be responsible for any cost overruns.

Applicants must provide a description of their contingency plan for funding any potential cost overages beyond the Bond BHCIP grant award.

2.9. Accessibility and Nondiscrimination

All developments must adhere to the accessibility requirements set forth in California Building Code Chapters 11A and 11B and the Americans with Disabilities Act, Title II. In addition, developments must adhere to either the Uniform Federal Accessibility Standards (UFAS), 24 CFR Part 8, or the U.S. Department of Housing and Urban Development's (HUD) modified version of the 2010 ADA Standards for Accessible Design (Alternative 2010 ADAS), HUD-2014-0042-0001, 79 FR 29671 (5/27/14) (commonly referred to as "the Alternative Standards" or "HUD Deeming Memo"). Accessible units should, to the maximum extent feasible and subject to reasonable health and safety requirements, be distributed throughout the project and be available in a sufficient range of sizes and amenities consistent with 24 CFR Part 8.26.

Grantees must adopt a written nondiscrimination policy requiring that no person will, on the grounds of race, color, religion, sex, gender, gender identity, gender expression, sexual orientation, marital status, national origin, ancestry, familial status, source of income, disability, age, medical condition, genetic information, citizenship, primary language, immigration status (except where explicitly prohibited by federal law), justice system involvement (except where explicitly required by law), or arbitrary characteristics, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under, any project or activity funded in whole or in part with funds made available pursuant to this RFA. Nor will all other classes of individuals protected from discrimination under federal or state fair housing laws, individuals perceived to be a member of any of the preceding classes, or any individual or person associated with any of the preceding classes be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any project or activity funded in whole or in part with funds made available pursuant to this RFA.

Grantees must comply with the requirements of the Americans with Disabilities Act of 1990, the Fair Housing Amendments Act, the California Fair Employment and Housing Act, the Unruh Civil Rights Act, Government Code section 11135, section 504 of the Rehabilitation Act of 1973, and all regulations promulgated pursuant to those statutes, including 24 CFR Part 100, 24 CFR Part 8, and 28 CFR Part 35.

2.10. State Prevailing Wage

A project funded by a Bond BHCIP grant is a “public works” project if the applicant intends to use the Bond BHCIP funds for the “construction, alteration, demolition, installation, or repair” of a building or structure (Cal. Lab. Code section 1720(a); Cal. Lab. Code section 1750(b)(1)).

Applicants using Bond BHCIP grants to fund public works are subject to California’s prevailing wage and working hours laws (Division 2, Part 7, Chapter 1 of the California Labor Code), and the applicant’s project is subject to compliance monitoring and enforcement by the DIR (Cal. Lab. Code section 1771.4(a)(1)). Bond BHCIP award recipients must register as the “awarding body” with the DIR within 30 days of execution of the PFA. Further, as detailed in the Bond BHCIP PFA, proof that the general contractor is registered with the DIR will be required before Bond BHCIP funds are disbursed.

Applicants must complete Form 5: Applicant’s Certification of Prevailing Wage as a part of the application process. If DHCS selects an applicant to receive a Bond BHCIP grant and the applicant is using the grant to fund a public works project, then the applicant must submit a Certification of Compliance that includes an attestation from the general contractor certifying that the general contractor will comply with California’s prevailing wage and working hours laws (including posting job notices, as required by Labor Code section 1771(a)(2)). The Certification of Compliance must also state that the general contractor will maintain its labor records in compliance with all applicable state laws (Cal. Lab. Code section 1776) and should make all labor records available to the DIR and any other applicable enforcement agencies upon request (Cal. Lab. Code section 1771.4(a)(3)). The Certification of Compliance must be signed by the general contractor(s) and the applicant.

If DHCS selects an applicant to receive a Bond BHCIP grant and the applicant is not using the grant to fund a public work, then the applicant must submit a Certification of Inapplicability to DHCS explaining why the project is not a public work as defined by California Labor Code section 1720. The Certification of Inapplicability must be signed by the general contractor(s) and the applicant.

2.11. Streamlined, Ministerial Review Process

In accordance with California WIC section 5960.31, if a Bond BHCIP-funded project meets the criteria set forth in paragraph (1) or (2) and complies with subdivisions (b) and (c) of that section,

then it “shall be a use by right and shall be subject to the streamlined, ministerial review process and filing requirement, pursuant to subdivisions (b) and (d) of Section 50675.1.5 of the Health and Safety Code, and not subject to a conditional use permit, discretionary permit, or to any other discretionary reviews or approvals.”

Applicants must determine if they are subject to the streamlined, ministerial review process due to meeting the requirements set forth in section 5960.31. DHCS nor AHP is responsible for making this determination.

2.12. California Environmental Quality Act (CEQA)

In the event the applicant determines that its Bond BHCIP-funded project is exempt from CEQA, due to being subject to ministerial review (14 C.C.R. §15268(a)) or any other reason, the applicant must file a Notice of Exemption with the appropriate local agency. Additionally, the applicant must provide DHCS, through AHP, with a copy of the filed Notice of Exemption.

If the applicant determines that CEQA applies to its project, the applicant must provide DHCS, through AHP, with copies of all appropriate documentation demonstrating the project’s compliance with CEQA once the applicant has received project approval.

DHCS nor AHP is not responsible for determining whether Bond BHCIP-funded projects are exempt from CEQA. Furthermore, DHCS nor AHP is responsible for filing the Notice of Exemption on behalf of an applicant.

2.13. Low-Rent Housing Project Exemption

In accordance with California WIC section 5960.35(b)(1), a project funded with a BHCIP grant will not be considered a “low-rent housing project,” as defined in section 1 of article XXXIV of the California Constitution, if the project meets any one of the following criteria:

1. The project is privately owned housing, receiving no ad valorem property tax exemption, other than exemptions granted pursuant to subdivision (f) or (g) of section 214 of the Revenue and Taxation Code, not fully reimbursed to all taxing entities, and not more than 49 percent of the dwellings, apartments, or other living accommodations of the project may be occupied by persons of low income.
2. The project is privately owned housing, is not exempt from ad valorem taxation by reason of any public ownership and is not financed with direct long-term financing from a public body.
3. The project is intended for owner-occupancy, which may include a limited-equity housing cooperative as defined in section 50076.5 of the Health and Safety Code, or cooperative or condominium ownership, rather than for rental-occupancy.
4. The project consists of newly constructed, privately owned, one- to four-family dwellings not located on adjoining sites.

5. The project consists of existing dwelling units leased by the state public body from the private owner of these dwelling units.
6. The project consists of the rehabilitation, reconstruction, improvement or addition to, or replacement of, dwelling units of a previously existing low-rent housing project, or a project previously or currently occupied by lower-income households, as defined in section 50079.5 of the Health and Safety Code.
7. The project consists of the acquisition, rehabilitation, reconstruction, improvement, or any combination thereof, of a project which, prior to the date of the transaction to acquire, rehabilitate, reconstruct, improve, or any combination thereof, was subject to a contract for federal or state public body assistance for the purpose of providing affordable housing for low-income households and maintains, or enters into, a contract for federal or state public body assistance for the purpose of providing affordable housing for low-income households.

If a project funded with a Bond BHCIP grant is a “low-income housing project” as defined by section 1 of article XXXIV of the California Constitution but does not meet any of the criteria listed above, then the applicant must comply with the requirements set forth in that section of the California Constitution.

Part Three: Application Process and Submission

3.1. Application Process

Applications will be accepted electronically only. Applications may not be hand delivered or mailed. The application and attachments, along with instructions for submission of the online application, can be found on the [BHCIP website](#). No modified formats will be accepted. The deadline for applications will be **December 13, 2024, at 5 p.m. PT**. It is the applicant’s responsibility to ensure that the submitted application is complete and accurate and includes all required supporting forms. Reviewers may request additional clarifying information from the applicant. An application will not be reviewed in the following instances:

- The applicant does not request a PAC by the specified deadline (see section 1.4).
- The application is received after the application submission deadline.
- The application is incomplete or missing required information or forms, and/or does not include a complete development budget (see section 2.8).
- The facility type is ineligible.
- The project fails to meet minimum threshold requirements (see section 2.2).

Reasonable Accommodations for Bond BHCIP Application

For individuals with disabilities, DHCS will provide assistive services such as reading or writing assistance and conversion of the RFA, questions/answers, RFA addenda, or other Administrative Notices in braille, large print, audiocassette, or computer disk. To request copies of written

materials in an alternate format, please send an email to BHCIP@dhcs.ca.gov or call (323) 545-6202.

Regional Funding Reserve Methodology

DHCS will prioritize completed applications by geographic distribution (see Table 3). Bond BHCIP Round 1: Launch Ready will adopt a regional funding approach, similar to models used in other state-funded capital programs. Counties are assigned to one of seven geographic regions, each with a specific funding amount reserved. The funding amounts for each region, along with the tribal set-aside and discretionary reserve, are listed below. Applicants within each region will compete against other applicants in that same region, thereby supporting geographic equity and funding disbursement across the state. If an insufficient number of competitive applications is submitted from within a region, the remaining funding will be awarded at the discretion of DHCS.

Regional funding caps will be established and the amounts available per region will be determined based on the Behavioral Health Subaccount. In Bond BHCIP Round 1: Launch Ready, the \$1.5 billion available exclusively for county, city, and tribal entities will not be subject to a regional funding cap.

In addition, for the Bond BHCIP Round 1: Launch Ready, up to \$1.8 billion and Bond BHCIP Round 2: Unmet Needs up to \$1.1 billion will be available for all eligible entities, 20 percent of funds available for Bond BHCIP will be set aside for use in regions at the State's discretion to ensure funding is effectively aligned with need. (For example, this reserve money may be used to fund high-scoring projects in oversubscribed regions).

Following an initial round of regional funding allocations, DHCS will conduct periodic reviews of the number of completed applications from each region. If an insufficient number of competitive applications is received and awarded within a region, the remaining funding will be awarded at the discretion of DHCS or shifted to Bond BHCIP Round 2: Unmet Needs.

Table 3. Bond BHCIP Round 1: Launch Ready—Regional and Statewide Funding

1. Regions for All Eligible Entity Funds	Subtotal Available to Regions for All Eligible Entities: \$1.8 billion
Los Angeles County	\$479,190,226
Bay Area: Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, Santa Clara, Solano, Sonoma	\$278,108,183
Southern California: Imperial, Orange, Riverside, San Bernardino, San Diego, Ventura	\$263,680,311
San Joaquin Valley: Fresno, Kern, Kings, Madera, Merced, San Joaquin, Stanislaus, Tulare	\$154,666,275
Sacramento Area: El Dorado, Placer, Sacramento, Sutter, Yolo, Yuba	\$81,768,565
Central Coast: Monterey, San Benito, San Luis Obispo, Santa Barbara, Santa Cruz	\$51,771,065
Balance of State: Alpine, Amador, Butte, Calaveras, Colusa, Del Norte, Glenn, Humboldt, Inyo, Lake, Lassen, Mariposa, Mendocino, Modoc, Mono, Nevada, Plumas, Shasta, Sierra, Siskiyou, Tehama, Trinity, Tuolumne	\$58,815,375
Tribal	\$90,000,000
Discretionary: The discretionary set-aside may also be used to fund high-scoring projects in regions that have met their funding reserve.	\$342,000,000
2. No Regional Caps for County, City, and Tribal (only) Funds	Subtotal Available Statewide for County, City, and Tribal*: \$1.5 billion
Total for Bond BHCIP Round 1: Launch Ready	Up to \$3.3 billion

* Of the \$1.5 billion, a minimum of \$30 million will be designated to tribal entities, as required by statute.

3.2. Pre-Application Consultations and Technical Assistance

As consistent with previous BHCIP rounds of funding, AHP, a consulting and research firm focused on improving health and human services systems, is serving as the administrative entity for BHCIP and will be assisting in the provision of TA.

Starting in August 2024, and concluding in November 2024, and as part of the RFA process, all prospective applicants will be required to engage in a PAC, which will provide an opportunity to discuss the proposed project, match requirements and potential sources of local match, statutory and regulatory requirements, how the project addresses local need/gaps and the State's priorities, and other related considerations. AHP will provide PACs in coordination with experts in real estate, finance, tribal relations, and behavioral health, as needed. Applicants will submit a request for a PAC and complete a PAC request form to indicate their understanding of the project requirements. The deadline to request a PAC will be October 15, 2024.

AHP will be holding office hours and offering bond funding application learning modules to potential applicants to assist in application preparation. These TA offerings will review various project-related topics. TA will help applicants understand the minimum project requirements and budgeting practices. Minimum project requirements will be discussed in the TA offerings, including match requirements, a sustainable business plan, a conceptual site plan, architectural and engineering narratives, roles and responsibilities of development teams, and initial budgeting based on conceptual site plans.

Upon receipt of an award and execution of the PFA, the eligible applicant and any co-applicants will be referred to as the project "sponsor," both individually and collectively. Following award announcements, specialized TA will be provided to all Bond BHCIP grantees. In addition, AHP will offer ongoing general training and TA, including learning collaboratives and other opportunities, for grantees throughout the life of the project.

Additional information and TA related to the RFA will be available on the BHCIP [website](#). AHP will also develop and update on an ongoing basis a list of Frequently Asked Questions (FAQs) that will be accessible to all prospective applicants and grantees. See the timeline in section 1.4 for important dates and times.

Part Four: Award Scoring and Process

4.1. Application Scoring Criteria

Eligible Bond BHCIP grant applications undergo a competitive review process. DHCS will only award and fund projects from applicants that are in good standing with all local, county, state, and federal laws and requirements.

At a minimum, applicants must provide a full, complete application and meet the following criteria to be considered for award:

- Demonstrate expansion of services for individuals in need of crisis and/or behavioral health services.
- Demonstrate match.
- Schedule a PAC by the deadline of October 15, 2024, and complete it no later than November 14, 2024.
- Attest that the project will meet federal, state, and local laws.
- Demonstrate the capacity to complete project development and expend funds on time and on budget.
- Align with the State priorities listed in section 1.1.
- Align with needs and gaps outlined in the statewide assessment, "[Assessing the Continuum of Care for Behavioral Health Services in California](#)."
- Budget reasonable proposed costs for the facility type and scope of rehabilitation or renovations proposed.
- Demonstrate long-term sustainability for the proposed project.
- Identify a service capacity increase in the total number of bed and/or slot count based on each proposed facility type and the individuals to be served.

Application scoring will also take into consideration the following factors:

- Later phases of development (see section 2.2) at the time of application
- Expansion of residential/inpatient facilities
- Regional models or collaborative partnerships, including public-private partnerships, aimed at constructing, renovating, and/or expanding community-based services are eligible and encouraged, as are projects using a campus-type model that collocates multiple levels of care on the continuum, with a focus on residential treatment centers.

4.2. Award Process

Awarded applicants will receive a conditional award letter by email from DHCS/AHP. Access to awarded funds is contingent upon verification of grantee's eligibility, completion of award certification steps, and final, digital execution of the PFA. Conditional grantees are expected to clear title to the subject property to be improved with Bond BHCIP funds and complete PFA execution within 90 days of receipt of the PFA. DHCS reserves the right to rescind conditional award funding and redirect it to alternate applicants in instances where extended delays in PFA execution occur.

As part of the PFA execution process, conditional grantees must execute a Facility Access Agreement (FAA) that states that DHCS will have access to the Bond BHCIP-funded facility throughout the 30-year encumbrance period. They must also provide a signed opinion letter from their legal counsel stating that the PFA, including real estate instruments, along with the program

requirements, is not in conflict with any existing contract or agreement related to the property, project, or conditional grantee.

The PFA must be signed, returned, and fully executed with AHP before initial funding will be awarded. DHCS will not accept any changes, negotiations, or redlining to the PFA. Depending on the applications received, their project locations, allowable expenditures, amounts of funds requested, and funding available, DHCS may choose to fund only part of an application. In that case, DHCS would reach out to the potential grantee to determine their interest in receiving a smaller amount than originally requested.

Funds awarded pursuant to the project must be used to supplement, and not supplant, other funding available from existing local, state, or federal programs or from grants with similar purposes. Funding may not be used for “reimbursement.” Only those costs that can be associated with completing the project would be eligible costs, as noted in section 5.2.

Applicants that are not funded during Bond BHCIP Round 1: Launch Ready may be eligible to apply for Bond BHCIP Round 2: Unmet Needs funding. TA will be available on an ongoing basis.

4.3. Appeals

California law does not provide a protest or appeal process against award decisions made through an informal selection method. Applicants submitting a response to this RFA may not protest or appeal the award. All award decisions made by DHCS will be final.

Part Five: Project Operations

5.1. Project Oversight and Reporting

As specified by DHCS and upon request, grantees must provide progress reports in connection with the approved timeline, statement of work (SOW), and budget, as well as any updates to the timeline for completion of the project. The progress reports should include the project’s completion milestones and any updates or substantial changes. Grantees must promptly notify DHCS of any changes regarding organization, authorization, or capacity. This information will be outlined in the PFA.

Grantees are required to meet state financial and administrative reporting requirements and submit data through an online portal. Reporting requirements will include regular reports (at least once every 30 days) indicating progress toward meeting performance milestones, and a final report. The annual report will be due no later than January 31 for the prior calendar year of January 1 to December 31. Funding will be contingent upon provision of the timely submission of data and reporting. These requirements will be fully detailed upon award.

In addition to the foregoing, each grantee must submit to DHCS periodic reports, updates, and information as deemed necessary by DHCS to monitor compliance and/or perform project evaluation. Any requested data or information must be submitted electronically in a format provided by DHCS.

Additional reporting requirements may be required by DHCS for up to 30 years after completion of project construction.

5.2. Disbursement of Grant Funds

The PFA will set forth the general conditions for disbursement. All grantees will be able to commence work and invoice for Bond BHCIP Round 1: Launch Ready project-specific expenses incurred back to the date of their conditional award, provided the expenses align with the project identified in the grant application and the final executed PFA and detailed SOW, and dated receipts/supporting documentation are available to verify project expenses. Eligible sunk costs may include the purchase of real property and construction or renovation/rehabilitation costs, including project planning or project management; appraisals; inspections; preconstruction costs such as permitting, surveying, architectural, and engineering fees; hardscaping and/or landscaping costs essential to the completion of the project (may not exceed 5 percent of the total grant award); and FFE (see section 2.7.) The project funding will become available upon final execution of the Bond BHCIP Round 1: Launch Ready PFA with AHP, at which point, the grantee may begin submitting invoices.

Disbursement of funds will follow bond payment processes and funding cycle. The grantee will submit relevant invoices to the draw authority for work completed. The draw authority will review the draw request, approve the invoices for work completed, and issue approval for disbursement of funds to the grantee. The grantee will then be responsible for paying invoices in a timely manner. Subsequent funding for construction will be released following site inspections and once draw requests are submitted for work completed in alignment with the bond payment processes and funding cycle.

AHP will closely monitor progress on construction and will track and review all schedules, change orders, and contingency expenses. Grantees will be responsible for submitting invoices, revised budgets, and schedules to AHP for approval. Grantees must ensure that expenses are allowable under the PFA and will be expected to provide sufficient backup documentation. Grantees are responsible for ensuring that their project is on schedule and on budget. Grantees who are awarded Bond BHCIP funds will be solely responsible for any costs to complete the project in excess of the program funds award amount. Neither DHCS nor AHP will be responsible for any cost overruns. Additional details regarding the funding and disbursement process will be provided upon award.

5.3. Funding Promotion

Grantees must collaborate with DHCS on requests to promote the award opportunity and services funded through the award. Requests for which the grantee will be responsible may include, but are not limited to, conducting media interviews; submitting letters to the editor of local or statewide publications; providing comments for related media activities; and/or submitting informational videos discussing the grantee's organization, services provided, and resulting impacts of the Bond BHCIP funding on communities.

Part Six: Forms/Attachments (Total of 15)

Applicants must include all of the following attachments with the application. All required forms and supporting documents must be completed and uploaded in the application portal.

Form 1: Application Questions Guide (Note: additional questions may be included on the application portal)

Description: Application questions and related documents for Bond BHCIP Round 1: Launch Ready

- Letter(s) of support
- Any preliminary site plans, design drawings, or construction drawings for the proposed project—these may include schematic designs, architectural drawings, construction blueprints, and/or other renderings (Please limit each file size to less than 20 MB).
- Resumes of the development team that developed the design/construction plans.
- A copy of all executed contracts for hire related to the project's development team (lawyer, construction manager, development manager, architect, consultants, general contractor, etc.).
- Organization chart (for corporations, LLCs, and general partnerships owned by individuals or natural persons).
- A certified appraisal and a bank loan document, if identifying a real property contribution for match.
- A valid rough order of magnitude cost estimate if no construction plan is in place.
- A preliminary title report.

Form 2: Budget Template

Description: Pre-formatted template for all costs related to the proposed project, including match

Form 3: Development Team Information

Description: Information about development team, including contact information and experience

Form 4: Design, Acquisition, and Construction Milestone Schedule

Description: Schedule for achieving design, acquisition, and construction milestones

Form 5: Applicant's Certification of Prevailing Wage (inclusion in estimated budget)

Description: Certification with an attestation from the general contractor that the general contractor will comply with California's prevailing wage and working hours laws

Form 6: Applicant's Certification of Funding Terms

Description: Certification that the applicant will receive, expend, and administer all funds received under this initiative pursuant to the terms outlined

Form 7: Community Engagement

Description: Table to detail applicant outreach efforts related to the proposed project

Form 8: Schematic Design Checklist

Description: Checklist of start and completion dates for schematic design drawings, including architectural and engineering technical information

Form 9: Facility Financial Operating Pro Forma Template

Description: Table of revenue and expenses to show annual net operating income

Form 10: Board Authorizing Resolution (BAR) Template

Description: Template for eligible entities to confirm signing authority for the PFA. Local government entities are allowed to use their own authorizing resolution.

Attachment A: Pre-Application Consultation Process

Description: Outline of the PAC process, including a link to the required survey

Attachment B: DHCS Allowable Expense List

Description: List of allowable expenses for Bond BHCIP-funded projects

Attachment C: Letter of Support Guidelines

Description: Requirements related to all letters of support submitted as part of a Bond BHCIP Round 1: Launch Ready application

Attachment D: Budget Glossary of Terms

Description: Glossary of terms related to the budget for Bond BHCIP Round 1: Launch Ready applications

Attachment E: Glossary of Terms

Description: Glossary of terms for Bond BHCIP Round 1: Launch Ready

ATTACHMENT K
NOTICE OF CONDITIONAL AWARD LETTER



May 6, 2025

THIS LETTER SENT VIA EMAIL

Ms. Yoonjung Kim, Director of Residential System of Care
San Francisco Department of Public Health
1380 Howard Street
San Francisco, California 94103

**BOND BEHAVIORAL HEALTH CONTINUUM INFRASTRUCTURE PROGRAM
(BHCIP) ROUND 1: LAUNCH READY – NOTICE OF CONDITIONAL AWARD**

Dear Ms. Yoonjung Kim:

Congratulations! The Department of Health Care Services (DHCS) is pleased to announce that San Francisco Department of Public Health has been selected to receive a conditional Bond BHCIP Round 1: Launch Ready grant funding award. At this time, DHCS will coordinate regional public award announcements on a rolling basis for Bond BHCIP Round 1. Please note this award information is under embargo and you should not share outside of your organization until you receive an email notification of the embargo lift from DHCS.

Awarded Project

- Project Name: 7th Street Enhanced Dual Diagnosis Residential Treatment
- Project Address(es): 333 7th Street, San Francisco, California 94103
- Award amount: \$6,337,140.00
- Match Source(s) and Amount: Equity Value from Property; \$633,714.00
- Facility Type(s) and Behavioral Health Capacity Expansion:
 - Social Rehabilitation Facility (SRFs) with 16 beds

Your conditional award is being granted based on the project information identified above. Any project modifications will result in DHCS rescinding your grant funding.

The following outlines the expectations and next steps for conditional awardees that are required to finalize all Bond BHCIP Round 1: Launch Ready grant awards. Please read all information carefully.

1. Award Acceptance and Attestation

Conditional awardee must acknowledge acceptance of the Bond BHCIP Round 1: Launch Ready conditional grant award by 5:00pm (PT) on May 13, 2025 by submitting the attached Bond BHCIP Round 1: Launch Ready



Conditional Award Attestation letter to DHCS via email at BHCIP@dhcs.ca.gov. This acceptance will ensure that the conditional awardee acknowledges they will meet all the requirements in order to receive grant funding. Failure to respond to DHCS by the due date above will result in voluntary relinquishment of the conditional grant award.

2. Program Funding Agreement (PFA)

Information from your application is deemed final and will serve as the foundation of the project data, payment schedule, and Statement of Work (SOW). All this information will be included in your Program Funding Agreement (PFA), or contract, with Advocates for Human Potential, Inc. (AHP), the BHCIP administrative entity. See the attached sample PFA.

As per the Request for Applications (RFA), the PFA must be digitally executed by the conditional awardee and executed with AHP within 90 days of its receipt, a condition of disbursement. DHCS will not accept any modifications, negotiations, or redlines to the PFA. Furthermore, conditional awardees are obligated to clear title to the subject property to be improved with Bond BHCIP Round 1: Launch Ready funds prior to recordation of the security instruments. DHCS retains the authority to rescind conditional award funding and redirect it to alternate applicants in instances where extended delays in the execution of the PFA occur.

3. Match Requirements

The match source specified in your submitted application is considered final, and you may not make any modifications to it. All conditional awardees must provide the necessary documentation to support their match source no later than 5:00pm (PT) on May 16, 2025. For more information about match, see the attached Match information sheet.

Conditional awardees who identified use of cash for their match source will have 90 days from the date of the PFA execution to deposit those funds into a designated match account.

Conditional awardees who identified use of sunk costs for their match source may now submit invoices and proof of payment for costs incurred prior to the date of this letter ("sunk costs") and receive credit on their required match.

Conditional awardees must adhere to strict guidelines and submit all documentation for DHCS approval of allowable sunk costs by 5:00pm (PT) on May 13, 2025. Costs incurred up to one year prior to the date of the award letter can be submitted as sunk costs; costs incurred more than one year ago will not be considered sunk costs.

4. AHP Account Success Manager (ASM)

Your designated ASM has scheduled an onboarding call for May 12, 2025 at 1:00pm (PT). This is a mandatory initial step in the contracting process and

an opportunity to meet your ASM, who will serve as your point of contact throughout the contracting and funding processes.

5. Bond BHCIP Round 1 Conditional Awardee Kickoff Webinar

A mandatory kickoff webinar will be held on May 8, 2025, from 12:00 to 1:00 pm (PT). Please [register here](#). Your project lead and all development team members are invited. A link to the recording will be sent to all conditional awardees for their reference following the webinar.

6. Incurred Cost and Projected Funding Needs

As a conditional awardee, you will be able to incur allowable project-specific expenses beginning the date of this conditional award letter. However, the ability to invoice will be contingent upon meeting all bond funding and program requirements.

Please note conditional awardees must submit an initial cost projection by 5:00pm (PT) on May 16, 2025 to align with the general obligation bond process. The specificity of these requirements will be covered in your scheduled onboarding call and mandatory webinars.

7. Monitoring and Reporting

Conditional awardees are required to complete the SOW and budget to finalize the PFA. Upon execution of the PFA, conditional awardees will be identified as awardees and at a minimum commit to providing: monthly funding projections, updates to project construction timelines, quarterly progress reports, and attending monthly ASM calls.

Reporting requirements and regular compliance on-site inspections will be required by DHCS for up to 30 years after completion of project construction.

8. Communications and Media Publications

As a condition of this award, conditional awardees are required to respond to DHCS requests regarding the promotion of this award. Requests may include, but are not limited to, media interviews; submission of related letters to the editor; providing quotes for media activities; or submitting informational videos to discuss the organization, funded behavioral health facilities, and impacts on communities as a result of this award.

You will receive an email from BHCIP@DHCS.ca.gov with instructions on how to whitelist safe email addresses. All future communications from AHP will be sent from bondbhcipround1@ahpnet.com. Please whitelist this email address to ensure you receive communications related to this award.

For questions, please contact DHCS or AHP at bondbhcipround1@ahpnet.com. If you have not already done so, you are encouraged to register for the [BHCIP listserv](#) to receive updates about current and future funding opportunities. In

Notice of Conditional Bond BHCIP Round 1 Award

Page 4

May 6, 2025

addition, please review the frequently asked questions ([FAQ](#)) on the BHCIP website regularly for program guidance.

Should you no longer be interested in receiving Bond BHCIP Round 1: Launch Ready grant funding or wish to withdraw your grant application, please contact DHCS immediately at BHCIP@dhcs.ca.gov.

DHCS is excited to embark on this partnership with you to expand California's continuum of behavioral health facilities. We are doing lasting work that will benefit many of our state's most vulnerable individuals.

Sincerely,

DocuSigned by:



C595D8936F1F429...

Marlies Perez

Division Chief, Community Services Division
Project Executive, Behavioral Health Transformation
Department of Health Care Services

Attachment: Award Attestation

ATTACHMENT L

FACILITY ACCESS AGREEMENT
BEHAVIORAL HEALTH CONTINUUM INFRASTRUCTURE PROGRAM (BHCIP)
ROUND 1: LAUNCH READY

1. STATEMENT OF INTENT

The purpose of this Facility Access Agreement (this “**Agreement**”) is to provide the State of California (the “**State**”) Department of Health Care Services (“**DHCS**”) with access to a property and facility owned and operated by **CITY AND COUNTY OF SAN FRANCISCO**, a California municipal corporation, acting through its Department of Public Health (the “**Sponsor**”), which received grant funding through the Behavioral Health Continuum Infrastructure Program (“**BHCIP**”). The Sponsor further agrees to provide information and documents to DHCS as outlined in this Agreement. The Sponsor agrees to provide this facility access and to provide the information outlined in this Agreement to enable DHCS to confirm the Sponsor’s compliance with BHCIP requirements and restrictions and applicable federal regulations. The Sponsor enters into this Agreement as a condition of receipt of Bond BHCIP Funds and will comply with this Agreement for the term specified.

2. BACKGROUND

DHCS oversees BHCIP pursuant to the requirements of California Welfare and Institutions Code sections 5960-5960.4, as amended by sections 5965-5967.01 that provided, in part, for the: (a) addition of section 5965.04 to the California Welfare and Institutions Code allocating additional funding to the Program; and (b) repealed section 5960.45 from the California Welfare and Institutions Code.

DHCS oversees BHCIP to award State Behavioral Health Infrastructure Bond Act of 2024 funds (“**Bond BHCIP Funds**”) to qualified entities, through competitive grants, to construct, acquire, and rehabilitate real estate assets to address significant crisis care gaps in California’s behavioral health (mental health and substance use disorder) infrastructure.

DHCS awarded the Sponsor Bond BHCIP Funds to acquire, expand, or construct certain improvements (the “**Sponsor’s Project**”) on that certain real property commonly known as 333 7th Street, located in the City of San Francisco, County of San Francisco, State of California, and the improvements thereon (the “**Property**”); and, to operate the specific type of behavioral health facility (the “**Facility**”) identified in the Sponsor’s application on the Property following the completion of the Sponsor’s Project.

As part of DHCS's grant award to the Sponsor, the Sponsor entered into a contract with Advocates for Human Potential, Inc., a Massachusetts corporation ("AHP"), which is assisting in the management of the Bond BHCIP Funds and administering BHCIP in partnership with DHCS.

This Agreement between DHCS and the Sponsor provides additional obligations the Sponsor has to DHCS as a condition of receiving all funds under the Sponsor's contract with AHP and in order to comply with the requirements of the statutes governing BHCIP.

3. APPLICABILITY OF BHCIP STATUTES

It is the intent of the parties that the Sponsor, and any subsequent owners of the Property continue to be bound by the requirements of the BHCIP statutes (California Welfare and Institutions Code sections 5960-5960.4) and this Agreement for a minimum of thirty (30) years from the date of the Sponsor's contract with AHP, and shall continue in full force and effect for a period of at least thirty (30) years after the date of either of the following: (i) the date of issuance of a Certificate of Occupancy, if the Sponsor's Project is for construction of a new facility, or (ii) the date of recordation of a Notice of Completion in the official records of the county in the jurisdiction where the Property is located, if the Sponsor's Project is for the rehabilitation or expansion of an existing facility on the Property, notwithstanding the repeal of the BHCIP statutes. The BHCIP statutes, as written on the date of this Agreement, are hereby incorporated by reference into this Agreement.

4. SPONSOR OBLIGATIONS TO DHCS

For a minimum of thirty (30) years, the Sponsor shall:

- A. Ensure that the Facility operates in compliance with the requirements set forth in California Welfare and Institutions Code sections 5960-5960.4 and Section 8.A. of this Agreement;
- B. Comply with the change of Facility use requirements contained in Section 8.B. of this Agreement, if applicable;
- C. Maintain all books, accounting records, client records, and documents in accordance with the requirements set forth in Section 8.C. of this Agreement;
- D. Provide DHCS access to the Property, the Facility, books, accounting records, client records, and documents in accordance with the requirements set forth in Section 8.D. of this Agreement;
- E. Provide DHCS with reports in the manner and frequency set forth in California Welfare and Institutions Code sections 5960-5960.4 and Section 8.E. of this Agreement;
- F. Require, as a condition of sale, that any subsequent owners of the Property comply with the terms of this Agreement, if the Sponsor transfers ownership of Facility at any time during the thirty (30) years;
- G. Obtain DHCS's written consent prior to incurring any debt secured by the Property, as applicable;
- H. Provide written notice to DHCS within thirty (30) days of payment in full of any debt secured by the Property, as applicable; and
- I. Provide written notice to DHCS of any litigation or governmental proceeding pending against the Sponsor, or any other event, that may materially adversely

affect the Sponsor's Property, business, operations, assets, condition (financial or otherwise), or prospects, in accordance with the requirements set forth in Section 8.H. of this Agreement.

5. SERVICE LOCATION

The services shall be performed at the Property.

6. SERVICE HOURS

The services shall be provided during normal Sponsor working hours and days.

7. PROJECT REPRESENTATIVES

A. The project representatives during the term of this Agreement will be:

Department of Health Care Services	City and County of San Francisco
Contract/Grant Manager: Laurice Artap, Section Chief Community Services Division / Behavioral Health Continuum Infrastructure Program Section Telephone: +1 (916) 345-8512 Email: laurice.artap@dhcs.ca.gov	Contract/Grant Manager: Daniel Tsai, Director of Health Telephone: (628) 754-9542 Email: daniel.tsai@sfdph.org

B. Direct all inquiries to:

Department of Health Care Services	City and County of San Francisco
State of California Department of Health Care Services Attention: Behavioral Health Expansion Branch, Community Services Division 1501 Capitol Avenue, MS 2633 Sacramento, CA 95814 Telephone: +1 (916) 345-8512 Email: laurice.artap@dhcs.ca.gov	Attention: Daniel Tsai, Director of Health 1380 Howard Street San Francisco, CA 94103 Telephone: (628) 754-9542 Email: daniel.tsai@sfdph.org

C. Either party may make changes to the information above by giving written notice to the other party. Said changes shall not require an amendment to this Agreement.

8. SERVICES TO BE PERFORMED

A. Operation of the Facility:

For a minimum of thirty (30) years, the Sponsor shall comply with the following requirements:

1. Operate the Facility in accordance with all applicable requirements in California Welfare and Institutions Code sections 5960-5960.4;
2. Operate the Facility as the type of behavioral health services facility identified in the Sponsor's DHCS-approved BHCIP grant application for Bond BHCIP Funds, and serve the populations identified in the Sponsor's DHCS-approved BHCIP grant application for Bond BHCIP Funds, unless otherwise approved by DHCS in the manner described in Section 8.B. below; and
3. Accept Medi-Cal beneficiaries and serve at least the same percentage, or more, of Medi-Cal beneficiaries, as identified in the Sponsor's DHCS-approved BHCIP grant application for Bond BHCIP Funds.

Any change to the Sponsor's Project, including the Sponsor's Project expansion scope requirements, as set forth in Table 1 below, shall require the Sponsor to submit a written request to DHCS in accordance with the requirements of Section 8B. No changes may be made without prior written approval from DHCS.

TABLE 1	
A. SPONSOR'S PROJECT AND SPONSOR INFORMATION	
Sponsor Name: City and County of San Francisco, a California municipal corporation, acting through its Department of Public Health	
Entity Type: County	
Project UUID: BOND_1029_thStreetEnhance	
Project Name: Enhanced Dual Diagnosis Residential Treatment	
Project Address: 333 7th Street, San Francisco, CA 94103	
B. SPONSOR'S PROJECT NARRATIVE	
The San Francisco Department of Public Health (SFDPH) is requesting funding for the 7th Street Enhanced Dual Diagnosis Social Residential Treatment project to rehabilitate an existing county-owned building at 333 7th Street in San Francisco. The county will upgrade the facility to be ADA-accessible and open a new 16-bed enhanced dual diagnosis residential program to serve adults and older adults who have serious mental illness and its comorbidities. This project is in the design development phase, and we anticipate completion of the project by December 2026. SFDPH has decades of experience providing high-quality behavioral health services to high-needs safety net clients from diverse backgrounds. Furthermore, SFDPH has extensive experience working with adults and older adults and will contract with a community-based organization that has at least four years of relevant experience operating a Social Rehabilitation Facility. Dual diagnosis residential treatment has been identified as a critical need by SFDPH's assessments of the county's continuum of residential behavioral health care. The 7th Street project will prioritize services for CARE Court or justice-involved clients, high users in multiple healthcare systems, and clients stepping down from the hospital or crisis care.	

% of Medi-Cal Beneficiaries Served: 50%		
C. SPONSOR'S PROJECT EXPANSION SCOPE REQUIREMENTS		
Facility Type 1: Social Rehabilitation Facility (SRF)	# New Beds: 16	# New Slots:
Facility Type 2:	# New Beds:	# New Slots:
Facility Type 3:	# New Beds:	# New Slots:
Facility Type 4:	# New Beds:	# New Slots:
Facility Type 5:	# New Beds:	# New Slots:
Facility Type 6:	# New Beds:	# New Slots:
Facility Type 7:	# New Beds:	# New Slots:
Facility Type 8:	# New Beds:	# New Slots:
Facility Type 9:	# New Beds:	# New Slots:
Facility Type 10:	# New Beds:	# New Slots:
	Total # New Beds: 16	Total # New Slots: 0

B. Change in Facility Use

For a minimum of thirty (30) years, if the Sponsor wants to change the type of behavioral health facility that it operates on the Property to something other than what was approved in the Sponsor's BHCIP grant application for Bond BHCIP Funds, or to change or expand populations to be served by the facility, the Sponsor shall submit a written request to DHCS prior to making such a change.

The Sponsor's written request shall:

1. Identify the desired type of behavioral health facility;
2. Identify the populations to be served by the facility;
3. Explain the need for the proposed change; and
4. Identify any licenses, certifications, building modifications, staff, or any other requirement that the Sponsor must obtain before being able to make the proposed change.

As a part of its review of the Sponsor's request, DHCS shall ensure that the change in use or population is tailored to provide behavioral health treatment that will meet community needs identified by local stakeholders, including the county board of supervisors, the county behavioral health director, providers of behavioral health

services, and individuals who have or have had a mental health disorder or a substance use disorder. DHCS has absolute discretion to permit or deny the request and may require the Sponsor to provide additional information to evaluate the Sponsor's request.

C. Record Retention

1. The Sponsor shall maintain books, accounting records, client records, and other documents in a manner sufficient to properly reflect all direct and indirect costs of operating the Property during the term of this Agreement, including any matching costs and expenses. The foregoing constitutes "records" for the purpose of this provision.
2. The Sponsor's records and the Property's and Facility's records shall be subject at all reasonable times to inspection, audit, and reproduction by authorized representatives of the State, including DHCS or its authorized representatives.
3. The Sponsor agrees that departments authorized to represent the State (including DHCS, the Department of Finance or its authorized representatives, and the Bureau of State Audits or their designated representatives) and authorized representatives of the United States (including the Comptroller General and the Internal Revenue Service) shall have the right to review and to copy any records and supporting documentation pertaining to the performance of this Agreement. The Sponsor agrees to allow these state and/or federal representatives access to such records during normal business hours and to allow interviews of any employees who might reasonably have information related to such records. Further, the Sponsor agrees to include a similar right of the State to audit records and interview staff in any subcontract related to performance of this Agreement. (Cal. Gov. Code § 8546.7, 2 CCR §1896.77.)
 - 3.1 The Sponsor shall maintain records in a data storage medium that is accessible to DHCS. DHCS, at its sole discretion, shall determine whether the Sponsor's type of data storage medium meets this accessibility requirement.
4. The Sponsor shall retain all financial records, supporting documents, statistical records, and all other records pertinent to the Sponsor's Project and the Bond BHCIP Funds for a minimum of thirty-five (35) years from the date of final disbursement to the Sponsor of its award of Bond BHCIP Funds, in compliance with the July 2, 2008 General Obligation Bond Record Retention Memorandum from the California State Treasury Office, 26 C.F.R. §1.148-5(d)(6)(iii)(E), Section 7 of **Attachment A** of the Sponsor's contract with AHP, and all applicable Internal Revenue Service statutes, regulations, and guidance. If any litigation, claim, negotiation, audit, or other action involving the records has been started before the expiration of the thirty-five (35) year period, the records shall be retained until completion of the action and resolution of all issues which arise from it, or until the end of the regular thirty-five (35) year period, whichever is later.

5. The Sponsor may, at DHCS's discretion, following the expiration of this Agreement, reduce its accounts, books, and records related to this Agreement to microfilm, computer disk, CD ROM, DVD, or other data storage medium. Upon request by DHCS or an authorized DHCS representative to inspect, audit, or obtain copies of said records, the Sponsor shall supply or make available applicable devices, hardware, and/or software necessary to view, copy, and/or print said records. Applicable devices may include, but are not limited to, microfilm readers and microfilm printers, etc.

D. DHCS Monitoring

DHCS, or its authorized representatives, has, the right at all reasonable times to inspect the Property and the Facility. If DHCS exercises this right to inspect, the Sponsor shall provide access to the Property and the Facility and shall provide reasonable assistance for the safety and convenience of DHCS or its authorized representatives in the performance of their duties. All inspections and evaluations shall be performed in such a manner as will not unduly delay the work.

E. Proof of Insurance

Beginning five (5) years after the Sponsor's contract with AHP, the Sponsor shall provide DHCS with proof of insurance for the Property annually or whenever there is a change in coverage. DHCS shall accept evidence of self-insurance, in the amounts and types sufficient to provide adequate coverage, subject to DHCS approval, in its sole discretion.

F. Assignment of this Agreement Following the Transfer of Ownership of the Facility

If at any time during the thirty (30) year period of this Agreement, the Sponsor sells, gifts, or otherwise transfers ownership of the Property, in whole or in part, the Sponsor shall ensure that, as a condition of the ownership transfer, the subsequent owner of the Property complies with the terms of this Agreement.

Prior to finalizing any transfer of ownership of the Property, the Sponsor shall request that DHCS formally amend this Agreement to assign the Sponsor's obligations under this Agreement to the subsequent owner of the Property.

This Agreement is not assignable by the Sponsor, either in whole or in part, without the prior written consent of DHCS.

G. Debt Secured by the Property

1. The Sponsor shall obtain DHCS's written consent prior to incurring any debt secured by the Property, as applicable.
2. The Sponsor shall notify DHCS in writing within thirty (30) days of payment in full of any debt secured by the Property, as applicable.

H. Notice of Litigation and Other Events

Within five (5) business days after an officer or other authorized representative of the Sponsor obtains knowledge thereof, the Sponsor shall provide written notice to DHCS of (i) any litigation or governmental proceeding pending against the Sponsor which could materially adversely affect the Sponsor's Property, business, operations, assets, condition (financial or otherwise), or prospects and (ii) any other event which is likely to materially adversely affect the Sponsor's Property, business, operations, assets, condition (financial or otherwise), or prospects.

I. Remedies

If the Sponsor violates the terms of this Agreement, DHCS or another department authorized to represent the State may impose a corrective action plan and/or take any of the following enforcement actions:

1. Direct AHP to temporarily withhold any grant payments of Bond BHCIP Funds pending correction of the deficiency;
2. Disallow all or part of the cost of the activity or action not in compliance;
3. Direct AHP to wholly or partly suspend or terminate the grant award of Bond BHCIP Funds;
4. Withhold or deny further award of Bond BHCIP Funds to the Sponsor;
5. Require the Sponsor to forfeit and return all or part of the grant award of Bond BHCIP Funds, including any interest; and/or
6. Require the Sponsor to forfeit and return all unused grant Bond BHCIP Funds, including any interest.
7. Specific Performance

DHCS (or another department authorized to represent the State) may specify the timeframes and deadlines for the Sponsor's compliance with the above remedies. All remedies required by DHCS shall be final and are not subject to administrative review.

DHCS (or another department authorized to represent the State) may take any other permissible remedies available in law or equity to enforce the terms of this Agreement.

9. AMERICANS WITH DISABILITIES ACT

Sponsor agrees to ensure that deliverables developed and produced pursuant to this Agreement shall comply with the accessibility requirements of sections 7405 and 11135 of the California Government Code, section 508 of the Rehabilitation Act of 1973 as amended (29 U.S.C. § 794d), regulations implementing the Rehabilitation Act of 1973 as set forth in Part 1194 of Title 36 of the Code of Federal Regulations, and the Americans with Disabilities Act of 1990 (42 U.S.C. § 12101 et seq.). In 1998, Congress amended the Rehabilitation Act of 1973 to require Federal agencies to make their electronic and information technology (EIT) accessible to people with disabilities. California Government Code sections 7405 and 11135 codifies section 508 of the Rehabilitation Act of 1973 requiring accessibility of EIT.

10. AGREEMENT EXECUTION

This Agreement shall be signed by DHCS and by a representative of the Sponsor, who by signing warrants that they have the requisite authority to enter into this Agreement on behalf of the Sponsor. This Agreement shall be effective as of the date that the complete document is signed or the date that the contract between the Sponsor and AHP goes into effect, whichever date is later.

Sponsor's Authorized Representative's Signature

Daniel Tsai, Director of Health

Sponsor Representative's Name in Print and Title

Date

DHCS Representative Signature

Laurice Artap, Section Chief
Community Services Division / Behavioral Health
Continuum Infrastructure Program Section

DHCS Representative Name in Print and Title

Date



Accept and Expend Grants for Bond Behavioral Health Continuum Infrastructure Program (Bond BHCIP Round 1)

File # 251259: 887 Potrero Avenue
File # 251260: 333 7th Street

BOS Budget & Finance Committee

Kelly Kirkpatrick, Director, New Beds and Facilities, Behavioral Health Services

January 7, 2026

SAN FRANCISCO DEPARTMENT OF PUBLIC HEALTH

Overview of File # 251259 and # 251260



- **Funder:** California Department of Health Care Services (DHCS)
 - **Third-Party Administrator:** Advocates for Human Potential, Inc. (AHP)
- **Grant Awards:**
 - **\$21,347,760** for 887 Potrero Avenue and **\$6,337,140** for 333 7th Street
 - 10% match requirement met by equity of City-owned project sites
- **Timeline:** May 6, 2025 – June 30, 2030
- **Resolution:** DPH is requesting **appropriation authority and approval of non-standard terms** for these grants.
 - The BOS previously authorized DPH to apply for Bond BHCIP Round 1 funding in File # 241097.

Project Summary – 887 Potrero Avenue



- The **Behavioral Health Center (BHC)** is located at 887 Potrero Avenue, on the Zuckerberg San Francisco General Hospital campus
- San Francisco faces a **critical shortage of locked mental health treatment beds**, contributing to hospitalizations, homelessness, and repeated psychiatric crises
 - The BHC was built in 1992 as a locked facility – already meets infrastructure and licensing requirements for this level of care
- BHCIP funds will be used to **add over 50 new locked subacute mental health treatment beds to the BHC**



Project Summary – 333 7th Street



- Served the community for many years as a **dual diagnosis residential treatment facility** (Jo Ruffin Place) operated by Baker Places
- **The City acquired 333 7th Street in October 2024** as part of the debt repayment agreement with Baker Places (File # 240192)
- BHCIP funds will be used to **renovate and reopen the facility** as a 16-bed residential treatment program



Retroactivity Statement



We are seeking **retroactive authorization** to accept these grants.

- DHCS sent the notices of conditional award for Bond BHCIP Round 1 on May 6, 2025
- Project costs are eligible to be reimbursed retroactive to the date of conditional award (May 6, 2025)
- DPH received the grant agreements from DHCS in October 2025
- DPH brought these items to the BOS after going through the fiscal approval process, including review and approval of the grant agreements by the City Attorney's Office and Controller's Office

Non-Standard Terms in Agreements



We are seeking approval of the state's **non-standard terms** for these agreements.

The BOS has approved similar non-standard terms for past BHCIP grants.

- City agrees to record **Declarations of Restrictions** to operate the properties in compliance with the BHCIP terms for a 30-year period
- Authorizes DHCS to **apply for a receiver** for the properties in the event of the City's default
- Obligation for the City to **defend, indemnify and hold DHCS and AHP harmless**



Conclusion

**DPH respectfully requests approval of these items.
Thank you!**

Bond BHCIP Round 1: Launch Ready Form 2: Budget Template			
Applicant Identification and Classification		User Input	Project Narrative: Scope, Services, and Schedule (500 words or less, below):
Applicant name	San Francisco Department of Public Health	333 7th Street - Dual Diagnosis Residential Treatment	
Primary Applicant's legal entity type	County/City	The San Francisco Department of Public Health (SFPDH) requests Bond BHCIP Round 1 funding to renovate a county-owned building at 333 7th Street in San Francisco to house a 16-bed Dual Diagnosis Residential Treatment Facility. The program will be licensed as a Medi-Cal eligible Social Rehabilitation Facility. Dual Diagnosis Residential Treatment has been identified as a top priority in local assessments of behavioral health service needs in San Francisco. The property at 333 7th Street was previously owned by Baker Places, a community-based provider of behavioral health services in San Francisco. It was home to a Social Rehabilitation Facility that closed in January 2022 due to operational challenges. The City and County of San Francisco subsequently agreed to acquire 333 7th Street from Baker Places; this transaction was completed in October 2024 after being approved by the San Francisco Board of Supervisors. SFPDH commissioned a property condition assessment and seismic evaluation of 333 7th Street from San Francisco Public Works (SFPW), which concluded that the property requires key facility upgrades – including installing an elevator and replacing HVAC systems – to meet ADA accessibility requirements and bring it to a state of good repair, so that it can be occupied by the proposed Dual Diagnosis Residential Treatment Facility. SFPDH developed the project budget using construction costs from a cost estimate prepared by Construction Management West, Inc. The project is currently in Phase 2: Design Development, with design drawings underway. The county expects to select a general contractor and receive building permits in early 2025 (prior to Bond BHCIP Round 1 award notification), then break ground in mid-2025. Project completion is currently projected for mid-2026.	
Budget Worksheet Instructions			
Please review the Budget Narrative and Glossary of Terms for any clarifications.			
Please use this budget template as a worksheet to fill out all data fields required for this project's financial estimates/funds requested.			
This budget will be the basis of conditional BHCIP funding, if awarded. When entering amounts, please ensure accuracy by providing professional estimates.			
Please seek and include actual bids or estimates from Department of Industrial Relations (DIR)-registered design-build professional ; whenever possible.			
Please submit accurate bids from qualified professionals , contractors, architects, and engineers for an estimated start of construction in 2025-26.			
Please include California DIR prevailing wage labor costs in your region for all relevant onsite construction trades.			
Please include notes and additional comments as needed for special circumstances and/or details of funding sought per line item requested.			
This budget worksheet will autocalculate match, contingencies, and owner administration costs .			
Please fill in sources of capital at the bottom of the budget worksheet.			
BOND BHCIP ROUND 1 BUDGET: GRANT REQUEST			
FEASIBILITY/DUE DILIGENCE			
USE OF FUNDS	To be funded by grant	Notes and additional comments	
Owner Administration (10% autofill)	\$0.00		
Legal			
Architect (schematic drawings/fit study)			
Consultants (specify)			
Engineering			
Construction Manager/Owner's Representative			
Preliminary Title Report (submitted with application)			
Phase 1 Environmental Report			
Phase 2 Environmental Report, if necessary			
Site Surveys (soils and environmental)			
Other Feasibility / Due Diligence Costs			
Other Feasibility / Due Diligence Costs			
Contingency (10% autofill)	\$0.00		
Total Feasibility Costs	\$0.00		
DEVELOPMENT PLANNING			
USE OF FUNDS	To be funded by grant	Notes and additional comments	
Owner Administration (10% autofill)	\$25,700.00		
Legal			
Architecture (design drawings and construction drawings)	\$200,000.00	SFPW Architecture and Engineering Services	
Construction Manager/Owner's Representative	\$57,000.00	SFPW Project Management and Public Outreach	
Civil Engineer			
Mechanical, Electrical, and Plumbing (MEP) Engineer			
Structural Engineer			
Certified Appraisal Fee (for Property Match)			
Consultants (specify)			
Consultants (specify)			
Consultants (specify)			
Other Developmental Planning Costs (specify)			
Other Developmental Planning Costs (specify)			
Other Developmental Planning Costs (specify)			
ALTA Lender's Policy (estimate 0.01% of total grant award)			
Contingency (20% autofill)	\$56,540.00		
Total Development Planning Costs	\$339,240.00		
LAND COSTS/ACQUISITION			
USE OF FUNDS	To be funded by grant	Notes and additional comments	
Owner Administration (2% autofill)	\$0.00		
Land Cost or Purchase Price			
Closing Costs			
Legal Fees			
Broker's Fee			
Appraisal Fee			
Property Insurance at Closing			
Construction Manager			
Demolition Involved in Acquisition			
Other Acquisition Costs (specify)			
Contingency (5% autofill)	\$0.00		
Total Land Costs	\$0.00		
Off-Site Improvements (if needed)			
Total Acquisition Costs	\$0.00		
REHABILITATION OF EXISTING FACILITY			
USE OF FUNDS	To be funded by grant	Notes and additional comments	
Owner Administration (5% autofill)	\$232,250.00		
Legal			

San Francisco Department of Public Health (SFPDH)
(BHCIP) Round 1 7th Street Enhanced Dual Diagnosis Residential Treatment

BUDGET JUSTIFICATION

May 6, 2025 to June 30, 2030

A. PERSONNEL

TOTAL PERSONNEL: \$0

C. TRAVEL

D. EQUIPMENT \$400,000

E. SUPPLIES

F. CONTRACTUAL \$5,937,140

G. OTHER

TOTAL DIRECT COSTS \$6,337,140

H. INDIRECT COSTS \$0

TOTAL BUDGET: \$6,337,140



AB-531 The Behavioral Health Infrastructure Bond Act of 2023. (2023-2024)

SHARE THIS:



Date Published: 10/13/2023 10:00 AM

Assembly Bill No. 531

CHAPTER 789

An act to add Section 50675.1.5 to the Health and Safety Code, and to add Section 5960.31 to, to add Chapter 4 (commencing with Section 5965) to Part 7 of Division 5 of, and to repeal Section 5960.45 of, the Welfare and Institutions Code, relating to behavioral health, by providing the funds necessary therefor through an election for the issuance and sale of bonds of the State of California and for the handling and disposition of those funds.

[Approved by Governor October 12, 2023. Filed with Secretary of State
October 12, 2023.]

LEGISLATIVE COUNSEL'S DIGEST

AB 531, Irwin. The Behavioral Health Infrastructure Bond Act of 2023.

Existing law establishes the Multifamily Housing Program administered by the Department of Housing and Community Development. Existing law requires assistance for projects under the program to be provided in the form of deferred payment loans to pay for eligible costs of specified types of development, as provided. Existing law requires that specified funds appropriated to provide housing for individuals and families who are experiencing homelessness or who are at risk of homelessness and who are inherently impacted by or at increased risk for medical diseases or conditions due to the COVID-19 pandemic or other communicable diseases be disbursed in accordance with the Multifamily Housing Program for specified uses.

The California Environmental Quality Act (CEQA) requires a lead agency, as defined, to prepare, or cause to be prepared, and certify the completion of, an environmental impact report on a project that it proposes to carry out or approve that may have a significant effect on the environment or to adopt a negative declaration if it finds that the project will not have that effect. CEQA does not apply to the approval of ministerial projects. Existing law, until July 1, 2024, exempts from CEQA a project funded to provide housing for individuals and families who are experiencing homelessness, as described above, if certain requirements are satisfied, including if the project proponent obtains an enforceable commitment to use a skilled and trained workforce for any proposed rehabilitation, construction, or major alterations, as specified.

This bill would provide that projects funded by the Behavioral Health Infrastructure Bond Act of 2024 that provide housing for individuals and families who are experiencing homelessness or who are at risk of homelessness and who are inherently impacted by or at increased risk for medical diseases or conditions due to the COVID-19 pandemic or other communicable diseases and are disbursed in accordance with the Multifamily Housing Program, or projects that are disbursed in accordance with the Behavioral Health Continuum Infrastructure Program, are a use by right and subject to the streamlined, ministerial review process. The bill would define use by right for these purposes to mean that the local government's review of the project does not

require a conditional use permit, planned unit development permit, or other discretionary local government review or approval that would constitute a project subject to the approval process in CEQA.

Because the bill would revise the approval process of specified projects, the bill would impose a state-mandated local program.

Existing law authorizes the State Department of Health Care Services to, subject to an appropriation, establish a Behavioral Health Continuum Infrastructure Program to award grants as specified for the construction, acquisition, and rehabilitation of behavioral health treatment resources, as described. Existing law repeals this program on January 1, 2027.

This bill would continue that program indefinitely.

Existing law, the Bronzan-McCorquodale Act, contains provisions governing the operation and financing of community mental health services in every county through locally administered and locally controlled community mental health programs. Existing law, the Mental Health Services Act (MHSA), an initiative measure enacted by the voters as Proposition 63 in the November 2, 2004, statewide general election, establishes the Mental Health Services Fund to fund various county mental health programs.

This bill would enact the Behavioral Health Infrastructure Bond Act of 2024 which, if approved by the voters, would authorize the issuance of bonds in the amount of \$6,380,000,000 to finance loans or grants for the acquisition of capital assets for the conversion, rehabilitation, or new construction of permanent supportive housing for veterans and others who are homeless and meet specified criteria, and for grants for the Behavioral Health Continuum Infrastructure Program, as specified.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

The bill would provide for the submission of specified sections of this bill and SB 326 to the voters at the March 5, 2024, statewide primary election.

Vote: 2/3 Appropriation: no Fiscal Committee: yes Local Program: yes

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Section 50675.1.5 is added to the Health and Safety Code, to read:

50675.1.5. (a) (1) Notwithstanding any other law, projects to provide housing pursuant to paragraph (1) or (2) of subdivision (a) of Section 5965.04 of the Welfare and Institutions Code, shall be a use by right and shall be subject to the streamlined, ministerial review process, pursuant to subdivision (b), if it meets all of the following criteria:

(A) It is located in a zone where multifamily residential use, office, retail, or parking are a principally permitted use.

(B) At least 75 percent of the perimeter of the site adjoins parcels that are developed with urban uses.

(C) It satisfies the requirements specified in subparagraphs (B) to (K), inclusive, of paragraph (6) of subdivision (a) of Section 65913.4 of the Government Code.

(D) It is not on a site or adjoined to any site where more than one-third of the square footage on the site is dedicated to industrial use.

(E) The development will meet the following objective zoning standards, objective subdivision standards, and objective design review standards:

(i) The applicable objective standards shall be those for the zone that allows residential use at a greater density between the following:

(I) The existing zoning designation for the parcel if existing zoning allows multifamily residential use.

(II) The zoning designation for the closest parcel that allows residential use at a density deemed appropriate to accommodate housing for lower income households in that jurisdiction as specified in

paragraph (3) of subdivision (c) of Section 65583.2 of the Government Code.

(ii) The applicable objective standards shall be those in effect at the time that the development application is submitted to the local government pursuant to this section.

(iii) A development proposed pursuant to this section shall be eligible for the same density bonus, incentives or concessions, waivers or reductions of development standards, and parking ratios applicable to a project that meets the criteria specified in subparagraph (G) of paragraph (1) of subdivision (b) of Section 65915 of the Government Code.

(F) No housing units were acquired by eminent domain.

(G) The housing units will be in decent, safe, and sanitary condition at the time of their occupancy.

(H) The project meets the labor standards contained in Sections 65912.130 and 65912.131 of the Government Code.

(I) The project provides housing for persons who meet the criteria specified in subdivision (a) of Section 5830 of the Welfare and Institutions Code and their families.

(J) Long-term covenants and restrictions require the housing units to be restricted to persons who meet the criteria specified in subdivision (a) of Section 5830 of the Welfare and Institutions Code for no fewer than 30 years.

(2) (A) For purposes of this subdivision, parcels only separated by a street or highway shall be considered to be adjoined.

(B) For purposes of this subdivision, "dedicated to industrial use" means any of the following:

(i) The square footage is currently being used as an industrial use.

(ii) The most recently permitted use of the square footage is an industrial use.

(iii) The site was designated for industrial use in the latest version of a local government's general plan adopted before January 1, 2022.

(b) The project shall be subject to the following streamlined, ministerial review process:

(1) (A) If the local government determines that a development submitted pursuant to this section is consistent with the objective planning standards specified in this section, it shall approve the development.

(B) If a local government determines that a development submitted pursuant to this section is in conflict with any of the objective planning standards specified in this section, it shall provide the development proponent written documentation of which standard or standards the development conflicts with, and an explanation for the reason or reasons the development conflicts with that standard or standards, within the following timeframes:

(i) Within 60 days of submission of the development proposal to the local government if the development contains 150 or fewer housing units.

(ii) Within 90 days of submission of the development proposal to the local government if the development contains more than 150 housing units.

(C) If the local government fails to provide the required documentation pursuant to subparagraph (B), the development shall be deemed to satisfy the required objective planning standards.

(D) (i) For purposes of this section, a development is consistent with the objective planning standards if there is substantial evidence that would allow a reasonable person to conclude that the development is consistent with the objective planning standards.

(ii) For purposes of this section, a development is not in conflict with the objective planning standards solely on the basis that application materials are not included, if the application contains substantial evidence that would allow a reasonable person to conclude that the development is consistent with the objective planning standards.

(E) The determination of whether a proposed project submitted pursuant to this section is or is not in conflict with the objective planning standards is not a "project" as defined in Section 21065 of the Public Resources Code.

(2) Design review of the development may be conducted by the local government's planning commission or any equivalent board or commission responsible for design review. That design review shall be objective and be strictly focused on assessing compliance with criteria required for streamlined, ministerial review of projects, as well as any reasonable objective design standards published and adopted by ordinance or resolution by a local jurisdiction before submittal of the development to the local government, and shall be broadly applicable to developments within the jurisdiction. That design review shall be completed as follows and shall not in any way inhibit, chill, or preclude the ministerial approval provided by this section or its effect, as applicable:

(A) Within 90 days of submittal of the development proposal to the local government pursuant to this section if the development contains 150 or fewer housing units.

(B) Within 180 days of submittal of the development proposal to the local government pursuant to this section if the development contains more than 150 housing units.

(c) Division 13 (commencing with Section 21000) of the Public Resources Code shall not apply to actions taken by the Department of Housing and Community Development, the State Department of Health Care Services, or a local agency to provide financial assistance or insurance for the development and construction of projects built pursuant to this section.

(d) The applicant shall file a notice of exemption with the Office of Planning and Research and the county clerk of the county in which the project is located in the manner specified in subdivisions (b) and (c) of Section 21152 of the Public Resources Code.

(e) For purposes of this section, the following definitions shall apply:

(1) "Objective zoning standards," "objective subdivision standards," and "objective design review standards" mean standards that involve no personal or subjective judgment by a public official and are uniformly verifiable by reference to an external and uniform benchmark or criterion available and knowable by both the development applicant or proponent and the public official before submittal. These standards may be embodied in alternative objective land use specifications adopted by a city or county, and may include, but are not limited to, housing overlay zones, specific plans, inclusionary zoning ordinances, and density bonus ordinances.

(2) "Use by right" means a development project that satisfies both of the following conditions:

(A) The development project does not require a conditional use permit, planned unit development permit, or other discretionary local government review.

(B) The development project is not a "project" for purposes of Division 13 (commencing with Section 21000) of the Public Resources Code.

SEC. 2. Section 5960.31 is added to the Welfare and Institutions Code, to read:

5960.31. (a) Notwithstanding any other law, projects funded pursuant to paragraph (3) or (4) of subdivision (b) of Section 5965.04 shall be a use by right and shall be subject to the streamlined, ministerial review process and filing requirement, pursuant to subdivisions (b) and (d) of Section 50675.1.5 of the Health and Safety Code, and not subject to a conditional use permit, discretionary permit, or to any other discretionary reviews or approvals, if it meets the criteria of paragraph (1) or (2) and complies with subdivisions (b) and (c).

(1) The project is a behavioral health treatment and residential setting, including, but not limited to, children's residential crisis programs, peer respite, children's and adult substance use disorder residential programs, recovery housing, short-term residential therapeutic program, and social rehabilitation program, and shall be located in a zone where residential, office, retail, or parking are a principally permitted use.

(2) (A) The project is a real estate asset, as described in Section 5960.05, except for those described in paragraph (1), or in subparagraph (A) of paragraph (1) of subdivision (a) of Section 5831, that is funded pursuant to Section 5967.01, and shall be located in a zone where office, retail, or parking are a principally permitted use.

(B) This paragraph shall not be construed to limit the discretion of local jurisdictions to permit real estate assets in a zone not expressly provided in this paragraph.

(b) Projects, as applicable, pursuant to this section shall comply with the core components of Housing First, as defined under subdivision (b) of Section 8255, and may include recovery housing, as defined by the United States Department of Housing and Urban Development.

(c) Projects pursuant to this section shall meet the labor standards contained in Sections 65912.130 and 65912.131 of the Government Code.

(d) For purposes of this section, "use by right" means a development project that satisfies both of the following conditions:

(1) The development project does not require a conditional use permit, planned unit development permit, or other discretionary local government review.

(2) The development project is not a "project" for purposes of Division 13 (commencing with Section 21000) of the Public Resources Code.

SEC. 3. Section 5960.45 of the Welfare and Institutions Code is repealed.

SEC. 4. Chapter 4 (commencing with Section 5965) is added to Part 7 of Division 5 of the Welfare and Institutions Code, to read:

CHAPTER 4. Behavioral Health Infrastructure Bond Act of 2024

5965. This chapter shall be known, and may be cited, as the Behavioral Health Infrastructure Bond Act of 2024.

5965.01. The purposes and intent in enacting this act are as follows:

(a) Bonds issued under this act are to develop an array of treatment, residential care settings, and supportive housing to help provide appropriate care facilities for Californians experiencing mental health conditions and substance use disorders.

(b) The bond will dedicate funding for veterans with a behavioral health challenge or substance use disorder and at risk of experiencing homelessness.

(c) Efforts to streamline the process for approving projects and renovating or building new facilities to accelerate the delivery of care in residential settings made available through additional Behavioral Health Services Act and bond financing is a priority.

5965.02. As used in this chapter, the following terms have the following meanings:

(a) "Act" means the Behavioral Health Infrastructure Bond Act of 2024 (Chapter 4 (commencing with Section 5965)).

(b) "Behavioral health challenge" includes, but is not limited to, serious mental illness, as described in subdivision (c) or (d) of Section 14184.402, or a substance use disorder, as described in Section 5891.5.

(c) "Board" means, with respect to the bond proceeds referenced in paragraphs (3) and (4) of subdivision (b) of Section 5965.04, and with respect to and for requests up to the amount specified for bond proceeds referenced in paragraphs (3) and (4) of subdivision (b) of Section 5965.04, for purposes of Section 5965.12 of this code and Section 16726 of the Government Code, the State Department of Health Care Services, and with respect to bond proceeds referenced in paragraphs (1) and (2) of subdivision (b) of Section 5965.04, and, with respect to and for requests up to the amount specified for bond proceeds referenced in paragraphs (1) and (2) of subdivision (b) of Section 5965.04, for purposes of Section 5965.12 of this code and Section 16726 of the Government Code, the Department of Housing and Community Development.

(d) "Committee" means the Behavioral Health Infrastructure Bond Act Finance Committee created pursuant to Section 5965.07.

(e) "Fund" means the Behavioral Health Infrastructure Fund created pursuant to Section 5965.03.

(f) "State General Obligation Bond Law" means the State General Obligation Bond Law (Chapter 4 (commencing with Section 16720) of Part 3 of Division 4 of Title 2 of the Government Code), as it may be amended.

(g) "Target population" means a person described in subdivision (c) or (d) of Section 14184.402, or a person with a substance use disorder, as described in Section 5891.5, except that enrollment in Medi-Cal or in any other health plan shall not be a condition for accessing housing or continuing to be housed.

(h) "Veteran" means a person who served in the active military, naval, or air service, and who was discharged or released under conditions other than dishonorable.

5965.03. (a) The proceeds of interim debt and bonds, excluding proceeds used directly to repay interim debt and excluding bonds issued in accordance with Section 5965.14, issued and sold pursuant to this chapter shall be deposited in the Behavioral Health Infrastructure Fund, which is hereby created in the State Treasury.

(b) All moneys in the fund, notwithstanding Section 13340 of the Government Code, are hereby continuously appropriated without respect to fiscal years for the purposes of this chapter.

(c) Bonds shall be issued and delivered in the amount determined by the committee to be necessary or desirable pursuant to Section 5965.08.

5965.04. (a) Moneys in the fund shall be used for any of the following purposes:

(1) Making loans or grants administered by the Department of Housing and Community Development to eligible entities specified under Section 50675.1.3 of the Health and Safety Code or loans to development sponsors as defined under Section 50675.2 of the Health and Safety Code to acquire capital assets for the conversion, rehabilitation, or new construction of permanent supportive housing, including scattered site projects, for veterans or their households, who are homeless, chronically homeless, or are at risk of homelessness, as defined by Part 578.3 of Title 24 of the Code of Federal Regulations, and meet the criteria of the target population.

(2) Making loans or grants administered by the Department of Housing and Community Development to eligible entities specified under Section 50675.1.3 of the Health and Safety Code or loans to development sponsors as defined under Section 50675.2 of the Health and Safety Code to acquire capital assets for the conversion, rehabilitation, or new construction of permanent supportive housing, including scattered site projects for persons who are homeless, chronically homeless, or are at risk of homelessness, as defined by Part 578.3 of Title 24 of the Code of Federal Regulations, and are living with a behavioral health challenge.

(3) Making grants administered by the State Department of Health Care Services, as specified under the Behavioral Health Continuum Infrastructure Program to eligible entities specified pursuant to Chapter 1 (commencing with Section 5960) to construct, acquire, and rehabilitate real estate assets or to invest in needed infrastructure to expand the continuum of behavioral health treatment resources to build new capacity or expand existing capacity for short-term crisis stabilization, acute and subacute care, crisis residential, community-based mental health residential, substance use disorder residential, peer respite, community and outpatient behavioral health services, and other clinically enriched longer term treatment and rehabilitation options for persons with behavioral health disorders in the least restrictive and least costly setting.

(4) (A) Paying the costs of issuing bonds, paying the annual administration costs of the bonds, and paying interest on bonds.

(B) In addition, moneys in the fund or other proceeds of the sale of bonds authorized by this chapter may be used to pay principal of, or redemption premium on, interim debt issued prior to the issuance of bonds authorized by this chapter.

(b) Moneys in the fund shall be allocated as follows:

(1) One billion sixty-five million dollars (\$1,065,000,000) of the proceeds of the bonds, after allocation of bond proceeds to the purposes described in paragraph (4) of subdivision (a), shall be used for the loans or grants, loan or grant implementation, and loan or grant oversight described in paragraph (1) of subdivision (a) and administrative costs.

(2) Nine hundred twenty-two million dollars (\$922,000,000) of the proceeds of the bonds, after allocation of bond proceeds to the purposes described in paragraph (4) of subdivision (a), shall be used for the loans or grants, loan or grant implementation, and loan or grant oversight, as described in paragraph (2) of subdivision (a), and administrative costs.

(3) One billion five hundred million dollars (\$1,500,000,000) of the proceeds of the bonds shall be awarded to cities, counties, city and counties, and tribal entities, after allocation of bond proceeds to the purposes described in paragraph (4) of subdivision (a) for grants, grant implementation, and grant oversight, as described in paragraph (3) of subdivision (a), and administrative costs. Of this amount, thirty million dollars (\$30,000,000) shall be designated to tribal entities.

(4) Up to two billion eight hundred ninety-three million dollars (\$2,893,000,000) of the proceeds of the bonds, after allocation of bond proceeds to the purposes of paragraph (4) of subdivision (a), shall be used for grants, grant implementation, and grant oversight, as described in paragraph (3) of subdivision (a), and administrative costs.

5965.05. (a) (1) Bonds in the total amount of six billion three hundred eighty million dollars (\$6,380,000,000) not including the amount of refunding bonds issued in accordance with Section 5965.14, may be issued and sold for the purposes expressed in this chapter and to reimburse the General Obligation Bond Expense Revolving Fund pursuant to Section 16724.5 of the Government Code.

(2) The bonds, when sold, issued, and delivered, shall be and constitute a valid and binding obligation of the State of California, and the full faith and credit of the State of California is hereby pledged for the punctual payment of both the principal of, and interest on, the bonds as the principal and interest become due and payable.

(b) (1) The Treasurer shall issue and sell the bonds authorized in subdivision (a) in the amount determined by the committee to be necessary or desirable pursuant to Section 5965.08. The bonds shall be issued and sold upon the terms and conditions specified in a resolution to be adopted by the committee pursuant to Section 16731 of the Government Code.

(2) The bonds shall be issued and sold upon the terms and conditions specified in a resolution to be adopted by the committee pursuant to Section 5965.08.

5965.06. The bonds authorized by this chapter shall be prepared, executed, issued, sold, paid, and redeemed as provided in the State General Obligation Bond Law (Chapter 4 (commencing with Section 16720) of Part 3 of Division 4 of Title 2 of the Government Code), as amended, from time to time, and all of the provisions of that law, as amended, apply to the bonds and to this chapter and are hereby incorporated in this chapter as though set forth in full in this chapter, except that subdivisions (a) and (b) of Section 16727 of the Government Code shall not apply.

5965.07. (a) Solely for the purpose of authorizing the issuance and sale, pursuant to the State General Obligation Bond Law, of the bonds authorized by this chapter, the Behavioral Health Infrastructure Bond Act Finance Committee is hereby created.

(b) (1) The committee consists of the Controller, the Treasurer, and the Director of Finance.

(2) Notwithstanding any other law, a member may designate a representative to act as that member in the member's place, for all purposes, as though the member were personally present.

(c) (1) The Treasurer shall serve as chairperson of the committee.

(2) A majority of the committee may act for the committee.

5965.08. (a) The committee shall determine, by resolution, whether it is necessary or desirable to issue and sell bonds authorized pursuant to this chapter to carry out the actions specified in this chapter and, if so, the amount of bonds to be issued and sold.

(b) Successive issues of bonds may be authorized and sold to carry out those actions progressively, and it is not necessary that all of the bonds authorized to be issued be sold at any one time.

5965.09. (a) There shall be collected each year, and in the same manner and at the same time as other state revenue is collected, in addition to the ordinary revenues of the state, a sum in an amount required to pay the principal of, and interest on, the bonds becoming due each year.

(b) It is the duty of all officers charged by law with a duty in regard to the collection of the revenue to do and perform each and every act that is necessary to collect that additional sum.

5965.10. Notwithstanding Section 13340 of the Government Code, there is hereby continuously appropriated from the General Fund in the State Treasury, for the purposes of this chapter and without regard to fiscal years, an amount that equals the total of the following:

(a) The sum annually necessary to pay the principal of, and interest on, bonds issued and sold pursuant to this chapter, as the principal and interest become due and payable.

(b) The sum necessary to carry out Section 5965.11.

5965.11. (a) For the purpose of carrying out this chapter, the Director of Finance may authorize the withdrawal from the General Fund of an amount or amounts not to exceed the amount of the unsold bonds that have been authorized by the committee to be sold for the purpose of carrying out this chapter, excluding refunding bonds authorized pursuant to Section 5965.14 less any amount loaned pursuant to Section 5965.12 and not yet repaid, and any amount withdrawn from the General Fund pursuant to this section and not yet returned to the General Fund.

(b) Any amounts withdrawn shall be deposited in the fund.

(c) Any moneys made available under this section shall be returned to the General Fund, with interest at the rate earned by the moneys in the Pooled Money Investment Account, from proceeds received from the sale of bonds for the purpose of carrying out this chapter.

5965.12. (a) The board may request the Pooled Money Investment Board to make a loan from the Pooled Money Investment Account, in accordance with Section 16312 of the Government Code, for the purpose of carrying out this chapter.

(b) The amount of the request shall not exceed the amount of the unsold bonds that the committee has, by resolution, authorized to be sold for the purpose of carrying out this chapter, excluding refunding bonds authorized pursuant to Section 5965.14, less any amount loaned pursuant to this section and not yet repaid and withdrawn from the General Fund pursuant to Section 5965.11 and not yet returned to the General Fund.

(c) The board shall execute documents required by the Pooled Money Investment Board to obtain and repay the loan.

(d) Any amounts loaned shall be deposited in the fund to be allocated by the board in accordance with this chapter.

5965.13. All moneys deposited in the fund that are derived from premium and accrued interest on bonds sold pursuant to this chapter shall be reserved in the fund and shall be available for transfer to the General Fund as a credit to expenditures for bond interest, except that amounts derived from premium may be reserved and used to pay costs of bond issuance before any transfer to the General Fund.

5965.14. (a) The bonds issued and sold pursuant to this chapter may be refunded in accordance with Article 6 (commencing with Section 16780) of Chapter 4 of Part 3 of Division 4 of Title 2 of the Government Code, which is a part of the State General Obligation Bond Law.

(b) Approval by the voters of the state for the issuance of the bonds described in this chapter includes the approval of the issuance of bonds issued to refund bonds originally issued under this chapter or any previously issued refunding bonds.

(c) A bond refunded with the proceeds of refunding bonds, as authorized by this section, may be legally defeased to the extent permitted by law in the manner and to the extent set forth in the resolution, as amended, authorizing that refunded bond.

5965.15. (a) Notwithstanding any provision of this chapter or the State General Obligation Bond Law, if the Treasurer sells bonds pursuant to this chapter that include a bond counsel opinion to the effect that the interest on the bonds is excluded from gross income for federal tax purposes, under designated conditions, or is otherwise entitled to a federal tax advantage, the Treasurer may maintain separate accounts for the investment of bond proceeds and the investment earnings on those proceeds.

(b) The Treasurer may use or direct the use of those proceeds or earnings to pay a rebate, penalty, or other payment required under federal law or to take any other action with respect to the investment and use of those bond proceeds, required or desirable under federal law, to maintain the tax-exempt status of those bonds and to obtain any other advantage under federal law on behalf of the funds of this state.

5965.16. The proceeds from the sale of bonds authorized by this chapter are not "proceeds of taxes" as that term is used in Article XIII B of the California Constitution, and the disbursement of these proceeds is not subject to the limitations imposed by that article.

5966. (a) (1) The Department of Housing and Community Development, in coordination with the Department of Veterans Affairs, shall determine the methodology and distribution of the funds provided pursuant to paragraph (1) of subdivision (b) of Section 5965.04, used for the purposes provided in paragraph (1) of subdivision (a) of Section 5965.04.

(2) The Department of Housing and Community Development and the Department of Veterans Affairs shall work in coordination pursuant to a memorandum of understanding.

(b) The Department of Housing and Community Development shall determine the methodology and distribution of the funds provided pursuant to paragraph (2) of subdivision (b) of Section 5965.04, used for the purposes provided in paragraph (2) of subdivision (a) of Section 5965.04.

5966.02. (a) (1) Notwithstanding any other law, funds allocated for the purposes specified in paragraphs (1) and (2) of subdivision (a) of Section 5965.04 shall be disbursed in accordance with subdivisions (a) to (h), inclusive, of Section 50675.1.3 of the Health and Safety Code and any associated guidelines changes to that program, as provided in the Multifamily Housing Program in Chapter 6.7 (commencing with Section 50675) of Part 2 of Division 31 of the Health and Safety Code, and this chapter, consistent with applicable law and guidance.

(2) The Department of Housing and Community Development shall issue guidance regarding implementation by July 1, 2025.

(b) In developing the methodology and distribution of funds referenced in subdivision (a) of Section 5966, the Department of Housing and Community Development shall consult with the Department of Veterans Affairs regarding supportive services plan standards and other program areas where the Department of Veterans Affairs holds expertise for the purposes specified in paragraph (1) of subdivision (a) of Section 5965.04.

5967. The Department of Health Care Services shall determine the methodology and distribution of the funds provided pursuant to paragraphs (3) and (4) of subdivision (b) of Section 5965.04, used for the purposes provided in paragraphs (3) and (4) of subdivision (a) of Section 5965.04.

5967.01. (a) Notwithstanding any other law, funds allocated for the purposes specified in paragraph (3) of subdivision (a) of Section 5965.04 shall be disbursed in accordance with the Behavioral Health Continuum Infrastructure Program (commencing with Section 5960), and this chapter, consistent with applicable law and guidance.

(b) The Department of Health Care Services shall issue guidance regarding the implementation of this article by July 1, 2025.

SEC. 5. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because a local agency or school district has the authority to levy service charges, fees, or assessments sufficient to pay for the program or level of service mandated by this act, within the meaning of Section 17556 of the Government Code.

SEC. 6. Sections 1, 2, and 3 of this act shall take effect upon the approval by the voters of the Behavioral Health Infrastructure Bond Act of 2024, as set forth in Section 4 of this act.

SEC. 7. (a) Section 4 of this act and Sections 1, 2, 14, 15, 18 to 23, inclusive, 28 to 30, inclusive, 35 to 40, inclusive, 42 to 44, inclusive, 49 to 59, inclusive, 62 to 64, inclusive, 73 to 81, inclusive, 86 to 95, inclusive, 98 to 100, inclusive, 103 to 112, inclusive, 116, and 117 of the Behavioral Health Services Act, as set forth in Senate Bill 326 of the 2023–24 Regular Session, shall be submitted to the voters at the March 5, 2024, statewide primary election, and shall appear on the ballot as a single measure in accordance with provisions of the Government Code and the Elections Code governing the submission of a statewide measure to the voters.

(b) Notwithstanding Sections 13115 and 13117 of the Elections Code or any other law, the single measure described in subdivision (a), shall be placed as the first measure on the March 5, 2024, statewide primary election ballot and shall be designated as "Proposition 1."

(c) Notwithstanding Sections 13115 and 13117 of the Elections Code or any other law, all other measures proposed by the Legislature at the 2023–24 Regular Session for submission to the voters at the March 5, 2024, statewide primary election shall immediately follow Proposition 1 and be designated on the statewide primary election ballot as the next in order numerically pursuant to Section 13117 of the Elections Code.



**California Department of Health Care Services
Proposition 1:
Behavioral Health Infrastructure
Bond Act of 2024:**

**Behavioral Health Continuum
Infrastructure Program
Round 1 (2024): Launch Ready
Request for Applications**

PART ONE: OVERVIEW	3
1.1. INTRODUCTION TO THE GRANT OPPORTUNITY AND STATE PRIORITIES	3
1.2. PURPOSE	3
1.3. BHCIP TO DATE	4
1.4. TIMELINE	5
1.5. TOTAL GRANT AMOUNTS	5
PART TWO: PROJECT REQUIREMENTS	5
2.1. ELIGIBILITY REQUIREMENTS	5
2.2. ELIGIBILITY CONSIDERATIONS	9
2.3. SITE IDENTIFICATION AND FEASIBILITY ANALYSIS	10
2.4. ELIGIBLE FACILITY TYPES	11
2.5. POST-AWARD EXPECTATIONS	12
2.6. ENCUMBRANCE AND USE RESTRICTIONS	12
2.7. MATCH REQUIREMENTS	13
2.8. DEVELOPMENT BUDGET	15
2.9. ACCESSIBILITY AND NONDISCRIMINATION	16
2.10. STATE PREVAILING WAGE	17
2.11. STREAMLINED, MINISTERIAL REVIEW PROCESS	17
2.12. CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA)	18
2.13. LOW-RENT HOUSING PROJECT EXEMPTION	18
PART THREE: APPLICATION PROCESS AND SUBMISSION	19
3.1. APPLICATION PROCESS	19
3.2. PRE-APPLICATION CONSULTATIONS AND TECHNICAL ASSISTANCE	22
PART FOUR: AWARD SCORING AND PROCESS	22
4.1. APPLICATION SCORING CRITERIA	22
4.2. AWARD PROCESS	23
4.3. APPEALS	24
PART FIVE: PROJECT OPERATIONS	24
5.1. PROJECT OVERSIGHT AND REPORTING	24
5.2. DISBURSEMENT OF GRANT FUNDS	25
5.3. FUNDING PROMOTION	26
PART SIX: FORMS/ATTACHMENTS (TOTAL OF 15)	26

Part One: Overview

1.1. Introduction to the Grant Opportunity and State Priorities

The California Department of Health Care Services (DHCS) launched the [Behavioral Health Continuum Infrastructure Program](#) (BHCIP) to address historic gaps in the behavioral health care continuum and meet the growing demand for services and support across the life span of vulnerable individuals in need. This Request for Applications (RFA) reflects the addition of the Behavioral Health Infrastructure Bond Act of 2024 (BHIBA).

The State priorities for BHCIP are:

- Address urgent needs in the care continuum for people with mental health or substance use conditions, including unhoused people, veterans, older adults, adults with disabilities, and children and youth.
- Invest in behavioral health and community care options that advance health equity of behavioral health care and community options.
- Increase options across the life span that serve as an alternative to incarceration, hospitalization, homelessness, and institutionalization.
- Meet the needs of vulnerable populations with the greatest barriers to access, including people experiencing unsheltered homelessness and justice involvement.
- Ensure care can be provided in the least restrictive settings to support community integration, choice, and autonomy.
- Leverage county and Medi-Cal investments to support ongoing sustainability.
- Leverage the historic state investments in housing and homelessness.

In addition, DHCS is prioritizing 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.

1.2. Purpose

In March 2024, California voters passed Proposition 1, which includes the Behavioral Health Services Act (Senate Bill 326) and the Behavioral Health Infrastructure Bond Act (BHIBA) of 2024 (Assembly Bill 531), authorizing DHCS to make additional BHCIP grant funding available to eligible entities. The BHIBA is a \$6.38 billion general obligation bond to develop a wide range of behavioral health treatment, residential care settings, and supportive housing to help provide appropriate care facilities for Californians experiencing mental health conditions and substance use disorders. Of the total bond amount, DHCS is authorized to award up to \$4.4 billion “to construct, acquire, and rehabilitate real estate assets or to invest in needed infrastructure to expand the continuum of behavioral health treatment resources to build new capacity or expand existing capacity for short-term crisis stabilization, acute and subacute care, crisis residential, community-based mental

health residential, substance use disorder residential, peer respite, community and outpatient behavioral health services, and other clinically enriched longer term treatment and rehabilitation options for persons with behavioral health disorders in the least restrictive and least costly setting.”¹ Of these funds, \$1.5 billion of competitive grant funding will be exclusively available to cities, counties, city and counties, and tribal entities and \$30 million will be specifically designated to tribal entities. The balance of the funds, up to \$2.893 billion, is available to cities, counties, tribal entities, and nonprofit and for-profit organizations. The BHCIP portion of the bond is estimated to fund 6,800 residential treatment beds and provide behavioral health outpatient treatment for 26,700 slots and will build on other major behavioral health initiatives in California. The Department of Housing and Community Development (HCD) will oversee the remaining BHIBA available funding—up to \$2 billion in total. There will be a separate Notice of Funding Availability for that portion of the BHIBA.

1.3. BHCIP to Date

DHCS was authorized through 2021 [legislation](#) to establish BHCIP and award grant funding to construct, acquire, and expand properties and invest in mobile crisis infrastructure related to behavioral health. DHCS has been releasing these funds through multiple grant rounds targeting various gaps in the state’s behavioral health facility infrastructure. Forty-nine counties have been [awarded BHCIP](#) funding through Round 1 to Round 5.

BHCIP funding rounds:

- Round 1: Crisis Care Mobile Units, \$205 million (\$55 million Substance Abuse and Mental Health Services Administration grant funding)
- Round 2: County and Tribal Planning Grants, \$16 million
- Round 3: Launch Ready, \$518.5 million
- Round 4: Children and Youth, \$480.5 million
- Round 5: Crisis and Behavioral Health Continuum, \$430 million

BHCIP funding has allowed eligible entities in all regions of the state to develop an unparalleled array of new and expanded behavioral health treatment facilities for residential/inpatient and outpatient care. However, inequities across the health care system remain seen in California. Statewide, a 6,000-plus behavioral health bed shortfall is contributing to the unmet need among people experiencing homelessness who have mental illness and/or substance use disorders.²

¹ [AB-531. The Behavioral Health Infrastructure Bond Act of 2023.](#)

² [BHSA Fact Sheet \(ca.gov\).](#)

1.4. Timeline

Table 1. Timeline for Bond BHCIP Round 1: Launch Ready

Request for Applications (RFA) release	July 17, 2024
Pre-recorded enhanced technical assistance presentations	Available beginning May 2024 BHCIP website
Application portal opens	August 9, 2024
Informational webinar— please register here	August 7, 2024; 1–2 p.m. Pacific Time (PT)
Tribal informational webinar— please register here	August 8, 2024; 2–3 p.m. PT
Pre-Application Consultation (PAC) registration opens (accessible here) Deadline to <u>schedule</u> a required PAC PAC window period	July 18, 2024 October 15, 2024 August 9, 2024, through November 14, 2024
Office Hours (Recommend PAC to be completed)	Wednesdays and Thursdays, 10-11 a.m. PT (ends December 13, 2024)
Application due date	December 13, 2024 , at 5 p.m. PT (no exceptions)
Award announcements	May 2025 (anticipated)

1.5. Total Grant Amounts

Bond BHCIP Round 1: Launch Ready: Up to of \$3.3 billion will be available to construct, acquire, and rehabilitate real estate assets to expand the continuum of behavioral health treatment and service resources for Californians (see section 2.4) in this round of Bond BHCIP funding. Of that amount, \$1.47 billion is designated for cities and counties; another \$30 million is designated for tribal entities. The remaining \$1.8 billion is available to all eligible entities, including cities, counties, and tribal entities. Bond BHCIP Round 1: Launch Ready funds are not intended to preserve existing service capacity. Bond BHCIP Round 1: Launch Ready grantees must commit to serving Medi-Cal beneficiaries.

For purposes of Bond BHCIP Round 1: Launch Ready funding, a project is defined as “launch ready” when some essential predevelopment design, planning, site control, and budgeting details have been professionally formalized; the project meets the minimum threshold requirements as listed in section 2.1 (“Project Readiness”); and construction for the requested project is not currently underway.

Part Two: Project Requirements

2.1. Eligibility Requirements

1. [Pre-Application Consultation](#)
2. [Eligible Applicants](#)
3. [Medi-Cal Services](#)
4. [Licensing, Certification, and Accreditation](#)
5. [Project Readiness](#)

6. [Building Use Restriction](#)
7. [Community Needs and Support](#)

Pre-Application Consultation

All prospective applicants will be required to engage in a pre-application consultation (PAC) with Advocates for Human Potential, Inc. (AHP), the BHCIP administrative entity, to discuss their potential project and application (see section 3.2).

Eligible Applicants

Counties, cities, tribal entities (“tribal entity” shall mean a federally recognized Indian tribe, tribal organization, or urban Indian organization, as defined in [Section 1603](#) of Title 25 of the United States Code), nonprofit organizations, and for-profit organizations whose projects reflect the State priorities and align with facility types listed in Table 2 are eligible to apply for this funding, noting the following stipulations:

- Projects must make a commitment to serve Medi-Cal beneficiaries.
- Recipients of BHCIP awards in prior rounds are eligible to apply. Any additional Bond BHCIP funding awarded must be used to further expand or create new facility capacity. To be considered, applications must clearly explain the funding request for additional behavioral health project expansion and how it meets the statewide continuum of care. Bond BHCIP funding will not fund budget shortfalls or cost overruns for any previously awarded BHCIP projects.
- For joint applications, all co-applicants must be named in the grant application and must submit letters of commitment that are included with the application.
- For-profit organizations with no prior behavioral health experience must apply with a partner, such as a nonprofit organization, tribal entity, city, or county, with the requirement that the partner organization have relevant experience with the target population reflected in the successful development, ownership, or operation of a comparable project. A memorandum of understanding (MOU) or other agreement with the nonprofit organization, tribal entity, city, or county to confirm the organization’s role in the project, including that they are working on behalf of the service provider, is also required.

Medi-Cal Services

Applicants must describe the payor mix that will pay for and sustain behavioral health services once project construction is complete. Examples of payors include private health insurance, Medi-Cal, private pay, grants, and county funds. Applicants must provide a description of their contingency plan for funding any potential cost coverage beyond the grant award.

Awarded applicants that offer Medi-Cal behavioral health services will be expected to have a contract in place with their county to ensure the provision of Medi-Cal services once the funded facility’s expansion or construction is complete. Community wellness centers and youth behavioral

health prevention centers, which are only eligible facility types for tribal entities, do not provide Medi-Cal reimbursable behavioral health treatment services and thus are not required to have a contract to provide Medi-Cal behavioral health services; however, they must provide services to Medi-Cal beneficiaries and describe how their services will be sustainably funded.

Licensing, Certification, and Accreditation

Applicants must also indicate the applicable behavioral health licensing, certifications, and accreditations required to operate their Bond BHCIP-funded program by the State and/or at the local level. Applicants with facilities that do not require licenses or certifications, such as community wellness centers, need to indicate this in their application. Tribal entities that are exempt from state licensing and/or requirements must describe the basis for their exemption and their plan for meeting programmatic requirements. As part of the technical assistance (TA) that will be made available, applicants may receive information and guidance about the licensure and certification process and timelines for application submission.

Project Readiness

To be eligible for Bond BHCIP Round 1: Launch Ready funding, a project must demonstrate “project readiness.” At a minimum, the fundamental threshold requirements for “project readiness” are as follows (items noted with an asterisk must be submitted with the application):

- **Site control.*** Any one of the following must be used to prove site control (other documentation demonstrating site control may be submitted for DHCS consideration):
 - Title vested to applicant demonstrated with current title report (ownership).
 - Executed purchase and sale agreement (PSA).
 - Mutually executed Letter of Intent (LOI).
 - Preexisting long-term lease (acceptance of a Bond BHCIP award will require a lease extension of no fewer than 30 years).
 - Executed exclusive negotiation agreement (ENA).
 - *Note:* An MOU does *not* constitute site control. Please be sure to discuss any other proposed site control documentation during your required pre-application consultation (PAC).
- **A preliminary title report.***
- **A sustainable business plan*** (pro forma) with five-year projections (Form 9) within existing available funding (income and expenses) of future objectives and strategies for achieving them.
- **A conceptual/schematic site plan*** with a forecast of the developmental potential of the property. The closer the construction drawings are toward “permit ready,” the higher the application will be scored, all other items being equal.

- **Stakeholder support*** as demonstrated by letters of support from internal boards of directors, tribal councils or advisory boards, and professional/community partners, as relevant. City, nonprofit, or for-profit applicants must also include a letter of support from their county behavioral health agency.
- **Demonstration of county and Medi-Cal investments** to support ongoing sustainability.
- **Match** amount and source identified in Budget (Form 2).
- **Board Authorizing Resolution (BAR)*** to confirm signing authority for the contract. Eligible entities may use the BAR template provided (Form 10). Local government entities can use their specific authorizing resolution document.

Building Use Restriction

A commitment to the provision of behavioral health services and building use restriction for a 30-year period through a deed restriction placed on the property title is required (see section 2.6). After a conditional award is issued to an applicant, the 30-year encumbrance period must officially be approved by the applicant's board (and property owner, if applicant is a lessee), as indicated through the submission of an official BAR.

Community Needs and Support

All applicants must describe the local needs based on the "[Assessing the Continuum of Care for Behavioral Health Services in California](#)" report and any local needs assessments used to justify the proposed expansion. All applicants will be required to demonstrate how the proposed project will advance equity. Projects will be required to certify that they will not exclude certain populations outside their mission or scope, such as those who are justice-involved or children and youth in foster care.

Organizational support and community engagement, including the active involvement of applicable stakeholders in the project design, are required. Insights from the community must be included in project planning, design, implementation, and evaluation. All applicants must complete application Form 7: Community Engagement and provide any relevant letters of support for the project. All letters must be signed and dated no more than six months before the date of application submission.

At the time of application, city, nonprofit, or for-profit applicants must also include a letter of support from their county behavioral health agency or, if a tribal entity, the tribal board. The letter must indicate that applicants providing Medi-Cal behavioral health services will have in place a contract with their county to ensure the provision of Medi-Cal services once the financed facility's expansion or construction is complete. Bond BHCIP grant awards do not guarantee county contracts.

All applicants governed by a CEO or board must submit a letter of support from the CEO or board.

2.2. Eligibility Considerations

All applicants must demonstrate how their infrastructure project will expand community-based facility capacity exclusively for behavioral health services in the continuum of care. Regional models or collaborative partnerships aimed at construction, renovation, and/or expansion of community-based services are eligible, as are projects using a campus-type model that collocates multiple levels of care on the continuum are strongly encouraged. Regional model is defined as two or more entities partnering to create established networks of organized systems of care. In addition, scoring will take into consideration a focus on the State's priorities, including efforts to advance equity and to expand services in regions and counties that currently do not have an adequate number of treatment options for behavioral health facilities. In an effort to be consistent with the bond proposal to expand 6,800 residential treatment beds, applicants proposing residential facilities will be prioritized for funding award. Expanded residential treatment beds will also assist counties with the implementation of the Community Assistance, Recovery and Empowerment (CARE) Act.

All applicants must describe the local needs based on the statewide needs assessment report and any local needs assessment used to justify the proposed expansion. All applicants will be required to demonstrate how the proposed project will advance equity. Projects will be required to certify that they will not exclude certain populations outside their mission or scope, such as those who are justice-involved or children and youth in foster care. Grantees with behavioral health facilities that offer Medi-Cal behavioral health services will be required to have a contract in place with their county to ensure the provision of Medi-Cal services once the funded facility's expansion or construction is complete.

In addition, inclusion of a professionally bid development budget, including all local prevailing wage rates, one for each phase, and a total budget for acquisition and construction, will increase an applicant's score. However, it will not guarantee an award.

Three phases of project development will be considered during the evaluation of each application. Applicants must be in one of the three phases; applicants in later phases will be scored higher. All projects must meet the minimum threshold of project readiness to be awarded grant funds. Applicant projects are considered to be in a given phase of development only after they have met all of the requirements in the previous phase. Required documentation will be reviewed with each applicant during the PAC process and must be submitted as part of the application.

Funding is intended for planning, preconstruction, permitting, and construction; allowable costs include those activities identified in the development phases below.

- *Phase 1: Planning and predevelopment*
 - Development team established; includes attorney, architect, and/or design-build team.

- Site control, defined as ownership, an executed PSA, an executed LOI, a long-term lease, or an executed ENA (see section 2.1).
 - Basic schematic design site plan, with basis of design; includes architectural and engineering narratives.
 - Property-specific site investigation report and due diligence.
 - Budget with cost estimates based on site plan/drawings.
- *Phase 2: Design development*
 - Site control, defined as ownership, an executed PSA, an executed LOI, a long-term lease, or an executed ENA (see section 2.1).
 - Site plan established with a schematic plan with architectural and engineering specifications, including architectural design drawings.
 - Stakeholder support established as demonstrated by a letter from city/county/board of directors/tribal entity.
 - Able to gain building permits within six months of funding.
 - Able to close on land and gain building permits within six months of funding.
 - Able to start construction within nine months of funding.
- *Phase 3: Shovel ready*
 - Ownership of real estate site.
 - Preliminary plan check completed, with comments received.
 - Construction drawings completed or near completion.
 - General contractor (builder) selected and ready for hire.
 - Ninety percent of construction drawings ready for submission for building permit.
 - Building permit ready for issue.
 - Able to start construction within 60 days or less.
- *Final Phase: Construction*
 - Projects that rehabilitate or renovate an existing facility are allowable as long as they result in an expansion of behavioral health services for the target population.

Full funding of a proposed development project will be contingent on completion of all three phases of development planning. The planning and predevelopment phase, which includes the submission of construction documents for building permit review, must be completed within six months of grant funding award.

2.3. Site Identification and Feasibility Analysis

Applicants will be expected to develop a competitive and itemized professional budget for all development costs, including legal, insurance, permits and fees, and performance and payment bonds, which will be scored alongside applications for projects of similar setting types and sizes.

DHCS, AHP, and AHP's subcontractors will conduct a financial viability assessment (as demonstrated through a five-year pro forma business plan) (Form 9), considering continued fluctuations in construction and other costs. Through various TA activities, such as the PAC and

financial document review, the State will assess long-term operational sustainability once the capital project is complete and in use for its intended purpose.

2.4. Eligible Facility Types

The following facility types may be considered for project funding **only** if they are expanding behavioral health infrastructure.

Table 2. Eligible Facility Types

Bond BHCIP Round 1: Launch Ready Eligible Facility Types
Acute Psychiatric Hospital
Adolescent Residential Substance Use Disorder (SUD) Treatment Facility
Adult Residential SUD Treatment Facility
Behavioral Health Urgent Care (BHUC)/Mental Health Urgent Care (MHUC)*
Chemical Dependency Recovery Hospital
Children's Crisis Residential Program (CCRP)
Community Mental Health Clinic (outpatient)
Community Residential Treatment System (CRTS)/Social Rehabilitation Program (SRP)
Community Treatment Facility (CTF)
Community Wellness/Prevention Center (tribal entities only)
Crisis Stabilization Unit (CSU)
General Acute Care Hospital (GACH) for behavioral health services only
Hospital-Based Outpatient Treatment (outpatient detoxification/withdrawal management)
Mental Health Rehabilitation Center (MHRC)
Narcotic Treatment Program (NTP)
NTP Medication Unit
Office-Based Opioid Treatment (OBOT)
Outpatient Treatment for SUD
Partial Hospitalization Program
Peer Respite
Perinatal Residential SUD Facility
Psychiatric Health Facility (PHF)
Psychiatric Residential Treatment Facility (PRTF)
Short-Term Residential Therapeutic Program (STRTP)
Skilled Nursing Facility with Special Treatment Program (SNF/STP)
Sobering Center (funded under the Drug Medi-Cal Organized Delivery System [DMC-ODS] and/or Community Supports)
Social Rehabilitation Facility (SRF)

*For purposes of this funding, a BHUC facility, also known as MHUC, is a walk-in center with voluntary stabilization-oriented services specific to individuals experiencing behavioral health or mental health crisis for less than 24 hours. This community-based option is typically designed to

provide an alternative to emergency department visits for urgent medical needs. BHUCs/MHUCs must focus on serving individuals in need of crisis services, commit to serving Medi-Cal beneficiaries, and offer some or all of the following:

- Multidisciplinary health assessment
- Psychiatric evaluation, diagnosis, and treatment
- Crisis stabilization and intervention, mental health counseling, and medication evaluation
- Direct referrals for treatment of care
- Linkage to community-based solutions
- Peer support

Facility types that are not eligible for funding:

- Correctional settings
- Schools

Applicants will be expected to define the types of facilities they will operate and explain how they will expand service capacity exclusively for community-based behavioral health facilities. Regional models, collaborative partnerships, and public-private partnerships are strongly encouraged.

2.5. Post-Award Expectations

Grantees must commit to executing Bond BHCIP contracts within 90 days of receipt of conditional award notice. Failure to fully execute contracts within the required time frame may result in the rescinding of Bond BHCIP funding awards. DHCS will not accept any changes to Bond BHCIP contracts.

Grantees must have a financial management system to track and project funding usage and perform any required data reporting. Bond payment processes and funding cycle will be subject to bond funding requirements. Additional guidance and TA will be provided to grantees in order to comply with bond requirements.

Awarded grant funding for Bond BHCIP Round 1: Launch Ready must be fully expended within five years of receipt of conditional award notice.

2.6. Encumbrance and Use Restrictions

In accordance with section 5960.15 of the California Welfare and Institutions Code (WIC), applicants will be required to commit to operating services in the financed facility for the intended purpose for a minimum of 30 years within existing funding for behavioral health services. Bond BHCIP funding may not be used to fund services. The approved building use restriction will be detailed in the Bond BHCIP contract.

2.7. Match Requirements

Mandatory match guidelines are required by statute and will be set according to applicant type. Cash match must be deposited into the project bank account (see section 5.2).

Project Funding Awarded	Local Government and Nonprofit Organization	For-Profit Organization
under \$150 million	10 percent	25 percent
above \$150 million	10 percent	25 percent
	Higher priority for applicants that include a higher local match	

Tribal entities (regardless of funding awarded) = 5 percent match.

For-profit organizations that have no prior behavioral health experience are required to partner and apply with an experienced service provider in order to leverage their partner's behavioral health experience. The partner's entity type will determine the percentage that will be used to calculate the match requirement. The match requirement will be based on the partner with the lowest match amount.

For-profit applicants with prior experience and no partnerships will be required to pledge a 25 percent match.

The match amount will be calculated using the following formula:

$(\text{total project award request} - \text{total calculated budget contingencies}) \times \text{required match percentage}$

Types of Eligible Match Sources

Applicants must document the match source being pledged for the project. Three types of sources are eligible to satisfy the match requirement: (1) cash, (2) in-kind property, and (3) sunk costs (i.e., capital expenses already incurred on the project). All match sources must be approved by DHCS.

a. Cash

Cash is the strongest form of match and can come from a variety of sources, depending on the applicant. Applicants must document their ability to pledge the required match in cash, including providing bank statements and investment statements showing available cash on hand. Applicants seeking to pledge public or private grant funds must document the funds are eligible for use on the proposed project. Cash sources for the delivery of services are not an eligible source of cash match. The list below provides additional examples of eligible cash sources:

- Local funding
- Mental Health Services Act (MHSA) funds from Community Services and Supports and Capital Facilities and Technological Needs (CFTN) components
- Behavioral Health Services Act (BHSA) funds from the Behavioral Health Services and Supports
- Foundation/philanthropic support
- [Opioid settlement funds](#) for SUD facilities
- Loans or investments
- Incentive payments from managed care plans; or
- Another source.

b. In-Kind Property Equity

Applicants may pledge the in-kind equity value of property if the property being pledged is the actual property where the facility will be located and the entire assessor's parcel number (APN) of the property being pledged for match is dedicated to the new development project. ***Only the equity value of the APNs that will be encumbered by the 30-year encumbrance restriction can count as an in-kind property match source and must be validated by a certified appraisal of the specific APN.***

In order to document the equity value of the pledged property, applicants must submit a certified appraisal dated within five years of the date of application. The certified appraisal must only give a value for the specific APN to be encumbered. The equity value of the property will be used to determine if the applicant can meet the match requirement.

If the applicant has an outstanding mortgage on the property that it pays on a regular basis, it must submit a copy of the most recent mortgage statement, including the outstanding mortgage value. The outstanding mortgage amount will be subtracted from the certified appraisal to determine the equity value:

$$\text{certified appraisal value} - \text{outstanding loan amount} = \text{equity value}$$

If an applicant has purchased the property outright and has clear title in hand, the applicant must submit either the grant deed or the payoff letter to indicate there is nothing outstanding that would reduce the equity value. Property valuations will be approved at the discretion of DHCS.

c. Sunk Costs

To satisfy the match requirement, DHCS may approve on a case-by-case basis sunk costs directly related to the development project. Sunk costs may be established with documentation of paid invoices including date and address of service and proof of payment (e.g., cancelled checks, online bank records, invoices) for professional services related to predevelopment of the proposed Bond BHCIP project. Eligible sunk costs may include the purchase of real property and

construction or renovation/rehabilitation costs, including project planning or project management; appraisals; inspections; preconstruction costs such as permitting, surveying, architectural, and engineering fees; hardscaping and/or landscaping costs essential to the completion of the project (may not exceed 5 percent of the total grant award); and furniture, fixtures, and equipment (FFE). A property that has been purchased at any time before execution of the Program Funding Agreement (PFA, or contract) can be contributed as a sunk cost, so long as it has undergone an appraisal within the past five years.

No sunk costs exceeding one year prior to the date of the Bond BHCIP Notice of Award may be claimed. Sunk costs must be claimed no later than seven calendar days after the date of the conditional award letter.

All match amounts must be well-documented. Both the amounts and sources will undergo a thorough review by DHCS and AHP prior to the awarding of funds. Cash is the preferred form of match. Services, Behavioral Health Subaccount funding, and State general funds are not permitted sources for match.

2.8. Development Budget

Applicants will be expected to submit a competitive and itemized professional development budget (see application attachment Form 2: Budget Template) with their Bond BHCIP Round 1: Launch Ready application. All development budgets must contain the requested amounts for each phase of funding. Bond BHCIP awards will be based on the application budget; therefore, special attention and care should be made to include all development costs associated with planning, permitting, and construction of a “public works” prevailing wage job. Applicants that have a current Negotiated Indirect Cost Rate Agreement (NICRA) established with a federal cognizant agency responsible for reviewing, negotiating, and approving cost allocation plans or indirect cost proposals may use the current NICRA as the basis for indirect costs. Alternatively, if the applicant does not have a current NICRA, the applicant may elect to use a rate of 10 percent of the modified total direct costs pursuant to 2 CFR 200.414(f).

Applicants should include all anticipated costs for the planning, permitting, and construction of their project, including prevailing wage rates for all onsite work, for an anticipated construction start in 2025-2026. Budgets should include all costs for insurance (including builder’s risk, workers’ compensation, commercial auto, general liability, and property), along with costs for payment and performance bonds, legal fees, specialty consultants, permits and fees associated with building permits, and potential additional fees, depending on the project and jurisdiction. The PFA details insurance requirements.

Applicants must comply with all Department of Industrial Relations (DIR) regulations related to completing a “public works” project and should only accept qualified construction bids from general

contractors who are currently registered with the DIR (see section 2.10) and preferably have past public works experience.

Essential FFEs may be allowable costs for permanent property that is attached to the building and/or required for license/certification of the facility, as per the DHCS allowable expense list (Attachment B), with a maximum of 10 percent of the total budget.

Project grantees are responsible for ensuring that their project is on schedule and on budget. Project grantees that are awarded Bond BHCIP funds will be solely responsible for any costs to complete the project in excess of the Bond BHCIP award amount. Neither DHCS nor AHP will be responsible for any cost overruns.

Applicants must provide a description of their contingency plan for funding any potential cost overages beyond the Bond BHCIP grant award.

2.9. Accessibility and Nondiscrimination

All developments must adhere to the accessibility requirements set forth in California Building Code Chapters 11A and 11B and the Americans with Disabilities Act, Title II. In addition, developments must adhere to either the Uniform Federal Accessibility Standards (UFAS), 24 CFR Part 8, or the U.S. Department of Housing and Urban Development's (HUD) modified version of the 2010 ADA Standards for Accessible Design (Alternative 2010 ADAS), HUD-2014-0042-0001, 79 FR 29671 (5/27/14) (commonly referred to as "the Alternative Standards" or "HUD Deeming Memo"). Accessible units should, to the maximum extent feasible and subject to reasonable health and safety requirements, be distributed throughout the project and be available in a sufficient range of sizes and amenities consistent with 24 CFR Part 8.26.

Grantees must adopt a written nondiscrimination policy requiring that no person will, on the grounds of race, color, religion, sex, gender, gender identity, gender expression, sexual orientation, marital status, national origin, ancestry, familial status, source of income, disability, age, medical condition, genetic information, citizenship, primary language, immigration status (except where explicitly prohibited by federal law), justice system involvement (except where explicitly required by law), or arbitrary characteristics, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under, any project or activity funded in whole or in part with funds made available pursuant to this RFA. Nor will all other classes of individuals protected from discrimination under federal or state fair housing laws, individuals perceived to be a member of any of the preceding classes, or any individual or person associated with any of the preceding classes be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any project or activity funded in whole or in part with funds made available pursuant to this RFA.

Grantees must comply with the requirements of the Americans with Disabilities Act of 1990, the Fair Housing Amendments Act, the California Fair Employment and Housing Act, the Unruh Civil Rights Act, Government Code section 11135, section 504 of the Rehabilitation Act of 1973, and all regulations promulgated pursuant to those statutes, including 24 CFR Part 100, 24 CFR Part 8, and 28 CFR Part 35.

2.10. State Prevailing Wage

A project funded by a Bond BHCIP grant is a “public works” project if the applicant intends to use the Bond BHCIP funds for the “construction, alteration, demolition, installation, or repair” of a building or structure (Cal. Lab. Code section 1720(a); Cal. Lab. Code section 1750(b)(1)). Applicants using Bond BHCIP grants to fund public works are subject to California’s prevailing wage and working hours laws (Division 2, Part 7, Chapter 1 of the California Labor Code), and the applicant’s project is subject to compliance monitoring and enforcement by the DIR (Cal. Lab. Code section 1771.4(a)(1)). Bond BHCIP award recipients must register as the “awarding body” with the DIR within 30 days of execution of the PFA. Further, as detailed in the Bond BHCIP PFA, proof that the general contractor is registered with the DIR will be required before Bond BHCIP funds are disbursed.

Applicants must complete Form 5: Applicant’s Certification of Prevailing Wage as a part of the application process. If DHCS selects an applicant to receive a Bond BHCIP grant and the applicant is using the grant to fund a public works project, then the applicant must submit a Certification of Compliance that includes an attestation from the general contractor certifying that the general contractor will comply with California’s prevailing wage and working hours laws (including posting job notices, as required by Labor Code section 1771(a)(2)). The Certification of Compliance must also state that the general contractor will maintain its labor records in compliance with all applicable state laws (Cal. Lab. Code section 1776) and should make all labor records available to the DIR and any other applicable enforcement agencies upon request (Cal. Lab. Code section 1771.4(a)(3)). The Certification of Compliance must be signed by the general contractor(s) and the applicant.

If DHCS selects an applicant to receive a Bond BHCIP grant and the applicant is not using the grant to fund a public work, then the applicant must submit a Certification of Inapplicability to DHCS explaining why the project is not a public work as defined by California Labor Code section 1720. The Certification of Inapplicability must be signed by the general contractor(s) and the applicant.

2.11. Streamlined, Ministerial Review Process

In accordance with California WIC section 5960.31, if a Bond BHCIP-funded project meets the criteria set forth in paragraph (1) or (2) and complies with subdivisions (b) and (c) of that section,

then it “shall be a use by right and shall be subject to the streamlined, ministerial review process and filing requirement, pursuant to subdivisions (b) and (d) of Section 50675.1.5 of the Health and Safety Code, and not subject to a conditional use permit, discretionary permit, or to any other discretionary reviews or approvals.”

Applicants must determine if they are subject to the streamlined, ministerial review process due to meeting the requirements set forth in section 5960.31. DHCS nor AHP is responsible for making this determination.

2.12. California Environmental Quality Act (CEQA)

In the event the applicant determines that its Bond BHCIP-funded project is exempt from CEQA, due to being subject to ministerial review (14 C.C.R. §15268(a)) or any other reason, the applicant must file a Notice of Exemption with the appropriate local agency. Additionally, the applicant must provide DHCS, through AHP, with a copy of the filed Notice of Exemption.

If the applicant determines that CEQA applies to its project, the applicant must provide DHCS, through AHP, with copies of all appropriate documentation demonstrating the project’s compliance with CEQA once the applicant has received project approval.

DHCS nor AHP is not responsible for determining whether Bond BHCIP-funded projects are exempt from CEQA. Furthermore, DHCS nor AHP is responsible for filing the Notice of Exemption on behalf of an applicant.

2.13. Low-Rent Housing Project Exemption

In accordance with California WIC section 5960.35(b)(1), a project funded with a BHCIP grant will not be considered a “low-rent housing project,” as defined in section 1 of article XXXIV of the California Constitution, if the project meets any one of the following criteria:

1. The project is privately owned housing, receiving no ad valorem property tax exemption, other than exemptions granted pursuant to subdivision (f) or (g) of section 214 of the Revenue and Taxation Code, not fully reimbursed to all taxing entities, and not more than 49 percent of the dwellings, apartments, or other living accommodations of the project may be occupied by persons of low income.
2. The project is privately owned housing, is not exempt from ad valorem taxation by reason of any public ownership and is not financed with direct long-term financing from a public body.
3. The project is intended for owner-occupancy, which may include a limited-equity housing cooperative as defined in section 50076.5 of the Health and Safety Code, or cooperative or condominium ownership, rather than for rental-occupancy.
4. The project consists of newly constructed, privately owned, one- to four-family dwellings not located on adjoining sites.

5. The project consists of existing dwelling units leased by the state public body from the private owner of these dwelling units.
6. The project consists of the rehabilitation, reconstruction, improvement or addition to, or replacement of, dwelling units of a previously existing low-rent housing project, or a project previously or currently occupied by lower-income households, as defined in section 50079.5 of the Health and Safety Code.
7. The project consists of the acquisition, rehabilitation, reconstruction, improvement, or any combination thereof, of a project which, prior to the date of the transaction to acquire, rehabilitate, reconstruct, improve, or any combination thereof, was subject to a contract for federal or state public body assistance for the purpose of providing affordable housing for low-income households and maintains, or enters into, a contract for federal or state public body assistance for the purpose of providing affordable housing for low-income households.

If a project funded with a Bond BHCIP grant is a “low-income housing project” as defined by section 1 of article XXXIV of the California Constitution but does not meet any of the criteria listed above, then the applicant must comply with the requirements set forth in that section of the California Constitution.

Part Three: Application Process and Submission

3.1. Application Process

Applications will be accepted electronically only. Applications may not be hand delivered or mailed. The application and attachments, along with instructions for submission of the online application, can be found on the [BHCIP website](#). No modified formats will be accepted. The deadline for applications will be **December 13, 2024, at 5 p.m. PT**. It is the applicant’s responsibility to ensure that the submitted application is complete and accurate and includes all required supporting forms. Reviewers may request additional clarifying information from the applicant. An application will not be reviewed in the following instances:

- The applicant does not request a PAC by the specified deadline (see section 1.4).
- The application is received after the application submission deadline.
- The application is incomplete or missing required information or forms, and/or does not include a complete development budget (see section 2.8).
- The facility type is ineligible.
- The project fails to meet minimum threshold requirements (see section 2.2).

Reasonable Accommodations for Bond BHCIP Application

For individuals with disabilities, DHCS will provide assistive services such as reading or writing assistance and conversion of the RFA, questions/answers, RFA addenda, or other Administrative Notices in braille, large print, audiocassette, or computer disk. To request copies of written

materials in an alternate format, please send an email to BHCIP@dhcs.ca.gov or call (323) 545-6202.

Regional Funding Reserve Methodology

DHCS will prioritize completed applications by geographic distribution (see Table 3). Bond BHCIP Round 1: Launch Ready will adopt a regional funding approach, similar to models used in other state-funded capital programs. Counties are assigned to one of seven geographic regions, each with a specific funding amount reserved. The funding amounts for each region, along with the tribal set-aside and discretionary reserve, are listed below. Applicants within each region will compete against other applicants in that same region, thereby supporting geographic equity and funding disbursement across the state. If an insufficient number of competitive applications is submitted from within a region, the remaining funding will be awarded at the discretion of DHCS.

Regional funding caps will be established and the amounts available per region will be determined based on the Behavioral Health Subaccount. In Bond BHCIP Round 1: Launch Ready, the \$1.5 billion available exclusively for county, city, and tribal entities will not be subject to a regional funding cap.

In addition, for the Bond BHCIP Round 1: Launch Ready, up to \$1.8 billion and Bond BHCIP Round 2: Unmet Needs up to \$1.1 billion will be available for all eligible entities, 20 percent of funds available for Bond BHCIP will be set aside for use in regions at the State's discretion to ensure funding is effectively aligned with need. (For example, this reserve money may be used to fund high-scoring projects in oversubscribed regions).

Following an initial round of regional funding allocations, DHCS will conduct periodic reviews of the number of completed applications from each region. If an insufficient number of competitive applications is received and awarded within a region, the remaining funding will be awarded at the discretion of DHCS or shifted to Bond BHCIP Round 2: Unmet Needs.

Table 3. Bond BHCIP Round 1: Launch Ready—Regional and Statewide Funding

1. Regions for All Eligible Entity Funds	Subtotal Available to Regions for All Eligible Entities: \$1.8 billion
Los Angeles County	\$479,190,226
Bay Area: Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, Santa Clara, Solano, Sonoma	\$278,108,183
Southern California: Imperial, Orange, Riverside, San Bernardino, San Diego, Ventura	\$263,680,311
San Joaquin Valley: Fresno, Kern, Kings, Madera, Merced, San Joaquin, Stanislaus, Tulare	\$154,666,275
Sacramento Area: El Dorado, Placer, Sacramento, Sutter, Yolo, Yuba	\$81,768,565
Central Coast: Monterey, San Benito, San Luis Obispo, Santa Barbara, Santa Cruz	\$51,771,065
Balance of State: Alpine, Amador, Butte, Calaveras, Colusa, Del Norte, Glenn, Humboldt, Inyo, Lake, Lassen, Mariposa, Mendocino, Modoc, Mono, Nevada, Plumas, Shasta, Sierra, Siskiyou, Tehama, Trinity, Tuolumne	\$58,815,375
Tribal	\$90,000,000
Discretionary: The discretionary set-aside may also be used to fund high-scoring projects in regions that have met their funding reserve.	\$342,000,000
2. No Regional Caps for County, City, and Tribal (only) Funds	Subtotal Available Statewide for County, City, and Tribal*: \$1.5 billion
Total for Bond BHCIP Round 1: Launch Ready	Up to \$3.3 billion

* Of the \$1.5 billion, a minimum of \$30 million will be designated to tribal entities, as required by statute.

3.2. Pre-Application Consultations and Technical Assistance

As consistent with previous BHCIP rounds of funding, AHP, a consulting and research firm focused on improving health and human services systems, is serving as the administrative entity for BHCIP and will be assisting in the provision of TA.

Starting in August 2024, and concluding in November 2024, and as part of the RFA process, all prospective applicants will be required to engage in a PAC, which will provide an opportunity to discuss the proposed project, match requirements and potential sources of local match, statutory and regulatory requirements, how the project addresses local need/gaps and the State's priorities, and other related considerations. AHP will provide PACs in coordination with experts in real estate, finance, tribal relations, and behavioral health, as needed. Applicants will submit a request for a PAC and complete a PAC request form to indicate their understanding of the project requirements. The deadline to request a PAC will be October 15, 2024.

AHP will be holding office hours and offering bond funding application learning modules to potential applicants to assist in application preparation. These TA offerings will review various project-related topics. TA will help applicants understand the minimum project requirements and budgeting practices. Minimum project requirements will be discussed in the TA offerings, including match requirements, a sustainable business plan, a conceptual site plan, architectural and engineering narratives, roles and responsibilities of development teams, and initial budgeting based on conceptual site plans.

Upon receipt of an award and execution of the PFA, the eligible applicant and any co-applicants will be referred to as the project "sponsor," both individually and collectively. Following award announcements, specialized TA will be provided to all Bond BHCIP grantees. In addition, AHP will offer ongoing general training and TA, including learning collaboratives and other opportunities, for grantees throughout the life of the project.

Additional information and TA related to the RFA will be available on the BHCIP [website](#). AHP will also develop and update on an ongoing basis a list of Frequently Asked Questions (FAQs) that will be accessible to all prospective applicants and grantees. See the timeline in section 1.4 for important dates and times.

Part Four: Award Scoring and Process

4.1. Application Scoring Criteria

Eligible Bond BHCIP grant applications undergo a competitive review process. DHCS will only award and fund projects from applicants that are in good standing with all local, county, state, and federal laws and requirements.

At a minimum, applicants must provide a full, complete application and meet the following criteria to be considered for award:

- Demonstrate expansion of services for individuals in need of crisis and/or behavioral health services.
- Demonstrate match.
- Schedule a PAC by the deadline of October 15, 2024, and complete it no later than November 14, 2024.
- Attest that the project will meet federal, state, and local laws.
- Demonstrate the capacity to complete project development and expend funds on time and on budget.
- Align with the State priorities listed in section 1.1.
- Align with needs and gaps outlined in the statewide assessment, "[Assessing the Continuum of Care for Behavioral Health Services in California](#)."
- Budget reasonable proposed costs for the facility type and scope of rehabilitation or renovations proposed.
- Demonstrate long-term sustainability for the proposed project.
- Identify a service capacity increase in the total number of bed and/or slot count based on each proposed facility type and the individuals to be served.

Application scoring will also take into consideration the following factors:

- Later phases of development (see section 2.2) at the time of application
- Expansion of residential/inpatient facilities
- Regional models or collaborative partnerships, including public-private partnerships, aimed at constructing, renovating, and/or expanding community-based services are eligible and encouraged, as are projects using a campus-type model that collocates multiple levels of care on the continuum, with a focus on residential treatment centers.

4.2. Award Process

Awarded applicants will receive a conditional award letter by email from DHCS/AHP. Access to awarded funds is contingent upon verification of grantee's eligibility, completion of award certification steps, and final, digital execution of the PFA. Conditional grantees are expected to clear title to the subject property to be improved with Bond BHCIP funds and complete PFA execution within 90 days of receipt of the PFA. DHCS reserves the right to rescind conditional award funding and redirect it to alternate applicants in instances where extended delays in PFA execution occur.

As part of the PFA execution process, conditional grantees must execute a Facility Access Agreement (FAA) that states that DHCS will have access to the Bond BHCIP-funded facility throughout the 30-year encumbrance period. They must also provide a signed opinion letter from their legal counsel stating that the PFA, including real estate instruments, along with the program

requirements, is not in conflict with any existing contract or agreement related to the property, project, or conditional grantee.

The PFA must be signed, returned, and fully executed with AHP before initial funding will be awarded. DHCS will not accept any changes, negotiations, or redlining to the PFA. Depending on the applications received, their project locations, allowable expenditures, amounts of funds requested, and funding available, DHCS may choose to fund only part of an application. In that case, DHCS would reach out to the potential grantee to determine their interest in receiving a smaller amount than originally requested.

Funds awarded pursuant to the project must be used to supplement, and not supplant, other funding available from existing local, state, or federal programs or from grants with similar purposes. Funding may not be used for “reimbursement.” Only those costs that can be associated with completing the project would be eligible costs, as noted in section 5.2.

Applicants that are not funded during Bond BHCIP Round 1: Launch Ready may be eligible to apply for Bond BHCIP Round 2: Unmet Needs funding. TA will be available on an ongoing basis.

4.3. Appeals

California law does not provide a protest or appeal process against award decisions made through an informal selection method. Applicants submitting a response to this RFA may not protest or appeal the award. All award decisions made by DHCS will be final.

Part Five: Project Operations

5.1. Project Oversight and Reporting

As specified by DHCS and upon request, grantees must provide progress reports in connection with the approved timeline, statement of work (SOW), and budget, as well as any updates to the timeline for completion of the project. The progress reports should include the project’s completion milestones and any updates or substantial changes. Grantees must promptly notify DHCS of any changes regarding organization, authorization, or capacity. This information will be outlined in the PFA.

Grantees are required to meet state financial and administrative reporting requirements and submit data through an online portal. Reporting requirements will include regular reports (at least once every 30 days) indicating progress toward meeting performance milestones, and a final report. The annual report will be due no later than January 31 for the prior calendar year of January 1 to December 31. Funding will be contingent upon provision of the timely submission of data and reporting. These requirements will be fully detailed upon award.

In addition to the foregoing, each grantee must submit to DHCS periodic reports, updates, and information as deemed necessary by DHCS to monitor compliance and/or perform project evaluation. Any requested data or information must be submitted electronically in a format provided by DHCS.

Additional reporting requirements may be required by DHCS for up to 30 years after completion of project construction.

5.2. Disbursement of Grant Funds

The PFA will set forth the general conditions for disbursement. All grantees will be able to commence work and invoice for Bond BHCIP Round 1: Launch Ready project-specific expenses incurred back to the date of their conditional award, provided the expenses align with the project identified in the grant application and the final executed PFA and detailed SOW, and dated receipts/supporting documentation are available to verify project expenses. Eligible sunk costs may include the purchase of real property and construction or renovation/rehabilitation costs, including project planning or project management; appraisals; inspections; preconstruction costs such as permitting, surveying, architectural, and engineering fees; hardscaping and/or landscaping costs essential to the completion of the project (may not exceed 5 percent of the total grant award); and FFE (see section 2.7.) The project funding will become available upon final execution of the Bond BHCIP Round 1: Launch Ready PFA with AHP, at which point, the grantee may begin submitting invoices.

Disbursement of funds will follow bond payment processes and funding cycle. The grantee will submit relevant invoices to the draw authority for work completed. The draw authority will review the draw request, approve the invoices for work completed, and issue approval for disbursement of funds to the grantee. The grantee will then be responsible for paying invoices in a timely manner. Subsequent funding for construction will be released following site inspections and once draw requests are submitted for work completed in alignment with the bond payment processes and funding cycle.

AHP will closely monitor progress on construction and will track and review all schedules, change orders, and contingency expenses. Grantees will be responsible for submitting invoices, revised budgets, and schedules to AHP for approval. Grantees must ensure that expenses are allowable under the PFA and will be expected to provide sufficient backup documentation. Grantees are responsible for ensuring that their project is on schedule and on budget. Grantees who are awarded Bond BHCIP funds will be solely responsible for any costs to complete the project in excess of the program funds award amount. Neither DHCS nor AHP will be responsible for any cost overruns. Additional details regarding the funding and disbursement process will be provided upon award.

5.3. Funding Promotion

Grantees must collaborate with DHCS on requests to promote the award opportunity and services funded through the award. Requests for which the grantee will be responsible may include, but are not limited to, conducting media interviews; submitting letters to the editor of local or statewide publications; providing comments for related media activities; and/or submitting informational videos discussing the grantee's organization, services provided, and resulting impacts of the Bond BHCIP funding on communities.

Part Six: Forms/Attachments (Total of 15)

Applicants must include all of the following attachments with the application. All required forms and supporting documents must be completed and uploaded in the application portal.

Form 1: Application Questions Guide (Note: additional questions may be included on the application portal)

Description: Application questions and related documents for Bond BHCIP Round 1: Launch Ready

- Letter(s) of support
- Any preliminary site plans, design drawings, or construction drawings for the proposed project—these may include schematic designs, architectural drawings, construction blueprints, and/or other renderings (Please limit each file size to less than 20 MB).
- Resumes of the development team that developed the design/construction plans.
- A copy of all executed contracts for hire related to the project's development team (lawyer, construction manager, development manager, architect, consultants, general contractor, etc.).
- Organization chart (for corporations, LLCs, and general partnerships owned by individuals or natural persons).
- A certified appraisal and a bank loan document, if identifying a real property contribution for match.
- A valid rough order of magnitude cost estimate if no construction plan is in place.
- A preliminary title report.

Form 2: Budget Template

Description: Pre-formatted template for all costs related to the proposed project, including match

Form 3: Development Team Information

Description: Information about development team, including contact information and experience

Form 4: Design, Acquisition, and Construction Milestone Schedule

Description: Schedule for achieving design, acquisition, and construction milestones

Form 5: Applicant's Certification of Prevailing Wage (inclusion in estimated budget)

Description: Certification with an attestation from the general contractor that the general contractor will comply with California's prevailing wage and working hours laws

Form 6: Applicant's Certification of Funding Terms

Description: Certification that the applicant will receive, expend, and administer all funds received under this initiative pursuant to the terms outlined

Form 7: Community Engagement

Description: Table to detail applicant outreach efforts related to the proposed project

Form 8: Schematic Design Checklist

Description: Checklist of start and completion dates for schematic design drawings, including architectural and engineering technical information

Form 9: Facility Financial Operating Pro Forma Template

Description: Table of revenue and expenses to show annual net operating income

Form 10: Board Authorizing Resolution (BAR) Template

Description: Template for eligible entities to confirm signing authority for the PFA. Local government entities are allowed to use their own authorizing resolution.

Attachment A: Pre-Application Consultation Process

Description: Outline of the PAC process, including a link to the required survey

Attachment B: DHCS Allowable Expense List

Description: List of allowable expenses for Bond BHCIP-funded projects

Attachment C: Letter of Support Guidelines

Description: Requirements related to all letters of support submitted as part of a Bond BHCIP Round 1: Launch Ready application

Attachment D: Budget Glossary of Terms

Description: Glossary of terms related to the budget for Bond BHCIP Round 1: Launch Ready applications

Attachment E: Glossary of Terms

Description: Glossary of terms for Bond BHCIP Round 1: Launch Ready

PROPOSITION 1

This law proposed by Senate Bill 326 of the 2023–2024 Regular Session (Chapter 790, Statutes of 2023) and Assembly Bill 531 of the 2023–2024 Regular Session (Chapter 789, Statutes of 2023) is submitted to the people in accordance with the provisions of Section 10 of Article II of, and Article XVI of, the California Constitution. This proposed law amends and adds sections to the Welfare and Institutions Code; therefore, existing provisions proposed to be deleted are printed in ~~strikeout type~~ and new provisions proposed to be added are printed in *italic type* to indicate that they are new.

PROPOSED LAW

PROVISIONS PROPOSED BY CHAPTER 790 OF THE STATUTES OF 2023

SECTION 1. The people of the State of California hereby find and declare all of the following:

(a) One in 20 adults in California is living with a serious mental illness (SMI). One in 13 children in California has a serious emotional disturbance (SED) and 30 percent of youth 12 to 24 years of age experience serious psychological distress.

(b) One in 10 Californians meet the criteria for a substance use disorder.

(c) The number of amphetamine-related emergency department (ED) visits increased nearly 50 percent between 2018 and 2020, while the number of non-heroin-related opioid ED visits, including fentanyl ED visits, more than doubled in the same period. Data shows a 121% increase in opioid deaths between 2019 and 2021.

(d) Nationally, suicide rates among youth between 10 and 18 years of age have increased. Hospitals have reported a significant increase in the number of adolescents seeking psychiatric treatment in emergency departments.

(e) Veterans have a higher rate of suicide than the general population and experience higher rates of mental illness or substance abuse disorder. In 2020, there were over 10,000 Californian veterans experiencing homelessness.

(f) Recent research from the University of California, San Francisco found that the majority of homeless Californians (82%) reported a period in their life where they experienced a serious mental health condition. More than one quarter (27%) had been hospitalized for a mental health condition. Nearly two-thirds (65%) reported having had a period in their life in which they regularly used illicit drugs.

(g) California's behavioral health care system must serve the state's diversity of people, families, and communities and reduce gaps in access and outcomes for all—including gaps due to geography, age, gender, race, ethnicity, or other factors identified by data.

(h) Research shows that incarcerating the mentally ill is counterproductive to rehabilitation and long-term public safety due to recidivism. It costs \$100,000 per person to incarcerate an estimated 150,000 people who are mentally ill; treatment provides far better outcomes at far less cost.

(i) The limited availability of community-based care facilities to support rehabilitation and recovery contributes to the growing crisis of homelessness and incarceration among those living with a mental health disorder. Research indicates that the state has a shortage of over 2,700 subacute and nearly 3,000 community residential beds. This shortage leads to huge increases in emergency department visits for mental health treatment at a very high cost.

SEC. 2. The purposes and intent in enacting this act are as follows:

(a) In 2004, California voters passed Proposition 63, the Mental Health Services Act (MHSA) to expand mental health support and services in California communities.

(b) The time has come to modernize the MHSA to focus funds where they are most needed: expanding services to include treatment for those with substance use disorders and prioritizing care for those with the most serious mental illness, including the disproportionate number experiencing unsheltered homelessness.

(c) Reforms will provide guaranteed, ongoing resources for housing for those needing behavioral health services and continuing support for prevention and early intervention. This includes taking a whole person approach that is streamlined and seamless in service delivery, and supports the individual's recovery and well-being.

(d) Reforms will require strict accountability measures to ensure funds are focused on outcomes for all California families and communities and provide transparency for the public, utilizing all available behavioral health fund sources that local governments have at their disposal. Strong oversight will ensure investments are being made in effective, equitable and high-quality care.

(e) Reforms will provide funding for a robust behavioral health workforce, including thousands of counselors and psychologists. The state will lead efforts to recruit, train, and create pathways to high-quality jobs that can meet the growing and changing behavioral health care needs of Californians.

(f) Reforms will provide ongoing funding to build and sustain the necessary treatment centers and professional workforce to treat people with mental illness to avoid incarceration.

(g) Reforms will include bond funding that is intended to build more than 10,000 new treatment beds and supportive housing. Over 100,000 people per year with behavioral health conditions will get treatment, including those experiencing homelessness, veterans, and youth.

(h) The bond will dedicate funding for veterans experiencing challenges with mental health or substance abuse and homelessness.

(i) Overall, this measure strengthens the continuum of care for all Californians and especially the most vulnerable. It provides substantial state investment, improves statewide accountability, and increases Californians' access to behavioral health services.

SEC. 14. Section 5604 of the Welfare and Institutions Code is amended to read:

5604. (a) (1) Each community mental health service shall have a mental health board consisting of 10 to 15 members, depending on the preference of the county, appointed by the governing body, except that boards in counties with a population of fewer than 80,000 may have a minimum of five members. A county with more than five supervisors shall have at least the same number of members as the size of its board of supervisors. This section does not limit the ability of the governing body to increase the number of members above 15.

(2) (A) The board shall serve in an advisory role to the governing body, and one member of the board shall be a member of the local governing body. Local mental health boards may recommend appointees to the county supervisors. The board membership should reflect the diversity of the client population in the county to the extent possible.

(B) Fifty percent of the board membership shall be consumers, or the parents, spouses, siblings, or adult children of consumers, who are receiving or have received mental health services. At least 20 percent of the total membership shall be consumers, and at least 20 percent shall be families of consumers.

(C) (i) In counties with a population of 100,000 or more, at least one member of the board shall be a veteran or veteran advocate. In counties with a population of fewer than 100,000, the county shall give a strong preference to appointing at least one member of the board who is a veteran or a veteran advocate.

(ii) To comply with clause (i), a county shall notify its county veterans service officer about vacancies on the board, if a county has a veterans service officer.

(D) In addition to the requirements in subparagraphs (B) and (C), counties are encouraged to appoint individuals who have experience with, and knowledge of, the mental health system. This would include members of the community that engage with individuals living with mental illness in the course of daily operations, such as representatives of county offices of education, large and small businesses, hospitals, hospital districts, physicians practicing in emergency departments, city police chiefs, county sheriffs, and community and nonprofit service providers.

(3) (A) In counties with a population that is fewer than 80,000, at least one member shall be a consumer and at least one member shall be a parent, spouse, sibling,

or adult child of a consumer who is receiving, or has received, mental health services.

(B) Notwithstanding subparagraph (A), a board in a county with a population that is fewer than 80,000 that elects to have the board exceed the five-member minimum permitted under paragraph (1) shall be required to comply with paragraph (2).

(b) The mental health board shall review and evaluate the local public mental health system, pursuant to Section 5604.2, and advise the governing body on community mental health services delivered by the local mental health agency or local behavioral health agency, as applicable.

(c) The term of each member of the board shall be for three years. The governing body shall equitably stagger the appointments so that approximately one-third of the appointments expire in each year.

(d) If two or more local agencies jointly establish a community mental health service pursuant to Article 1 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 of the Government Code, the mental health board for the community mental health service shall consist of an additional two members for each additional agency, one of whom shall be a consumer or a parent, spouse, sibling, or adult child of a consumer who has received mental health services.

(e) (1) Except as provided in paragraph (2), a member of the board or the member's spouse shall not be a full-time or part-time county employee of a county mental health service, an employee of the State Department of Health Care Services, or an employee of, or a paid member of the governing body of, a mental health contract agency.

(2) A consumer of mental health services who has obtained employment with an employer described in paragraph (1) and who holds a position in which the consumer does not have any interest, influence, or authority over any financial or contractual matter concerning the employer may be appointed to the board. The member shall abstain from voting on any financial or contractual issue concerning the member's employer that may come before the board.

(f) Members of the board shall abstain from voting on any issue in which the member has a financial interest as defined in Section 87103 of the Government Code.

(g) If it is not possible to secure membership as specified in this section from among persons who reside in the county, the governing body may substitute representatives of the public interest in mental health who are not full-time or part-time employees of the county mental health service, the State Department of Health Care Services, or on the staff of, or a paid member of the governing body of, a mental health contract agency.

(h) The mental health board may be established as an advisory board or a commission, depending on the preference of the county.

(i) For purposes of this section, “veteran advocate” means either a parent, spouse, or adult child of a veteran, or an individual who is part of a veterans organization, including the Veterans of Foreign Wars or the American Legion.

(j) *If amendments to the Mental Health Services Act are approved by the voters at the March 5, 2024, statewide primary election, this section shall become inoperative on January 1, 2025, and as of January 1, 2026, is repealed.*

SEC. 15. Section 5604 is added to the Welfare and Institutions Code, to read:

5604. (a) (1) (A) Each community mental health service shall have a behavioral health board consisting of 10 to 15 members, depending on the preference of the county, appointed by the governing body, except that a board in a county with a population of fewer than 80,000 may have a minimum of 5 members.

(B) A county with more than five supervisors shall have at least the same number of members as the size of its board of supervisors.

(C) This section does not limit the ability of the governing body to increase the number of members above 15.

(2) (A) (i) The board shall serve in an advisory role to the governing body, and one member of the board shall be a member of the local governing body.

(ii) Local behavioral health boards may recommend appointees to the county supervisors.

(iii) The board membership shall reflect the diversity of the client population in the county to the extent possible.

(B) (i) Fifty percent of the board membership shall be consumers, or the parents, spouses, siblings, or adult children of consumers, who are receiving or have received behavioral health services. At least one of these members shall be an individual who is 25 years of age or younger.

(ii) At least 20 percent of the total membership shall be consumers, and at least 20 percent shall be families of consumers.

(C) (i) In a county with a population of 100,000 or more, at least one member of the board shall be a veteran or veteran advocate. In a county with a population of fewer than 100,000, the county shall give a strong preference to appointing at least one member of the board who is a veteran or a veteran advocate.

(ii) To comply with clause (i), a county shall notify its county veterans service officer about vacancies on the board, if the county has a veterans service officer.

(D) (i) At least one member of the board shall be an employee of a local education agency.

(ii) To comply with clause (i), a county shall notify its county office of education about vacancies on the board.

(E) (i) In addition to the requirements in subparagraphs (B), (C), and (D), counties are encouraged to appoint

individuals who have experience with, and knowledge of, the behavioral health system.

(ii) *This would include members of the community who engage with individuals living with mental illness or substance use disorder in the course of daily operations, such as representatives of county offices of education, large and small businesses, hospitals, hospital districts, physicians practicing in emergency departments, city police chiefs, county sheriffs, and community and nonprofit service providers.*

(3) (A) *In counties with a population that is fewer than 80,000, at least one member shall be a consumer and at least one member shall be a parent, spouse, sibling, or adult child of a consumer who is receiving, or has received, mental health or substance use disorder treatment services.*

(B) *Notwithstanding subparagraph (A), a board in a county with a population that is fewer than 80,000 that elects to have the board exceed the five-member minimum permitted under paragraph (1) shall be required to comply with paragraph (2).*

(b) (1) The behavioral health board shall review and evaluate the local public mental health system, pursuant to Section 5604.2, and review and evaluate the local public substance use disorder treatment system.

(2) The behavioral health board shall advise the governing body on community mental health and substance use disorder services delivered by the local mental health agency or local behavioral health agency, as applicable.

(c) (1) The term of each member of the board shall be for three years.

(2) The governing body shall equitably stagger the appointments so that approximately one-third of the appointments expire in each year.

(d) If two or more local agencies jointly establish a community mental health service pursuant to Article 1 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 of the Government Code, the behavioral health board for the community mental health service shall consist of an additional two members for each additional agency, one of whom shall be a consumer or a parent, spouse, sibling, or adult child of a consumer who has received mental health or substance use disorder treatment services.

(e) (1) Except as provided in paragraph (2), a member of the board or the member’s spouse shall not be a full-time or part-time county employee of a county mental health and substance use disorder service, an employee of the State Department of Health Care Services, or an employee of, or a paid member of the governing body of, a mental health or substance use disorder contract agency.

(2) (A) A consumer of behavioral health services who has obtained employment with an employer described in paragraph (1) and who holds a position in which the consumer does not have an interest, influence, or

authority over a financial or contractual matter concerning the employer may be appointed to the board.

(B) The member shall abstain from voting on a financial or contractual issue concerning the member's employer that may come before the board.

(f) Members of the board shall abstain from voting on an issue in which the member has a financial interest as defined in Section 87103 of the Government Code.

(g) If it is not possible to secure membership as specified in this section from among persons who reside in the county, the governing body may substitute representatives of the public interest in behavioral health who are not full-time or part-time employees of the county behavioral health service, the State Department of Health Care Services, or on the staff of, or a paid member of the governing body of, a behavioral health contract agency.

(h) The behavioral health board may be established as an advisory board or a commission, depending on the preference of the county.

(i) For purposes of this section, "veteran advocate" means either a parent, spouse, or adult child of a veteran, or an individual who is part of a veterans organization, including the Veterans of Foreign Wars or the American Legion.

(j) This section shall become operative on January 1, 2025, if amendments to the Mental Health Services Act are approved by the voters at the March 5, 2024, statewide primary election.

SEC. 18. Section 5604.2 of the Welfare and Institutions Code is amended to read:

5604.2. (a) The local mental health board shall do all of the following:

(1) Review and evaluate the community's public mental health needs, services, facilities, and special problems in any facility within the county or jurisdiction where mental health evaluations or services are being provided, including, but not limited to, schools, emergency departments, and psychiatric facilities.

(2) Review any county agreements entered into pursuant to Section 5650. The local mental health board may make recommendations to the governing body regarding concerns identified within these agreements.

(3) Advise the governing body and the local mental health director as to any aspect of the local mental health program. Local mental health boards may request assistance from the local patients' rights advocates when reviewing and advising on mental health evaluations or services provided in public facilities with limited access.

(4) Review and approve the procedures used to ensure citizen and professional involvement at all stages of the planning process. Involvement shall include individuals with lived experience of mental illness and their families, community members, advocacy organizations, and mental health professionals. It shall also include

other professionals that interact with individuals living with mental illnesses on a daily basis, such as education, emergency services, employment, health care, housing, law enforcement, local business owners, social services, seniors, transportation, and veterans.

(5) Submit an annual report to the governing body on the needs and performance of the county's mental health system.

(6) Review and make recommendations on applicants for the appointment of a local director of mental health services. The board shall be included in the selection process prior to the vote of the governing body.

(7) Review and comment on the county's performance outcome data and communicate its findings to the California Behavioral Health Planning Council.

(8) This part does not limit the ability of the governing body to transfer additional duties or authority to a mental health board.

(b) It is the intent of the Legislature that, as part of its duties pursuant to subdivision (a), the board shall assess the impact of the realignment of services from the state to the county, on services delivered to clients and on the local community.

(c) If amendments to the Mental Health Services Act are approved by the voters at the March 5, 2024, statewide primary election, this section shall become inoperative on January 1, 2025, and as of January 1, 2026, is repealed.

SEC. 19. Section 5604.2 is added to the Welfare and Institutions Code, to read:

5604.2. (a) The local behavioral health board shall do all of the following:

(1) Review and evaluate the community's public behavioral health needs, services, facilities, and special problems in a facility within the county or jurisdiction where mental health or substance use disorder evaluations or services are being provided, including, but not limited to, schools, emergency departments, and psychiatric facilities.

(2) (A) Review county agreements entered into pursuant to Section 5650.

(B) The local behavioral health board may make recommendations to the governing body regarding concerns identified within these agreements.

(3) (A) Advise the governing body and the local behavioral health director as to any aspect of the local behavioral health systems.

(B) Local behavioral health boards may request assistance from the local patients' rights advocates when reviewing and advising on mental health or substance use disorder evaluations or services provided in public facilities with limited access.

(4) (A) Review and approve the procedures used to ensure citizen and professional involvement at all stages of the planning process.

(B) Involvement shall include individuals with lived experience of mental illness, substance use disorder, or

both, and their families, community members, advocacy organizations, and behavioral health professionals. It shall also include other professionals who interact with individuals living with mental illnesses or substance use disorders on a daily basis, such as education, emergency services, employment, health care, housing, public safety, local business owners, social services, older adults, transportation, and veterans.

(5) Submit an annual report to the governing body on the needs and performance of the county's behavioral health system.

(6) (A) Review and make recommendations on applicants for the appointment of a local director of behavioral health services.

(B) The board shall be included in the selection process prior to the vote of the governing body.

(7) Review and comment on the county's performance outcome data and communicate its findings to the California Behavioral Health Planning Council.

(8) This part does not limit the ability of the governing body to transfer additional duties or authority to a behavioral health board.

(b) It is the intent of the Legislature that, as part of its duties pursuant to subdivision (a), the board shall assess the impact of the realignment of services from the state to the county on services delivered to clients and on the local community.

(c) This section shall become operative on January 1, 2025, if amendments to the Mental Health Services Act are approved by the voters at the March 5, 2024, statewide primary election.

SEC. 20. Section 5604.3 of the Welfare and Institutions Code is amended to read:

5604.3. (a) The board of supervisors may pay from any available funds the actual and necessary expenses of the members of the mental health board of a community mental health service incurred incident to the performance of their official duties and functions. The expenses may include travel, lodging, childcare, and meals for the members of an advisory board while on official business as approved by the director of the local mental health program.

(b) Governing bodies are encouraged to provide a budget for the local mental health board, using planning and administrative revenues identified in subdivision (c) of Section 5892, that is sufficient to facilitate the purpose, duties, and responsibilities of the local mental health board.

(c) If amendments to the Mental Health Services Act are approved by the voters at the March 5, 2024, statewide primary election, this section shall become inoperative on January 1, 2025, and as of January 1, 2026, is repealed.

SEC. 21. Section 5604.3 is added to the Welfare and Institutions Code, to read:

5604.3. (a) (1) The board of supervisors may pay from available funds the actual and necessary expenses of the members of the behavioral health board of a community mental health service incurred incident to the performance of their official duties and functions.

(2) The expenses may include travel, lodging, childcare, and meals for the members of the board while on official business as approved by the director of the local behavioral health program.

(b) Governing bodies are encouraged to provide a budget for the local behavioral health board using planning and administrative revenues identified in paragraph (1) of subdivision (e) of Section 5892, that is sufficient to facilitate the purpose, duties, and responsibilities of the local behavioral health board.

(c) This section shall become operative on January 1, 2025, if amendments to the Mental Health Services Act are approved by the voters at the March 5, 2024, statewide primary election.

SEC. 22. Section 5604.5 of the Welfare and Institutions Code is amended to read:

5604.5. The local mental health board shall develop bylaws to be approved by the governing body which shall do all of the following:

(a) Establish the specific number of members on the mental health board, consistent with subdivision (a) of Section 5604.

(b) Ensure that the composition of the mental health board represents and reflects the diversity and demographics of the county as a whole, to the extent feasible.

(c) Establish that a quorum be one person more than one-half of the appointed members.

(d) Establish that the chairperson of the mental health board be in consultation with the local mental health director.

(e) Establish that there may be an executive committee of the mental health board.

(f) If amendments to the Mental Health Services Act are approved by the voters at the March 5, 2024, statewide primary election, this section shall become inoperative on January 1, 2025, and as of January 1, 2026, is repealed.

SEC. 23. Section 5604.5 is added to the Welfare and Institutions Code, to read:

5604.5. The local behavioral health board shall develop bylaws to be approved by the governing body that shall do all of the following:

(a) Establish the specific number of members on the behavioral health board, consistent with subdivision (a) of Section 5604.

(b) Ensure that the composition of the behavioral health board represents and reflects the diversity and demographics of the county as a whole, to the extent feasible.

(c) *Establish that a quorum be one person more than one-half of the appointed members.*

(d) *Establish that the chairperson of the behavioral health board be in consultation with the local behavioral health director.*

(e) *Establish that there may be an executive committee of the behavioral health board.*

(f) *This section shall become operative on January 1, 2025, if amendments to the Mental Health Services Act are approved by the voters at the March 5, 2024, statewide primary election.*

SEC. 28. Section 5614 of the Welfare and Institutions Code is amended to read:

5614. (a) The department, in consultation with the Compliance Advisory Committee that shall have representatives from relevant stakeholders, including, but not limited to, local ~~mental behavioral~~ health departments, local ~~mental behavioral~~ health boards and commissions, private and community-based providers, consumers and family members of consumers, *local educational agency representatives including, but not limited to, educators and school staff*, and advocates, shall establish a protocol for ensuring that local ~~mental behavioral~~ health departments meet statutory and regulatory requirements for the provision of publicly funded community mental health services provided under this part.

(b) The protocol shall include a procedure for review and assurance of compliance for all of the following elements, and any other ~~elements~~ *element* required in law or regulation:

(1) Financial maintenance of effort requirements provided for under Section 17608.05.

(2) Each local ~~mental behavioral~~ health board has approved procedures that ensure citizen and professional involvement in the local mental health *and substance use disorder* planning process.

(3) Children's services are funded pursuant to the requirements of Sections 5704.5 and 5704.6.

(4) The local ~~mental behavioral~~ health department complies with reporting requirements developed by the department.

(5) To the extent resources are available, the local ~~mental behavioral~~ health department maintains the program principles and the array of treatment options required under Sections 5600.2 to 5600.9, inclusive.

(6) The local ~~mental behavioral~~ health department meets the reporting required by the performance outcome systems for adults and children.

(c) (1) The protocol developed pursuant to subdivision (a) shall focus on law and regulations and shall include, but not be limited to, the items specified in subdivision (b).

(2) The protocol shall include data collection procedures so that state review and reporting may occur.

(3) The protocol shall also include a procedure for the provision of technical ~~assistance~~; assistance and formal decision rules and procedures for enforcement consequences when the requirements of law and regulations are not met.

(4) These standards and decision rules shall be established through the consensual stakeholder process established by the department.

(d) *If amendments to the Mental Health Services Act are approved by the voters at the March 5, 2024, statewide primary election, this section shall become inoperative on January 1, 2025, and as of January 1, 2027, is repealed.*

SEC. 29. Section 5614 is added to the Welfare and Institutions Code, to read:

5614. (a) *The department, in consultation with the Compliance Advisory Committee that shall have representatives from relevant stakeholders, including, but not limited to, local behavioral health departments, local behavioral health boards and commissions, private and community-based providers, consumers and family members of consumers, local education agency representatives including, but not limited to, educators and school staff, and advocates, shall establish a protocol for ensuring that local behavioral health departments meet statutory and regulatory requirements for the provision of publicly funded community mental health services provided under this part.*

(b) *The protocol shall include a procedure for review and assurance of compliance for all of the following elements, and any other element required in law or regulation:*

(1) *Financial maintenance of effort requirements provided for under Section 17608.05.*

(2) *Each local behavioral health board has approved procedures that ensure citizen and professional involvement in the local mental health and substance use disorder planning process.*

(3) *Children's services are funded pursuant to the requirements of Sections 5704.5 and 5704.6.*

(4) *The local behavioral health department complies with reporting requirements developed by the department.*

(5) *To the extent resources are available, the local behavioral health department maintains the program principles and the array of treatment options required under Sections 5600.2 to 5600.9, inclusive.*

(6) *The local behavioral health department meets the reporting required by the performance outcome systems for adults and children.*

(c) (1) *The protocol developed pursuant to subdivision (a) shall focus on law and regulations and shall include, but not be limited to, the items specified in subdivision (b).*

(2) *The protocol shall include data collection procedures so that state review and reporting may occur.*

(3) *The protocol shall also include a procedure for the provision of technical assistance, and formal decision rules and procedures for enforcement consequences when the requirements of law and regulations are not met.*

(4) *These standards and decision rules shall be established through the consensual stakeholder process established by the department.*

(d) *This section shall become operative on January 1, 2025, if amendments to the Mental Health Services Act are approved by the voters at the March 5, 2024, statewide primary election.*

SEC. 30. Section 5664 of the Welfare and Institutions Code is amended to read:

5664. (a) In consultation with the County Behavioral Health Directors Association of California, the State Department of Health Care Services, the Mental Health Services Oversight and Accountability Commission, the California Behavioral Health Planning Council, and the California Health and Human Services Agency, county behavioral health systems shall provide reports and data to meet the information needs of the state, as necessary.

(b) *If amendments to the Mental Health Services Act are approved by the voters at the March 5, 2024, statewide primary election, this section shall remain in effect only until January 1, 2025, and as of that date is repealed.*

SEC. 35. Section 5805 of the Welfare and Institutions Code is amended to read:

5805. (a) The State Department of Health Care Services shall require counties to use available state and matching funds for the client target population as defined in Section 5600.3 to develop a comprehensive array of services as defined in Sections 5600.6 and 5600.7.

(b) *If amendments to the Mental Health Services Act are approved by the voters at the March 5, 2024, statewide primary election, this section shall become inoperative on July 1, 2026, and as of January 1, 2027, is repealed.*

SEC. 36. Section 5805 is added to the Welfare and Institutions Code, to read:

5805. (a) *The State Department of Health Care Services shall require counties to use funds distributed pursuant to subdivision (c) of Section 5891 for eligible adults and older adults, as defined in Section 5892, to develop a comprehensive array of services, as defined in Sections 5600.6 and 5600.7, and substance use disorder treatment services, as defined in Section 5891.5.*

(b) *A county may include services to address first episode psychosis.*

(c) *This section shall become operative on July 1, 2026, if amendments to the Mental Health Services Act are approved by the voters at the March 5, 2024, statewide primary election.*

SEC. 37. Section 5806 of the Welfare and Institutions Code is amended to read:

5806. The State Department of Health Care Services shall establish service standards that ensure that members of the target population are identified, and services provided to assist them to live independently, work, and reach their potential as productive citizens. The department shall provide annual oversight of grants issued pursuant to this part for compliance with these standards. These standards shall include, but are not limited to, all of the following:

(a) A service planning and delivery process that is target population based and includes the following:

(1) Determination of the numbers of clients to be served and the programs and services that will be provided to meet their needs. The local director of mental health shall consult with the sheriff, the police chief, the probation officer, the mental health board, contract agencies, and family, client, ethnic, and citizen constituency groups as determined by the director.

(2) Plans for services, including outreach to families whose severely mentally ill adult is living with them, design of mental health services, coordination and access to medications, psychiatric and psychological services, substance abuse services, supportive housing or other housing assistance, vocational rehabilitation, and veterans' services. Plans also shall contain evaluation ~~strategies~~, *strategies* that shall consider cultural, linguistic, gender, age, and special needs of minorities in the target populations. Provision shall be made for ~~staff~~ *a workforce* with the cultural background and linguistic skills necessary to remove barriers to mental health services due to limited-English-speaking ability and cultural differences. Recipients of outreach services may include families, the public, primary care physicians, and others who are likely to come into contact with individuals who may be suffering from an untreated severe mental illness who would be likely to become homeless if the illness continued to be untreated for a substantial period of time. Outreach to adults may include adults voluntarily or involuntarily hospitalized as a result of a severe mental illness.

(3) Provision for services to meet the needs of target population clients who are physically disabled.

(4) Provision for services to meet the special needs of older adults.

(5) Provision for family support and consultation services, parenting support and consultation services, and peer support or self-help group support, where appropriate for the individual.

(6) Provision for services to be client-directed and that employ psychosocial rehabilitation and recovery principles.

(7) Provision for psychiatric and psychological services that are integrated with other services and for psychiatric and psychological collaboration in overall service planning.

(8) Provision for services specifically directed to seriously mentally ill young adults 25 years of age or younger who are homeless or at significant risk of becoming homeless. These provisions may include continuation of services that still would be received through other funds had eligibility not been terminated due to age.

(9) Services reflecting special needs of women from diverse cultural backgrounds, including supportive housing that accepts children, personal services coordinator therapeutic treatment, and substance treatment programs that address gender-specific trauma and abuse in the lives of persons with mental illness, and vocational rehabilitation programs that offer job training programs free of gender bias and sensitive to the needs of women.

(10) Provision for housing for clients that is immediate, transitional, permanent, or all of these.

(11) Provision for clients who have been suffering from an untreated severe mental illness for less than one year, and who do not require the full range of services but are at risk of becoming homeless unless a comprehensive individual and family support services plan is implemented. These clients shall be served in a manner that is designed to meet their needs.

(12) Provision for services for veterans.

(b) A client shall have a clearly designated mental health personal services coordinator who may be part of a multidisciplinary treatment team who is responsible for providing or assuring needed services. Responsibilities include complete assessment of the client's needs, development of the client's personal services plan, linkage with all appropriate community services, monitoring of the quality and followthrough of services, and necessary advocacy to ensure that the client receives those services that are agreed to in the personal services plan. A client shall participate in the development of his or her *their* personal services plan, and responsible staff shall consult with the designated conservator, if one has been appointed, and, with the consent of the client, consult with the family and other significant persons as appropriate.

(c) The individual personal services plan shall ensure that members of the target population involved in the system of care receive age-appropriate, gender-appropriate, and culturally appropriate services or appropriate services based on any characteristic listed or defined in Section 11135 of the Government Code, to the extent feasible, that are designed to enable recipients to:

(1) Live in the most independent, least restrictive housing feasible in the local community, and for clients with children, to live in a supportive housing environment that strives for reunification with their

children or assists clients in maintaining custody of their children as is appropriate.

(2) Engage in the highest level of work or productive activity appropriate to their abilities and experience.

(3) Create and maintain a support system consisting of friends, family, and participation in community activities.

(4) Access an appropriate level of academic education or vocational training.

(5) Obtain an adequate income.

(6) Self-manage their illness and exert as much control as possible over both the day-to-day and long-term decisions that affect their lives.

(7) Access necessary physical health care and maintain the best possible physical health.

(8) Reduce or eliminate serious antisocial or criminal behavior and thereby reduce or eliminate their contact with the criminal justice system.

(9) Reduce or eliminate the distress caused by the symptoms of mental illness.

(10) Have freedom from dangerous addictive substances.

(d) The individual personal services plan shall describe the service array that meets the requirements of subdivision ~~(e)~~, and (c) and, to the extent applicable to the individual, the requirements of subdivision (a).

(e) If amendments to the Mental Health Services Act are approved by the voters at the March 5, 2024, statewide primary election, this section shall become inoperative on July 1, 2026, and as of January 1, 2027, is repealed.

SEC. 38. Section 5806 is added to the Welfare and Institutions Code, to read:

5806. (a) *The State Department of Health Care Services shall establish service standards so that adults and older adults in the target population are identified and receive needed and appropriate services from qualified staff in the least restrictive environment to assist them to live independently, work, and thrive in their communities. This section shall not apply to services covered by the Medi-Cal program and services covered by a health care service plan or other insurance coverage. These standards shall include, but are not limited to, all of the following:*

(1) *For services funded pursuant to subdivision (a) of Section 5892, the county may consult with the stakeholders listed in paragraph (1) of subdivision (a) of Section 5963.03.*

(2) *(A) Outreach to adults with a serious mental illness or a substance use disorder to provide coordination and access to behavioral health services, medications, housing interventions pursuant to Section 5830, supportive services, as defined in subdivision (g) of Section 5887, and veterans' services.*

(B) Service planning shall include evaluation strategies that consider cultural, linguistic, gender, age, and special needs of the target populations.

(C) Provision shall be made for a workforce with the cultural background and linguistic skills necessary to remove barriers to mental health services and substance use disorder treatment services due to limited-English-speaking ability and cultural differences.

(D) Recipients of outreach services may include families, the public, primary care physicians, hospitals, including emergency departments, behavioral health urgent care, and others who are likely to come into contact with individuals who may be suffering from either an untreated serious mental illness or substance use disorder, or both, who would likely become homeless or incarcerated if the illness continued to be untreated for a substantial period of time.

(E) Outreach to adults may include adults voluntarily or involuntarily hospitalized as a result of a serious mental illness.

(3) Provision for services for populations with identified disparities in behavioral health outcomes.

(4) Provision for full participation of the family in all aspects of assessment, service planning, and treatment, including, but not limited to, family support and consultation services, parenting support and consultation services, and peer support or self-help group support, where appropriate and when supported by the individual.

(5) Treatment for clients who have been suffering from an untreated serious mental illness or substance use disorder, or both, for less than one year and who do not require the full range of services but are at risk of becoming homeless or incarcerated unless comprehensive individual and family support services are provided consistent with the planning process specified in subdivision (d). This includes services that are available and designed to meet their needs, including housing for clients that is immediate, transitional, permanent, or all of these services.

(6) (A) Provision for services to be client-directed and to employ psychosocial rehabilitation and recovery principles.

(B) Services may be integrated with other services and may include psychiatric and psychological collaboration in overall service planning.

(7) Provision for services specifically directed to young adults 25 years of age or younger with either a serious mental illness or substance use disorder, or both, who are chronically homeless, experiencing homelessness or are at risk of homelessness, as defined in subdivision (j) of Section 5892, or experiencing first episode psychosis. These provisions may include continuation of services that still would be received through other funds had eligibility not been terminated due to age.

(8) Provision for services for frequent users of behavioral health urgent care, crisis stabilization units,

and hospitals or emergency room services as the primary resource for mental health and substance use disorder treatment.

(9) Provision for services to meet the special needs of clients who are physically disabled, clients who are intellectually or developmentally disabled, veterans, or persons of American Indian or Alaska Native descent.

(10) Provision for services to meet the special needs of women from diverse cultural backgrounds, including supportive housing that accepts children and youth, personal services coordinators, therapeutic treatment, and substance use disorder treatment programs that address gender-specific trauma and abuse in the lives of persons with either a serious mental illness or a substance use disorder, or both, and vocational rehabilitation programs that offer job training programs free of gender bias and sensitive to the needs of women.

(b) Each adult or older adult shall have a clearly designated personal services coordinator, or case manager who may be part of a multidisciplinary treatment team who is responsible for providing case management services. The personal services coordinator may be a person or entity formally designated as primarily responsible for coordinating the services accessed by the client. The client shall be provided information on how to contact their designated person or entity.

(c) A personal services coordinator shall perform all of the following:

(1) Conduct a comprehensive assessment and periodic reassessment of a client's needs. The assessment shall include all of the following:

(A) Taking the client's history.

(B) Identifying the individual's needs, including reviewing available records and gathering information from other sources, including behavioral health service providers, medical providers, family members, social workers, and others needed to form a complete assessment.

(C) Assessing the client's living arrangements, employment status, and training needs.

(2) Plan for services using information collected through the assessment. The planning process shall do all of the following:

(A) Identify the client's goals and the behavioral health, supportive, medical, educational, social, prevocational, vocational, rehabilitative, housing, or other community services needed to assist the client to reach their goals.

(B) Include active participation of the client and others in the development of the client's goals.

(C) Identify a course of action to address the client's needs.

(D) Address the transition of care when a client has achieved their goals.

(3) Assist the client in accessing needed behavioral health, supportive, medical, educational, social,

prevocational, vocational, rehabilitative, housing, or other community services.

(4) Coordinate the services the county furnishes to the client between settings of care, including appropriate discharge planning for short-term hospital and institutional stays.

(5) Coordinate the services the county furnishes to the client with the services the client receives from managed care organizations, the Medicaid fee-for-service delivery system, other human services agencies, and community and social support providers.

(6) Ensure that, in the course of coordinating care, the client's privacy is protected in accordance with all federal and state privacy laws.

(d) The county shall ensure that each provider furnishing services to clients maintains and shares, as appropriate, client health records in accordance with professional standards.

(e) The service planning process shall ensure that adults and older adults receive age-appropriate, gender-appropriate, and culturally appropriate services, or appropriate services based on a characteristic listed or defined in Section 11135 of the Government Code, to the extent feasible, that are designed to enable recipients to:

(1) (A) Live in the most independent, least restrictive housing feasible in the local community and for clients with children and youth, to live in a supportive housing environment that strives for reunification with their children and youth or assists clients in maintaining custody of their children and youth, as appropriate.

(B) Assist individuals to rejoin or return to a home that had previously been maintained with a family member or in a shared housing environment that is supportive of their recovery and stabilization.

(2) Engage in the highest level of work or productive activity appropriate to their abilities and experience.

(3) Create and maintain a support system consisting of friends, family, and participation in community activities.

(4) Access an appropriate level of academic education or vocational training.

(5) Obtain an adequate income.

(6) Self-manage their illness and exert as much control as possible over both the day-to-day and long-term decisions that affect their lives.

(7) Access necessary physical health care and maintain the best possible physical health.

(8) Reduce or eliminate serious antisocial or criminal behavior and thereby reduce or eliminate their contact with the justice system.

(9) Reduce or eliminate the distress caused by the symptoms of either serious mental illness or substance use disorder, or both.

(10) Utilize trauma-informed approaches to reduce trauma and avoid retraumatization.

(f) (1) (A) The client's clinical record shall describe the service array that meets the requirements of subdivisions (c) and (e) and, to the extent applicable to the individual, the requirements of subdivisions (a) and (b).

(B) The State Department of Health Care Services may develop and revise documentation standards for service planning to be consistent with the standards developed pursuant to paragraph (3) of subdivision (h) of Section 14184.402.

(2) Documentation of the service planning process in the client's clinical record pursuant to paragraph (1) may fulfill the documentation requirements for both the Medi-Cal program and this section.

(g) For purposes of this section, "behavioral health services" shall have the meaning as defined in subdivision (j) of Section 5892.

(h) For purposes of this section, "substance use disorder" shall have the meaning as defined in subdivision (c) of Section 5891.5.

(i) This section shall become operative on July 1, 2026, if amendments to the Mental Health Services Act are approved by the voters at the March 5, 2024, statewide primary election.

SEC. 39. Section 5813.5 of the Welfare and Institutions Code is amended to read:

5813.5. Subject to the availability of funds from the Mental Health Services Fund, the state shall distribute funds for the provision of services under Sections 5801, 5802, and 5806 to county mental health programs. Services shall be available to adults and seniors with severe illnesses who meet the eligibility criteria in subdivisions (b) and (c) of Section 5600.3. For purposes of this act, "seniors" means older adult persons identified in Part 3 (commencing with Section 5800) of this division.

(a) Funding shall be provided at sufficient levels to ensure that counties can provide each adult and senior served pursuant to this part with the medically necessary mental health services, medications, and supportive services set forth in the applicable treatment plan.

(b) The funding shall only cover the portions of those costs of services that cannot be paid for with other funds, including other mental health funds, public and private insurance, and other local, state, and federal funds.

(c) Each county mental health program's plan shall provide for services in accordance with the system of care for adults and seniors who meet the eligibility criteria in subdivisions (b) and (c) of Section 5600.3.

(d) Planning for services shall be consistent with the philosophy, principles, and practices of the Recovery Vision for mental health consumers:

(1) To promote concepts key to the recovery for individuals who have mental illness: hope, personal empowerment, respect, social connections, self-responsibility, and self-determination.

(2) To promote consumer-operated services as a way to support recovery.

(3) To reflect the cultural, ethnic, and racial diversity of mental health consumers.

(4) To plan for each consumer's individual needs.

(e) The plan for each county mental health program shall indicate, subject to the availability of funds as determined by Part 4.5 (commencing with Section 5890) of this division, and other funds available for mental health services, adults and seniors with a severe mental illness being served by this program are either receiving services from this program or have a mental illness that is not sufficiently severe to require the level of services required of this program.

(f) Each county plan and annual update pursuant to Section 5847 shall consider ways to provide services similar to those established pursuant to the Mentally Ill Offender Crime Reduction Grant Program. Funds shall not be used to pay for persons incarcerated in state prison. Funds may be used to provide services to persons who are participating in a presentencing or postsentencing diversion program or who are on parole, probation, postrelease community supervision, or mandatory supervision. When included in county plans pursuant to Section 5847, funds may be used for the provision of mental health services under Sections 5347 and 5348 in counties that elect to participate in the Assisted Outpatient Treatment Demonstration Project Act of 2002 (Article 9 (commencing with Section 5345) of Chapter 2 of Part 1), and for the provision of services to clients pursuant to Part 8 (commencing with Section 5970).

(g) The department shall contract for services with county mental health programs pursuant to Section 5897. After November 2, 2004, the term "grants," as used in Sections 5814 and 5814.5, shall refer to those contracts.

(h) If amendments to the Mental Health Services Act are approved by the voters at the March 5, 2024, statewide primary election, this section shall become inoperative on July 1, 2026, and as of January 1, 2027, is repealed.

SEC. 40. Section 5813.5 is added to the Welfare and Institutions Code, to read:

5813.5. (a) Counties shall use funds distributed pursuant to subdivision (c) of Section 5891 for the provision of behavioral health services under Sections 5801, 5802, 5806, and 5891.5 to county behavioral health programs. This part does not obligate the counties to use funds from any other source for services pursuant to this part.

(b) Services shall be available to eligible adults and older adults, as defined in Section 5892.

(c) Funding shall be provided at sufficient levels to ensure counties can provide each adult and older adult served pursuant to this part with the medically necessary mental health and substance use disorder treatment services and medications identified during

the service planning process pursuant to Section 5806, which are in the applicable client clinical record.

(1) To maximize federal financial participation in furtherance of subdivision (d) of Section 5890, a county shall submit claims for reimbursement to the State Department of Health Care Services in accordance with applicable Medi-Cal rules and procedures for a behavioral health service or supportive service eligible for reimbursement pursuant to Title XIX or XXI of the federal Social Security Act (42 U.S.C. Sec. 1396, et seq. and 1397aa, et seq.) when such service is paid, in whole or in part, using funds from the Behavioral Health Services Fund established pursuant to Section 5890.

(2) (A) To maximize funding from other sources, a county shall seek reimbursement for a behavioral health service, supportive service, housing intervention, or other related activity provided pursuant to subdivision (a) of Section 5892 that is covered by or can be paid from another available funding source, including other mental health funds, substance use disorder funds, public and private insurance, and other local, state, and federal funds. This paragraph does not require counties to exhaust other funding sources before using behavioral health services fund moneys to pay for a service or related activity.

(B) A county shall make a good faith effort to enter into contracts, single case agreements, or other agreements to obtain reimbursement with health care service plans and disability insurance plans, pursuant to Section 1374.72 of the Health and Safety Code and Section 10144.5 of the Insurance Code.

(C) A county shall submit requests for prior authorization for services, request letters of agreement for payment as an out-of-network provider, and pursue other means to obtain reimbursement in accordance with state and federal laws.

(3) (A) A county may report to the Department of Managed Health Care or the Department of Insurance, as appropriate, complaints about a health plan's or a health insurer's failure to make a good faith effort to contract or enter into a single case agreement or other agreements to obtain reimbursement with the county.

(B) A county may also report to the Department of Managed Health Care or the Department of Insurance, respectively, a failure by a health plan or insurer to timely reimburse the county for services the plan or insurer must cover as required by state or federal law, including, but not limited to, Sections 1374.72 and 1374.721 of the Health and Safety Code and Sections 10144.5 and 10144.52 of the Insurance Code.

(C) Upon receipt of a complaint from a county, the Department of Managed Health Care or the Department of Insurance, as applicable, shall timely investigate the complaint.

(d) Each county behavioral health program's integrated plan pursuant to Section 5963.02 shall provide for services to eligible adults and older adults, as defined in Section 5892, in accordance with the system of care for adults and older adults.

(e) Planning for services shall be consistent with the philosophy, principles, and practices of the Recovery Vision for behavioral health consumers:

(1) To promote concepts key to the recovery for individuals who have a mental illness or substance use disorder, or both: hope, personal empowerment, respect, social connections, self-responsibility, and self-determination.

(2) To promote consumer-operated services as a way to support recovery.

(3) To reflect the cultural, ethnic, and racial diversity of behavioral health consumers by addressing the inequities in behavioral health service delivery.

(4) To plan for each consumer's individual needs.

(f) The integrated plan for each county pursuant to Section 5963.02 shall indicate, subject to the availability of funds as determined by Part 4.5 (commencing with Section 5890) and other funds available for behavioral health services as defined in Section 5892, that eligible adults and older adults, as defined in Section 5892, being served by this program are either receiving services from this program or have a mental illness or substance use disorder that is not sufficiently severe to require the level of services required of this program.

(g) (1) Each county integrated plan and annual update pursuant to Section 5963.02 shall consider ways to provide mental health services similar to those established pursuant to the Mentally Ill Offender Crime Reduction Grant Program.

(2) Funds shall not be used to pay for persons incarcerated in state prison.

(3) Funds may be used to provide services to persons who are participating in a presentencing or postsentencing diversion program or who are on parole, probation, postrelease community supervision, or mandatory supervision or in a community reentry program.

(4) When included in county integrated plans pursuant to Section 5963.02, funds may be used for the provision of mental health services under Sections 5347 and 5348 in counties that elect to participate in the Assisted Outpatient Treatment Demonstration Project Act of 2002 (Article 9 (commencing with Section 5345) of Chapter 2 of Part 1) and for the provision of services to clients pursuant to Part 8 (commencing with Section 5970).

(h) (1) The department shall contract for services with county behavioral health programs pursuant to Section 5897.

(2) After November 2, 2004, the term "grants," as used in Sections 5814 and 5814.5, shall refer to those contracts.

(i) For purposes of this section, "behavioral health services" shall have the meaning as defined in subdivision (j) of Section 5892.

(j) For purposes of this section, "substance use disorder" shall have the meaning as defined in subdivision (c) of Section 5891.5.

(k) For purposes of this section, "substance use disorder treatment services" shall have the meaning as defined in subdivision (c) of Section 5891.5.

(l) For purposes of this section, "supportive services" shall have the meaning as defined in subdivision (h) of Section 5887.

(m) This section shall become operative on July 1, 2026, if amendments to the Mental Health Services Act are approved by the voters at the March 5, 2024, statewide primary election.

SEC. 42. Section 5830 of the Welfare and Institutions Code is amended to read:

5830. County mental health programs shall develop plans for innovative programs to be funded pursuant to paragraph (6) of subdivision (a) of Section 5892.

(a) The innovative programs shall have the following purposes:

(1) To increase access to underserved groups.

(2) To increase the quality of services, including better outcomes.

(3) To promote interagency collaboration.

(4) To increase access to services, including, but not limited to, services provided through permanent supportive housing.

(b) All projects included in the innovative program portion of the county plan shall meet the following requirements:

(1) Address one of the following purposes as its primary purpose:

(A) Increase access to underserved groups, which may include providing access through the provision of permanent supportive housing.

(B) Increase the quality of services, including measurable outcomes.

(C) Promote interagency and community collaboration.

(D) Increase access to services, which may include providing access through the provision of permanent supportive housing.

(2) Support innovative approaches by doing one of the following:

(A) Introducing new mental health practices or approaches, including, but not limited to, prevention and early intervention.

(B) Making a change to an existing mental health practice or approach, including, but not limited to, adaptation for a new setting or community.

(C) Introducing a new application to the mental health system of a promising community-driven practice or an approach that has been successful in nonmental health contexts or settings.

(D) Participating in a housing program designed to stabilize a person's living situation while also providing supportive services on site.

(c) An innovative project may affect virtually any aspect of mental health practices or assess a new or changed application of a promising approach to solving persistent, seemingly intractable mental health challenges, including, but not limited to, any of the following:

(1) Administrative, governance, and organizational practices, processes, or procedures.

(2) Advocacy.

(3) Education and training for service providers, including nontraditional mental health practitioners.

(4) Outreach, capacity building, and community development.

(5) System development.

(6) Public education efforts.

(7) Research. If research is chosen for an innovative project, the county mental health program shall consider, but is not required to implement, research of the brain and its physical and biochemical processes that may have broad applications, but that have specific potential for understanding, treating, and managing mental illness, including, but not limited to, research through the Cal-BRAIN program pursuant to Section 92986 of the Education Code or other collaborative, public-private initiatives designed to map the dynamics of neuron activity.

(8) Services and interventions, including prevention, early intervention, and treatment.

(9) Permanent supportive housing development.

(d) If an innovative project has proven to be successful and a county chooses to continue it, the project workplan shall transition to another category of funding as appropriate.

(e) County mental health programs shall expend funds for their innovation programs upon approval by the Mental Health Services Oversight and Accountability Commission.

(f) If amendments to the Mental Health Services Act are approved by the voters at the March 5, 2024, statewide primary election, this section shall become inoperative on July 1, 2026, and as of January 1, 2027, is repealed.

SEC. 43. Section 5830 is added to the Welfare and Institutions Code, to read:

5830. (a) (1) *Each county shall establish and administer a program for housing interventions to serve persons who are chronically homeless or experiencing homelessness or are at risk of homelessness, as defined in Section 5892, and meet one of the following conditions:*

(A) Eligible children and youth, as defined in Section 5892.

(B) Eligible adults and older adults, as defined in Section 5892.

(2) Housing interventions shall not be limited to individuals enrolled in full-service partnerships pursuant to subdivision (d) of Section 5887.

(3) Housing interventions shall not be limited to individuals enrolled in Medi-Cal.

(4) Housing interventions shall not discriminate against or deny access to housing for individuals that are utilizing medications for addiction treatment or other authorized medications.

(5) Housing interventions shall comply with the core components of Housing First, as defined in subdivision (b) of Section 8255, and may include recovery housing, as defined by the federal Department of Housing and Urban Development.

(b) (1) County programs for housing interventions may include any of the following:

(A) Rental subsidies.

(B) Operating subsidies.

(C) Shared housing.

(D) Family housing for eligible children and youth who meet the criteria specified in subdivision (a).

(E) The nonfederal share for transitional rent.

(F) Other housing supports, as defined by the State Department of Health Care Services, including, but not limited to, the community supports policy guide.

(G) Capital development projects, including affordable housing, as described in paragraph (2).

(H) Project-based housing assistance, including master leasing of project-based housing.

(I) Funds pursuant to paragraph (1) of subdivision (a) of Section 5892 shall not be used for mental health and substance use disorder treatment services.

(2) (A) County programs for housing interventions may include capital development projects, under the provisions of Section 5831, to either construct or rehabilitate housing units, or both, for the persons meeting the criteria specified in subdivision (a) consistent with the State Department of Health Care Services guidelines for this purpose.

(B) The units funded pursuant to this provision shall be available in a reasonable timeframe, as specified by the State Department of Health Care Services and consistent with the county integrated plan pursuant to Section 5963.02, and shall meet a cost-per-unit threshold as specified by the State Department of Health Care Services.

(C) For purposes of this section and Section 5831, "affordable housing" includes supportive housing. "Supportive housing" has the same meaning as defined in Section 50675.14 of the Health and Safety Code.

(3) County programs for housing interventions shall comply with all requirements specified by the State Department of Health Care Services, pursuant to

Section 5963.05, for the purposes of administering paragraphs (1) and (2).

(c) (1) To the extent that necessary federal approvals have been obtained for the Medi-Cal program to cover housing interventions and federal financial participation is available and not otherwise jeopardized, the housing interventions funds distributed pursuant to paragraph (1) of subdivision (a) of Section 5892 may be used for the nonfederal share of Medi-Cal covered housing related services. The housing intervention funds distributed pursuant to paragraph (1) of subdivision (a) of Section 5892 shall only cover the costs that cannot be paid for with Medi-Cal program funds, including costs for Medi-Cal members enrolled in a Medi-Cal managed care plan, as defined in subdivision (j) of Section 14184.101, that does not cover those services.

(2) Funds shall not be used for housing interventions covered by a Medi-Cal managed care plan, as defined in subdivision (j) of Section 14184.101.

(d) Notwithstanding any other law, a capital development project funded pursuant to this section shall not constitute a "low rent housing project," as provided for in subdivision (e).

(e) "Low rent housing project," as defined in Section 1 of Article XXXIV of the California Constitution, does not apply to a project that meets any of the following criteria:

(1) The project meets both of the following criteria:

(A) Is privately owned housing, receiving no ad valorem property tax exemption other than exemptions granted pursuant to subdivision (f) or (g) of Section 214 of the Revenue and Taxation Code, not fully reimbursed to all taxing entities.

(B) Not more than 49 percent of the dwellings, apartments, or other living accommodations of the development may be occupied by persons of low income.

(2) The project is privately owned housing, is not exempt from ad valorem taxation by reason of public ownership, and is not financed with direct long-term financing from a public body.

(3) The project is intended for owner-occupancy, which may include a limited-equity housing cooperative, as defined in Section 50076.5 of the Health and Safety Code, cooperative, or condominium ownership rather than for rental-occupancy.

(4) The project consists of newly constructed, privately owned, one- to four-family dwellings not located on adjoining sites.

(5) The project consists of existing dwelling units leased by the state public body from the private owner of these dwelling units.

(6) The project consists of the rehabilitation, reconstruction, improvement, or addition to, or replacement of, dwelling units of a previously existing low-rent housing project or a project previously or currently occupied by lower income households, as

defined in Section 50079.5 of the Health and Safety Code.

(7) The project consists of the acquisition, rehabilitation, reconstruction, or improvement, or any combination thereof, of a project that, prior to the date of the transaction to acquire, rehabilitate, reconstruct, or improve, or any combination thereof, was subject to a contract for federal or state public body assistance for the purpose of providing affordable housing for low-income households and maintains, or enters into, a contract for federal or state public body assistance for the purpose of providing affordable housing for low-income households.

(8) The project consists of the acquisition, rehabilitation, reconstruction, alterations work, or new construction, or a combination thereof, of lodging facilities or dwelling units using moneys received from the Behavioral Health Services Fund established pursuant to subdivision (a) of Section 5890.

(f) This section shall be implemented only to the extent that funds are provided from the Behavioral Health Services Fund for purposes of this section. This section does not obligate the counties to use funds from any other source for services pursuant to this section.

(g) This section shall become operative on July 1, 2026, if amendments to the Mental Health Services Act are approved by the voters at the March 5, 2024, statewide primary election.

SEC. 44. Section 5831 is added to the Welfare and Institutions Code, to read:

5831. (a) (1) Notwithstanding any other law, a capital development project funded, in whole or in part, pursuant to Section 5892 shall be a use by right that shall be subject to the streamlined, ministerial review process, pursuant to subdivision (b), if it meets all of the following criteria:

(A) (i) Affordable housing shall be located in a zone where multifamily residential, office, retail, or parking are a principally permitted use. Nothing here shall be construed to limit other housing interventions pursuant to Section 5830 that conform to existing zoning.

(ii) The intent of capital development funding is to prioritize the production of housing that provides long-term housing stability.

(B) At least 75 percent of the perimeter of the site adjoins parcels that are developed with urban uses.

(C) It satisfies the requirements specified in subparagraphs (B) to (K), inclusive, of paragraph (6) of subdivision (a) of Section 65913.4 of the Government Code.

(D) It is not on a site or adjoined to any site where more than one-third of the square footage on the site is dedicated to industrial use.

(E) The development will meet the following objective zoning standards, objective subdivision standards, and objective design review standards:

(i) For affordable housing, the applicable objective standards shall be those for the zone that allows residential use at a greater density between the following:

(I) The existing zoning designation for the parcel if existing zoning allows for residential use.

(II) The zoning designation for the closest parcel that allows residential use at a density deemed appropriate to accommodate housing for lower income households in that jurisdiction as specified in paragraph (3) of subdivision (c) of Section 65583.2 of the Government Code.

(ii) The applicable objective standards shall be those in effect at the time that the development application is submitted to the local government pursuant to this article.

(iii) A development proposed pursuant to this section shall be eligible for the same density bonus, incentives or concessions, waivers or reductions of development standards, and parking ratios applicable to a project that meets the criteria specified in subparagraph (G) of paragraph (1) of subdivision (b) of Section 65915 of the Government Code.

(F) No housing units were acquired by eminent domain.

(G) The housing units will be in decent, safe, and sanitary condition at the time of their occupancy.

(H) The project meets the labor standards contained in Sections 65912.130 and 65912.131 of the Government Code.

(I) The project provides housing for individuals who meet the criteria specified in subdivision (a) of Section 5830 and their families.

(J) Affordable housing shall require long-term covenants and restrictions require the housing units to be restricted to persons who meet the criteria specified in subdivision (a) for no fewer than 30 years.

(2) (A) For purposes of this subdivision, parcels only separated by a street or highway shall be considered to be adjoined.

(B) For purposes of this subdivision, “dedicated to industrial use” means any of the following:

(i) The square footage is currently being used as an industrial use.

(ii) The most recently permitted use of the square footage is an industrial use.

(iii) The site was designated for industrial use in the latest version of a local government’s general plan adopted before January 1, 2022.

(b) The project shall be subject to the following streamlined, ministerial review process:

(1) (A) If the local government determines that a development submitted pursuant to this article is consistent with the objective planning standards specified in this article, it shall approve the development.

(B) If a local government determines that a development submitted pursuant to this article is in conflict with any of the objective planning standards specified in this article, it shall provide the development proponent written documentation of which standard or standards the development conflicts with, and an explanation for the reason or reasons the development conflicts with that standard or standards, within the following timeframes:

(i) Within 60 days of submission of the development proposal to the local government if the development contains 150 or fewer housing units.

(ii) Within 90 days of submission of the development proposal to the local government if the development contains more than 150 housing units.

(C) If the local government fails to provide the required documentation pursuant to subparagraph (B), the development shall be deemed to satisfy the required objective planning standards.

(D) (i) For purposes of this section, a development is consistent with the objective planning standards if there is substantial evidence that would allow a reasonable person to conclude that the development is consistent with the objective planning standards.

(ii) For purposes of this section, a development is not in conflict with the objective planning standards solely on the basis that application materials are not included, if the application contains substantial evidence that would allow a reasonable person to conclude that the development is consistent with the objective planning standards.

(E) The determination of whether a proposed project submitted pursuant to this section is or is not in conflict with the objective planning standards is not a “project” as defined in Section 21065 of the Public Resources Code.

(2) Design review of the development may be conducted by the local government’s planning commission or any equivalent board or commission responsible for design review. That design review shall be objective and be strictly focused on assessing compliance with criteria required for streamlined, ministerial review of projects, as well as any reasonable objective design standards published and adopted by ordinance or resolution by a local jurisdiction before submittal of the development to the local government, and shall be broadly applicable to developments within the jurisdiction. That design review shall be completed as follows and shall not in any way inhibit, chill, or preclude the ministerial approval provided by this section or its effect, as applicable:

(A) Within 90 days of submittal of the development proposal to the local government pursuant to this section if the development contains 150 or fewer housing units.

(B) Within 180 days of submittal of the development proposal to the local government pursuant to this section if the development contains more than 150 housing units.

(c) *Division 13 (commencing with Section 21000) of the Public Resources Code shall not apply to actions taken by the Department of Housing and Community Development, the State Department of Health Care Services, or a local agency not acting as the lead agency to provide financial assistance or insurance for the development and construction of projects built pursuant to this section.*

(d) *The applicant shall file a notice of exemption with the Office of Planning and Research and the county clerk of the county in which the project is located in the manner specified in subdivisions (b) and (c) of Section 21152 of the Public Resources Code.*

(e) *For purposes of this section, the following definitions shall apply:*

(1) *“Objective zoning standards,” “objective subdivision standards,” and “objective design review standards” mean standards that involve no personal or subjective judgment by a public official and are uniformly verifiable by reference to an external and uniform benchmark or criterion available and knowable by both the development applicant or proponent and the public official before submittal. These standards may be embodied in alternative objective land use specifications adopted by a city or county, and may include, but are not limited to, housing overlay zones, specific plans, inclusionary zoning ordinances, and density bonus ordinances.*

(2) *“Use by right” means a development project that satisfies both of the following conditions:*

(A) *The development project does not require a conditional use permit, planned unit development permit, or other discretionary local government review.*

(B) *The development project is not a “project” for purposes of Division 13 (commencing with Section 21000) of the Public Resources Code.*

(f) *This section shall become operative on July 1, 2026, if amendments to the Mental Health Services Act are approved by the voters at the March 5, 2024, statewide primary election.*

SEC. 49. Section 5840 of the Welfare and Institutions Code is amended to read:

5840. (a) The State Department of Health Care Services, in coordination with counties, shall establish a program designed to prevent mental illnesses from becoming severe and disabling. The program shall emphasize improving timely access to services for underserved populations.

(b) The program shall include the following components:

(1) Outreach to families, employers, primary care health care providers, and others to recognize the early signs of potentially severe and disabling mental illnesses.

(2) Access and linkage to medically necessary care provided by county mental health programs for children with severe serious mental illness, as defined in Section 5600.3, and for adults and seniors with severe mental

illness, as defined in Section 5600.3, as early in the onset of these conditions as practicable.

(3) Reduction in stigma associated with either being diagnosed with a mental illness or seeking mental health services.

(4) Reduction in discrimination against people with mental illness.

(c) The program shall include mental health services similar to those provided under other programs that are effective in preventing mental illnesses from becoming severe, and shall also include components similar to programs that have been successful in reducing the duration of untreated severe mental illnesses and assisting people in quickly regaining productive lives.

(d) The program shall emphasize strategies to reduce the following negative outcomes that may result from untreated mental illness:

(1) Suicide.

(2) Incarcerations.

(3) School failure or dropout.

(4) Unemployment.

(5) Prolonged suffering.

(6) Homelessness.

(7) Removal of children from their homes.

(e) Prevention and early intervention funds may be used to broaden the provision of community-based mental health services by adding prevention and early intervention services or activities to these services, including prevention and early intervention strategies that address mental health needs, substance misuse or substance use disorders, or needs relating to cooccurring mental health and substance use services.

~~(f) In consultation with mental health stakeholders, and consistent with regulations from the Mental Health Services Oversight and Accountability Commission, pursuant to Section 5846, the department shall revise the program elements in Section 5840 applicable to all county mental health programs in future years to reflect what is learned about the most effective prevention and intervention programs for children, adults, and seniors.~~

~~(f) If amendments to the Mental Health Services Act are approved by the voters at the March 5, 2024, statewide primary election, this section shall become inoperative on July 1, 2026, and as of January 1, 2027, is repealed.~~

SEC. 50. Section 5840 is added to the Welfare and Institutions Code, to read:

5840. (a) (1) *Each county shall establish and administer an early intervention program that is designed to prevent mental illnesses and substance use disorders from becoming severe and disabling and to reduce disparities in behavioral health.*

(2) *Early intervention programs shall be funded pursuant to clause (ii) of subparagraph (A) of paragraph (3) of subdivision (a) of Section 5892.*

(b) An early intervention program shall include the following components:

(1) Outreach to families, employers, primary care health care providers, behavioral health urgent care, hospitals, inclusive of emergency departments, education, including early care and learning, T-12, and higher education, and others to recognize the early signs of potentially severe and disabling mental health illnesses and substance use disorders.

(2) (A) Access and linkage to medically necessary care provided by county behavioral health programs as early in the onset of these conditions as practicable.

(B) Access and linkage to care includes the scaling of, and referral to, the Early Psychosis Intervention (EPI) Plus Program, pursuant to Part 3.4 (commencing with Section 5835), Coordinated Specialty Care, or other similar evidence-based practices and community-defined evidence practices for early psychosis and mood disorder detection and intervention programs.

(3) (A) Mental health and substance use disorder treatment services, evidence-based practices and community-defined evidence practices for similar to those provided under other programs that are effective in preventing mental health illnesses and substance use disorders from becoming severe, and components similar to programs that have been successful in reducing the duration of untreated serious mental health illnesses and substance use disorders and assisting people in quickly regaining productive lives.

(B) Mental health treatment services may include services to address first episode psychosis.

(C) Mental health and substance use disorder services shall include services that are demonstrated to be effective at meeting the cultural and linguistic needs of diverse communities.

(D) Mental health and substance use disorder services may be provided to the following eligible children and youth:

(E) Mental health and substance use services may include services that prevent, respond, or treat a behavioral health crisis.

(i) Individual children and youth at high risk for a behavioral health disorder due to experiencing trauma, as evidenced by scoring in the high-risk range under a trauma screening tool such as an adverse childhood experiences (ACEs) screening tool, involvement in the child welfare system or juvenile justice system, or experiencing homelessness.

(ii) Individual children and youth in populations with identified disparities in behavioral health outcomes.

(4) Additional components developed by the State Department of Health Care Services.

(c) (1) The State Department of Health Care Services, in consultation with the Behavioral Health Services Oversight and Accountability Commission, counties, and stakeholders, shall establish a biennial list of evidence-based practices and community-defined evidence practices that may include practices identified

pursuant to the Children and Youth Behavioral Health Initiative Act set forth in Chapter 2 (commencing with Section 5961) of Part 7.

(2) Evidence-based practices and community-defined evidence practices may focus on addressing the needs of those who decompensate into severe behavioral health conditions.

(3) Local programs utilizing evidence-based practices and community-defined evidence practices may focus on addressing the needs of underserved communities, such as BIPOC and LGBTQ+.

(4) Counties shall utilize the list to determine which evidence-based practices and community-defined evidence practices to implement locally.

(5) The State Department of Health Care Services may require a county to implement specific evidence-based and community-defined evidence practices.

(d) The early intervention program shall emphasize the reduction of the likelihood of:

(1) Suicide and self-harm.

(2) Incarcerations.

(3) School, including early childhood 0 to 5 years of age, inclusive, TK-12, and higher education, suspension, expulsion, referral to an alternative or community school, or failure to complete.

(4) Unemployment.

(5) Prolonged suffering.

(6) Homelessness.

(7) Removal of children from their homes.

(8) Overdose.

(9) Mental illness in children and youth from social, emotional, developmental, and behavioral needs in early childhood.

(e) For purposes of this section, “substance use disorder” shall have the meaning as defined in subdivision (c) of Section 5891.5.

(f) For purposes of this section, “community-defined evidence practices” is defined as an alternative or complement to evidence-based practices, that offers culturally anchored interventions that reflect the values, practices, histories, and lived-experiences of the communities they serve. These practices come from the community and the organizations that serve them and are found to yield positive results as determined by community consensus over time.

(g) This section shall become operative on July 1, 2026, if amendments to the Mental Health Services Act are approved by the voters at the March 5, 2024, statewide primary election.

SEC. 51. Section 5840.5 of the Welfare and Institutions Code is amended to read:

5840.5. It is the intent of the Legislature that this chapter achieve all of the following:

(a) Expand the provision of high quality Mental Health Services Act (MHSA) Prevention and Early Intervention (PEI) programs at the county level in California.

(b) Increase the number of PEI programs and systems, including those utilizing community-defined practices, that focus on reducing disparities for unserved, underserved, and inappropriately served racial, ethnic, and cultural communities.

(c) Reduce unnecessary hospitalizations, homelessness, suicides, and inpatient days by appropriately utilizing community-based services and improving timely access to prevention and early intervention services.

(d) Increase participation in community activities, school attendance, social interactions, physical and primary health care services, personal bonding relationships, and rehabilitation, including employment and daily living function development for clients.

(e) Increase collaboration and coordination among primary care, mental health, and aging service providers, and reduce hesitance to seek treatment and services due to mental health stigma.

(f) Create a more focused approach for PEI requirements.

(g) Increase programmatic and fiscal oversight of county MHSA-funded PEI programs.

(h) Encourage counties to coordinate and blend funding streams and initiatives to ensure services are integrated across systems.

(i) Encourage counties to leverage innovative technology platforms.

(j) Reflect the stated goals as outlined in the PEI component of the MHSA, as stated in Section 5840.

(k) *This section shall be repealed on January 1, 2026, if amendments to the Mental Health Services Act are approved by the voters at the March 5, 2024, statewide primary election.*

SEC. 52. Section 5840.6 of the Welfare and Institutions Code is amended to read:

5840.6. For purposes of this chapter, the following definitions shall apply:

(a) “Commission” means the Mental Health Services Oversight and Accountability Commission established pursuant to Section 5845.

(b) “County” also includes a city receiving funds pursuant to Section 5701.5.

(c) “Prevention and early intervention funds” means funds from the Mental Health Services Fund allocated for prevention and early intervention programs pursuant to paragraph (3) of subdivision (a) of Section 5892.

(d) “Childhood trauma prevention and early intervention” refers to a program that targets children exposed to, or who are at risk of exposure to, adverse and traumatic childhood events and prolonged toxic stress in order to deal with the early origins of mental

health needs and prevent long-term mental health concerns. This may include, but is not limited to, all of the following:

(1) Focused outreach and early intervention to at-risk and in-need populations.

(2) Implementation of appropriate trauma and developmental screening and assessment tools with linkages to early intervention services to children that qualify for these services.

(3) Collaborative, strengths-based approaches that appreciate the resilience of trauma survivors and support their parents and caregivers when appropriate.

(4) Support from peer support specialists and community health workers trained to provide mental health services.

(5) Multigenerational family engagement, education, and support for navigation and service referrals across systems that aid the healthy development of children and families.

(6) Linkages to primary care health settings, including, but not limited to, federally qualified health centers, rural health centers, community-based providers, school-based health centers, and school-based programs.

(7) Leveraging the healing value of traditional cultural connections, including policies, protocols, and processes that are responsive to the racial, ethnic, and cultural needs of individuals served and recognition of historical trauma.

(8) Coordinated and blended funding streams to ensure individuals and families experiencing toxic stress have comprehensive and integrated supports across systems.

(e) “Early psychosis and mood disorder detection and intervention” has the same meaning as set forth in paragraph (2) of subdivision (b) of Section 5835 and may include programming across the age span.

(f) “Youth outreach and engagement” means strategies that target secondary school and transition age youth, with a priority on partnerships with college mental health programs that educate and engage students and provide either on-campus, off-campus, or linkages to mental health services not provided through the campus to students who are attending colleges and universities, including, but not limited to, public community colleges. Outreach and engagement may include, but is not limited to, all of the following:

(1) Meeting the mental health needs of students that cannot be met through existing education funds.

(2) Establishing direct linkages for students to community-based mental health services.

(3) Addressing direct services, including, but not limited to, increasing college mental health staff-to-student ratios and decreasing wait times.

(4) Participating in evidence-based and community-defined best practice programs for mental health services.

(5) Serving underserved and vulnerable populations, including, but not limited to, lesbian, gay, bisexual, transgender, and queer persons, victims of domestic violence and sexual abuse, and veterans.

(6) Establishing direct linkages for students to community-based mental health services for which reimbursement is available through the students' health coverage.

(7) Reducing racial disparities in access to mental health services.

(8) Funding mental health stigma reduction training and activities.

(9) Providing college employees and students with education and training in early identification, intervention, and referral of students with mental health needs.

(10) Interventions for youth with signs of behavioral or emotional problems who are at risk of, or have had any, contact with the juvenile justice system.

(11) Integrated youth mental health programming.

(12) Suicide prevention programming.

(g) "Culturally competent and linguistically appropriate prevention and intervention" refers to a program that creates critical linkages with community-based organizations, including, but not limited to, clinics licensed or operated under subdivision (a) of Section 1204 of the Health and Safety Code, or clinics exempt from clinic licensure pursuant to subdivision (c) of Section 1206 of the Health and Safety Code.

(1) "Culturally competent and linguistically appropriate" means the ability to reach underserved cultural populations and address specific barriers related to racial, ethnic, cultural, language, gender, age, economic, or other disparities in mental health services access, quality, and outcomes.

(2) "Underserved cultural populations" means those who are unlikely to seek help from any traditional mental health service because of stigma, lack of knowledge, or other barriers, including members of ethnically and racially diverse communities, members of the gay, lesbian, bisexual, and transgender communities, and veterans, across their lifespans.

(h) "Strategies targeting the mental health needs of older adults" means, but is not limited to, all of the following:

(1) Outreach and engagement strategies that target caregivers, victims of elder abuse, and individuals who live alone.

(2) Suicide prevention programming.

(3) Outreach to older adults who are isolated.

(4) Early identification programming of mental health symptoms and disorders, including, but not limited to, anxiety, depression, and psychosis.

(i) If amendments to the Mental Health Services Act are approved by the voters at the March 5, 2024, statewide primary election, this section shall become

inoperative on July 1, 2026, and as of January 1, 2027, is repealed.

SEC. 53. Section 5840.6 is added to the Welfare and Institutions Code, to read:

5840.6. For purposes of this chapter, the following definitions shall apply:

(a) "County" includes a city receiving funds pursuant to Section 5701.5.

(b) "Early intervention funds" means funds from the Behavioral Health Services Fund allocated for early intervention services and programs pursuant to clause (ii) of subparagraph (A) of paragraph (3) of subdivision (a) of Section 5892.

(c) "Childhood trauma early intervention" refers to a program that targets eligible children and youth exposed to, or who are at risk of exposure to, adverse and traumatic childhood events and prolonged toxic stress in order to deal with the early origins of mental health and substance use disorder needs and prevent long-term mental health and substance use disorder concerns. This may include, but is not limited to, all of the following:

(1) Focused outreach and early intervention to at-risk and in-need populations, including youth experiencing homelessness, justice-involved youth, LGBTQ+ youth, and child welfare-involved youth.

(2) Implementation of appropriate trauma and developmental screening and assessment tools with linkages to early intervention services to eligible children and youth who qualify for these services.

(3) Collaborative, strengths-based approaches that appreciate the resilience of trauma survivors and support their parents and caregivers when appropriate.

(4) Support from peer support specialists, wellness coaches, and community health workers trained to provide mental health and substance use disorder treatment services with an emphasis on culturally and linguistically tailored approaches.

(5) Multigenerational family engagement, education, and support for navigation and service referrals across systems that aid the healthy development of children and youth and their families.

(6) Collaboration with county child welfare agencies and other system partners, including Medi-Cal managed care plans, as defined in subdivision (j) of Section 14184.101, and homeless youth service providers, to address the physical and behavioral health-related needs and social needs of child-welfare-involved youth.

(7) Linkages to primary care health settings, including, but not limited to, federally qualified health centers, rural health centers, community-based providers, school-based health centers, school-linked providers, and school-based programs and community-based organizations specializing in serving underserved communities.

(8) *Leveraging the healing value of traditional cultural connections and faith-based organizations, including policies, protocols, and processes that are responsive to the racial, ethnic, and cultural needs of individuals served and recognition of historical trauma.*

(9) *Blended funding streams to provide individuals and families experiencing toxic stress comprehensive and integrated supports across systems.*

(10) *Partnerships with local educational agencies and school-based behavioral health professionals to identify and address children exposed to, or who are at risk of exposure to, adverse and traumatic childhood events and prolonged toxic stress.*

(d) *“Early psychosis and mood disorder detection and intervention” has the same meaning as set forth in paragraph (2) of subdivision (b) of Section 5835 and may include programming across the age span.*

(e) *“Youth outreach and engagement” means strategies that target out-of-school youth and secondary schoolage youth, including, but not limited to, all of the following:*

(1) *Establishing direct linkages for youth to community-based mental health and substance use disorder treatment services.*

(2) *Participating in evidence-based practices and community-defined evidence programs for mental health and substance use disorder treatment services.*

(3) *Providing supports to facilitate access to services and programs, including those utilizing community-defined evidence practices, for underserved and vulnerable populations, including, but not limited to, members of ethnically and racially diverse communities, members of the LGBTQ+ communities, victims of domestic violence and sexual abuse, and veterans.*

(4) *Establishing direct linkages for students to community-based mental health and substance use disorder treatment services for which reimbursement is available through the students’ health coverage.*

(5) *Reducing racial disparities in access to mental health and substance use disorder treatment services.*

(6) *Providing school employees and students with education and training in early identification, intervention, and referral of students with mental health and substance use disorder needs.*

(7) *Strategies and programs for youth with signs of behavioral or emotional problems or substance misuse who are at risk of, or have had, contact with the child welfare or juvenile justice system.*

(8) *Integrated youth mental health and substance use disorder programming.*

(f) *“Culturally competent and linguistically appropriate intervention” refers to a program that creates critical linkages with community-based organizations, including, but not limited to, clinics licensed or operated under subdivision (a) of Section 1204 of the Health and Safety Code and clinics exempt from clinic licensure pursuant to subdivision (c) of Section 1206 of the*

Health and Safety Code. The community-based organizations include facilities and providers licensed or certified by the State Department of Health Care Services, including, but not limited to, residential substance use disorder facilities licensed pursuant to Section 11834.01 of the Health and Safety Code or certified pursuant to Section 11830.1 of the Health and Safety Code and narcotic treatment programs licensed pursuant to Section 11839 of the Health and Safety Code. Community-based organizations may also include those organizations that provide community-defined evidence practices.

(1) *“Culturally competent and linguistically appropriate” means the ability to reach underserved cultural populations and address specific barriers related to racial, ethnic, cultural, language, gender, age, economic, or other disparities in mental health and substance use disorder treatment services access, quality, and outcomes.*

(2) *“Underserved cultural populations” means those who are unlikely to seek help from providers of traditional mental health and substance use disorder services because of stigma, lack of knowledge, or other barriers, including members of ethnically and racially diverse communities, members of the LGBTQ+ communities, victims of domestic violence and sexual abuse, and veterans, across their lifespans.*

(g) *“Strategies targeting the mental health and substance use disorder needs of older adults” means, but is not limited to, all of the following:*

(1) *Outreach and engagement strategies that target caregivers, victims of elder abuse, and individuals who live alone.*

(2) *Outreach to older adults who are isolated.*

(3) *Programs for early identification of mental health disorders and substance use disorders.*

(h) *“Community-defined evidence practices” is defined as an alternative or complement to evidence-based practices, that offer culturally anchored interventions that reflect the values, practices, histories, and lived-experiences of the communities they serve. These practices come from the community and the organizations that serve them and are found to yield positive results as determined by community consensus over time.*

(i) *This section shall become operative on July 1, 2026, if amendments to the Mental Health Service Act are approved by the voters at the March 5, 2024, statewide primary election.*

SEC. 54. Section 5840.7 of the Welfare and Institutions Code is amended to read:

5840.7. (a) On or before January 1, 2020, the commission shall establish priorities for the use of prevention and early intervention funds. These priorities shall include, but are not limited to, the following:

(1) *Childhood trauma prevention and early intervention to deal with the early origins of mental health needs.*

(2) Early psychosis and mood disorder detection and intervention, and mood disorder and suicide prevention programming that occurs across the lifespan.

(3) Youth outreach and engagement strategies that target secondary school and transition age youth, with a priority on partnership with college mental health programs.

(4) Culturally competent and linguistically appropriate prevention and intervention.

(5) Strategies targeting the mental health needs of older adults.

(6) Other programs the commission identifies, with stakeholder participation, that are proven effective in achieving, and are reflective of, the goals stated in Section 5840.

(b) On or before January 1, 2020, the commission shall develop a statewide strategy for monitoring implementation of this part, including enhancing public understanding of prevention and early intervention and creating metrics for assessing the effectiveness of how prevention and early intervention funds are used and the outcomes that are achieved. The commission shall analyze and monitor the established metrics using existing data, if available, and shall propose new data collection and reporting strategies, if necessary.

(c) The commission shall establish a strategy for technical assistance, support, and evaluation to support the successful implementation of the objectives, metrics, data collection, and reporting strategy.

(d) (1) The portion of funds in the county plan relating to prevention and early intervention shall focus on the established priorities, and shall be allocated, as determined by the county, with stakeholder input. A county may include other priorities, as determined through the stakeholder process, either in place of, or in addition to, the established priorities. If the county chooses to include other programs, the plan shall include a description of why those programs are included and metrics by which the effectiveness of those programs is to be measured.

(2) Counties may act jointly to meet the requirements of this section.

(e) If the commission requires additional resources for these purposes, it may prepare a proposal for consideration by the appropriate policy committees of the Legislature.

(f) If amendments to the Mental Health Services Act are approved by the voters at the March 5, 2024, statewide primary election, this section shall become inoperative on July 1, 2026, and as of January 1, 2027, is repealed.

SEC. 55. Section 5840.7 is added to the Welfare and Institutions Code, to read:

5840.7. (a) *The State Department of Health Care Services, in consultation with the Behavioral Health Services Oversight and Accountability Commission, shall establish priorities for the use of early intervention*

funds. These priorities shall include, but are not limited to, the following:

(1) Childhood trauma early intervention to deal with the early origins of mental health and substance use disorder treatment needs, including strategies focused on eligible children and youth experiencing homelessness, justice-involved children and youth, child welfare-involved children and youth with a history of trauma, and other populations at risk of developing a mental health disorder or condition as specified in subdivision (d) of Section 14184.402 or substance use disorders. Childhood trauma early intervention services shall not be limited to individuals enrolled in the Medi-Cal program.

(2) Early psychosis and mood disorder detection and intervention and mood disorder programming that occurs across the lifespan.

(3) Outreach and engagement strategies that target early childhood 0 to 5 years of age, inclusive, out-of-school youth, and secondary school youth. Partnerships with community-based organizations and college mental health and substance use disorder programs may be utilized to implement the strategies.

(4) Culturally competent and linguistically appropriate interventions.

(5) Strategies targeting the mental health and substance use disorder needs of older adults.

(6) Strategies targeting the mental health needs of eligible children and youth, as defined in Section 5892, who are 0 to 5 years of age, including, but not limited to, infant and early childhood mental health consultation.

(7) Strategies to advance equity and reduce disparities.

(8) Programs that include community-defined evidence practices and evidence-based practices and mental health and substance use disorder treatment services similar to those provided under other programs that are effective in preventing mental illness and substance use disorders from becoming severe and components similar to programs that have been successful in reducing the duration of untreated severe mental illness and substance use disorders to assist people in quickly regaining productive lives.

(9) Other programs the State Department of Health Care Services identifies that are proven effective in preventing mental illness and substance use disorders from becoming severe and disabling, consistent with Section 5840.

(10) Strategies to address the needs of individuals at high risk of crisis.

(b) (1) (A) The portion of funds in the county plan relating to early intervention shall focus on the established priorities and shall be allocated as determined by the county with stakeholder input.

(B) (i) A county may include other priorities, as determined through the stakeholder process, in addition to the established priorities.

(ii) *If a county chooses to include other programs, the plan shall include a description of why those programs are included and metrics by which the effectiveness of those programs is to be measured.*

(2) *Counties may act jointly to meet the requirements of this section.*

(c) *This section shall become operative on July 1, 2026, if amendments to the Mental Health Services Act are approved by the voters at the March 5, 2024, statewide primary election.*

SEC. 56. Section 5840.8 of the Welfare and Institutions Code is amended to read:

5840.8. (a) Notwithstanding the rulemaking provisions of the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code), the commission may implement this chapter without taking regulatory action until regulations are adopted. The commission may use information notices or related communications to implement this chapter.

(b) *This section shall be repealed on January 1, 2025, if amendments to the Mental Health Services Act are approved by the voters at the March 5, 2024, statewide primary election.*

SEC. 57. Section 5845 of the Welfare and Institutions Code is amended to read:

5845. (a) The Mental Health Services Oversight and Accountability Commission is hereby established to oversee Part 3 (commencing with Section 5800), the Adult and Older Adult Mental Health System of Care Act; Part 3.1 (commencing with Section 5820), Human Resources, Education, and Training Programs; Part 3.2 (commencing with Section 5830), Innovative Programs; Part 3.6 (commencing with Section 5840), Prevention and Early Intervention Programs; and Part 4 (commencing with Section 5850), the Children's Mental Health Services Act. The commission shall replace the advisory committee established pursuant to Section 5814. The commission shall consist of 16 voting members as follows:

(1) The Attorney General or the Attorney General's designee.

(2) The Superintendent of Public Instruction or the Superintendent's designee.

(3) The Chairperson of the Senate Committee on Health, the Chairperson of the Senate Committee on Human Services, or another member of the Senate selected by the President pro Tempore of the Senate.

(4) The Chairperson of the Assembly Committee on Health or another member of the Assembly selected by the Speaker of the Assembly.

(5) Two persons with a severe mental illness, a family member of an adult or senior with a severe mental illness, a family member of a child who has or has had a severe mental illness, a physician specializing in alcohol and drug treatment, a mental health professional, a county sheriff, a superintendent of a school district, a representative of a labor organization,

a representative of an employer with less than 500 employees, a representative of an employer with more than 500 employees, and a representative of a health care service plan or insurer, all appointed by the Governor. In making appointments, the Governor shall seek individuals who have had personal or family experience with mental illness. At least one person appointed pursuant to this paragraph shall have a background in auditing.

(b) Members shall serve without compensation, but shall be reimbursed for all actual and necessary expenses incurred in the performance of their duties.

(c) The term of each member shall be three years, to be staggered so that approximately one-third of the appointments expire in each year.

(d) In carrying out its duties and responsibilities, the commission may do all of the following:

(1) Meet at least once each quarter at any time and location convenient to the public as it may deem appropriate. All meetings of the commission shall be open to the public.

(2) Within the limit of funds allocated for these purposes, pursuant to the laws and regulations governing state civil service, employ staff, including any clerical, legal, and technical assistance necessary. The commission shall administer its operations separate and apart from the State Department of Health Care Services and the California Health and Human Services Agency.

(3) Establish technical advisory committees, such as a committee of consumers and family members.

(4) Employ all other appropriate strategies necessary or convenient to enable it to fully and adequately perform its duties and exercise the powers expressly granted, notwithstanding any authority expressly granted to an officer or employee of state government.

(5) Enter into contracts.

(6) Obtain data and information from the State Department of Health Care Services, the Office of Statewide Health Planning and Development, or other state or local entities that receive Mental Health Services Act funds, for the commission to utilize in its oversight, review, training and technical assistance, accountability, and evaluation capacity regarding projects and programs supported with Mental Health Services Act funds.

(7) Participate in the joint state-county decisionmaking process, as contained in Section 4061, for training, technical assistance, and regulatory resources to meet the mission and goals of the state's mental health system.

(8) Develop strategies to overcome stigma and discrimination, and accomplish all other objectives of Part 3.2 (commencing with Section 5830), Part 3.6 (commencing with Section 5840), and the other provisions of the Mental Health Services Act.

(9) At any time, advise the Governor or the Legislature regarding actions the state may take to improve care and services for people with mental illness.

(10) If the commission identifies a critical issue related to the performance of a county mental health program, it may refer the issue to the State Department of Health Care Services *for consideration pursuant to the department's authority in Section 5655.*

(11) Assist in providing technical assistance to accomplish the purposes of the Mental Health Services Act, Part 3 (commencing with Section 5800), and Part 4 (commencing with Section 5850) in collaboration with the State Department of Health Care Services and in consultation with the County Behavioral Health Directors Association of California.

(12) Work in collaboration with the State Department of Health Care Services and the California Behavioral Health Planning Council, and in consultation with the County Behavioral Health Directors Association of California, in designing a comprehensive joint plan for a coordinated evaluation of client outcomes in the community-based mental health system, including, but not limited to, parts listed in subdivision (a). The California Health and Human Services Agency shall lead this comprehensive joint plan effort.

(13) Establish a framework and voluntary standard for mental health in the workplace that serves to reduce mental health stigma, increase public, employee, and employer awareness of the recovery goals of the Mental Health Services Act, and provide guidance to California's employer community to put in place strategies and programs, as determined by the commission, to support the mental health and wellness of employees. The commission shall consult with the Labor and Workforce Development Agency or its designee to develop the standard.

(e) If amendments to the Mental Health Services Act are approved by the voters at the March 5, 2024, statewide primary election, this section shall become inoperative on January 1, 2025, and as of that date is repealed.

SEC. 58. Section 5845 is added to the Welfare and Institutions Code, to read:

5845. (a) *The Behavioral Health Services Oversight and Accountability Commission is hereby established to promote transformational change in California's behavioral health system through research, evaluation and tracking outcomes, and other strategies to assess and report progress. The commission shall use this information and analyses to inform the commission's grant making, identify key policy issues and emerging best practices, provide technical assistance and training, promote high-quality programs implemented, and advise the Governor and the Legislature, pursuant to the Behavioral Health Services Act and related components of California's behavioral health system. For this purpose, the commission shall collaborate with the California Health and Human Services Agency, its departments and other state entities.*

(b) (1) The commission shall replace the advisory committee established pursuant to Section 5814.

(2) The commission shall consist of 27 voting members as follows:

(A) The Attorney General or the Attorney General's designee.

(B) The Superintendent of Public Instruction or the Superintendent's designee.

(C) The Chairperson of the Senate Committee on Health, the Chairperson of the Senate Committee on Human Services, or another member of the Senate selected by the President pro Tempore of the Senate, or their designee.

(D) The Chairperson of the Assembly Committee on Health, the Chairperson of the Assembly Committee on Human Services, or another Member of the Assembly selected by the Speaker of the Assembly, or their designee.

(E) (i) The following individuals, all appointed by the Governor:

(I) Two persons who have or have had a mental health disorder.

(II) Two persons who have or have had a substance use disorder.

(III) A family member of an adult or older adult who has or has had a mental health disorder.

(IV) One person who is 25 years of age or younger and has or has had a mental health disorder, substance use disorder, or cooccurring disorder.

(V) A family member of an adult or older adult who has or has had a substance use disorder.

(VI) A family member of a child or youth who has or has had a mental health disorder.

(VII) A family member of a child or youth who has or has had a substance use disorder.

(VIII) A current or former county behavioral health director.

(IX) A physician specializing in substance use disorder treatment, including the provision of medications for addiction treatment.

(X) A mental health professional.

(XI) A professional with expertise in housing and homelessness.

(XII) A county sheriff.

(XIII) A superintendent of a school district.

(XIV) A representative of a labor organization.

(XV) A representative of an employer with less than 500 employees.

(XVI) A representative of an employer with more than 500 employees.

(XVII) A representative of a health care service plan or insurer.

(XVIII) A representative of an aging or disability organization.

(XIX) A person with knowledge and experience in community-defined evidence practices and reducing behavioral health disparities.

(XX) A representative of a children and youth organization.

(XXI) A veteran or a representative of a veterans organization.

(ii) In making appointments, the Governor shall seek individuals who have had personal or family experience with mental illness or substance use disorder.

(c) Members shall serve without compensation but shall be reimbursed for all actual and necessary expenses incurred in the performance of their duties.

(d) The term of each member shall be three years, to be staggered so that approximately one-third of the appointments expire in each year.

(e) (1) The commission shall have an Executive Director.

(2) The Executive Director will be responsible for management over the administrative, fiscal, and program performance of the commission.

(3) The Executive Director shall be selected by the commission.

(f) In carrying out its duties and responsibilities, the commission may do all of the following:

(1) (A) Meet at least once each quarter at a time and location convenient to the public as it may deem appropriate.

(B) All meetings of the commission shall be open to the public.

(2) Within the limit of funds allocated for these purposes, pursuant to the laws and regulations governing state civil service, employ staff, including clerical, legal, and technical assistance, as necessary.

(3) The commission shall administer its operations separate and apart from the State Department of Health Care Services and the California Health and Human Services Agency.

(4) Establish technical advisory committees, such as a committee of consumers and family members, and a reducing disparities committee focusing on demographic, geographic, and other communities. The commission may provide pertinent information gained from those committees to relevant state agencies and departments, including, but not limited to, the California Health and Human Services Agency and its departments.

(5) Employ all other appropriate strategies necessary or convenient to enable it to fully and adequately perform its duties and exercise the powers expressly granted, notwithstanding authority expressly granted to an officer or employee of state government.

(6) Enter into contracts.

(7) Make reasonable requests for data and information to the State Department of Health Care Services, the Department of Health Care Access and Information, the State Department of Public Health, or other state and local entities that receive Behavioral Health Services Act funds. These entities shall respond in a timely manner and provide information and data in their possession that the commission deems necessary for the purposes of carrying out its responsibilities.

(8) Participate in the joint state-county decisionmaking process, as described in Section 4061, for training, technical assistance, and regulatory resources to meet the mission and goals of the state's mental health system.

(9) Identify best practices to overcome stigma and discrimination, in consultation with the State Department of Public Health.

(10) At any time, advise the Governor or the Legislature regarding actions the state may take to improve care and services for people with mental illness or substance use disorder.

(11) If the commission identifies a critical issue related to the performance of a county mental health program, it may refer the issue to the State Department of Health Care Services pursuant to Section 5655 or 5963.04.

(12) Provide technical assistance to counties on implementation planning, training, and capacity building investments as defined by the State Department of Health Care Services and in consultation with the County Behavioral Health Directors Association of California. Technical assistance may also include innovative behavioral health models of care and innovative promising practices pursuant to subparagraph (A) of paragraph (4) of subdivision (a) of Section 5892. Technical assistance may also include compiling and publishing a list of innovative behavioral health models of care programs and promising practices for each of the programs set forth in subparagraphs (1), (2), and (3) of subdivision (a) of Section 5892.

(13) Work in collaboration with the State Department of Health Care Services to define the parameters of a report that includes recommendations for improving and standardizing promising practices across the state based on the technical assistance provided to counties as specified in paragraph (12). The commission shall prepare and publish the report on its internet website. In formulating this report, the commission shall prioritize the perspectives of the California behavioral health community through a robust public engagement process with a focus on priority populations and diverse communities.

(14) Establish a framework and voluntary standard for mental health in the workplace that serves to reduce mental health stigma, increase public, employee, and employer awareness of the recovery goals of the Mental Health Services Act, and provide guidance to California's employer community to put in place strategies and programs, as determined by the

commission, to support the mental health and wellness of employees. The commission shall consult with the Labor and Workforce Development Agency or its designee to develop the standard.

(g) (1) The commission shall work in collaboration with the State Department of Health Care Services and the California Behavioral Health Planning Council, and in consultation with the County Behavioral Health Directors Association of California, to write a report that includes recommendations for improving and standardizing promising practices for Behavioral Health Services Act programs.

(2) The commission shall complete the report and provide a written report on its internet website no later than January 1, 2030, and every three years thereafter.

(h) For purposes of this section, “substance use disorder” shall have the meaning as defined in subdivision (c) of Section 5891.5.

(i) This section shall become operative on January 1, 2025, if amendments to the Mental Health Services Act are approved by the voters at the March 5, 2024, statewide primary election.

SEC. 59. Section 5845.1 is added to the Welfare and Institutions Code, to read:

5845.1. (a) (1) The Behavioral Health Services Act Innovation Partnership Fund is hereby created in the State Treasury.

(2) The fund shall be administered by the state for the purposes of funding a grant program administered by the Behavioral Health Services Oversight and Accountability Commission pursuant to this section and subdivision (f) of Section 5892.

(b) (1) The Behavioral Health Services Oversight and Accountability Commission shall award grants to private, public, and nonprofit partners to promote development of innovative mental health and substance use disorder programs and practices.

(2) The innovative mental health and substance use disorder programs and practices shall be designed for the following purposes:

(A) Improving Behavioral Health Services Act programs and practices funded pursuant to subdivision (a) of Section 5892 for the following groups:

(i) Underserved populations.

(ii) Low-income populations.

(iii) Communities impacted by other behavioral health disparities.

(iv) Other populations, as determined by the Behavioral Health Services Oversight and Accountability Commission.

(B) Meeting statewide Behavioral Health Services Act goals and objectives.

(3) The Behavioral Health Services Oversight and Accountability Commission, in determining the allowable uses of the funds, shall consult with the California Health and Human Services Agency and the

State Department of Health Care Services. If the Behavioral Health Services Oversight and Accountability Commission utilizes funding for population-based prevention or workforce innovation grants, the commission shall consult with the State Department of Public Health for population-based prevention innovations and the Department of Health Care Access and Information for workforce innovations.

(c) (1) The Behavioral Health Services Oversight and Accountability Commission shall submit a report to the Legislature by January 1, 2030, and every three years thereafter. The report shall cover the three-fiscal-year period immediately preceding the date of submission.

(2) The report shall include the practices funded pursuant to this section and the extent to which they accomplished the purposes specified in paragraphs (1), (2), and (3) of subdivision (b).

(3) A report to be submitted pursuant to paragraph (1) shall be submitted in compliance with Section 9795 of the Government Code.

SEC. 62. Section 5846 of the Welfare and Institutions Code is amended to read:

5846. (a) The commission shall adopt regulations for programs and expenditures pursuant to Part 3.2 (commencing with Section 5830), for innovative programs, and Part 3.6 (commencing with Section 5840), for prevention and early intervention.

(b) Any regulations adopted by the department pursuant to Section 5898 shall be consistent with the commission’s regulations.

(c) The commission may provide technical assistance to any county mental health plan as needed to address concerns or recommendations of the commission or when local programs could benefit from technical assistance for improvement of their plans.

(d) The commission shall ensure that the perspective and participation of diverse community members reflective of California populations and others suffering from severe mental illness and their family members is a significant factor in all of its decisions and recommendations.

(e) If amendments to the Mental Health Services Act are approved by the voters at the March 5, 2024, statewide primary election, this section shall become inoperative on January 1, 2025, and as of that date is repealed.

SEC. 63. Section 5847 of the Welfare and Institutions Code is amended to read:

5847. Integrated Plans for Prevention, Innovation, and System of Care Services.

(a) Each county mental health program shall prepare and submit a three-year program and expenditure plan, and annual updates, adopted by the county board of supervisors, to the Mental Health Services Oversight and Accountability Commission and the State Department of Health Care Services within 30 days after adoption.

(b) The three-year program and expenditure plan shall be based on available unspent funds and estimated revenue allocations provided by the state and in accordance with established stakeholder engagement and planning requirements, as required in Section 5848. The three-year program and expenditure plan and annual updates shall include all of the following:

(1) A program for prevention and early intervention in accordance with Part 3.6 (commencing with Section 5840).

(2) A program for services to children in accordance with Part 4 (commencing with Section 5850), to include a program pursuant to Chapter 4 (commencing with Section 18250) of Part 6 of Division 9 or provide substantial evidence that it is not feasible to establish a wraparound program in that county.

(3) A program for services to adults and seniors in accordance with Part 3 (commencing with Section 5800).

(4) A program for innovations in accordance with Part 3.2 (commencing with Section 5830).

(5) A program for technological needs and capital facilities needed to provide services pursuant to Part 3 (commencing with Section 5800), Part 3.6 (commencing with Section 5840), and Part 4 (commencing with Section 5850). All plans for proposed facilities with restrictive settings shall demonstrate that the needs of the people to be served cannot be met in a less restrictive or more integrated setting, such as permanent supportive housing.

(6) Identification of shortages in personnel to provide services pursuant to the above programs and the additional assistance needed from the education and training programs established pursuant to Part 3.1 (commencing with Section 5820).

(7) Establishment and maintenance of a prudent reserve to ensure the county program will continue to be able to serve children, adults, and seniors that it is currently serving pursuant to Part 3 (commencing with Section 5800), the Adult and Older Adult Mental Health System of Care Act, Part 3.6 (commencing with Section 5840), Prevention and Early Intervention Programs, and Part 4 (commencing with Section 5850), the Children's Mental Health Services Act, during years in which revenues for the Mental Health Services Fund are below recent averages adjusted by changes in the state population and the California Consumer Price Index.

(8) Certification by the county behavioral health director, which ensures that the county has complied with all pertinent regulations, laws, and statutes of the Mental Health Services Act, including stakeholder participation and nonsupplantation requirements.

(9) Certification by the county behavioral health director and by the county auditor-controller that the county has complied with any fiscal accountability requirements as directed by the State Department of Health Care Services, and that all expenditures are

consistent with the requirements of the Mental Health Services Act.

(c) The programs established pursuant to paragraphs (2) and (3) of subdivision (b) shall include services to address the needs of transition age youth 16 to 25 years of age, *inclusive*. In implementing this subdivision, county mental health programs shall consider the needs of transition age foster youth.

(d) Each year, the State Department of Health Care Services shall inform the County Behavioral Health Directors Association of California and the Mental Health Services Oversight and Accountability Commission of the methodology used for revenue allocation to the counties.

(e) Each county mental health program shall prepare expenditure plans pursuant to Part 3 (commencing with Section 5800) for adults and seniors, Part 3.2 (commencing with Section 5830) for innovative programs, Part 3.6 (commencing with Section 5840) for prevention and early intervention programs, and Part 4 (commencing with Section 5850) for services for children, and updates to the plans developed pursuant to this section. Each expenditure update shall indicate the number of children, adults, and seniors to be served pursuant to Part 3 (commencing with Section 5800), 5800) and Part 4 (commencing with Section 5850), 5850) and the cost per person. The expenditure update shall include utilization of unspent funds allocated in the previous year and the proposed expenditure for the same purpose.

(f) A county mental health program shall include an allocation of funds from a reserve established pursuant to paragraph (7) of subdivision (b) for services pursuant to paragraphs (2) and (3) of subdivision (b) in years in which the allocation of funds for services pursuant to subdivision (e) are not adequate to continue to serve the same number of individuals as the county had been serving in the previous fiscal year.

(g) The department shall post on its internet website the three-year program and expenditure plans submitted by every county pursuant to subdivision (a) in a timely manner.

(h) (1) Notwithstanding subdivision (a), a county that is unable to complete and submit a three-year program and expenditure plan or annual update for the 2020–21 or 2021–22 fiscal years due to the COVID-19 Public Health Emergency may extend the effective timeframe of its currently approved three-year plan or annual update to include the 2020–21 and 2021–22 fiscal years. The county shall submit a three-year program and expenditure plan or annual update to the Mental Health Services Oversight and Accountability Commission and the State Department of Health Care Services by July 1, 2022.

(2) For purposes of this subdivision, “COVID-19 Public Health Emergency” means the federal Public Health Emergency declaration made pursuant to Section 247d of Title 42 of the United States Code on January 30, 2020, entitled “Determination that a Public Health

Emergency Exists Nationwide as the Result of the 2019 Novel Coronavirus,” and any renewal of that declaration.

(i) Notwithstanding paragraph (7) of subdivision (b) and subdivision (f), a county may, during the 2020–21 and 2021–22 fiscal years, use funds from its prudent reserve for prevention and early intervention programs created in accordance with Part 3.6 (commencing with Section 5840) and for services to persons with severe mental illnesses pursuant to Part 4 (commencing with Section 5850) for the children’s system of care and Part 3 (commencing with Section 5800) for the adult and older adult system of care. These services may include housing assistance, as defined in Section 5892.5, to the target population specified in Section 5600.3.

(j) Notwithstanding Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code, the department, without taking any further regulatory action, may implement, interpret, or make specific subdivisions (h) and (i) of this section and subdivision (i) of Section 5892 by means of all-county letters or other similar instructions.

(k) If amendments to the Mental Health Services Act are approved by the voters at the March 5, 2024, statewide primary election, this section shall become inoperative on July 1, 2026, and as of January 1, 2027, is repealed.

SEC. 64. Section 5848 of the Welfare and Institutions Code is amended to read:

5848. (a) Each three-year program and expenditure plan and update shall be developed with local stakeholders, including adults and seniors with severe mental illness, families of children, adults, and seniors with severe mental illness, providers of services, law enforcement agencies, education, social services agencies, veterans, representatives from veterans organizations, providers of alcohol and drug services, health care organizations, and other important interests. Counties shall demonstrate a partnership with constituents and stakeholders throughout the process that includes meaningful stakeholder involvement on mental health policy, program planning, and implementation, monitoring, quality improvement, evaluation, and budget allocations. A draft plan and update shall be prepared and circulated for review and comment for at least 30 days to representatives of stakeholder interests and any interested party who has requested a copy of the draft plans.

(b) The mental health board established pursuant to Section 5604 shall conduct a public hearing on the draft three-year program and expenditure plan and annual updates at the close of the 30-day comment period required by subdivision (a). Each adopted three-year program and expenditure plan and update shall include any substantive written recommendations for revisions. The adopted three-year program and expenditure plan or update shall summarize and analyze the recommended revisions. The mental health board shall review the adopted plan or update and

make recommendations to the local mental health agency or local behavioral health agency, as applicable, for revisions. The local mental health agency or local behavioral health agency, as applicable, shall provide an annual report of written explanations to the local governing body and the State Department of Health Care Services for any substantive recommendations made by the local mental health board that are not included in the final plan or update.

(c) The plans shall include reports on the achievement of performance outcomes for services pursuant to Part 3 (commencing with Section 5800), Part 3.6 (commencing with Section 5840), and Part 4 (commencing with Section 5850) funded by the Mental Health Services Fund and established jointly by the State Department of Health Care Services and the Mental Health Services Oversight and Accountability Commission, in collaboration with the County Behavioral Health Directors Association of California.

(d) Mental health services provided pursuant to Part 3 (commencing with Section 5800) and Part 4 (commencing with Section 5850) shall be included in the review of program performance by the California Behavioral Health Planning Council required by paragraph (2) of subdivision (c) of Section 5772 and in the local mental health board’s review and comment on the performance outcome data required by paragraph (7) of subdivision (a) of Section 5604.2.

(e) The department shall annually post on its internet website a summary of the performance outcomes reports submitted by counties if clearly and separately identified by counties as the achievement of performance outcomes pursuant to subdivision (c).

(f) For purposes of this section, “substantive recommendations made by the local mental health board” means any recommendation that is brought before the board and approved by a majority vote of the membership present at a public hearing of the local mental health board that has established its quorum.

(g) If amendments to the Mental Health Services Act are approved by the voters at the March 5, 2024, statewide primary election, this section shall become inoperative on January 1, 2025, and as of that date is repealed.

SEC. 73. Section 5852.5 of the Welfare and Institutions Code is amended to read:

5852.5. The State Department of Health Care Services, in consultation with the Mental Health Services Oversight and Accountability Commission shall review those counties that have been awarded funds to implement a comprehensive system for the delivery of mental health services to children with serious emotional disturbance and to their families or foster families to determine compliance with either of the following:

(a) The total estimated cost avoidance in all of the following categories shall equal or exceed the applications for funding award moneys:

(1) Group home costs paid by Aid to Families with Dependent Children-Foster Care (AFDC-FC) program.

(2) Children and adolescent state hospital and acute inpatient programs.

(3) Nonpublic school residential placement costs.

(4) Juvenile justice reincarcerations.

(5) Other short- and long-term savings in public funds resulting from the applications for funding award moneys.

(b) If the department determines that the total cost avoidance listed in subdivision (a) does not equal or exceed applications for funding award amounts, the department shall determine that the county that has been awarded funding shall achieve substantial compliance with all of the following goals:

(1) Total cost avoidance in the categories listed in subdivision (a) to exceed 50 percent of the applications for funding award moneys.

(2) A 20-percent reduction in out-of-county ordered placements of juvenile justice wards and social service dependents.

(3) A statistically significant reduction in the rate of recidivism by juvenile offenders.

(4) A 25-percent reduction in the rate of state hospitalization of minors from placements of special education pupils.

(5) A 10-percent reduction in out-of-county nonpublic school residential placements of special education pupils.

(6) Allow at least 50 percent of children at risk of imminent placement served by the intensive in-home crisis treatment programs, which are wholly or partially funded by applications for funding award moneys, to remain at home at least six months.

(7) Statistically significant improvement in school attendance and academic performance of seriously emotionally disturbed special education pupils treated in day treatment programs, which are wholly or partially funded by applications for funding award moneys.

(8) Statistically significant increases in services provided in nonclinic settings among agencies.

(9) Increase in ethnic minority and gender access to services proportionate to the percentage of these groups in the county's school-age population.

(c) *If amendments to the Mental Health Services Act are approved by the voters at the March 5, 2024, statewide primary election, this section shall become inoperative on January 1, 2025, and as of that date is repealed.*

SEC. 74. Section 5852.5 is added to the Welfare and Institutions Code, to read:

5852.5. *The State Department of Health Care Services, in consultation with the Behavioral Health Services Oversight and Accountability Commission,*

shall review those counties that have been awarded funds to implement a comprehensive system for the delivery of mental health services to children with a serious emotional disturbance and to their families or foster families to determine compliance with either of the following:

(a) *The total estimated cost avoidance in all of the following categories shall equal or exceed the applications for funding award moneys:*

(1) *Group home costs paid by Aid to Families with Dependent Children-Foster Care (AFDC-FC) program.*

(2) *Children and adolescent state hospital and acute inpatient programs.*

(3) *Nonpublic school residential placement costs.*

(4) *Juvenile justice reincarcerations.*

(5) *Other short- and long-term savings in public funds resulting from the applications for funding award moneys.*

(b) *If the department determines that the total cost avoidance listed in subdivision (a) does not equal or exceed applications for funding award amounts, the department shall determine that the county that has been awarded funding shall achieve substantial compliance with all of the following goals:*

(1) *Total cost avoidance in the categories listed in subdivision (a) to exceed 50 percent of the applications for funding award moneys.*

(2) *A 20-percent reduction in out-of-county ordered placements of juvenile justice wards and social service dependents.*

(3) *A statistically significant reduction in the rate of recidivism by juvenile offenders.*

(4) *A 25-percent reduction in the rate of state hospitalization of minors from placements of special education pupils.*

(5) *A 10-percent reduction in out-of-county nonpublic school residential placements of special education pupils.*

(6) *Allow at least 50 percent of children at risk of imminent placement served by the intensive in-home crisis treatment programs, which are wholly or partially funded by applications for funding award moneys, to remain at home at least six months.*

(7) *Statistically significant improvement in school attendance and academic performance of seriously emotionally disturbed special education pupils treated in day treatment programs that are wholly or partially funded by applications for funding award moneys.*

(8) *Statistically significant increases in services provided in nonclinic settings among agencies.*

(9) *Increase in ethnic minority and gender access to services proportionate to the percentage of these groups in the county's schoolage population.*

(c) *This section shall become operative on January 1, 2025, if amendments to the Mental Health Services Act*

are approved by the voters at the March 5, 2024, statewide primary election.

SEC. 75. Section 5868 of the Welfare and Institutions Code is amended to read:

5868. (a) The State Department of Health Care Services shall establish service standards that ensure that children in the target population are identified and receive needed and appropriate services from qualified staff in the least restrictive environment.

(b) The standards shall include, but not be limited to:

(1) Providing a comprehensive assessment and treatment plan for each target population client to be served, and developing programs and services that will meet their needs and facilitate client outcome goals.

(2) Providing for full participation of the family in all aspects of assessment, case planning, and treatment.

(3) Providing methods of assessment and services to meet the cultural, linguistic, and special needs of minorities in the target population.

(4) Providing for staff with the cultural background and linguistic skills necessary to remove barriers to mental health services resulting from a limited ability to speak English or from cultural differences.

(5) Providing mental health case management for all target population clients in, or being considered for, out-of-home placement.

(6) Providing mental health services in the natural environment of the child to the extent feasible and appropriate.

(c) The responsibility of the case managers shall be to ensure that each child receives the following services:

(1) A comprehensive mental health assessment.

(2) Case planning with all appropriate interagency participation.

(3) Linkage with all appropriate mental health services.

(4) Service plan monitoring.

(5) Client advocacy to ensure the provision of needed services.

(d) If amendments to the Mental Health Services Act are approved by the voters at the March 5, 2024, statewide primary election, this section shall become inoperative on July 1, 2026, and as of January 1, 2027, is repealed.

SEC. 76. Section 5868 is added to the Welfare and Institutions Code, to read:

5868. (a) *The State Department of Health Care Services shall establish service standards so that children and youth in the target population are identified and receive needed and appropriate services from qualified staff in the least restrictive environment to correct or ameliorate their behavioral health condition. This section shall not apply to services covered by the Medi-Cal program and services covered by a health care service plan or other insurance coverage.*

(b) These standards shall include, but are not limited to, all of the following:

(1) For services funded pursuant to subdivision (a) of Section 5892, the county may consult with the stakeholders listed in paragraph (1) of subdivision (a) of Section 5963.03.

(2) (A) Outreach to families with a child or youth with a serious emotional disturbance or a substance use disorder to provide coordination and access to behavioral health services, medications, housing interventions pursuant to Section 5830, and supportive services as defined in subdivision (h) of Section 5887.

(B) Service planning shall include evaluation strategies that shall consider cultural, linguistic, gender, age, and special needs of the target populations.

(C) Provision shall be made for a workforce with the cultural background and linguistic skills necessary to remove barriers to mental health and substance use disorder treatment services due to limited-English-speaking ability and cultural differences.

(D) Recipients of outreach services may include families, the public, primary care physicians, hospitals inclusive of emergency departments, behavioral health urgent care, and others who are likely to come into contact with individuals who may be suffering from either an untreated serious emotional disturbance or substance use disorder, or both, who would likely become homeless or incarcerated if the illness continued to be untreated for a substantial period of time.

(3) Provision for services for populations with identified disparities in behavioral health outcomes.

(4) Provision for full participation of the family in all aspects of assessment, service planning, and treatment, including, but not limited to, family support and consultation services, parenting support and consultation services, and peer support or self-help group support, where appropriate for the individual.

(5) Provision for clients who have been suffering from an untreated serious emotional disturbance or substance use disorder, or both, for less than one year and who do not require the full range of services but are at risk of becoming homeless or justice involved unless a comprehensive individual and family support services plan is implemented. These clients shall be served in a manner that is designed to meet their needs, including housing for clients that is immediate, transitional, permanent, or all of these.

(6) Provision for services to be client-directed, to use psychosocial rehabilitation and recovery principles, and to be integrated with other services.

(7) Provision for psychiatric and psychological collaboration in overall service planning.

(8) Provision for services specifically directed to children and youth experiencing first episode psychosis.

(9) Provision for services for frequent users of behavioral health urgent care, crisis stabilization units, and hospitals or emergency departments as the primary

resource for mental health and substance use disorder treatment.

(10) Provision for services to meet the special needs of clients who are physically disabled, clients who are intellectually or developmentally disabled, or persons of American Indian or Alaska Native descent.

(c) Each child or youth shall have a clearly designated personal services coordinator or case manager who may be part of a multidisciplinary treatment team that is responsible for providing case management services. The personal services coordinator may be a person or entity formally designated as primarily responsible for coordinating the services accessed by the client. The client shall be provided information on how to contact their designated person or entity.

(d) A personal services coordinator shall perform all of the following:

(1) Conduct a comprehensive assessment and periodic reassessment of a client's needs. The assessment shall include the following:

(A) Taking the client's history.

(B) Identifying the individual's needs, including reviewing available records and gathering information from other sources, including behavioral health service providers, medical providers, family members, social workers, and others needed to form a complete assessment.

(C) Assessing the client's living arrangements, employment or education status, and training needs.

(2) Plan for services using information collected through the assessment. The planning process shall do all of the following:

(A) Identify the client's goals and the behavioral health, supportive, medical, educational, social, prevocational, vocational, rehabilitative, housing, or other community services needed to assist the client to reach their goals.

(B) Include active participation of the client and others in the development of the client's goals.

(C) Identify a course of action to address the client's needs.

(D) Address the transition of care when a client has achieved their goals.

(3) Assist the client in accessing needed behavioral health, supportive, medical, educational, social, prevocational, vocational, rehabilitative, housing, or other community services.

(4) Coordinate the services the county furnishes to the client between settings of care, including appropriate discharge planning for short-term hospital and institutional stays.

(5) Coordinate the services the county furnishes to the client with the services the client receives from managed care organizations, the Medicaid fee-for-service delivery system, other human services agencies, and community and social support providers, including local educational agencies.

(6) Ensure that, in the course of coordinating care, the client's privacy is protected in accordance with all federal and state privacy laws.

(e) The county shall ensure that each provider furnishing services to clients maintains and shares, as appropriate, client health records in accordance with professional standards.

(f) The service planning process shall ensure children and youth receive age-appropriate, gender-appropriate, and culturally appropriate services or appropriate services based on a characteristic listed or defined in Section 11135 of the Government Code, to the extent feasible, that are designed to enable recipients to:

(1) (A) Live in the most independent, least restrictive housing feasible in the local community and to live in a supportive housing environment that strives for family reunification.

(B) Rejoin or return to a home they had previously maintained with a family member or in shared housing environment that is supportive of their recovery and stabilization.

(2) Engage in the highest level of educational or productive activity appropriate to their age, abilities, and experience.

(3) Create and maintain a support system consisting of friends, family, and participation in community activities.

(4) Access necessary physical health care and maintain the best possible physical health.

(5) Reduce or eliminate serious antisocial or criminal behavior and thereby reduce or eliminate their contact with the justice system.

(6) Reduce or eliminate the distress caused by the symptoms of either mental illness or substance use disorder, or both.

(7) Utilize trauma-informed approaches to reduce trauma and avoid retraumatization.

(g) (1) (A) The client's clinical record shall describe the service array that meets the requirements of subdivisions (d) and (f) and, to the extent applicable to the individual, the requirements of subdivision (a) and (b).

(B) The State Department of Health Care Services may develop and revise documentation standards for service planning to be consistent with the standards developed pursuant to paragraph (3) of subdivision (h) of Section 14184.402.

(2) Documentation of the service planning process in the client's clinical record pursuant to paragraph (1) may fulfill the documentation requirements for both the Medi-Cal program and this section.

(h) For purposes of this section, "behavioral health services" shall have the meaning as defined in Section 5892.

(i) For purposes of this section, "substance use disorder" shall have the meaning as defined in subdivision (c) of Section 5891.5.

(j) *This section shall become operative on July 1, 2026, if amendments to the Mental Health Services Act are approved by the voters at the March 5, 2024, statewide primary election.*

SEC. 77. Section 5878.1 of the Welfare and Institutions Code is amended to read:

5878.1. (a) It is the intent of this article to establish programs that ensure services will be provided to severely mentally ill children as defined in Section 5878.2 and that they be part of the children's system of care established pursuant to this part. It is the intent of this act that services provided under this chapter to severely mentally ill children are accountable, developed in partnership with youth and their families, culturally competent, and individualized to the strengths and needs of each child and ~~his or her~~ *their* family.

(b) Nothing in this act shall be construed to authorize any services to be provided to a minor without the consent of the child's parent or legal guardian beyond those already authorized by existing statute.

(c) *If amendments to the Mental Health Services Act are approved by the voters at the March 5, 2024, statewide primary election, this section shall become inoperative on July 1, 2026, and as of January 1, 2027, is repealed.*

SEC. 78. Section 5878.1 is added to the Welfare and Institutions Code, to read:

5878.1. (a) *It is the intent of this article to establish programs that ensure services will be provided to eligible children and youth, as defined in Section 5892, and that they are part of the children and youth system of care established pursuant to this part.*

(b) *It is the intent of this act that services provided under this chapter are accountable, developed in partnership with youth and their families and child welfare agencies, are culturally competent, and individualized to the strengths and needs of each child and their family.*

(c) *Nothing in this act shall be construed to authorize a service to be provided to a minor without the consent of the child's parent or legal guardian beyond those already authorized by existing statute.*

(d) *This section shall become operative on July 1, 2026, if amendments to the Mental Health Services Act are approved by the voters at the March 5, 2024, statewide primary election.*

SEC. 79. Section 5878.2 of the Welfare and Institutions Code is amended to read:

5878.2. (a) For purposes of this article, ~~severely mentally ill children~~ *"children with a serious emotional disturbance"* means minors under the age of 18 years of age who meet the criteria set forth in subdivision (a) of Section 5600.3.

(b) *If amendments to the Mental Health Services Act are approved by the voters at the March 5, 2024, statewide primary election, this section shall become*

inoperative on July 1, 2026, and as of January 1, 2027, is repealed.

SEC. 80. Section 5878.3 of the Welfare and Institutions Code is amended to read:

5878.3. (a) Subject to the availability of funds as determined pursuant to Part 4.5 (commencing with Section 5890) of this division, county mental health programs shall offer services to severely mentally ill children for whom services under any other public or private insurance or other mental health or entitlement program is inadequate or unavailable. Other entitlement programs include but are not limited to mental health services available pursuant to Medi-Cal, child welfare, and special education programs. The funding shall cover only those portions of care that cannot be paid for with public or private insurance, other mental health funds or other entitlement programs.

(b) Funding shall be at sufficient levels to ensure that counties can provide each child served all of the necessary services set forth in the applicable treatment plan developed in accordance with this part, including services where appropriate and necessary to prevent an out of home placement, such as services pursuant to Chapter 4 (commencing with Section 18250) of Part 6 of Division 9.

(c) The State Department of Health Care Services shall contract with county mental health programs for the provision of services under this article in the manner set forth in Section 5897.

(d) *If amendments to the Mental Health Services Act are approved by the voters at the March 5, 2024, statewide primary election, this section shall become inoperative on July 1, 2026, and as of January 1, 2027, is repealed.*

SEC. 81. Section 5878.3 is added to the Welfare and Institutions Code, to read:

5878.3. (a) (1) (A) *Counties shall use funds distributed pursuant to subdivision (c) of Section 5891 to offer services to eligible children and youth, as defined in of Section 5892, for whom services under other public or private insurance or other mental health, substance use disorder, or other entitlement program is inadequate or unavailable. Counties are not required to spend funds for services pursuant to this part from any other source, including funds deposited in the mental health account of the local health and welfare fund.*

(B) *Other entitlement programs include, but are not limited to, mental health and substance use disorder treatment services available pursuant to Medi-Cal, child welfare, and special education programs.*

(C) *The funding shall cover only those portions of care that cannot be paid for with public or private insurance, other mental health and substance use disorder funds, or other entitlement programs.*

(2) *To maximize federal financial participation in furtherance of subdivision (d) of Section 5890, a county shall submit claims for reimbursement to the State*

Department of Health Care Services in accordance with applicable Medi-Cal rules and procedures for a behavioral health service or supportive service eligible for reimbursement pursuant to Title XIX or XXI of the federal Social Security Act (42 U.S.C. Sec. 1396, et seq. and 1397aa, et seq.) when such service is paid, in whole or in part, using funds from the Behavioral Health Services Fund established pursuant to Section 5890.

(3) (A) To maximize funding from other sources, a county shall seek reimbursement for a behavioral health service, supportive service, housing intervention, or other related activity provided pursuant to subdivision (a) of Section 5892 that is covered by, or can be paid from, another available funding source, including other mental health funds, substance use disorder funds, public and private insurance, and other local, state, and federal funds. This paragraph does not require counties to exhaust other funding sources before using behavioral health services fund moneys to pay for a service or related activity.

(B) A county shall make a good faith effort to enter into contracts or single case agreements with health care service plans and disability insurance plans, pursuant to Section 1374.72 of the Health and Safety Code and Section 10144.5 of the Insurance Code, as a contracted provider.

(C) A county shall also submit requests for prior authorization for services, request letters of agreement for payment as an out-of-network provider, and pursue other means to obtain reimbursement in accordance with state and federal laws.

(4) (A) A county may report to the Department of Managed Health Care or the Department of Insurance, as appropriate, complaints about a health plan's or a health insurer's failure to make a good faith effort to contract or enter into a single case agreement with the county.

(B) A county may also report to the Department of Managed Health Care or the Department of Insurance, respectively, a failure by a health plan or insurer to timely reimburse the county for services the plan or insurer must cover as required by state or federal law, including, but not limited to, Sections 1374.72 and 1374.721 of the Health and Safety Code and Sections 10144.5 and 10144.52 of the Insurance Code.

(C) Upon receipt of a complaint from a county, the Department of Managed Health Care or the Department of Insurance, as applicable, shall timely investigate the complaint.

(b) (1) Funding shall be at sufficient levels to ensure counties can provide each child served all of the services determined to be necessary during the service planning process in accordance with this part, including services where appropriate and necessary to prevent an out of home placement, such as services pursuant to Chapter 4 (commencing with Section 18250) of Part 6 of Division 9.

(2) A county may use this funding to provide services to address first episode psychosis.

(c) The State Department of Health Care Services shall contract with county behavioral health programs for the provision of services under this article in the manner set forth in Section 5897.

(d) For purposes of this section, the following definitions shall apply:

(1) "Behavioral health services" shall have the meaning as defined in Section 5892.

(2) "Substance use disorder treatment services" shall have the meaning as defined in subdivision (c) of Section 5891.5.

(3) "Supportive services" shall have the meaning as defined in subdivision (h) of Section 5887.

(e) This act shall not be construed to modify or reduce a health plan's obligations under the Knox-Keene Health Care Service Plan Act of 1975.

(f) This section shall become operative on July 1, 2026, if amendments to the Mental Health Services Act are approved by the voters at the March 5, 2024, statewide primary election.

SEC. 86. Part 4.1 (commencing with Section 5887) is added to Division 5 of the Welfare and Institutions Code, to read:

PART 4.1. FULL-SERVICE PARTNERSHIP

5887. (a) Each county shall establish and administer a full service partnership program that include the following services:

(1) Mental health services, supportive services, and substance use disorder treatment services.

(2) Assertive Community Treatment and Forensic Assertive Community Treatment fidelity, Individual Placement and Support model of Supported Employment, high fidelity wraparound, or other evidence-based services and treatment models, as specified by the State Department of Health Care Services. Counties with a population of less than 200,000 may request an exemption from these requirements. Exemption requests shall be subject to approval by the State Department of Health Care Services. The State Department of Health Care Services shall collaborate with the California State Association of Counties and the County Behavioral Health Directors Association of California on reasonable criteria for those requests and a timely and efficient exemption process.

(3) Assertive field-based initiation for substance use disorder treatment services, including the provision of medications for addiction treatment, as specified by the State Department of Health Care Services.

(4) Outpatient behavioral health services, either clinic or field based, necessary for the ongoing evaluation and stabilization of an enrolled individual.

(5) Ongoing engagement services necessary to maintain enrolled individuals in their treatment plan inclusive of clinical and nonclinical services, including services to support maintaining housing.

(6) *Other evidence-based services and treatment models, as specified by the State Department of Health Care Services.*

(7) *The service planning process pursuant to Sections 5806 or 5868 and all services identified during the applicable process.*

(8) *Housing interventions pursuant to Section 5830.*

(b) (1) (A) *Full-service partnership services shall be provided pursuant to a whole-person approach that is trauma informed, age appropriate, and in partnership with families or an individual's natural supports.*

(B) *These services shall be provided in a streamlined and coordinated manner so as to reduce any barriers to services.*

(2) *Full-service partnership services shall support the individual in the recovery process, reduce health disparities, and be provided for the length of time identified during the service planning process pursuant to Sections 5806 and 5868.*

(c) *Full-service partnership programs shall employ community-defined evidence practices, as specified by the State Department of Health Care Services.*

(d) (1) *Full-service partnership programs shall enroll eligible adults and older adults, as defined in Section 5892, who meet the priority population criteria specified in subdivision (c) of Section 5892 and other criteria, as specified by the State Department of Health Care Services.*

(2) *Full-service partnership programs shall enroll eligible children and youth, as defined in Section 5892.*

(e) *Full-service partnership programs shall have an established standard of care with levels based on an individual's acuity and criteria for step-down into the least intensive level of care, as specified by the State Department of Health Care Services, in consultation with the Behavioral Health Services Oversight and Accountability Commission, counties, providers, and other stakeholders.*

(f) *All behavioral health services, as defined in subdivision (j) of Section 5891.5, and supportive services provided to a client enrolled in a full-service partnership shall be paid from the funds allocated pursuant to paragraph (2) of subdivision (a) of Section 5892, subject to Section 5891.*

(g) (1) *The clinical record of each client participating in a full service partnership program shall describe all services identified during the service planning process pursuant to Sections 5806 and 5868 that are provided to the client pursuant to this section.*

(2) *The State Department of Health Care Services may develop and revise documentation standards for service planning to be consistent with the standards developed pursuant to paragraph (3) of subdivision (h) of Section 14184.402.*

(3) *Documentation of the service planning process in the client's clinical record pursuant to paragraph (1)*

may fulfill the documentation requirements for both the Medi-Cal program and this section.

(h) *For purposes of this part, the following definitions shall apply:*

(1) *"Community-defined evidence practices" means an alternative or complement to evidence-based practices, that offer culturally anchored interventions that reflect the values, practices, histories, and lived-experiences of the communities they serve. These practices come from the community and the organizations that serve them and are found to yield positive results as determined by community consensus over time.*

(2) *"Substance use disorder treatment services" means those services as defined in subdivision (c) of Section 5891.5.*

(3) *"Supportive services" means those services necessary to support clients' recovery and wellness, including, but not limited to, food, clothing, linkages to needed social services, linkages to programs administered by the federal Social Security Administration, vocational and education-related services, employment assistance, including supported employment, psychosocial rehabilitation, family engagement, psychoeducation, transportation assistance, occupational therapy provided by an occupational therapist, and group and individual activities that promote a sense of purpose and community participation.*

(i) *This section shall be implemented only to the extent that funds are provided from the Behavioral Health Services Fund for purposes of this section. This section does not obligate the counties to use funds from any other source for services pursuant to this section.*

5887.1. *This part shall become operative on July 1, 2026, if amendments to the Mental Health Services Act are approved by the voters at the March 5, 2024, statewide primary election.*

SEC. 87. Section 5890 of the Welfare and Institutions Code is amended to read:

5890. (a) The Mental Health Services Fund is hereby created in the State Treasury. The fund shall be administered by the state. Notwithstanding Section 13340 of the Government Code, all moneys in the fund are, except as provided in subdivision (d) of Section 5892, continuously appropriated, without regard to fiscal years, for the purpose of funding the following programs and other related activities as designated by other provisions of this division:

(1) Part 3 (commencing with Section 5800), the Adult and Older Adult Mental Health System of Care Act.

(2) Part 3.2 (commencing with Section 5830), Innovative Programs.

(3) Part 3.6 (commencing with Section 5840), Prevention and Early Intervention Programs.

(4) Part 3.9 (commencing with Section 5849.1), No Place Like Home Program.

(5) Part 4 (commencing with Section 5850), the Children's Mental Health Services Act.

(b) The establishment of this fund and any other provisions of the act establishing it or the programs funded shall not be construed to modify the obligation of health care service plans and disability insurance policies to provide coverage for mental health services, including those services required under Section 1374.72 of the Health and Safety Code and Section 10144.5 of the Insurance Code, related to mental health parity. This act shall not be construed to modify the oversight duties of the Department of Managed Health Care or the duties of the Department of Insurance with respect to enforcing these obligations of plans and insurance policies.

(c) This act shall not be construed to modify or reduce the existing authority or responsibility of the State Department of Health Care Services.

(d) The State Department of Health Care Services shall seek approval of all applicable federal Medicaid approvals to maximize the availability of federal funds and eligibility of participating children, adults, and seniors for medically necessary care.

(e) Share of costs for services pursuant to Part 3 (commencing with Section 5800) and Part 4 (commencing with Section 5850) of this division, shall be determined in accordance with the Uniform Method of Determining Ability to Pay applicable to other publicly funded mental health services, unless this Uniform Method is replaced by another method of determining copayments, in which case the new method applicable to other mental health services shall be applicable to services pursuant to Part 3 (commencing with Section 5800) and Part 4 (commencing with Section 5850) of this division.

(f) (1) The Supportive Housing Program Subaccount is hereby created in the Mental Health Services Fund. Notwithstanding Section 13340 of the Government Code, all moneys in the subaccount are reserved and continuously appropriated, without regard to fiscal years, to the California Health Facilities Financing Authority to provide funds to meet its financial obligations pursuant to any service contracts entered into pursuant to Section 5849.35. Notwithstanding any other law, including any other provision of this section, no later than the last day of each month, the Controller shall, before any transfer or expenditure from the fund for any other purpose for the following month, transfer from the Mental Health Services Fund to the Supportive Housing Program Subaccount an amount that has been certified by the California Health Facilities Financing Authority pursuant to paragraph (3) of subdivision (a) of Section 5849.35, but not to exceed an aggregate amount of one hundred forty million dollars (\$140,000,000) per year. ~~If~~ *If*, in any month *month*, the amounts in the Mental Health Services Fund are insufficient to fully transfer to the subaccount or the amounts in the subaccount are insufficient to fully pay the amount certified by the California Health Facilities Financing Authority, the shortfall shall be carried over

to the next month, to be transferred by the Controller with any transfer required by the preceding sentence. Moneys in the Supportive Housing Program Subaccount shall not be loaned to the General Fund pursuant to Section 16310 or 16381 of the Government Code.

(2) Prior to the issuance of any bonds pursuant to Section 15463 of the Government Code, the Legislature may appropriate for transfer funds in the Mental Health Services Fund to the Supportive Housing Program Subaccount in an amount up to one hundred forty million dollars (\$140,000,000) per year. Any amount appropriated for transfer pursuant to this paragraph and deposited in the No Place Like Home Fund shall reduce the authorized but unissued amount of bonds that the California Health Facilities Financing Authority may issue pursuant to Section 15463 of the Government Code by a corresponding amount. Notwithstanding Section 13340 of the Government Code, all moneys in the subaccount transferred pursuant to this paragraph are reserved and continuously appropriated, without regard to fiscal years, for transfer to the No Place Like Home Fund, to be used for purposes of Part 3.9 (commencing with Section 5849.1). The Controller shall, before any transfer or expenditure from the fund for any other purpose for the following month but after any transfer from the fund for purposes of paragraph (1), transfer moneys appropriated from the Mental Health Services Fund to the subaccount pursuant to this paragraph in equal amounts over the following 12-month period, beginning no later than 90 days after the effective date of the appropriation by the Legislature. ~~If~~ *If*, in any month *month*, the amounts in the Mental Health Services Fund are insufficient to fully transfer to the subaccount or the amounts in the subaccount are insufficient to fully pay the amount appropriated for transfer pursuant to this paragraph, the shortfall shall be carried over to the next month.

(3) The sum of any transfers described in paragraphs (1) and (2) shall not exceed an aggregate of one hundred forty million dollars (\$140,000,000) per year.

(4) Paragraph (2) shall become inoperative once any bonds authorized pursuant to Section 15463 of the Government Code are issued.

(g) If amendments to the Mental Health Services Act are approved by the voters at the March 5, 2024, statewide primary election, this section shall become inoperative on July 1, 2026, and as of January 1, 2027, is repealed.

SEC. 88. Section 5890 is added to the Welfare and Institutions Code, to read:

5890. (a) (1) *The Behavioral Health Services Fund is hereby created in the State Treasury.*

(2) *The fund shall be administered by the state.*

(3) *Notwithstanding Section 13340 of the Government Code, all moneys in the fund are, except as provided in subdivision (e) of Section 5892, continuously appropriated, without regard to fiscal years, for the*

purpose of funding the programs, services, and other related activities as specified in Section 5892 and Part 3.9 (commencing with Section 5849.1), the No Place Like Home Program.

(b) (1) The establishment of this fund and other provisions of the act establishing it or the programs funded shall not be construed to modify the obligation of health care service plans and disability insurance policies to provide coverage for behavioral health services, including those services required under Section 1374.72 of the Health and Safety Code and Section 10144.5 of the Insurance Code, related to mental health and substance use disorder parity.

(2) This act does not modify the oversight duties of the Department of Managed Health Care or the duties of the Department of Insurance with respect to enforcing these obligations of plans and insurance policies.

(c) This act does not modify or reduce the existing authority or responsibility of the State Department of Health Care Services.

(d) The State Department of Health Care Services shall seek approval of all applicable federal Medicaid approvals to maximize the availability of federal funds and eligibility of participating children and youth, adults, and older adults for medically necessary care.

(e) Share of costs for services pursuant to Part 3 (commencing with Section 5800) and Part 4 (commencing with Section 5850) shall be determined in accordance with the Uniform Method of Determining Ability to Pay applicable to other publicly funded mental health and substance use disorder treatment services, unless this uniform method is replaced by another method of determining copayments, in which case the new method applicable to other mental health and substance use disorder treatment services shall be applicable to services pursuant to Part 3 (commencing with Section 5800) and Part 4 (commencing with Section 5850).

(f) (1) (A) The Supportive Housing Program Subaccount is hereby created in the Behavioral Health Services Fund.

(B) Notwithstanding Section 13340 of the Government Code, all moneys in the subaccount are reserved and continuously appropriated, without regard to fiscal years, to the California Health Facilities Financing Authority to provide funds to meet its financial obligations pursuant to service contracts entered into pursuant to Section 5849.35.

(C) Notwithstanding any other law, including any other provision of this section, no later than the last day of each month, the Controller shall, before any transfer or expenditure from the fund for any other purpose for the following month, transfer from the Behavioral Health Services Fund to the Supportive Housing Program Subaccount an amount that has been certified by the California Health Facilities Financing Authority pursuant to paragraph (3) of subdivision (a) of Section 5849.35 but not to exceed an aggregate amount of one hundred forty million dollars (\$140,000,000) per year.

(D) If, in any month, the amounts in the Behavioral Health Services Fund are insufficient to fully transfer to the subaccount or the amounts in the subaccount are insufficient to fully pay the amount certified by the California Health Facilities Financing Authority, the shortfall shall be carried over to the next month, to be transferred by the Controller with any transfer required by the preceding sentence.

(E) Moneys in the Supportive Housing Program Subaccount shall not be loaned to the General Fund pursuant to Section 16310 or 16381 of the Government Code.

(2) (A) Prior to the issuance of any bonds pursuant to Section 15463 of the Government Code, the Legislature may appropriate for transfer funds in the Behavioral Health Services Fund to the Supportive Housing Program Subaccount in an amount up to one hundred forty million dollars (\$140,000,000) per year.

(B) Any amount appropriated for transfer pursuant to this paragraph and deposited in the No Place Like Home Fund shall reduce the authorized but unissued amount of bonds that the California Health Facilities Financing Authority may issue pursuant to Section 15463 of the Government Code by a corresponding amount.

(C) Notwithstanding Section 13340 of the Government Code, all moneys in the subaccount transferred pursuant to this paragraph are reserved and continuously appropriated, without regard to fiscal years, for transfer to the No Place Like Home Fund, to be used for purposes of Part 3.9 (commencing with Section 5849.1).

(D) The Controller shall, before any transfer or expenditure from the fund for any other purpose for the following month but after any transfer from the fund for purposes of paragraph (1), transfer moneys appropriated from the Behavioral Health Services Fund to the subaccount pursuant to this paragraph in equal amounts over the following 12-month period, beginning no later than 90 days after the effective date of the appropriation by the Legislature.

(E) If, in any month, the amounts in the Behavioral Health Services Fund are insufficient to fully transfer to the subaccount or the amounts in the subaccount are insufficient to fully pay the amount appropriated for transfer pursuant to this paragraph, the shortfall shall be carried over to the next month.

(3) The sum of any transfer described in paragraphs (1) and (2) shall not exceed an aggregate of one hundred forty million dollars (\$140,000,000) per year.

(4) Paragraph (2) shall become inoperative once bonds authorized pursuant to Section 15463 of the Government Code are issued.

(g) This section shall become operative on July 1, 2026, if amendments to the Mental Health Services Act are approved by the voters at the March 5, 2024, statewide primary election.

SEC. 89. Section 5891 of the Welfare and Institutions Code is amended to read:

5891. (a) (1) (A) The funding established pursuant to this act shall be utilized to expand mental health services.

(B) Except as provided in subdivision (j) of Section 5892 due to the state's fiscal crisis, these funds shall not be used to supplant existing state or county funds utilized to provide mental health services.

(C) The state shall continue to provide financial support for mental health programs with not less than the same entitlements, amounts of allocations from the General Fund or from the Local Revenue Fund 2011 in the State Treasury, and formula distributions of dedicated funds as provided in the last fiscal year which ended prior to the effective date of this act.

(D) The state shall not make any change to the structure of financing mental health services, which increases a county's share of costs or financial risk for mental health services unless the state includes adequate funding to fully compensate for such increased costs or financial risk.

(E) These funds shall only be used to pay for the programs authorized in Sections 5890 and 5892. These funds may not be used to pay for any other program.

(F) These funds may not be loaned to the General Fund or any other fund of the state, or a county general fund or any other county fund for any purpose other than those authorized by Sections 5890 and 5892.

(2) *To maximize federal financial participation in furtherance of subdivision (d) of Section 5890, a county shall submit claims for reimbursement to the State Department of Health Care Services in accordance with applicable Medi-Cal rules and procedures for a behavioral health service or supportive service eligible for reimbursement pursuant to Title XIX or XXI of the federal Social Security Act (42 U.S.C. Sec. 1396, et seq. and 1397aa, et seq.) when such service is paid, in whole or in part, using the funding established pursuant to this act.*

(3) (A) *To maximize funding from other sources, a county shall seek reimbursement for a behavioral health service, supportive service, housing intervention, or other related activity provided, pursuant to subdivision (a) of Section 5892, that is covered by or can be paid from another available funding source, including other mental health funds, substance use disorder funds, public and private insurance, and other local, state, and federal funds. This paragraph does not require counties to exhaust other funding sources before using behavioral health services fund moneys to pay for a service-related activity.*

(B) *A county shall make a good faith effort to enter into contracts, single case agreements, or other agreements to obtain reimbursement with health care service plans and disability insurance plans, pursuant to Section 1374.72 of the Health and Safety Code and Section 10144.5 of the Insurance Code.*

(C) *A county shall also submit requests for prior authorization for services, request letters of agreement for payment as an out-of-network provider, and pursue other means to obtain reimbursement in accordance with state and federal laws.*

(b) (1) Notwithstanding subdivision (a), and except as provided in paragraph (2), the Controller may use the funds created pursuant to this part for loans to the General Fund as provided in Sections 16310 and 16381 of the Government Code. Any such loan shall be repaid from the General Fund with interest computed at 110 percent of the Pooled Money Investment Account rate, with interest commencing to accrue on the date the loan is made from the fund. This subdivision does not authorize any transfer that would interfere with the carrying out of the object for which these funds were created.

(2) This subdivision does not apply to the Supportive Housing Program Subaccount created by subdivision (f) of Section 5890 or any moneys paid by the California Health Facilities Financing Authority to the Department of Housing and Community Development as a service fee pursuant to a service contract authorized by Section 5849.35.

(c) Commencing July 1, 2012, on or before the 15th day of each month, pursuant to a methodology provided by the State Department of Health Care Services, the Controller shall distribute to each Local Mental Health Service Fund established by counties pursuant to subdivision (f) of Section 5892, all unexpended and unreserved funds on deposit as of the last day of the prior month in the Mental Health Services Fund, established pursuant to Section 5890, for the provision of programs and other related activities set forth in Part 3 (commencing with Section 5800), Part 3.2 (commencing with Section 5830), Part 3.6 (commencing with Section 5840), Part 3.9 (commencing with Section 5849.1), and Part 4 (commencing with Section 5850).

(d) (1) Counties shall base their expenditures on the county mental health program's three-year program and expenditure plan or annual update, as required by Section 5847. ~~Nothing in this subdivision shall affect subdivision (a) or (b).~~

(2) *This subdivision does not affect subdivision (a) or (b).*

(e) *This act shall not be construed to modify or reduce a health plan's obligations under the Knox-Keene Health Care Service Plan Act of 1975.*

(f) *This section shall become operative immediately if amendments to the Mental Health Services Act are approved by the voters at the March 5, 2024, statewide primary election.*

(g) *If amendments to the Mental Health Services Act are approved by the voters at the March 5, 2024, statewide primary election, this section shall become inoperative on July 1, 2026, and as of January 1, 2027, is repealed.*

SEC. 90. Section 5891 is added to the Welfare and Institutions Code, to read:

5891. (a) (1) (A) *The funding established pursuant to this act shall be utilized by counties to expand mental health and substance use disorder treatment services.*

(B) *These funds shall not be used to supplant existing state or county funds utilized to provide mental health services or substance use disorder treatment services.*

(C) *The state shall continue to provide financial support for mental health and substance use disorder programs with not less than the same entitlements, amounts of allocations from the General Fund or from the Local Revenue Fund 2011 in the State Treasury, and formula distributions of dedicated funds as provided in the last fiscal year which ended prior to the effective date of this act.*

(D) *The state shall not make a change to the structure of financing mental health and substance use disorder treatment services that increases a county's share of costs or financial risk for behavioral health services unless the state includes adequate funding to fully compensate for such increased costs or financial risk.*

(E) *These funds shall only be used to pay for the programs authorized in Sections 5890 and 5892.*

(F) *These funds may not be used to pay for another program.*

(G) *These funds may not be loaned to the General Fund or another fund of the state, a county general fund, or another county fund for any purpose other than those authorized by Sections 5890 and 5892.*

(2) *To maximize federal financial participation in furtherance of subdivision (d) of Section 5890, a county shall submit claims for reimbursement to the State Department of Health Care Services in accordance with applicable Medi-Cal rules and procedures for a behavioral health service or supportive service eligible for reimbursement pursuant to Title XIX or XXI of the federal Social Security Act (42 U.S.C. Sec. 1396, et seq. and 1397aa, et seq.) when such service is paid, in whole or in part, using the funding established pursuant to this act.*

(3) (A) *To maximize funding from other sources, a county shall seek reimbursement for a behavioral health service, supportive service, housing intervention, or other related activity provided, pursuant to subdivision (a) of Section 5892, that is covered by or can be paid from another available funding source, including other mental health funds, substance use disorder funds, public and private insurance, and other local, state, and federal funds. This paragraph does not require counties to exhaust other funding sources before using behavioral health services fund moneys to pay for a service or related activity.*

(B) *A county shall make a good faith effort to enter into contracts, single case agreements, or other agreements to obtain reimbursement with health care service plans and disability insurance plans, pursuant to Section*

1374.72 of the Health and Safety Code and Section 10144.5 of the Insurance Code.

(C) *A county shall also submit requests for prior authorization for services, request letters of agreement for payment as an out-of-network provider, and pursue other means to obtain reimbursement in accordance with state and federal laws.*

(4) (A) *A county may report to the Department of Managed Health Care or the Department of Insurance, as appropriate, complaints about a health plan's or a health insurer's failure to make a good faith effort to contract or enter into a single case agreement or other agreement with the county.*

(B) *A county may also report to the Department of Managed Health Care or the Department of Insurance, respectively, a failure by a health plan or insurer to timely reimburse the county for services the plan or insurer must cover as required by state or federal law, including, but not limited to, Sections 1374.72 and 1374.721 of the Health and Safety Code and Sections 10144.5 and 10144.52 of the Insurance Code.*

(C) *Upon receipt of a complaint from a county, the Department of Managed Health Care or the Department of Insurance, as applicable, shall timely investigate the complaint.*

(b) (1) (A) *Notwithstanding subdivision (a) and except as provided in paragraph (2), the Controller may use the funds created pursuant to this part for loans to the General Fund as provided in Sections 16310 and 16381 of the Government Code.*

(B) *Those loans shall be repaid from the General Fund with interest computed at 110 percent of the Pooled Money Investment Account rate, with interest commencing to accrue on the date the loan is made from the fund.*

(C) *This subdivision does not authorize a transfer that would interfere with the carrying out of the object for which these funds were created.*

(2) *This subdivision does not apply to the Supportive Housing Program Subaccount created by subdivision (f) of Section 5890 or moneys paid by the California Health Facilities Financing Authority to the Department of Housing and Community Development as a service fee pursuant to a service contract authorized by Section 5849.35.*

(c) *Commencing July 1, 2012, on or before the 15th day of each month, pursuant to a methodology provided by the State Department of Health Care Services, the Controller shall distribute to each Local Behavioral Health Service Fund established by counties, pursuant to subdivision (f) of Section 5892, all unexpended and unreserved funds on deposit as of the last day of the prior month in the Behavioral Health Services Fund, established pursuant to Section 5890, for the provision of programs and other related activities set forth in Section 5892.*

(d) (1) *A county shall base its expenditures on the county mental health and substance use disorder*

program's integrated plan or annual update as required by Section 5963.02 or intermittent update pursuant to subdivision (c) of Section 5963.03.

(2) This subdivision does not affect subdivision (a) or (b).

(e) Each year, the State Department of Health Care Services shall post on its internet website the methodology used for allocating revenue from the Behavioral Health Service Fund to the counties.

(f) For purposes of this section, "behavioral health services" shall have the meaning as defined in subdivision (k) of Section 5892.

(g) For purposes of this section, "substance use disorder" shall have the meaning as defined in subdivision (c) of Section 5891.5.

(h) For purposes of this section, "substance use disorder treatment services" shall have the meaning as defined in subdivision (c) of Section 5891.5.

(i) For purposes of this section, "supportive services" shall have the meaning as defined in subdivision (h) of Section 5887.

(j) This act shall not be construed to modify or reduce a health plan's obligations under the Knox-Keene Health Care Service Plan Act of 1975.

(k) This section shall become operative on July 1, 2026, if amendments to the Mental Health Services Act are approved by the voters at the March 5, 2024, statewide primary election.

SEC. 91. Section 5891.5 of the Welfare and Institutions Code is amended to read:

5891.5. (a) (1) The programs in paragraphs (1) to (3), inclusive, and paragraph (5) of subdivision (a) of Section 5890 may include substance use disorder treatment for children, adults, and older adults with cooccurring mental health and substance use disorders who are eligible to receive mental health services pursuant to those programs. The MHSA includes persons with a serious mental disorder and a diagnosis of substance abuse in the definition of persons who are eligible for MHSA services in Sections 5878.2 and 5813.5, which reference paragraph (2) of subdivision (b) of Section 5600.3.

(2) Provision of substance use disorder *treatment* services pursuant to this section shall comply with all applicable requirements of the Mental Health Services Act.

(3) Treatment of cooccurring mental health and substance use disorders shall be identified in a county's three-year program and expenditure plan or annual update, as required by Section 5847.

(b) (1) When a person being treated for cooccurring mental health and substance use disorders pursuant to subdivision (a) is determined to not need the mental health services that are eligible for funding pursuant to the MHSA, the county shall refer the person receiving treatment to substance use disorder treatment services in a timely manner.

(2) Funding established pursuant to the MHSA may be used to assess whether a person has cooccurring mental health and substance use disorders and to treat a person who is preliminarily assessed to have cooccurring mental health and substance use disorders, even when the person is later determined not to be eligible for services provided with funding established pursuant to the MHSA.

(c) A county shall report to the department, in a form and manner determined by the department, both of the following:

(1) The number of people assessed for cooccurring mental health and substance use disorders.

(2) The number of people assessed for cooccurring mental health and substance use disorders who were ultimately determined to have only a substance use disorder without another cooccurring mental health condition.

(d) The department shall by January 1, 2022, and each January 1 thereafter, publish on its internet website a report summarizing county activities pursuant to this section for the prior fiscal year. Data shall be reported statewide and by county or groupings of counties, as necessary to protect the private health information of persons assessed.

(e) (1) Notwithstanding Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code, the department may implement, interpret, or make specific this section by means of plan or county letters, information notices, plan or provider bulletins, or other similar instructions, without taking any further regulatory action.

(2) On or before July 1, 2025, the department shall adopt regulations necessary to implement this section in accordance with the requirements of Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code.

(f) If amendments to the Mental Health Services Act are approved by the voters at the March 5, 2024, statewide primary election, this section shall become inoperative on July 1, 2026, and as of January 1, 2027, is repealed.

SEC. 92. Section 5891.5 is added to the Welfare and Institutions Code, to read:

5891.5. (a) (1) *Notwithstanding any other law, the programs and services and supports in paragraphs (1), (2), and (3) of subdivision (a) of Section 5892 may include substance use disorder treatment services, as defined in this section for children, youth, adults, and older adults.*

(2) *Notwithstanding Section 5830, the provision of housing interventions to individuals with a substance use disorder shall be optional for counties.*

(3) *Counties that provide substance use disorder treatment services shall provide all forms of federal Food and Drug Administration approved medications for addiction treatment.*

(4) Funding established pursuant to the Behavioral Health Services Act may be used to assess whether a person has a substance use disorder and to treat a person prior to a diagnosis of a substance use disorder, even when the person is later determined not to be eligible for services provided with funding established pursuant to the Behavioral Health Services Act.

(5) Substance use disorder treatment services shall be identified in a county's integrated plan or annual update, as required by Section 5963.02.

(b) (1) A county shall report to the department data and information regarding implementation of this section specified by the department.

(2) The data and information shall be reported in a form, manner, and frequency determined by the department.

(c) (1) For purposes of this section, "substance use disorder" means an adult, child, or youth who has at least one diagnosis of a moderate or severe substance use disorder from the most current version of the Diagnostic and Statistical Manual of Mental Disorders for Substance-Related and Addictive Disorders, with the exception of tobacco-related disorders and non-substance-related disorders.

(2) For purposes of this section, "substance use disorder treatment services" include harm reduction, treatment, and recovery services, including federal Food and Drug Administration approved medications.

(d) (1) The department shall, by January 1, 2022, and each January 1 thereafter, publish on its internet website a report summarizing county activities pursuant to this section for the prior fiscal year.

(2) Data shall be reported statewide and by county or groupings of counties, as necessary to protect the private health information of persons assessed.

(e) This section shall become operative on July 1, 2026, if amendments to the Mental Health Services Act are approved by the voters at the March 5, 2024, statewide primary election.

SEC. 93. Section 5892 of the Welfare and Institutions Code is amended to read:

5892. (a) In order to promote efficient implementation of this act, the county shall use funds distributed from the Mental Health Services Fund as follows:

(1) In the 2005–06, 2006–07, and 2007–08 fiscal years, 10 percent shall be placed in a trust fund to be expended for education and training programs pursuant to Part 3.1 (commencing with Section 5820).

(2) In the 2005–06, 2006–07, and 2007–08 fiscal years, 10 percent for capital facilities and technological needs shall be distributed to counties in accordance with a formula developed in consultation with the County Behavioral Health Directors Association of California to implement plans developed pursuant to Section 5847.

(3) Twenty percent of funds distributed to the counties pursuant to subdivision (c) of Section 5891 shall be used for prevention and early intervention programs in accordance with Part 3.6 (commencing with Section 5840).

(4) The expenditure for prevention and early intervention may be increased in any county in which the department determines that the increase will decrease the need and cost for additional services to persons with severe mental illness in that county by an amount at least commensurate with the proposed increase.

(5) The balance of funds shall be distributed to county mental health programs for services to persons with severe mental illnesses pursuant to Part 4 (commencing with Section 5850) for the children's system of care and Part 3 (commencing with Section 5800) for the adult and older adult system of care. These services may include housing assistance, as defined in Section 5892.5, to the target population specified in Section 5600.3.

(6) Five percent of the total funding for each county mental health program for Part 3 (commencing with Section 5800), Part 3.6 (commencing with Section 5840), and Part 4 (commencing with Section 5850), shall be utilized for innovative programs in accordance with Sections 5830, 5847, and 5848.

(b) (1) In any fiscal year after the 2007–08 fiscal year, programs for services pursuant to Part 3 (commencing with Section 5800) and Part 4 (commencing with Section 5850) may include funds for technological needs and capital facilities, human resource needs, and a prudent reserve to ensure services do not have to be significantly reduced in years in which revenues are below the average of previous years. The total allocation for purposes authorized by this subdivision shall not exceed 20 percent of the average amount of funds allocated to that county for the previous five fiscal years pursuant to this section.

(2) A county shall calculate an amount it establishes as the prudent reserve for its Local Mental Health Services Fund, not to exceed 33 percent of the average community services and support revenue received for the fund in the preceding five years. The county shall reassess the maximum amount of this reserve every five years and certify the reassessment as part of the three-year program and expenditure plan required pursuant to Section 5847.

(3) Notwithstanding Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code, the State Department of Health Care Services may allow counties to determine the percentage of funds to allocate across programs created pursuant to Part 4 (commencing with Section 5850) for the children's system of care and Part 3 (commencing with Section 5800) for the adult and older adult system of care for the 2020–21 and 2021–22 fiscal years by means of all-county letters or other similar instructions without taking further regulatory action.

(c) The allocations pursuant to subdivisions (a) and (b) shall include funding for annual planning costs pursuant to Section 5848. The total of these costs shall not exceed 5 percent of the total of annual revenues received for the fund. The planning costs shall include funds for county mental health programs to pay for the costs of consumers, family members, and other stakeholders to participate in the planning process and for the planning and implementation required for private provider contracts to be significantly expanded to provide additional services pursuant to Part 3 (commencing with Section 5800) and Part 4 (commencing with Section 5850).

(d) Prior to making the allocations pursuant to subdivisions (a), (b), and (c), funds shall be reserved for the costs for the State Department of Health Care Services, the California Behavioral Health Planning Council, the Office of Statewide Health Planning and Development, the Mental Health Services Oversight and Accountability Commission, the State Department of Public Health, and any other state agency to implement all duties pursuant to the programs set forth in this section. These costs shall not exceed 5 percent of the total of annual revenues received for the fund. The administrative costs shall include funds to assist consumers and family members to ensure the appropriate state and county agencies give full consideration to concerns about quality, structure of service delivery, or access to services. The amounts allocated for administration shall include amounts sufficient to ensure adequate research and evaluation regarding the effectiveness of services being provided and achievement of the outcome measures set forth in Part 3 (commencing with Section 5800), Part 3.6 (commencing with Section 5840), and Part 4 (commencing with Section 5850). The amount of funds available for the purposes of this subdivision in any fiscal year is subject to appropriation in the annual Budget Act.

(e) In the 2004–05 fiscal year, funds shall be allocated as follows:

(1) Forty-five percent for education and training pursuant to Part 3.1 (commencing with Section 5820).

(2) Forty-five percent for capital facilities and technology needs in the manner specified by paragraph (2) of subdivision (a).

(3) Five percent for local planning in the manner specified in subdivision (c).

(4) Five percent for state implementation in the manner specified in subdivision (d).

(f) Each county shall place all funds received from the State Mental Health Services Fund in a local Mental Health Services Fund. The Local Mental Health Services Fund balance shall be invested consistent with other county funds and the interest earned on the investments shall be transferred into the fund. The earnings on investment of these funds shall be available for distribution from the fund in future fiscal years.

(g) All expenditures for county mental health programs shall be consistent with a currently approved plan or update pursuant to Section 5847.

(h) (1) Other than funds placed in a reserve in accordance with an approved plan, any funds allocated to a county that have not been spent for their authorized purpose within three years, and the interest accruing on those funds, shall revert to the state to be deposited into the Reversion Account, hereby established in the fund, and available for other counties in future years, provided, however, that funds, including interest accrued on those funds, for capital facilities, technological needs, or education and training may be retained for up to 10 years before reverting to the Reversion Account.

(2) (A) If a county receives approval from the Mental Health Services Oversight and Accountability Commission of a plan for innovative programs, pursuant to subdivision (e) of Section 5830, the county's funds identified in that plan for innovative programs shall not revert to the state pursuant to paragraph (1) so long as they are encumbered under the terms of the approved project plan, including any subsequent amendments approved by the commission, or until three years after the date of approval, whichever is later.

(B) Subparagraph (A) applies to all plans for innovative programs that have received commission approval and are in the process at the time of enactment of the act that added this subparagraph, and to all plans that receive commission approval thereafter.

(3) Notwithstanding paragraph (1), funds allocated to a county with a population of less than 200,000 that have not been spent for their authorized purpose within five years shall revert to the state as described in paragraph (1).

(4) (A) Notwithstanding paragraphs (1) and (2), if a county with a population of less than 200,000 receives approval from the Mental Health Services Oversight and Accountability Commission of a plan for innovative programs, pursuant to subdivision (e) of Section 5830, the county's funds identified in that plan for innovative programs shall not revert to the state pursuant to paragraph (1) so long as they are encumbered under the terms of the approved project plan, including any subsequent amendments approved by the commission, or until five years after the date of approval, whichever is later.

(B) Subparagraph (A) applies to all plans for innovative programs that have received commission approval and are in the process at the time of enactment of the act that added this subparagraph, and to all plans that receive commission approval thereafter.

(i) Notwithstanding subdivision (h) and Section 5892.1, unspent funds allocated to a county, and interest accruing on those funds, which are subject to reversion as of July 1, 2019, and July 1, 2020, shall be subject to reversion on July 1, 2021.

(j) If there are revenues available in the fund after the Mental Health Services Oversight and Accountability

Commission has determined there are prudent reserves and no unmet needs for any of the programs funded pursuant to this section, including all purposes of the Prevention and Early Intervention Program, the commission shall develop a plan for expenditures of these revenues to further the purposes of this act and the Legislature may appropriate these funds for any purpose consistent with the commission's adopted plan that furthers the purposes of this act.

(k) If amendments to the Mental Health Services Act are approved by the voters at the March 5, 2024, statewide primary election, this section shall become inoperative on January 1, 2025, and as of that date is repealed.

SEC. 94. Section 5892 is added to the Welfare and Institutions Code, to read:

5892. (a) *To promote efficient implementation of this act, the county shall use funds distributed from the Mental Health Services Fund as follows:*

(1) Twenty percent of funds distributed to the counties pursuant to subdivision (c) of Section 5891 shall be used for prevention and early intervention programs in accordance with Part 3.6 (commencing with Section 5840).

(2) The expenditure for prevention and early intervention may be increased in a county in which the department determines that the increase will decrease the need and cost for additional services to persons with severe mental illness in that county by an amount at least commensurate with the proposed increase.

(3) The balance of funds shall be distributed to county mental health programs for services to persons with severe mental illnesses pursuant to Part 4 (commencing with Section 5850) for the children's system of care and Part 3 (commencing with Section 5800) for the adult and older adult system of care. These services may include housing assistance, as defined in Section 5892.5, to the target population specified in Section 5600.3.

(4) Five percent of the total funding for each county mental health program for Part 3 (commencing with Section 5800), Part 3.6 (commencing with Section 5840), and Part 4 (commencing with Section 5850) shall be utilized for innovative programs in accordance with Sections 5830, 5847, and 5963.03.

(b) (1) Programs for services pursuant to Part 3 (commencing with Section 5800) and Part 4 (commencing with Section 5850) may include funds for technological needs and capital facilities, human resource needs, and a prudent reserve to ensure services do not have to be significantly reduced in years in which revenues are below the average of previous years. The total allocation for purposes authorized by this subdivision shall not exceed 20 percent of the average amount of funds allocated to that county for the previous five fiscal years pursuant to this section.

(2) A county shall calculate a maximum amount it establishes as the prudent reserve for its Local Behavioral Health Services Fund, not to exceed 33

percent of the average of the total funds distributed to the county pursuant to subdivision (c) of Section 5891 in the preceding five years.

(3) A county with a population of less than 200,000 shall calculate a maximum amount it establishes as the prudent reserve for its Local Behavioral Health Services Fund, not to exceed 25 percent of the average of the total funds distributed to the county pursuant to subdivision (c) of Section 5891 in the preceding five years.

(c) Notwithstanding subdivision (a) of Section 5891, the allocations pursuant to subdivisions (a) and (b) shall include funding for annual planning costs pursuant to Sections 5847 and 5963.03. The total of these costs shall not exceed 5 percent of the total of annual revenues received for the Local Behavioral Health Services Fund. The planning costs shall include funds for county mental health programs to pay for the costs of consumers, family members, and other stakeholders to participate in the planning process and for the planning and implementation required for private provider contracts to be significantly expanded to provide additional services pursuant to Part 3 (commencing with Section 5800) and Part 4 (commencing with Section 5850).

(d) (1) Notwithstanding subdivision (a) of Section 5891, the allocations pursuant to subdivision (a) may include funding to improve plan operations, quality outcomes, fiscal and programmatic data reporting, and monitoring of subcontractor compliance for all county behavioral health programs, including, but not limited to, programs administered by a Medi-Cal behavioral health delivery system, as defined in subdivision (i) of Section 14184.101, and programs funded by the Projects for Assistance in Transition from Homelessness grant, the Community Mental Health Services Block Grant, and other Substance Abuse and Mental Health Services Administration grants.

(2) The total of these costs shall not exceed 2 percent of the total of annual revenues received for the Local Behavioral Health Services Fund.

(3) A county may commence use of funding pursuant to this paragraph on July 1, 2025.

(e) (1) (A) Prior to making the allocations pursuant to subdivisions (a), (b), (c), and (d), funds shall be reserved for state directed purposes for the California Health and Human Services Agency, the State Department of Health Care Services, the California Behavioral Health Planning Council, the Department of Health Care Access and Information, the Behavioral Health Services Oversight and Accountability Commission, the State Department of Public Health, and any other state agency.

(B) These costs shall not exceed 5 percent of the total of annual revenues received for the fund.

(C) The costs shall include funds to assist consumers and family members to ensure the appropriate state and county agencies give full consideration to concerns

about quality, structure of service delivery, or access to services.

(D) The amounts allocated for state directed purposes shall include amounts sufficient to ensure adequate research and evaluation regarding the effectiveness of services being provided and achievement of the outcome measures set forth in Part 3 (commencing with Section 5800), Part 3.6 (commencing with Section 5840), and Part 4 (commencing with Section 5850).

(E) The amount of funds available for the purposes of this subdivision in any fiscal year is subject to appropriation in the annual Budget Act.

(2) Prior to making the allocations pursuant to subdivisions (a), (b), (c), and (d), funds shall be reserved for the costs of the Department of Health Care Access and Information to administer a behavioral health workforce initiative in collaboration with the California Health and Human Services Agency. Funding for this purpose shall not exceed thirty-six million dollars. The amount of funds available for the purposes of this subdivision in any fiscal year is subject to appropriation in the annual Budget Act.

(f) Each county shall place all funds received from the State Mental Health Services Fund in a local Mental Health Services Fund. The Local Mental Health Services Fund balance shall be invested consistent with other county funds and the interest earned on the investments shall be transferred into the fund. The earnings on investment of these funds shall be available for distribution from the fund in future fiscal years.

(g) All expenditures for county mental health programs shall be consistent with a currently approved plan or update pursuant to Section 5847.

(h) (1) Other than funds placed in a reserve in accordance with an approved plan, any funds allocated to a county that have not been spent for their authorized purpose within three years, and the interest accruing on those funds, shall revert to the state to be deposited into the Reversion Account, hereby established in the fund, and available for other counties in future years, provided, however, that funds, including interest accrued on those funds, for capital facilities, technological needs, or education and training may be retained for up to 10 years before reverting to the Reversion Account.

(2) (A) If a county receives approval from the Mental Health Services Oversight and Accountability Commission of a plan for innovative programs, pursuant to subdivision (e) of Section 5830, the county's funds identified in that plan for innovative programs shall not revert to the state pursuant to paragraph (1) so long as they are encumbered under the terms of the approved project plan, including any subsequent amendments approved by the commission, or until three years after the date of approval, whichever is later.

(B) Subparagraph (A) applies to all plans for innovative programs that have received commission approval and are in the process at the time of enactment of the act

that added this subparagraph, and to all plans that receive commission approval thereafter.

(3) Notwithstanding paragraph (1), funds allocated to a county with a population of less than 200,000 that have not been spent for their authorized purpose within five years shall revert to the state as described in paragraph (1).

(4) (A) Notwithstanding paragraphs (1) and (2), if a county with a population of less than 200,000 receives approval from the Mental Health Services Oversight and Accountability Commission of a plan for innovative programs, pursuant to subdivision (e) of Section 5830, the county's funds identified in that plan for innovative programs shall not revert to the state pursuant to paragraph (1) so long as they are encumbered under the terms of the approved project plan, including any subsequent amendments approved by the commission, or until five years after the date of approval, whichever is later.

(B) Subparagraph (A) applies to all plans for innovative programs that have received commission approval and are in the process at the time of enactment of the act that added this subparagraph, and to all plans that receive commission approval thereafter.

(i) Notwithstanding subdivision (h) and Section 5892.1, unspent funds allocated to a county, and interest accruing on those funds, which are subject to reversion as of July 1, 2019, and July 1, 2020, shall be subject to reversion on July 1, 2021.

(j) If there are revenues available in the fund after the State Department of Health Care Services has determined there are prudent reserves and no unmet needs for any of the programs funded pursuant to this section, the department, in consultation with counties, shall develop a plan for expenditures of these revenues to further the purposes of this act and the Legislature may appropriate these funds for any purpose consistent with the department's plan that furthers the purposes of this act.

(k) This section shall become operative on January 1, 2025, if amendments to the Mental Health Services Act are approved by the voters at the March 5, 2024, statewide primary election.

(l) This section shall become inoperative on July 1, 2026, if amendments to the Mental Health Services Act are approved by the voters at the March 5, 2024, statewide primary election.

SEC. 95. Section 5892 is added to the Welfare and Institutions Code, to read:

5892. (a) To promote efficient implementation of this act, subject to subdivision (c), the county shall use funds distributed from the Behavioral Health Services Fund as follows:

(1) (A) (i) Thirty percent of funds distributed to the counties pursuant to subdivision (c) of Section 5891 shall be used for housing interventions programs pursuant to Part 3.2 (commencing with Section 5830).

(ii) Of the funds distributed pursuant to clause (i), 50 percent shall be used for housing interventions for persons who are chronically homeless, with a focus on those in encampments.

(iii) Of the funds distributed pursuant clause (i), no more than 25 percent may be used for capital development projects pursuant to paragraph (2) of subdivision (b) of Section 5830.

(B) Commencing with the 2026–29 fiscal years' county integrated plan, pursuant to Section 5963.02, and ongoing thereafter, for counties with a population of less than 200,000, the State Department of Health Care Services shall establish criteria and a process for approving county requests for an exemption from subparagraph (A) that considers factors including a county's homeless population, the number of individuals receiving Medi-Cal specialty behavioral health services or substance use disorder treatment services in another county, and other factors as determined by the State Department of Health Care Services. The State Department of Health Care Services shall collaborate with the California State Association of Counties and the County Behavioral Health Directors Association of California on reasonable criteria for those requests and a timely and efficient exemption process. Requests for approval of an exemption under this subparagraph shall be responded to, approved, or denied within 30 days of receipt by the department, or shall otherwise be deemed approved by the department.

(C) Commencing with the 2032–35 fiscal years' county integrated plan, pursuant to Section 5963.02, and ongoing thereafter, the State Department of Health Care Services may establish criteria and a process for approving county requests for an exemption from subparagraph (A) that considers the factors set forth in subparagraph (B), regardless of the population size of the county. The State Department of Health Care Services shall collaborate with the California State Association of Counties and the County Behavioral Health Directors Association of California on reasonable criteria for those requests and a timely and efficient exemption process.

(2) (A) Thirty-five percent of the funds distributed to counties pursuant to subdivision (c) of Section 5891 shall be used for full-service partnership programs pursuant to Part 4.1 (commencing with Section 5887).

(B) Commencing with the 2032–35 fiscal years' county integrated plan, pursuant to Section 5963.02, and ongoing thereafter, the State Department of Health Care Services may establish criteria and a process for approving requests for an exemption from subparagraph (A) that considers factors such as county population, client counts, and other factors as determined by the State Department of Health Care Services. The State Department of Health Care Services shall collaborate with the California State Association of Counties and the County Behavioral Health Directors Association of California on reasonable criteria for those requests and a timely and efficient exemption process.

(C) Housing interventions provided to individuals enrolled in full-service partnership programs shall be funded pursuant to subparagraph (A) of paragraph (1).

(3) (A) Thirty-five percent of the funds distributed to counties pursuant to subdivision (c) of Section 5891 shall be used for the following Behavioral Health Services and Supports:

(i) Services pursuant to Part 4 (commencing with Section 5850) for the children's system of care and Part 3 (commencing with Section 5800) for the adult and older adult system of care, excluding those services specified in paragraphs (1) and (2).

(ii) Early intervention programs in accordance with Part 3.6 (commencing with Section 5840).

(iii) Outreach and engagement.

(iv) Workforce education and training.

(v) Capital facilities and technological needs.

(vi) Innovative behavioral health pilots and projects.

(B) (i) A county shall utilize at least 51 percent of Behavioral Health Services and Supports funding for early intervention programs.

(ii) A county shall utilize at least 51 percent of the county's funding allocated for early intervention programs to serve individuals who are 25 years of age and younger.

(iii) A county shall comply with other funding allocations specified by the State Department of Health Care Services for the purposes listed in subparagraph (A).

(4) (A) A county may pilot and test innovative behavioral health models of care programs or innovative promising practices for the programs specified in paragraphs (1), (2), and (3).

(B) The goal of these innovative pilots and innovative promising practices is to build the evidence base for the effectiveness of new statewide strategies.

(5) The programs established pursuant to paragraphs (1), (2), (3), and (4) shall include services to address the needs of eligible children and youth, 0 to 5 years of age, inclusive, transition age youth, and foster youth.

(6) A county is only obligated to fund the programs established pursuant to paragraphs (1) to (4), inclusive, with the funds it receives pursuant to subdivision (c) of Section 5891.

(b) (1) A county shall establish and maintain a prudent reserve to ensure county programs are able to continue to meet the needs of children and youth, adults, and older adults participating in housing intervention programs pursuant to paragraph (1) of subdivision (a), full-service partnership programs pursuant to paragraph (2) of subdivision (a), and receiving services pursuant to clauses (i), (ii), and (iii) of paragraph (3) of subdivision (a), during years in which revenues for the Behavioral Health Services Fund are below recent averages adjusted by changes in the state population and the California Consumer Price Index.

(2) Notwithstanding the allocation percentages specified in paragraphs (1), (2), and (3) of subdivision (a), a county may transfer funds into the prudent reserve from housing intervention programs pursuant to paragraph (1) of subdivision (a), full-service partnership programs pursuant to paragraph (2) of subdivision (a), and Behavioral Health Services and Supports pursuant to paragraph (3) of subdivision (a).

(3) A county shall calculate a maximum amount it establishes as the prudent reserve for its Local Behavioral Health Services Fund, not to exceed 20 percent of the average of the total funds distributed to the county pursuant to subdivision (c) of Section 5891 in the preceding five years.

(4) A county with a population of less than 200,000 shall calculate a maximum amount it establishes as the prudent reserve for its Local Behavioral Health Services Fund, not to exceed 25 percent of the average of the total funds distributed to the county pursuant to subdivision (c) of Section 5891 in the preceding five years.

(5) (A) A county shall assess the maximum amount of its prudent reserve pursuant to paragraphs (3) and (4) every three years and shall include a plan for the expenditure of funds exceeding the maximum amount in the county's integrated plan required pursuant to Section 5963.02.

(B) A county shall spend funds exceeding the maximum amount on programs and services authorized in paragraphs (1), (2), and (3) of subdivision (a).

(6) (A) A county shall spend prudent reserve funds on the programs and services authorized in paragraphs (1) and (3), and clauses (i), (ii), and (iii) of paragraph (3) of subdivision (a).

(B) A county shall not spend prudent reserve funds for the purposes specified in paragraph (2) of subdivision (b) of Section 5830.

(c) (1) A county may transfer up to 14 percent of the total funds allocated to the county in a fiscal year between one or more of the purposes authorized in paragraphs (1), (2) and (3) of subdivision (a). A county shall not decrease the allocation for any one of the purposes authorized in paragraph (1), (2) or (3) by more than 7 percent of the total funds allocated to the county in a fiscal year. County changes to the allocation percentages specified in paragraphs (1), (2), and (3) of subdivision (a) shall be subject to the approval of the State Department of Health Care Services.

(2) A county changing its allocation percentages pursuant to this subdivision does not relieve the county from the obligation to comply with any applicable laws, including, but not limited to, clauses (ii) and (iii) of subparagraph (A) of paragraph (1), and paragraphs (3) and (5), of subdivision (a).

(3) A county shall include proposed changes to the allocation percentages in the county integrated plan pursuant to Section 5963.02, and shall consult with local stakeholders pursuant to Section 5963.03.

(4) A county shall submit a request to shift funding allocation to the State Department of Health Care Services for approval after fulfilling the integrated planning and local stakeholder consultation requirements pursuant to Sections 5963.02 and 5963.03. The county shall submit the request for approval in a form and manner, and in accordance with timelines, prescribed by the department. Counties shall provide any other information, records, and reports that the department deems necessary for the purposes of this subdivision. The State Department of Health Care Services shall collaborate with the California State Association of Counties and the County Behavioral Health Directors Association of California on reasonable criteria for those requests and a timely and efficient approval process. Requests for approval of a shift under this subparagraph shall be responded to, approved, or denied within 30 days of receipt by the department, or shall otherwise be deemed approved by the department.

(A) The department shall review a county's request based on the county's compliance with paragraphs (1) and (2) and demonstration that the requested shift is responsive to local priorities, based on, at a minimum, local data and community input in the planning process.

(B) The State Department of Health Care Services may approve a proposed shift in funding allocations for the current integrated planning period based upon data and information a county submits demonstrating the need for the adjustment.

(C) Unless an annual change is approved by the State Department of Health Care Services, approved allocation adjustments are irrevocable during the applicable three-year period and a county shall not adjust the allocation of funds in the county's subsequent annual and intermittent updates to the county's integrated plan. The State Department of Health Care Services shall collaborate with the California State Association of Counties and the County Behavioral Health Directors Association on reasonable criteria for such requests and a timely and efficient approval process. Requests for approval of a change under this subparagraph shall be responded to, approved, or denied within 30 days of receipt by the department, or shall otherwise be deemed approved by the department.

(d) The programs established pursuant to subdivision (a) shall prioritize services for the following populations:

(1) Eligible adults and older adults, as defined in subdivision (k), who satisfy one of the following:

(A) Are chronically homeless or experiencing homelessness or are at risk of homelessness.

(B) Are in, or are at risk of being in, the justice system.

(C) Are reentering the community from prison or jail.

(D) Are at risk of conservatorship pursuant to Chapter 3 (commencing with Section 5350) of Part 1 of Division 5.

(E) Are at risk of institutionalization.

(2) *Eligible children and youth, as defined in subdivision (k), who satisfy one of the following:*

(A) *Are chronically homeless or experiencing homelessness or are at risk of homelessness.*

(B) *Are in, or at risk of being in, the juvenile justice system.*

(C) *Are reentering the community from a youth correctional facility.*

(D) *Are in the child welfare system pursuant to Section 300, 601, or 602.*

(E) *Are at risk of institutionalization.*

(e) (1) (A) *Notwithstanding subdivision (a) of Section 5891, the allocations pursuant to subdivision (a) shall include funding for annual planning costs pursuant to Sections 5963.02 and 5963.03.*

(B) *The total of these costs shall not exceed 5 percent of the total of annual revenues received for the Local Behavioral Health Services Fund.*

(C) *The planning costs shall include funds for county mental health and substance use disorder programs to pay for the costs of consumers, family members, and other stakeholders to participate in the planning process.*

(2) (A) *Notwithstanding subdivision (a) of Section 5891, the allocations pursuant to subdivision (a) may include funding to improve plan operations, quality outcomes, fiscal and programmatic data reporting pursuant to Section 5963.04, and monitoring of subcontractor compliance for all county behavioral health programs, including, but not limited to, programs administered by a Medi-Cal behavioral health delivery system, as defined in subdivision (i) of Section 14184.101, and programs funded by the Projects for Assistance in Transition from Homelessness grant, the Community Mental Health Services Block Grant, and other Substance Abuse and Mental Health Services Administration grants.*

(B) *The total of the costs in subparagraph (A) shall not exceed 2 percent of the total of annual revenues received for the Local Behavioral Health Services Fund. For counties with a population of less than 200,000, the total of the costs in subparagraph (A) shall not exceed 4 percent of the total annual revenues received from the Local Behavioral Health Services Fund.*

(C) *A county may commence use of funding pursuant to this paragraph on July 1, 2025.*

(D) *Notwithstanding any other law, new costs to implement this article that exceed existing county obligations and are in excess of the funds provided by subparagraph (B) of paragraph (2) of subdivision (e) shall be evaluated by the State Department of Health Care Services for inclusion in the Governor's 2024–25 May Revision. The department shall consult with the California State Association of Counties and the County Behavioral Health Directors Association of California, no later than March 15, 2024, to evaluate the resources needed to implement this article.*

(f) (1) *Notwithstanding subdivision (a) of Section 5891, prior to making the allocations pursuant to subdivisions (a), (b), (d), and (e), funds shall be reserved for:*

(A) *State directed purposes consistent with the Behavioral Health Services Act, for the California Health and Human Services Agency, State Department of Health Care Services, the California Behavioral Health Planning Council, the Department of Health Care Access and Information, the Behavioral Health Services Oversight and Accountability Commission, the State Department of Public Health, and any other state agency.*

(B) *The costs to assist consumers and family members so that the appropriate state and county agencies give full consideration to concerns about quality, structure of service delivery, or access to services.*

(C) *The costs for research and evaluation regarding the effectiveness of programs and services listed in subdivision (a) and achievement of the outcome measures and metrics pursuant to subdivision (d) of Section 5897.*

(D) (i) *The costs of the Department of Health Care Access and Information to implement a behavioral health workforce initiative. The cost for this initiative shall be a minimum of 3 percent of the total funds allocated pursuant to this subdivision.*

(ii) *This initiative shall be developed in consultation with stakeholders, including, but not limited to, behavioral health professionals, counties, behavioral health education and training programs, and behavioral health consumer advocates. The initiative shall focus on efforts to build and support the workforce to meet the need to provide holistic and quality services and support the development and implementation of strategies for training, supporting, and retaining the county behavioral health workforce and noncounty contracted behavioral health workforce, including efforts to increase the racial, ethnic, and linguistic diversity of behavioral health providers and increase access to behavioral health providers in geographically underserved areas.*

(iii) *A portion of the workforce initiative may focus on providing technical assistance and support to county contracted providers to implement and maintain workforce provisions that support the stabilization and retention of the broad behavioral health workforce.*

(iv) *A portion of the workforce initiative may focus on providing technical assistance and support to county and contracted providers to maximize the use of peer support specialists.*

(E) *The costs for the State Department of Public Health to provide population-based mental health and substance use disorder prevention programs. A minimum of 4 percent of the total funds allocated pursuant to this subdivision shall be distributed to the State Department of Public Health for this purpose. Of these funds, at least 51 percent shall be used for programs serving populations who are 25 years of age*

or younger. The State Department of Public Health shall consult with the State Department of Health Care Services and the Behavioral Health Services Oversight and Accountability Commission to ensure the provision of these programs.

(i) Population-based prevention programs are activities designed to reduce the prevalence of mental health and substance use disorders and resulting conditions.

(ii) Population-based prevention programs shall incorporate evidence-based promising or community-defined evidence practices and meet one or more of the following conditions:

(I) Target the entire population of the state, county, or particular community to reduce the risk of individuals developing a mental health or substance use disorder.

(II) Target specific populations at elevated risk for a mental health, substance misuse, or substance use disorder.

(III) Reduce stigma associated with seeking help for mental health challenges and substance use disorders.

(IV) Target populations disproportionately impacted by systemic racism and discrimination.

(V) Prevent suicide, self-harm, or overdose.

(iii) Population-based prevention programs may be implemented statewide or in community settings.

(iv) Population-based prevention programs shall not include the provision of early intervention, diagnostic, and treatment for individuals.

(v) Population-based prevention programs shall be provided on a schoolwide or classroom basis and may be provided by a community-based organization off campus or on school grounds.

(vi) School-based prevention supports and programs shall be provided at a school site or arranged for by a school on a schoolwide or classroom basis and shall not provide services and supports for individuals. These supports and programs may include, but are not limited to:

(I) School-based health centers, student wellness centers, or student wellbeing centers.

(II) Activities, including, but not limited to, group coaching and consultation, designed to prevent substance misuse, increase mindfulness, self-regulation, development of protective factors, calming strategies, and communication skills.

(III) Integrated or embedded school-based programs designed to reduce stigma associated with seeking help for mental health challenges and substance use disorders.

(IV) Student mental health first aid programs designed to identify and prevent suicide or overdose.

(V) Integrated training and systems of support for teachers and school administrators designed to mitigate suspension and expulsion practices and assist with classroom management.

(vii) Early childhood population-based prevention programs for children 0 to 5 years of age, inclusive, shall be provided in a range of settings.

(viii) Funding under this provision shall comply with Section 5891 and shall be used to strengthen population-based strategies and not supplant funding for services and supports for which ongoing funding is available through Children and Youth Behavioral Health Initiative or other sources.

(F) The Behavioral Health Services Act Innovation Partnership Fund as provided for in Section 5845.1. A maximum of twenty million dollars (\$20,000,000) shall be deposited into the fund annually, for fiscal years 2026–27 to 2030–31, inclusive. Thereafter funding shall be determined through the annual budget act.

(G) At its discretion, the commission may utilize funding received in support of the Mental Health Wellness Act to support this section, consistent with subparagraph (F) of paragraph (2) of subdivision (g), and subdivision (h), of Section 5848.5.

(2) The costs for the purposes specified in paragraph (1) shall not exceed 10 percent of the total of annual revenues received for the State Behavioral Health Services Fund. The amount of funds available for the purposes of this subdivision in any fiscal year is subject to appropriation in the annual Budget Act.

(g) Each county shall place all funds received from the State Behavioral Health Services Fund in a local Behavioral Health Services Fund. The Local Behavioral Health Services Fund balance shall be invested consistent with other county funds and the interest earned on the investments shall be transferred into the fund. The earnings on investment of these funds shall be available for distribution from the fund in future fiscal years.

(h) All expenditures for county behavioral health programs shall be consistent with a currently approved county integrated plan or annual update pursuant to Section 5963.02 or an intermittent update prepared pursuant to subdivision (c) of Section 5963.03.

(i) (1) Other than funds placed in a reserve in accordance with an approved plan, any funds allocated to a county that have not been spent for their authorized purpose within three years, and the interest accruing on those funds, shall revert to the state to be deposited into the Reversion Account, hereby established in the fund, and available for other counties in future years, provided, however, that funds, including interest accrued on those funds, for capital facilities, technological needs, or education and training may be retained for up to 10 years before reverting to the Reversion Account.

(2) (A) The Controller shall revert funds by offsetting amounts from each monthly distribution to a county's Local Behavioral Health Service Fund pursuant to subdivision (c) of Section 5891, until the full amount of the reverted funds has been offset. The reverted funds shall be deposited into the Reversion Account for use, consistent with this section and Sections 5890, 5891

and 5891.5, as determined by the State Department of Health Care Services.

(B) Funds that have been reverted that are owed to a county as a result of an audit adjustment, or for other reasons, shall be paid from the Reversion Account. If the balance of funds in the Reversion Account is inadequate, funds owed to a county shall be offset from the monthly distributions to other counties pursuant to subdivision (c) of Section 5891, based on a methodology provided by the State Department of Health Care Services. Owed funds shall be paid to a county in the monthly distribution pursuant to subdivision (c) of Section 5891.

(C) If the State Department of Health Care Services withholds funds from a monthly distribution to a county pursuant to subdivision (e) of Section 5963.04, funds shall be reverted first and the remaining balance shall be withheld.

(3) Notwithstanding paragraph (1), funds allocated to a county with a population of less than 200,000 that have not been spent for their authorized purpose within five years shall revert to the state as described in paragraph (1).

(j) If there are revenues available in the fund after the State Department of Health Care Services has determined there are prudent reserves and no unmet needs for any of the programs funded pursuant to this section, the department, in consultation with counties, shall develop a plan for expenditures of these revenues to further the purposes of this act and the Legislature may appropriate these funds for any purpose consistent with the department's plan that furthers the purposes of this act.

(k) For purposes of this section, the following definitions shall apply:

(1) "Behavioral health services" means mental health services and substance use disorder treatment services, as defined in Section 5891.5.

(2) "Chronically homeless" means an individual or family that is chronically homeless, as defined in Section 11360 of Title 42 of the United States Code, or as otherwise modified or expanded by the State Department of Health Care Services.

(3) "Experiencing homelessness or are at risk of homelessness" means people who are homeless or at risk of homelessness, as defined in Section 91.5 of Title 24 of the Code of Federal Regulations, or as otherwise defined by the State Department of Health Care Services for purposes of the Medi-Cal program.

(4) "Outreach and engagement" means activities to reach, identify, and engage individuals and communities in the behavioral health system, including peers and families, and to reduce disparities. Counties may include evidence-based practices and community-defined evidence practices in the provision of activities.

(5) "Workforce education and training" includes, but is not limited to, the following for the county workforce:

(A) Workforce recruitment, development, training, and retention.

(B) Professional licensing and/or certification testing and fees.

(C) Loan repayment.

(D) Retention incentives and stipends.

(E) Internship and apprenticeship programs.

(F) Continuing education.

(G) Efforts to increase the racial, ethnic, and geographic diversity of the behavioral health workforce.

(6) "Community-defined evidence practices" means an alternative or complement to evidence-based practices, that offer culturally anchored interventions that reflect the values, practices, histories, and lived-experiences of the communities they serve. These practices come from the community and the organizations that serve them and are found to yield positive results as determined by community consensus over time.

(7) (A) "Eligible children and youth" means persons who are 25 years of age or under, including early childhood or transition age youth who do either of the following:

(i) Meet the criteria specified in subdivision (d) of Section 14184.402, notwithstanding age limitations.

(ii) Have a substance use disorder, as defined in subdivision (c) of Section 5891.5.

(B) Eligible children and youth are not required to be enrolled in the Medi-Cal program.

(8) (A) "Eligible adults and older adults" means persons who are 26 years of age or older who do either of the following:

(i) Meet the criteria specified in subdivision (c) of Section 14184.402.

(ii) Have a substance use disorder, as defined in subdivision (c) of Section 5891.5.

(B) Eligible adults and older adults are not required to be enrolled in the Medi-Cal program.

(I) This section shall become operative on July 1, 2026, if amendments to the Mental Health Services Act are approved by the voters at the March 5, 2024, statewide primary election.

SEC. 98. Section 5892.3 is added to the Welfare and Institutions Code, to read:

5892.3. (a) There is hereby created a Behavioral Health Services Act Revenue Stability Workgroup to assess year-over-year fluctuations in tax revenues generated by the Behavioral Health Services Act, in recognition of the need for a reliable strategy for short- and long-term fiscal stability, commencing no later than June 30, 2024.

(b) The workgroup shall develop and recommend solutions to reduce Behavioral Health Services Act revenue volatility and to propose appropriate prudent reserve levels to support the sustainability of county programs and services.

(c) (1) *The California Health and Human Services Agency and the State Department of Health Care Services shall jointly convene and lead the workgroup.*

(2) *Members of the workgroup shall serve without compensation. Members shall include representatives from the following entities:*

(A) *Behavioral Health Services Oversight and Accountability Commission.*

(B) *Legislative Analyst's Office.*

(C) *County Behavioral Health Director's Association of California.*

(D) *California State Association of Counties, including both urban and rural county representatives.*

(3) *The California Department of Finance may consult with the workgroup, as needed, to provide technical assistance.*

(d) *The workgroup shall review and analyze current and historical revenues generated pursuant to the Mental Health Services Act and the Behavioral Health Services Act and current and historical prudent reserve levels to develop the recommendations specified in subdivision (b).*

(e) *On or before June 30, 2025, the California Health and Human Services Agency and the State Department of Health Care Services shall submit a report that includes its recommendations specified in subdivision (b) to the Legislature and the Governor's Office.*

(f) *The workgroup may meet as often as necessary, as determined by the members of the workgroup, until the workgroup is disbanded upon submission of the report specified in subdivision (b).*

(g) *Prudent reserve requirements specified in this subdivision may be changed, and requirements to mitigate Behavioral Health Services Act revenue volatility and improve fiscal stability may be developed, based upon recommendations made by the Behavioral Health Services Act Revenue Stability Workgroup pursuant to Section 5892.3.*

(h) *The California Health and Human Services Agency and the State Department of Health Care Services may jointly reconvene the workgroup, if at any point the recommended revenue volatility strategy and prudent reserve requirements no longer adequately support the sustainability of county programs and services given the year-over-year fluctuations in tax revenues generated by the Behavioral Health Services Act.*

SEC. 99. Section 5892.5 of the Welfare and Institutions Code is amended to read:

5892.5. (a) (1) The California Housing Finance Agency, with the concurrence of the State Department of Health Care Services, shall release unencumbered Mental Health Services Fund moneys dedicated to the Mental Health Services Act housing program upon the written request of the respective county. The county shall use these Mental Health Services Fund moneys released by the agency to provide housing assistance

to the target populations who are identified in Section 5600.3.

(2) For purposes of this section, "housing assistance" means each of the following:

(A) Rental assistance or capitalized operating subsidies.

(B) Security deposits, utility deposits, or other move-in cost assistance.

(C) Utility payments.

(D) Moving cost assistance.

(E) Capital funding to build or rehabilitate housing for homeless, mentally ill persons or mentally ill persons who are at risk of being homeless.

(b) For purposes of administering those funds released to a respective county pursuant to subdivision (a), the county shall comply with all of the requirements described in the Mental Health Services Act, including, but not limited to, Sections 5664, 5847, subdivision (h) of Section 5892, and 5899.

(c) *If amendments to the Mental Health Services Act are approved by the voters at the March 5, 2024, statewide primary election, this section shall become inoperative on July 1, 2026, and as of January 1, 2027, is repealed.*

SEC. 100. Section 5892.5 is added to the Welfare and Institutions Code, to read:

5892.5. (a) (1) *The California Housing Finance Agency, with the concurrence of the State Department of Health Care Services, shall release unencumbered Behavioral Health Services Fund moneys dedicated to the Mental Health Services Act housing program upon the written request of the respective county.*

(2) *The county shall use these Behavioral Health Services Fund moneys released by the agency to provide housing interventions pursuant to Section 5830.*

(b) *For purposes of administering those funds released to a respective county pursuant to subdivision (a), the county shall comply with all of the requirements described in the Behavioral Health Services Act, including, but not limited to, Section 5664, Section 5963.02, subdivision (g) of Section 5892, and Section 5963.04.*

(c) *This section shall become operative on July 1, 2026, if amendments to the Mental Health Services Act are approved by the voters at the March 5, 2024, statewide primary election.*

SEC. 103. Section 5895 of the Welfare and Institutions Code is amended to read:

5895. ~~In the event~~ (a) *If any provisions of Part 3 (commencing with Section 5800), 5800) or Part 4 (commencing with Section 5850) of this division, are repealed or modified so the purposes of this act cannot be accomplished, the funds in the Mental Health Services Fund shall be administered in accordance with those sections as they read on January 1, 2004.*

(b) If amendments to the Mental Health Services Act are approved by the voters at the March 5, 2024, statewide primary election, this section shall become inoperative on July 1, 2026, and as of January 1, 2027, is repealed.

SEC. 104. Section 5897 of the Welfare and Institutions Code is amended to read:

5897. (a) Notwithstanding any other state law, the State Department of Health Care Services shall implement the mental health services provided by Part 3 (commencing with Section 5800), Part 3.6 (commencing with Section 5840), and Part 4 (commencing with Section 5850) through contracts with county mental health programs or counties acting jointly. A contract may be exclusive and may be awarded on a geographic basis. For purposes of this section, a county mental health program includes a city receiving funds pursuant to Section 5701.5.

(b) Two or more counties acting jointly may agree to deliver or subcontract for the delivery of those mental health services. The agreement may encompass all or any part of the mental health services provided pursuant to these parts. Any agreement between counties shall delineate each county's responsibilities and fiscal liability.

(c) The department shall implement the provisions of Part 3 (commencing with Section 5800), Part 3.2 (commencing with Section 5830), Part 3.6 (commencing with Section 5840), and Part 4 (commencing with Section 5850) through the county mental health services performance contract, as specified in Chapter 2 (commencing with Section 5650) of Part 2.

(d) The department shall conduct program reviews of performance contracts to determine compliance. Each county performance contract shall be reviewed at least once every three years, subject to available funding for this purpose.

(e) When a county mental health program is not in compliance with its performance contract, the department may request a plan of correction with a specific timeline to achieve improvements. The department shall post on its ~~Internet Web site~~ *internet website* any plans of correction requested and the related findings.

(f) Contracts awarded by the State Department of Health Care Services, the State Department of Public Health, the California Behavioral Health Planning Council, the Office of Statewide Health Planning and Development, and the Mental Health Services Oversight and Accountability Commission pursuant to Part 3 (commencing with Section 5800), Part 3.1 (commencing with Section 5820), Part 3.2 (commencing with Section 5830), Part 3.6 (commencing with Section 5840), Part 3.7 (commencing with Section 5845), Part 4 (commencing with Section 5850), and Part 4.5 (commencing with Section 5890), may be awarded in the same manner in which contracts are awarded pursuant to Section 5814

and the provisions of subdivisions (g) and (h) of Section 5814 shall apply to those contracts.

(g) For purposes of Section 14712, the allocation of funds pursuant to Section 5892 that are used to provide services to Medi-Cal beneficiaries shall be included in calculating anticipated county matching funds and the transfer to the State Department of Health Care Services of the anticipated county matching funds needed for community mental health programs.

(h) If amendments to the Mental Health Services Act are approved by the voters at the March 5, 2024, statewide primary election, this section shall become inoperative on July 1, 2026, and as of January 1, 2027, is repealed.

SEC. 105. Section 5897 is added to the Welfare and Institutions Code, to read:

5897. (a) (1) *Notwithstanding any other state law, the State Department of Health Care Services shall implement the programs and services specified in subdivision (a) of Section 5892, and related activities, through contracts with a county or counties acting jointly.*

(2) *A contract may be exclusive and may be awarded on a geographic basis.*

(3) *For purposes of this section, a "county" includes a city receiving funds pursuant to Section 5701.5.*

(b) (1) *Two or more counties acting jointly may agree to deliver or subcontract for the delivery of programs and services pursuant to subdivision (a) of Section 5892.*

(2) *The agreement may encompass all or part of these programs and services.*

(3) *An agreement between counties shall delineate each county's responsibilities and fiscal liability.*

(c) *The department shall contract with counties, or counties acting jointly pursuant to subdivision (a), through the county performance contract as specified in Chapter 2 (commencing with Section 5650) of Part 2.*

(d) (1) *The department shall conduct program reviews of performance contracts to determine compliance, including compliance with Sections 5963.02 and 5963.04.*

(2) *Each county performance contract shall be reviewed at least once every three years, subject to available funding for this purpose.*

(e) (1) *If a county behavioral health department is not in compliance with its performance contract, the department may request a plan of correction with a specific timeline to achieve improvements and take administrative action, including, but not limited to, the temporary withholding of funds and the imposition of monetary sanctions pursuant to Section 5963.04.*

(2) *The department shall post plans of correction requested and the related findings on its internet website.*

(f) *Contracts awarded by the State Department of Health Care Services, the State Department of Public Health, the California Behavioral Health Planning Council, the Department of Health Care Access and Information, the Behavioral Health Services Oversight and Accountability Commission and the California Health and Human Services Agency to implement programs and services set forth in subdivision (a) of Section 5892 and programs pursuant to Part 3.1 (commencing with Section 5820) may be awarded in the same manner that contracts are awarded pursuant to Section 5814, and the provisions of subdivisions (g) and (h) of Section 5814 shall apply to those contracts.*

(g) *For purposes of Section 14712, the allocation of funds pursuant to Section 5892 that are used to provide services to Medi-Cal beneficiaries shall be included in calculating anticipated county matching funds and the transfer to the State Department of Health Care Services of the anticipated county matching funds needed for community mental health programs.*

(h) *This section shall become operative on July 1, 2026, if amendments to the Mental Health Services Act are approved by voters at the March 5, 2024, statewide primary election.*

SEC. 106. Section 5898 of the Welfare and Institutions Code is amended to read:

5898. (a) The State Department of Health Care Services, in consultation with the Mental Health Services Oversight and Accountability Commission, shall develop regulations, as necessary, for the State Department of Health Care Services, the Mental Health Services Oversight and Accountability Commission, or designated state and local agencies to implement this act. Regulations adopted pursuant to this section shall be developed with the maximum feasible opportunity for public participation and comments.

(b) *If amendments to the Mental Health Services Act are approved by the voters at the March 5, 2024, statewide primary election, this section shall become inoperative on January 1, 2025, and as of that date is repealed.*

SEC. 107. Section 5898 is added to the Welfare and Institutions Code, to read:

5898. (a) (1) *The State Department of Health Care Services shall develop regulations, as necessary, to implement this act.*

(2) *Regulations adopted pursuant to this section shall be developed with the maximum feasible opportunity for public participation and comments.*

(b) *This section shall become operative on January 1, 2025, if amendments to the Mental Health Services Act are approved by the voters at the March 5, 2024, statewide primary election.*

SEC. 108. Section 5899 of the Welfare and Institutions Code is amended to read:

5899. (a) (1) The State Department of Health Care Services, in consultation with the Mental Health Services Oversight and Accountability Commission and

the County Behavioral Health Directors Association of California, shall develop and administer instructions for the Annual Mental Health Services Act Revenue and Expenditure Report.

(2) The instructions shall include a requirement that the county certify the accuracy of this report.

(3) With the exception of expenditures and receipts related to the capital facilities and technology needs component described in paragraph (6) of subdivision (d), each county shall adhere to uniform accounting standards and procedures that conform to the Generally Accepted Accounting Principles prescribed by the Controller pursuant to Section 30200 of the Government Code when accounting for receipts and expenditures of Mental Health Services Act (MHSA) funds in preparing the report.

(4) Counties shall report receipts and expenditures related to capital facilities and technology needs using the cash basis of accounting, which recognizes expenditures at the time payment is made.

(5) Each county shall electronically submit the report to the department and to the Mental Health Services Oversight and Accountability Commission.

(6) The department and the commission shall annually post each county's report in a text-searchable format on its ~~Internet Web site~~ *internet website* in a timely manner.

(b) The department, in consultation with the commission and the County Behavioral Health Directors Association of California, shall revise the instructions described in subdivision (a) by July 1, 2017, and as needed thereafter, to improve the timely and accurate submission of county revenue and expenditure data.

(c) The purpose of the Annual Mental Health Services Act Revenue and Expenditure Report is as follows:

(1) Identify the expenditures of MHSA funds that were distributed to each county.

(2) Quantify the amount of additional funds generated for the mental health system as a result of the MHSA.

(3) Identify unexpended funds, ~~funds~~ and interest earned on MHSA funds.

(4) Determine reversion amounts, if applicable, from prior fiscal year distributions.

(d) This report is intended to provide information that allows for the evaluation of all of the following:

(1) Children's systems of care.

(2) Prevention and early intervention strategies.

(3) Innovative projects.

(4) Workforce education and training.

(5) Adults and older adults systems of care.

(6) Capital facilities and technology needs.

(e) If a county does not submit the annual revenue and expenditure report described in subdivision (a) by the

required deadline, the department may withhold MHSA funds until the reports are submitted.

(f) A county shall also report the amount of MHSA funds that were spent on mental health services for veterans.

(g) By October 1, 2018, and by October 1 of each subsequent year, the department shall, in consultation with counties, publish on its ~~Internet Web site~~ *internet website* a report detailing funds subject to reversion by county and by originally allocated purpose. The report also shall include the date on which the funds will revert to the Mental Health Services Fund.

(h) If amendments to the Mental Health Services Act are approved by the voters at the March 5, 2024, statewide primary election, this section shall become inoperative on July 1, 2026, and as of January 1, 2027, is repealed.

SEC. 109. Chapter 3 (commencing with Section 5963) is added to Part 7 of Division 5 of the Welfare and Institutions Code, to read:

CHAPTER 3. BEHAVIORAL HEALTH MODERNIZATION ACT

Article 2. Behavioral Health Planning and Reporting

5963. (a) *It is the intent of the Legislature that this article establish the Integrated Plan for Behavioral Health Services and Outcomes, which each county shall develop every three years to include all of the following:*

(1) A demonstration of how the county will utilize various funds for behavioral health services to deliver high-quality, culturally responsive, and timely care along the continuum of services in the least restrictive setting from prevention and wellness in schools and other settings to community-based outpatient care, residential care, crisis care, acute care, and housing services and supports.

(2) A demonstration of how the county will use Behavioral Health Services Act funds to prioritize addressing the needs of those who meet both of the following:

(A) Chronically homeless, experiencing unsheltered homelessness, or are at risk of homelessness, are incarcerated or at risk of being incarcerated, are reentering the community from prison, jail, or a correctional facility, or at risk of institutionalization, conservatorship, or are in the child welfare or adult protective system.

(B) The criteria for eligible adults and older adults, as defined in Section 5892, or for eligible children and youth, as defined in Section 5892.

(3) A demonstration of how the county will strategically invest in early intervention and advancing behavioral health innovation.

(4) A demonstration of how the county has considered other local program planning efforts in the development of the integrated plan to maximize opportunities to leverage funding and services from other programs, including federal funding, Medi-Cal managed care, and commercial health plans.

(5) A demonstration of how the county will support and retain a robust, diverse county and noncounty contracted behavioral health workforce to achieve the statewide and local behavioral health outcome goals.

(6) A development process in partnership with local stakeholders.

(7) A set of measures used to track progress and hold counties accountable in meeting specific outcomes and goals of the integrated plan, including outcomes and goals that reduce disparities.

(8) Information for the state to consider, if necessary, to recommend changes to the county's integrated plan or requiring sanctions to a county's Behavioral Health Services Act funding as a result of a county not meeting its obligations or state outcome metrics.

(b) For purposes of this article, the following definitions apply:

(1) "Chronically homeless" means an individual or family that is chronically homeless, as defined in Section 11360 of Title 42 of the United States Code, or as otherwise modified or expanded by the State Department of Health Care Services.

(2) "Department" means the State Department of Health Care Services.

(3) "Experiencing homelessness or are at risk of homelessness" means people who are homeless or at risk of homelessness, as defined in Section 91.5 of Title 24 of the Code of Federal Regulations, or as otherwise defined by the department.

(4) "Integrated plan" means the Integrated Plan for Behavioral Health Services and Outcomes required by this section.

(c) Notwithstanding any other law, new and ongoing county and behavioral health agency administrative costs to implement this article and Section 14197.71, any costs for plan development required under this article that exceed the amounts set forth in subparagraph (B) of paragraph (1) of subdivision (e) of Section 5892, and any costs for reporting required by this article that exceed the amounts set forth in subparagraph (B) of paragraph (2) of subdivision (e) of Section 5892, shall be included in the Governor's 2024–25 May Revision. The State Department of Health Care Services shall consult with the California State Association of Counties and the County Behavioral Health Directors Association of California no later than March 15, 2024, to estimate the resources needed to implement this article and Section 14197.71.

5963.01. (a) A county shall work with each Medi-Cal managed care plan, as defined in subdivision (j) of Section 14184.101, that covers residents of the county on development of the managed care plan's population needs assessment.

(b) A county shall work with its local health jurisdiction on development of its community health improvement plan.

(c) This section shall become operative on July 1, 2026, if amendments to the Mental Health Services Act

are approved by the voters at the March 5, 2024, statewide primary election.

5963.02. (a) (1) Each county shall prepare and submit an integrated plan and annual updates to the Behavioral Health Services Oversight and Accountability Commission and the department.

(2) All references to the three-year program and expenditure plan mean the integrated plan.

(3) Each county's board of supervisors shall approve the integrated plan and annual updates by June 30 prior to the fiscal year or years the integrated plan or update would cover.

(4) A county shall not use the integrated plan to demonstrate compliance with federal law, state law, or requirements imposed by the department related to programs listed in subdivision (c).

(b) (1) Each section of the integrated plan and annual update listed in subdivision (c) shall be based on available funding or obligations under Section 30025 of the Government Code and corresponding contracts for the applicable fiscal years and in accordance with established stakeholder engagement and planning requirements as required in Section 5963.03.

(2) A county shall consider relevant data sources, including local data, to guide addressing local needs, including the prevalence of mental health and substance use disorders, the unmet need for mental health and substance use disorder treatment in the county, behavioral health disparities, and the homelessness point-in-time count, in preparing each integrated plan and annual update, and should use the data to demonstrate how the plan appropriately allocates funding between mental health and substance use disorder treatment services.

(3) A county shall consider the population needs assessment of each Medi-Cal managed care plan, as defined in subdivision (j) of Section 14184.101, that covers residents of the county in preparing each integrated plan and annual update.

(4) A county shall consider the community health improvement plan of the local health jurisdiction for the county in preparing each integrated plan and annual update.

(5) A county shall stratify data to identify behavioral health disparities and consider approaches to eliminate disparities, including, but not limited to, promising practices, models of care, community-defined evidence practices, workforce diversity, and cultural responsiveness in preparing each integrated plan and annual update.

(6) A county shall report and consider the achievement of defined goals and outcomes measures of the prior integrated plan and annual update, in addition to other data and information as specified by the department pursuant to Section 5963.05, in preparing each integrated plan and annual update.

(7) A county with a population greater than 200,000 shall collaborate with the five most populous cities in

the county, managed care plans, and continuums of care to outline respective responsibilities and coordination of services related to housing interventions described in Section 5830.

(8) A county shall consider input and feedback into the plan provided by stakeholders, including, but not limited to, those with lived behavioral health experience, including peers and families.

(c) The integrated plan and annual updates shall include a section for each of the following:

(1) (A) Community mental health services provided pursuant to Part 2 (commencing with Section 5600).

(B) Programs and services funded from the Behavioral Health Services Fund pursuant to Section 5890, including a description of how the county meets the requirements of paragraph (7) of subdivision (b).

(C) Programs and services funded by the Projects for Assistance in Transition from Homelessness grant pursuant to Sections 290cc-21 to 290cc-35, inclusive, of Title 42 of the United States Code.

(D) Programs and services funded by the Community Mental Health Services Block Grant pursuant to Sections 300x to 300x-9, inclusive, of Title 42 of the United States Code.

(E) Programs and services funded by the Substance Abuse Block Grant pursuant to Sections 300x-21 to 300x-35, inclusive, of Title 42 of the United States Code.

(F) Programs and services provided pursuant to Article 5 (commencing with Section 14680) of Chapter 8.8 of Part 3 of Division 9 and Chapter 8.9 (commencing with Section 14700) of Part 3 of Division 9.

(G) Programs and services provided pursuant to Article 3.2 (commencing with Section 14124.20) of Chapter 7 of Part 3 of Division 9.

(H) Programs and services provided pursuant to Section 14184.401.

(I) Programs and services funded by distributions from the Opioid Settlements Fund established pursuant to Section 12534 of the Government Code.

(J) Services provided through other federal grants or other county mental health and substance use disorder programs.

(2) A budget that includes the county planned expenditures and reserves for the county distributions from the Behavioral Health Service Fund and any other funds allocated to the county to provide the services and programs set forth in paragraph (1). The budget shall also include proposed adjustments pursuant to the requirements set forth in paragraph (c) of Section 5892.

(3) (A) A description of how the integrated plan and annual update aligns with statewide behavioral health goals and outcome measures, including goals and outcome measures to reduce identified disparities, as defined by the department in consultation with counties, stakeholders, and the Behavioral Health

Services and Oversight Accountability Commission, pursuant to Section 5963.05.

(B) Outcome measures may include, but are not limited to, measures that demonstrate achievement of goals to reduce homelessness among those eligible for housing interventions pursuant to Section 5830 and measures that demonstrate reductions in the number of people who are justice-involved in the county and who are eligible adults or older adults, as defined in Section 5892, or eligible children and youth, as defined in Section 5892.

(4) A description of how the integrated plan aligns with local goals and outcome measures for behavioral health, including goals and outcome measures to reduce identified disparities.

(5) The programs and services specified in paragraph (1) shall include descriptions of efforts to reduce identified disparities in behavioral health outcomes.

(6) A description of the data sources considered to meet the requirements specified in paragraph (2) of subdivision (b).

(7) A description of how the county has considered the unique needs of LGBTQ+ youth, justice-involved youth, child welfare-involved, justice-involved adults, and older adults in the housing intervention program pursuant to Part 3.2 (commencing with Section 5830) and Full Service Partnership program pursuant to Part 4.1 (commencing with Section 5887).

(8) A description of its workforce strategy, to include actions the county will take to ensure its county and noncounty contracted behavioral health workforce is well-supported and culturally and linguistically concordant with the population to be served, and robust enough to achieve the statewide and local behavioral health goals and measures. This description shall include how the county will do all of the following:

(A) Maintain and monitor a network of appropriate, high-quality, culturally and linguistically concordant county and noncounty contracted providers, where applicable, that is sufficient to provide adequate access to services and supports for individuals with behavioral health needs.

(B) Meet federal and state standards for timely access to care and services, considering the urgency of the need for services.

(C) Ensure the health and welfare of the individual and support community integration of the individual.

(D) Promote the delivery of services in a culturally competent manner to all individuals, including those with limited English proficiency and diverse cultural and ethnic backgrounds and disabilities, regardless of age, religion, sexual orientation, and gender identity.

(E) Ensure physical access, reasonable accommodations, and accessible equipment for individuals with physical, intellectual and developmental, and mental disabilities.

(F) Select and retain all contracted network providers, including ensuring all contracted providers meet

minimum standards for license, certification, training, experience, and credentialing requirements.

(G) Ensure that the contractor's hiring practices meet applicable nondiscrimination standards and demonstrate best practices in promoting diversity and equity.

(H) Adequately fund contracts to ensure that noncounty contracted providers are resourced to achieve the behavioral health goals outlined in their contract for the purposes of meeting statewide metrics.

(I) Conduct oversight of compliance of all federal and state laws and regulations of all contracted network providers.

(J) Fill county vacancies and retain county employees providing direct behavioral health services, if applicable.

(9) A description of the system developed to transition a beneficiary's care between the beneficiary's mental health plan and their managed care plan based upon the beneficiary's health condition.

(10) Certification by the county behavioral health director, that ensures that the county has complied with all pertinent regulations, laws, and statutes, including stakeholder participation requirements.

(11) Certification by the county behavioral health director and by the county chief administration officer or their designee that the county has complied with fiscal accountability requirements, as directed by the department, and that all expenditures are consistent with applicable state and federal law.

(d) The county shall submit its integrated plan and annual updates to the department and the commission in a form and manner prescribed by the department.

(e) The department shall post on its internet website, in a timely manner, the integrated plan submitted by every county pursuant to this section.

(f) This section shall become operative on July 1, 2026, if amendments to the Mental Health Services Act are approved by the voters at the March 5, 2024, statewide primary election.

5963.03. (a) (1) Each integrated plan shall be developed with local stakeholders, including, but not limited to, all of the following:

(A) Eligible adults and older adults, as defined in Section 5892.

(B) Families of eligible children and youth, eligible adults, and eligible older adults, as defined in Section 5892.

(C) Youths or youth mental health or substance use disorder organizations.

(D) Providers of mental health services and substance use disorder treatment services.

(E) Public safety partners, including county juvenile justice agencies.

(F) Local education agencies.

(G) Higher education partners.

- (H) Early childhood organizations.
- (I) Local public health jurisdictions.
- (J) County social services and child welfare agencies.
- (K) Labor representative organizations.
- (L) Veterans.
- (M) Representatives from veterans organizations.
- (N) Health care organizations, including hospitals.
- (O) Health care service plans, including Medi-Cal managed care plans as defined in subdivision (j) of Section 14184.101.
- (P) Disability insurers.
- (Q) Tribal and Indian Health Program designees established for Medi-Cal Tribal consultation purposes.
- (R) The five most populous cities in counties with a population greater than 200,000.
- (S) Area agencies on aging.
- (T) Independent living centers.
- (U) Continuums of care, including representatives from the homeless service provider community.
- (V) Regional centers.
- (W) Emergency medical services.
- (X) Community-based organizations serving culturally and linguistically diverse constituents.
- (2) (A) (i) A county shall demonstrate a partnership with constituents and stakeholders throughout the process that includes meaningful stakeholder involvement on mental health and substance use disorder policy, program planning, and implementation, monitoring, workforce, quality improvement, health equity, evaluation, and budget allocations.
- (ii) Stakeholders shall include sufficient participation of individuals representing diverse viewpoints, including, but not limited to, representatives from youth from historically marginalized communities, representatives from organizations specializing in working with underserved racially and ethnically diverse communities, representatives from LGBTQ+ communities, victims of domestic violence and sexual abuse, and people with lived experience of homelessness.
- (iii) A county may provide supports, including, but not limited to, training and technical assistance, to ensure stakeholders, including peers and families, receive sufficient information and data to meaningfully participate in the development of integrated plans and annual updates.
- (B) A draft plan and update shall be prepared and circulated for review and comment for at least 30 days to representatives of stakeholder interest and any interested party who has requested a copy of the draft plan.
- (b) (1) The behavioral health board established pursuant to Section 5604 shall conduct a public hearing on the draft integrated plan and annual updates at the

- close of the 30-day comment period required by subdivision (a).
- (2) Each adopted integrated plan and update shall include substantive written recommendations for revisions.
- (3) The adopted integrated plan or update shall summarize and analyze the recommended revisions.
- (4) The behavioral health board shall review the adopted integrated plan or update and make recommendations to the local mental health agency, local substance use disorder agency, or local behavioral health agency, as applicable, for revisions.
- (5) The local mental health agency, local substance use disorder agency, or local behavioral health agency, as applicable, shall provide an annual report of written explanations to the local governing body and the department for substantive recommendations made by the local behavioral health board that are not included in the final integrated plan or update.
- (6) A county may provide training to ensure stakeholders receive sufficient information and data to meaningfully participate in the development of integrated plans and annual updates.
- (c) (1) A county shall prepare annual updates to its integrated plan and may prepare intermittent updates.
- (2) In preparing annual and intermittent updates:
 - (A) A county is not required to comply with the stakeholder process described in subdivisions (a) and (b).
 - (B) A county shall post on its internet website all updates to its integrated plan and a summary and justification of the changes made by the updates for a 30-day comment period prior to the effective date of the updates.
 - (d) For purposes of this section, “substantive recommendations made by the local behavioral health board” means a recommendation that is brought before the board and approved by a majority vote of the membership present at a public hearing of the local behavioral health board that has established a quorum.
 - (e) This section shall become operative on January 1, 2025, if amendments to the Mental Health Services Act are approved by the voters at the March 5, 2024, statewide primary election.
- 5963.04. (a) (1) Annually, counties and Medi-Cal behavioral health delivery systems, as defined in subdivision (i) of Section 14184.101, shall submit the County Behavioral Health Outcomes, Accountability, and Transparency Report to the department.
- (2) This report shall include the following data and information that shall be submitted in a form, manner, and in accordance with timelines prescribed by the department:
 - (A) The county’s annual allocation of state and federal behavioral health funds, by category.
 - (B) The county’s annual expenditure of state and federal behavioral health funds, by category.

(C) The amounts of annual and cumulative unspent state and federal behavioral health funds, including funds in a reserve account, by category.

(D) The county's annual expenditure of county general funds and other funds, by category, on mental health or substance use disorder treatment services.

(E) The sources and amounts spent annually as the nonfederal share for Medi-Cal specialty mental health services and Medi-Cal substance use disorder treatment services, by category.

(F) All administrative costs, by category.

(G) All contracted services, and the cost of those contracted services, by category.

(H) Information on behavioral health services provided to persons not covered by Medi-Cal, including, but not limited to, those who are uninsured or covered by Medicare or commercial insurance, by category.

(I) Other data and information, which shall include, but is not limited to, information on spending on children and youth, service utilization data, performance outcome measures across all behavioral health delivery systems, and data and information pertaining to populations with identified disparities in behavioral health outcomes, as specified by the department. This shall include data through the lens of health equity to identify racial, ethnic, age, gender, and other demographic disparities and inform disparity reduction efforts. Other data and information may include the number of people who are eligible adults and older adults, as defined in Section 5892, who are incarcerated, experiencing homelessness, inclusive of the availability of housing, the number of eligible children and youth, as defined in Section 5892, who access evidence based early psychosis and mood disorder detection and intervention programs.

(J) Data and information on workforce measures and metrics, including, but not limited to, all of the following:

(i) Vacancies and efforts to fill vacancies.

(ii) The number of county employees providing direct clinical behavioral health services.

(iii) Whether there is a net change in the number of county employees providing direct clinical behavioral health services compared to the prior year and an explanation for that change.

(b) The department shall establish metrics, in consultation with counties, stakeholders, and the Behavioral Health Services Oversight and Accountability Commission to measure and evaluate the quality and efficacy of the behavioral health services and programs listed in paragraph (1) of subdivision (c) of Section 5963.02. The metrics shall be used to identify demographic and geographic disparities in the quality and efficacy of behavioral health services and programs listed in paragraph (1) of subdivision (c) of Section 5963.02.

(c) Each county's board of supervisors shall attest that the County Behavioral Health Outcomes,

Accountability, and Transparency Report is complete and accurate before it is submitted to the department.

(d) Each year, the department shall post on its internet website a statewide County Behavioral Health Outcomes, Accountability, and Transparency Report.

(e) (1) The department may require a county or Medi-Cal behavioral health delivery system, as defined in subdivision (i) of Section 14184.101, to revise its integrated plan or annual update pursuant to Section 5963.02 if the department determines the plan or update fails to adequately address local needs pursuant to paragraph (2) of subdivision (b) of Section 5963.02.

(2) The department may impose a corrective action plan or require a county or Medi-Cal behavioral health delivery system, as defined in subdivision (i) of Section 14184.101, to revise its integrated plan or annual update pursuant to Section 5963.02 if the department determines that the county or delivery system fails to make adequate progress in meeting the metrics established by the department pursuant to subdivision (b).

(3) (A) (i) If a county or Medi-Cal behavioral health delivery system fails to submit the data and information specified in subdivision (a) by the required deadline, or as otherwise required by the department, fails to allocate funding pursuant to Section 5892, or fails to follow the process pursuant to Section 5963.03, the department may impose a corrective action plan, monetary sanctions, or temporarily withhold payments to the county or Medi-Cal behavioral health delivery system, pursuant to Section 14197.7.

(ii) Subject to the guidance issued pursuant to Section 5963.05, if a county's actual expenditures of its allocations from the Behavioral Health Services Fund significantly varies from its budget in Section 5963.02, the department may impose a corrective action plan, monetary sanctions, or temporarily withhold payments to the county pursuant to Section 14197.7.

(iii) Notwithstanding subdivision (o) of Section 14197.7, temporarily withheld payments shall be withheld from the Behavioral Health Services Fund.

(B) (i) Notwithstanding subdivision (q) of Section 14197.7, monetary sanctions collected pursuant to this section shall be deposited in the Behavioral Health Services Act Accountability Fund, which is hereby created in the State Treasury.

(ii) Subject to the department's guidance issued pursuant to Section 5963.05, all monies in the Behavioral Health Services Act Accountability Fund shall be continuously appropriated and allocated and distributed to the county that paid the monetary sanction upon the department's determination that the county has come into compliance.

(C) The department shall temporarily withhold amounts it deems necessary to ensure the county or Medi-Cal behavioral health delivery system comes into compliance.

(D) The department shall release the temporarily withheld funds when it determines the county or Medi-Cal behavioral health delivery system has come into compliance.

(f) This section shall be read in conjunction with, and apply in addition to, any other applicable law that authorizes the department to impose sanctions or otherwise take remedial actions against a county and Medi-Cal behavioral health delivery system.

(g) This section shall become operative on July 1, 2026, if amendments to the Mental Health Services Act are approved by the voters at the March 5, 2024, statewide primary election.

5963.05. (a) Notwithstanding Chapter 3.5 (commencing Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code, the department may implement, interpret, or make specific the amendments made pursuant to this act by means of plan or county letters, information notices, plan or provider bulletins, or other similar instructions without taking further regulatory action.

(b) By July 1, 2033, the department shall adopt regulations necessary to implement, interpret, or make specific the amendments made pursuant to this act in accordance with the requirements of Chapter 3.5 (commencing Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code.

(c) (1) For purposes of implementing this act, the department may enter into exclusive or nonexclusive contracts, or amend existing contracts, on a bid or negotiated basis, including contracts to implement new or change existing information technology systems.

(2) Notwithstanding any other law, contracts entered into or amended, or changes to existing information technology systems made pursuant to this subdivision shall be exempt from Chapter 6 (commencing with Section 14825) of Part 5.5 of Division 3 of Title 2 of the Government Code, Article 4 (commencing with Section 19130) of Chapter 5 of Part 2 of Division 5 of Title 2 of the Government Code, Part 2 (commencing with Section 12100) of Division 2 of the Public Contract Code, the Statewide Information Management Manual, and the State Administrative Manual and shall be exempt from the review or approval of any division of the Department of General Services or the Department of Technology.

(d) This section shall become operative on January 1, 2025, if amendments to the Mental Health Services Act are approved by the voters at the March 5, 2024, statewide primary election.

5963.06. (a) The California State Auditor shall, no later than December 31, 2029, issue to the Governor, the Legislature, the Senate and Assembly Committees on Health, the Assembly Committee on Housing and Community Development, and the Senate Committee on Housing, a comprehensive report on the progress and effectiveness of the implementation of the Behavioral Health Services Act.

(b) The California State Auditor shall conduct the audit required pursuant to subdivision (a) every three years thereafter with the final audit due on or before December 31, 2035. The final report shall include final findings, conclusions, and recommendations on the topics addressed in the previous reports.

(1) The California State Auditor shall make their reports available to the public.

(2) The California State Auditor shall make every effort to provide affected entities with an opportunity to reply to any facts, findings, issues, or conclusions in their reports with which the department may disagree.

(c) The audit conducted pursuant to this section shall include an assessment of the following:

(1) The impact of the policy changes of the Behavioral Health Services Act on the overall delivery of behavioral health services in California.

(2) The timeliness and thoroughness of guidance issued and training and technical assistance provided to impacted entities by the state as it transitions from the existing behavioral health system of care to the reforms envisioned pursuant to this act.

(3) The implementation of the Behavioral Health Services Act by each of the primary entities involved in the transition and implementation, including, but not limited to, the California Health and Human Services Agency, State Department of Health Care Services, Department of Health Care Access and Information, State Department of Public Health, Behavioral Health Services Oversight and Accountability Commission, counties, and county behavioral health directors.

(4) How counties demonstrate progress towards meeting the statewide behavioral health goals and outcome measures developed pursuant to subparagraph (A) of paragraph (3) of subdivision (c) of Section 5963.02.

(5) The fiscal and programmatic aspects of the Behavioral Health Services Act, including reserve levels, reversion activity, services and system outcomes, workforce training, workforce capacity, number of individuals served, number of individuals receiving services, number of individuals receiving housing interventions, as reported to the department by counties.

(6) The revised Behavioral Health Services Act allocations pursuant to paragraphs (1), (2), and (3) of subdivision (a) of Section 5892, gaps in service, and trends in unmet needs.

(7) The degree to which the inclusion of substance use disorders, substance use disorder treatment services, and substance use disorder personnel into the Behavioral Health Services Act has impacted the system of behavioral health care and the degree to which inclusion in the Behavioral Health Services Act has been initially successful.

(8) The effectiveness and outcomes achieved through the population-based prevention programs developed

and implemented by the State Department of Public Health.

(9) *The effectiveness and compliance by the counties with the revised reporting requirements under the act that added this section.*

(10) *The department's oversight of the revised Integrated Plan for Behavioral Health Services and Outcomes and County Behavioral Health Outcomes, Accountability, and Transparency Report, including the use of corrective action plans or sanctions, or both.*

(11) *The coordination and collaboration occurring throughout the transition period between, but not limited to, the California Health and Human Services Agency, State Department of Health Care Services, Behavioral Health Services Oversight and Accountability Commission, counties, and county behavioral health directors, and an identification of areas of improvement if warranted.*

(12) *Recommendations on any changes or improvements indicated by the audit pursuant to this section.*

(d) (1) *The California Health and Human Services Agency, State Department of Health Care Services, counties, and Behavioral Health Services Oversight and Accountability Commission staff shall cooperate with all requests of the California State Auditor to the extent such information is available and the State Department of Health Care Services, counties, and Behavioral Health Services Oversight and Accountability Commission shall provide data, information, and case files as requested by the California State Auditor to perform all of their duties, to the extent that information is available.*

(2) *The California State Auditor may also provide in its reports, additional information to either the department or the Legislature at their discretion or at the request of either the department or the Legislature.*

(e) *The California State Auditor shall, in making its recommendations, indicate the predicted quickest method of implementing those recommendations, including, but not limited to, regulatory or statutory changes.*

(f) *This section shall become operative on January 1, 2025, if amendments to the Mental Health Services Act are approved by the voters at the March 5, 2024, statewide primary election.*

(g) *This section shall become inoperative on June 30, 2036, and, as of January 1, 2037, is repealed.*

SEC. 110. Section 14197.7 of the Welfare and Institutions Code is amended to read:

14197.7. (a) Notwithstanding any other law, if the director finds that any entity that contracts with the department for the delivery of health care services (contractor), including a Medi-Cal managed care plan or a prepaid health plan, fails to comply with contract requirements, state or federal law or regulations, or the state plan or approved waivers, or for other good cause, the director may terminate the contract or impose

sanctions as set forth in this section. Good cause includes, but is not limited to, a finding of deficiency that results in improper denial or delay in the delivery of health care services, potential endangerment to patient care, disruption in the contractor's provider network, failure to approve continuity of care, that claims accrued or to accrue have not or will not be recompensed, or a delay in required contractor reporting to the department.

(b) The director may identify findings of noncompliance or good cause through any means, including, but not limited to, findings in audits, investigations, contract compliance reviews, quality improvement system monitoring, routine monitoring, facility site surveys, encounter and provider data submissions, grievances and appeals, network adequacy reviews, assessments of timely access requirements, reviews of utilization data, health plan rating systems, fair hearing decisions, complaints from beneficiaries and other stakeholders, whistleblowers, and contractor self-disclosures.

(c) Except when the director determines that there is an immediate threat to the health of Medi-Cal beneficiaries receiving health care services from the contractor, at the request of the contractor, the department shall hold a public hearing to commence 30 days after notice of intent to terminate the contract has been received by the contractor. The department shall present evidence at the hearing showing good cause for the termination. The department shall assign an administrative law judge who shall provide a written recommendation to the department on the termination of the contract within 30 days after conclusion of the hearing. Reasonable notice of the hearing shall be given to the contractor, Medi-Cal beneficiaries receiving services through the contractor, and other interested parties, including any other persons and organizations as the director may deem necessary. The notice shall state the effective date of, and the reason for, the termination.

(d) In lieu of contract termination, the director shall have the power and authority to require or impose a plan of correction and issue one or more of the following sanctions against a contractor for findings of noncompliance or good cause, including, but not limited to, those specified in subdivision (a):

(1) Temporarily or permanently suspend enrollment and marketing activities.

(2) Require the contractor to suspend or terminate contractor personnel or subcontractors.

(3) Issue one or more of the temporary suspension orders set forth in subdivision (j).

(4) Impose temporary management consistent with the requirements specified in Section 438.706 of Title 42 of the Code of Federal Regulations.

(5) Suspend default enrollment of enrollees who do not select a contractor for the delivery of health care services.

(6) Impose civil monetary sanctions consistent with the dollar amounts and violations specified in Section 438.704 of Title 42 of the Code of Federal Regulations, as follows:

(A) A limit of twenty-five thousand dollars (\$25,000) for each determination of the following:

(i) The contractor fails to provide medically necessary services that the contractor is required to provide, under law or under its contract with the department, to an enrollee covered under the contract.

(ii) The contractor misrepresents or falsifies information to an enrollee, potential enrollee, or health care provider.

(iii) The contractor distributes directly, or indirectly through an agent or independent contractor, marketing materials that have not been approved by the state or that contain false or materially misleading information.

(B) A limit of one hundred thousand dollars (\$100,000) for each determination of the following:

(i) The contractor conducts any act of discrimination against an enrollee on the basis of their health status or need for health care services. This includes termination of enrollment or refusal to reenroll a beneficiary, except as permitted under the Medicaid program, or any practice that would reasonably be expected to discourage enrollment by beneficiaries whose medical condition or history indicates probable need for substantial future medical services.

(ii) The contractor misrepresents or falsifies information that it furnishes to the federal Centers for Medicare and Medicaid Services or to the department.

(C) A limit of fifteen thousand dollars (\$15,000) for each beneficiary the director determines was not enrolled because of a discriminatory practice under clause (i) of subparagraph (B). This sanction is subject to the overall limit of one hundred thousand dollars (\$100,000) under subparagraph (B).

(e) Notwithstanding the monetary sanctions imposed for the violations set forth in paragraph (6) of subdivision (d), the director may impose monetary sanctions in accordance with this section based on any of the following:

(1) The contractor violates any federal or state statute or regulation.

(2) The contractor violates any provision of its contract with the department.

(3) The contractor violates any provision of the state plan or approved waivers.

(4) The contractor fails to meet quality metrics or benchmarks established by the department. Any changes to the minimum quality metrics or benchmarks made by the department that are effective on or after January 1, 2020, shall be established in advance of the applicable reporting or performance measurement period, unless required by the federal government.

(5) The contractor fails to demonstrate that it has an adequate network to meet anticipated utilization in its service area.

(6) The contractor fails to comply with network adequacy standards, including, but not limited to, time and distance, timely access, and provider-to-beneficiary ratio requirements pursuant to standards and formulae that are set forth in federal or state law, regulation, state plan or contract, and that are posted in advance to the department's internet website.

(7) The contractor fails to comply with the requirements of a corrective action plan.

(8) The contractor fails to submit timely and accurate network provider data.

(9) The director identifies deficiencies in the contractor's delivery of health care services.

(10) The director identifies deficiencies in the contractor's operations, including the timely payment of claims.

(11) The contractor fails to comply with reporting requirements, including, but not limited to, those set forth in Section 53862 of Title 22 of the California Code of Regulations.

(12) The contractor fails to timely and accurately process grievances or appeals.

(f) (1) Monetary sanctions imposed pursuant to subdivision (e) may be separately and independently assessed and may also be assessed for each day the contractor fails to correct an identified deficiency. For a deficiency that impacts beneficiaries, each beneficiary impacted constitutes a separate violation. Monetary sanctions shall be assessed in the following amounts:

(A) Up to twenty-five thousand dollars (\$25,000) for a first violation.

(B) Up to fifty thousand dollars (\$50,000) for a second violation.

(C) Up to one hundred thousand dollars (\$100,000) for each subsequent violation.

(2) For monetary sanctions imposed on a contractor that is funded from one or more of the realigned accounts described in paragraphs (2) to (4), inclusive, of subdivision (n), the department shall calculate a percentage of the funds attributable to the contractor to be offset per month pursuant to paragraphs (2) to (4), inclusive, of subdivision (n) until the amount offset equals the amount of the penalty imposed pursuant to paragraph (1).

(g) When assessing sanctions pursuant to this section, the director shall determine the appropriate amount of the penalty for each violation based upon one or more of the following nonexclusive factors:

(1) The nature, scope, and gravity of the violation, including the potential harm or impact on beneficiaries.

(2) The good or bad faith of the contractor.

(3) The contractor's history of violations.

(4) The willfulness of the violation.

(5) The nature and extent to which the contractor cooperated with the department's investigation.

(6) The nature and extent to which the contractor aggravated or mitigated any injury or damage caused by the violation.

(7) The nature and extent to which the contractor has taken corrective action to ensure the violation will not recur.

(8) The financial status of the contractor, including whether the sanction will affect the ability of the contractor to come into compliance.

(9) The financial cost of the health care service that was denied, delayed, or modified.

(10) Whether the violation is an isolated incident.

(11) The amount of the penalty necessary to deter similar violations in the future.

(12) Any other mitigating factors presented by the contractor.

(h) Except in exigent circumstances in which there is an immediate risk to the health of beneficiaries, as determined by the department, the director shall give reasonable written notice to the contractor of the intention to impose any of the sanctions authorized by this section and others who may be directly interested, including any other persons and organizations as the director may deem necessary. The notice shall include the effective date for, the duration of, and the reason for each sanction proposed by the director. A contractor may request the department to meet and confer with the contractor to discuss information and evidence that may impact the director's final decision to impose sanctions authorized by this section. The director shall grant a request to meet and confer prior to issuance of a final sanction if the contractor submits the request in writing to the department no later than two business days after the contractor's receipt of the director's notice of intention to impose sanctions.

(i) Notwithstanding subdivision (d), the director shall terminate a contract with a contractor that the United States Secretary of Health and Human Services has determined does not meet the requirements for participation in the Medicaid program contained in Subchapter XIX (commencing with Section 1396) of Chapter 7 of Title 42 of the United States Code.

(j) (1) The department may make one or more of the following temporary suspension orders as an immediate sanction:

(A) Temporarily suspend enrollment activities.

(B) Temporarily suspend marketing activities.

(C) Require the contractor to temporarily suspend specified personnel of the contractor.

(D) Require the contractor to temporarily suspend participation by a specified subcontractor.

(2) The temporary suspension orders shall be effective no earlier than 20 days after the notice specified in subdivision (k).

(k) Prior to issuing a temporary suspension order, or temporarily withholding funds pursuant to subdivision (o), the department shall provide the contractor with a written notice. The notice shall state the department's intent to impose a temporary suspension or temporary withhold, and specify the nature and effective date of the temporary suspension or temporary withhold. The contractor shall have 30 calendar days from the date of receipt of the notice to file a written appeal with the department. Upon receipt of a written appeal filed by the contractor, the department ~~shall~~ *shall*, within 15 ~~days~~ *days*, set the matter for hearing, which shall be held as soon as possible, but not later than 30 days after receipt of the notice of hearing by the contractor. The hearing may be continued at the request of the contractor if a continuance is necessary to permit presentation of an adequate defense. The temporary suspension order shall remain in effect until the hearing is completed and the department has made a final determination on the merits. However, the temporary suspension order shall be deemed vacated if the director fails to make a final determination on the merits within 60 days after the original hearing has been completed. The department shall stay imposition of a temporary withhold, pursuant to subdivision (o), until the hearing is completed and the department has made a final determination on the merits.

(l) (1) Except as provided in paragraph (2), a contractor may request a hearing in connection with any sanctions applied pursuant to subdivision (d) or (e) within 15 working days after the notice of the effective date of the sanctions has been given, by sending a letter so stating to the address specified in the notice. The department shall stay collection of monetary sanctions upon receipt of the request for a hearing. Collection of the sanction shall remain stayed until the effective date of the final decision of the department.

(2) With respect to mental health plans, the due process and appeals process specified in paragraph (4) of subdivision (b) of Section 14718 shall be made available in connection with any contract termination actions, temporary suspension orders, temporary withholds of funds pursuant to subdivision (o), and sanctions applied pursuant to subdivision (d) or (e).

(m) Except as otherwise provided in this section, all hearings to review the imposition of sanctions, including temporary suspension orders, the withholding or offsetting of funds pursuant to subdivision (n), or the temporary withholding of funds pursuant to subdivision (o), shall be held pursuant to the procedures set forth in Section 100171 of the Health and Safety Code.

(n) (1) If the director imposes monetary sanctions pursuant to this section on a contractor, except for a contractor described in paragraphs (2) to (4), inclusive, the amount of the sanction may be collected by withholding the amount from capitation or other associated payments owed to the contractor.

(2) If the director imposes monetary sanctions on a contractor that is funded from the Mental Health Subaccount, the Mental Health Equity Subaccount, the

Vehicle License Collection Account of the Local Revenue Fund, or the Mental Health Account, the director may offset the monetary sanctions from the respective account. The offset is subject to paragraph (2) of subdivision (q).

(3) If the director imposes monetary sanctions on a contractor that is funded from the Behavioral Health Subaccount of the Local Revenue Fund 2011, the director may offset the monetary sanctions from that account from the distribution attributable to the applicable contractor. The offset is subject to paragraph (2) of subdivision (q).

(4) If the director imposes monetary sanctions on a contractor that is funded from any other mental health or substance use disorder realignment funds from which the Controller is authorized to make distributions to the contractor, the director may offset the monetary sanctions from these funds if the funds described in paragraphs (2) and (3) are insufficient for the purposes described in this subdivision, as appropriate. The offset is subject to paragraph (2) of subdivision (q).

(o) (1) Whenever the department determines that a mental health plan or any entity that contracts with the department to provide Drug Medi-Cal services has violated state or federal law, a requirement of this chapter, Chapter 8 (commencing with Section 14200), Chapter 8.8 (commencing with Section 14600), or Chapter 8.9 (commencing with Section 14700), or any regulations, the state plan, or a term or condition of an approved waiver, or a provision of its contract with the department, the department may temporarily withhold payments of federal financial participation and payments from the accounts listed in paragraphs (2) to (4), inclusive, of subdivision (n). The department shall temporarily withhold amounts it deems necessary to ensure the mental health plan or the entity that contracts with the department to provide Drug Medi-Cal services promptly corrects the violation. The department shall release the temporarily withheld funds when it determines the mental health plan or the entity that contracts with the department to provide Drug Medi-Cal services has come into compliance.

(2) A mental health plan, or any entity that contracts with the department to provide Drug Medi-Cal services, may appeal the imposition of a temporary withhold pursuant to this subdivision in accordance with the procedures described in subdivisions (k) and (m). Imposition of a temporary withhold shall be stayed until the effective date of the final decision of the department.

(p) This section shall be read in conjunction with, and apply in addition to, any other applicable law that authorizes the department to impose sanctions or otherwise take remedial action upon contractors.

(q) (1) Notwithstanding any other law, nonfederal moneys collected by the department pursuant to this section, except for moneys collected from a contractor funded from one or more of the realigned accounts described in paragraphs (2) to (4), inclusive, of subdivision (n), shall be deposited into the General

Fund for use, and upon appropriation by the Legislature, to address workforce issues in the Medi-Cal program and to improve access to care in the Medi-Cal program.

(2) Monetary sanctions imposed via offset on a contractor that is funded from one or more of the realigned accounts described in paragraphs (2) to (4), inclusive, of subdivision (n) shall be redeposited into the account from which the monetary sanctions were offset pursuant to paragraphs (2) to (4), inclusive, of subdivision (n). The department shall notify the Department of Finance of the percentage reduction for the affected county. The Department of Finance shall subsequently notify the Controller, and the Controller shall redistribute the monetary sanction amount to nonsanctioned counties based on each county's prorated share of the monthly base allocations from the realigned account. With respect to an individual contractor, the department shall not collect via offset more than 25 percent of the total amount of the funds distributed from the applicable account or accounts that are attributable to the contractor in a given month. If the department is not able to collect the full amount of monetary sanctions imposed on a contractor funded from one or more of the realigned accounts described in paragraphs (2) to (4), inclusive, of subdivision (n) in a given month, the department shall continue to offset the amounts attributable to the contractor in subsequent months until the full amount of monetary sanctions has been collected.

(r) (1) Notwithstanding Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code, the department may implement, interpret, or make specific this section, in whole or in part, by means of plan or county letters, information notices, plan or provider bulletins, or other similar instructions, without taking any further regulatory action.

(2) By July 1, 2025, the department shall adopt any regulations necessary to implement this section in accordance with the requirements of Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code.

(s) This section shall be implemented only to the extent that any necessary federal approvals have been obtained and that federal financial participation is available.

(t) For purposes of this section, "contractor" means any individual, organization, or entity that enters into a contract with the department to provide services to enrolled Medi-Cal beneficiaries pursuant to any of the following:

(1) Article 2.7 (commencing with Section 14087.3), including dental managed care programs developed pursuant to Section 14087.46.

(2) Article 2.8 (commencing with Section 14087.5).

(3) Article 2.81 (commencing with Section 14087.96).

(4) Article 2.82 (commencing with Section 14087.98).

- (5) Article 2.9 (commencing with Section 14088).
- (6) Article 2.91 (commencing with Section 14089).
- (7) Chapter 8 (commencing with Section 14200), including dental managed care plans.
- (8) Chapter 8.9 (commencing with Section 14700).

(9) A county Drug Medi-Cal organized delivery system authorized under the California Medi-Cal 2020 Demonstration pursuant to Article 5.5 (commencing with Section 14184) or a successor demonstration or waiver, as applicable.

(u) If amendments to the Mental Health Services Act are approved by the voters at the March 5, 2024, statewide primary election, this section shall become inoperative on January 1, 2025, and as of that date is repealed.

SEC. 111. Section 14197.7 is added to the Welfare and Institutions Code, to read:

14197.7. (a) (1) Notwithstanding any other law, if the director finds that an entity that contracts with the department for the delivery of health care services (contractor), including a Medi-Cal managed care plan or a prepaid health plan, fails to comply with contract requirements, state or federal law or regulations, or the state plan or approved waivers, or for other good cause, the director may terminate the contract or impose sanctions as set forth in this section.

(2) Good cause includes, but is not limited to, a finding of deficiency that results in improper denial or delay in the delivery of health care services, potential endangerment to patient care, disruption in the contractor's provider network, failure to approve continuity of care, that claims accrued or to accrue have not or will not be recompensed, or a delay in required contractor reporting to the department.

(b) The director may identify findings of noncompliance or good cause through any means, including, but not limited to, findings in audits, investigations, contract compliance reviews, quality improvement system monitoring, routine monitoring, facility site surveys, encounter and provider data submissions, grievances and appeals, network adequacy reviews, assessments of timely access requirements, reviews of utilization data, health plan rating systems, fair hearing decisions, complaints from beneficiaries and other stakeholders, whistleblowers, and contractor self-disclosures.

(c) (1) Except when the director determines there is an immediate threat to the health of Medi-Cal beneficiaries receiving health care services from the contractor, at the request of the contractor, the department shall hold a public hearing to commence 30 days after notice of intent to terminate the contract has been received by the contractor.

(2) The department shall present evidence at the hearing showing good cause for the termination.

(3) The department shall assign an administrative law judge who shall provide a written recommendation to the department on the termination of the contract within 30 days after conclusion of the hearing.

(4) (A) Reasonable notice of the hearing shall be given to the contractor, Medi-Cal beneficiaries receiving services through the contractor, and other interested parties, including any other person and organization the director may deem necessary.

(B) The notice shall state the effective date of, and the reason for, the termination.

(d) In lieu of contract termination, the director shall have the power and authority to require or impose a plan of correction and issue one or more of the following sanctions against a contractor for findings of noncompliance or good cause, including, but not limited to, those specified in subdivision (a):

(1) Temporarily or permanently suspend enrollment and marketing activities.

(2) Require the contractor to suspend or terminate contractor personnel or subcontractors.

(3) Issue one or more of the temporary suspension orders set forth in subdivision (j).

(4) Impose temporary management consistent with the requirements specified in Section 438.706 of Title 42 of the Code of Federal Regulations.

(5) Suspend default enrollment of enrollees who do not select a contractor for the delivery of health care services.

(6) Impose civil monetary sanctions consistent with the dollar amounts and violations specified in Section 438.704 of Title 42 of the Code of Federal Regulations, as follows:

(A) A limit of twenty-five thousand dollars (\$25,000) for each determination of the following:

(i) The contractor fails to provide medically necessary services that the contractor is required to provide, under law or under its contract with the department, to an enrollee covered under the contract.

(ii) The contractor misrepresents or falsifies information to an enrollee, potential enrollee, or health care provider.

(iii) The contractor distributes directly, or indirectly through an agent or independent contractor, marketing materials that have not been approved by the state or that contain false or materially misleading information.

(B) A limit of one hundred thousand dollars (\$100,000) for each determination of the following:

(i) The contractor conducts an act of discrimination against an enrollee on the basis of their health status or need for health care services. This includes termination of enrollment or refusal to reenroll a beneficiary, except as permitted under the Medicaid program, or a practice that would reasonably be expected to discourage enrollment by beneficiaries whose medical condition or history indicates probable need for substantial future medical services.

(ii) The contractor misrepresents or falsifies information that it furnishes to the federal Centers for Medicare and Medicaid Services or to the department.

(C) A limit of fifteen thousand dollars (\$15,000) for each beneficiary the director determines was not enrolled because of a discriminatory practice under clause (i) of subparagraph (B). This sanction is subject to the overall limit of one hundred thousand dollars (\$100,000) under subparagraph (B).

(e) Notwithstanding the monetary sanctions imposed for the violations set forth in paragraph (6) of subdivision (d), the director may impose monetary sanctions in accordance with this section based on any of the following:

(1) The contractor violates a federal or state statute or regulation.

(2) The contractor violates a provision of its contract with the department.

(3) The contractor violates a provision of the state plan or approved waivers.

(4) The contractor fails to meet quality metrics or benchmarks established by the department. Any changes to the minimum quality metrics or benchmarks made by the department that are effective on or after January 1, 2020, shall be established in advance of the applicable reporting or performance measurement period, unless required by the federal government.

(5) The contractor fails to demonstrate that it has an adequate network to meet anticipated utilization in its service area.

(6) The contractor fails to comply with network adequacy standards, including, but not limited to, time and distance, timely access, and provider-to-beneficiary ratio requirements pursuant to standards and formulae that are set forth in federal or state law, regulation, state plan, or contract and that are posted in advance to the department's internet website.

(7) The contractor fails to comply with the requirements of a corrective action plan.

(8) The contractor fails to submit timely and accurate network provider data.

(9) The director identifies deficiencies in the contractor's delivery of health care services.

(10) The director identifies deficiencies in the contractor's operations, including the timely payment of claims.

(11) The contractor fails to comply with reporting requirements, including, but not limited to, those set forth in Section 53862 of Title 22 of the California Code of Regulations.

(12) The contractor fails to timely and accurately process grievances or appeals.

(f) (1) Monetary sanctions imposed pursuant to subdivision (e) may be separately and independently assessed and may also be assessed for each day the contractor fails to correct an identified deficiency. For a deficiency that impacts beneficiaries, each beneficiary impacted constitutes a separate violation. Monetary sanctions shall be assessed in the following amounts:

(A) Up to twenty-five thousand dollars (\$25,000) for a first violation.

(B) Up to fifty thousand dollars (\$50,000) for a second violation.

(C) Up to one hundred thousand dollars (\$100,000) for each subsequent violation.

(2) For monetary sanctions imposed on a contractor that is funded from one or more of the realigned accounts described in paragraphs (2) to (4), inclusive, of subdivision (n), the department shall calculate a percentage of the funds attributable to the contractor to be offset per month pursuant to paragraphs (2) to (4), inclusive, of subdivision (n) until the amount offset equals the amount of the penalty imposed pursuant to paragraph (1).

(g) When assessing sanctions pursuant to this section, the director shall determine the appropriate amount of the penalty for each violation based upon one or more of the following nonexclusive factors:

(1) The nature, scope, and gravity of the violation, including the potential harm or impact on beneficiaries.

(2) The good or bad faith of the contractor.

(3) The contractor's history of violations.

(4) The willfulness of the violation.

(5) The nature and extent to which the contractor cooperated with the department's investigation.

(6) The nature and extent to which the contractor aggravated or mitigated any injury or damage caused by the violation.

(7) The nature and extent to which the contractor has taken corrective action to ensure the violation will not recur.

(8) The financial status of the contractor, including whether the sanction will affect the ability of the contractor to come into compliance.

(9) The financial cost of the health care service that was denied, delayed, or modified.

(10) Whether the violation is an isolated incident.

(11) The amount of the penalty necessary to deter similar violations in the future.

(12) Other mitigating factors presented by the contractor.

(h) (1) Except in exigent circumstances in which there is an immediate risk to the health of beneficiaries, as determined by the department, the director shall give reasonable written notice to the contractor of the intention to impose any of the sanctions authorized by this section and others who may be directly interested, including any other persons and organizations the director may deem necessary.

(2) The notice shall include the effective date for, the duration of, and the reason for each sanction proposed by the director.

(3) A contractor may request the department to meet and confer with the contractor to discuss information

and evidence that may impact the director's final decision to impose sanctions authorized by this section.

(4) The director shall grant a request to meet and confer prior to issuance of a final sanction if the contractor submits the request in writing to the department no later than two business days after the contractor's receipt of the director's notice of intention to impose sanctions.

(i) Notwithstanding subdivision (d), the director shall terminate a contract with a contractor that the United States Secretary of Health and Human Services has determined does not meet the requirements for participation in the Medicaid program contained in Subchapter XIX (commencing with Section 1396) of Chapter 7 of Title 42 of the United States Code.

(j) (1) The department may make one or more of the following temporary suspension orders as an immediate sanction:

(A) Temporarily suspend enrollment activities.

(B) Temporarily suspend marketing activities.

(C) Require the contractor to temporarily suspend specified personnel of the contractor.

(D) Require the contractor to temporarily suspend participation by a specified subcontractor.

(2) The temporary suspension orders shall be effective no earlier than 20 days after the notice specified in subdivision (k).

(k) (1) Prior to issuing a temporary suspension order, or temporarily withholding funds pursuant to subdivision (o), the department shall provide the contractor with a written notice.

(2) The notice shall state the department's intent to impose a temporary suspension or temporary withhold and specify the nature and effective date of the temporary suspension or temporary withhold.

(3) The contractor shall have 30 calendar days from the date of receipt of the notice to file a written appeal with the department.

(4) Upon receipt of a written appeal filed by the contractor, the department shall, within 15 days, set the matter for hearing, which shall be held as soon as possible but not later than 30 days after receipt of the notice of hearing by the contractor.

(5) The hearing may be continued at the request of the contractor if a continuance is necessary to permit presentation of an adequate defense.

(6) The temporary suspension order shall remain in effect until the hearing is completed and the department has made a final determination on the merits. However, the temporary suspension order shall be deemed vacated if the director fails to make a final determination on the merits within 60 days of the close of the record for the matter.

(7) The department shall stay imposition of a temporary withhold, pursuant to subdivision (o), until the hearing is completed and the department has made

a final determination on the merits within 60 days of the close of the record for the matter.

(l) (1) A contractor may request a hearing in connection with sanctions applied pursuant to subdivision (d) or (e) within 15 working days after the notice of the effective date of the sanctions has been given by sending a letter so stating to the address specified in the notice.

(2) The department shall stay collection of monetary sanctions upon receipt of the request for a hearing.

(3) Collection of the sanction shall remain stayed until the effective date of the final decision of the department.

(m) Except as otherwise provided in this section, all hearings to review the imposition of sanctions, including temporary suspension orders, the withholding or offsetting of funds pursuant to subdivision (n), or the temporary withholding of funds pursuant to subdivision (o) shall be held pursuant to the procedures set forth in Section 100171 of the Health and Safety Code.

(n) (1) If the director imposes monetary sanctions pursuant to this section on a contractor, except for a contractor described in paragraphs (2) to (5), inclusive, the amount of the sanction may be collected by withholding the amount from capitation or other associated payments owed to the contractor.

(2) If the director imposes monetary sanctions on a contractor that is funded from the Mental Health Subaccount, the Mental Health Equity Subaccount, the Vehicle License Collection Account of the Local Revenue Fund, or the Mental Health Account, the director may offset the monetary sanctions from the respective account. The offset is subject to paragraph (2) of subdivision (q).

(3) If the director imposes monetary sanctions on a contractor that is funded from the Behavioral Health Subaccount of the Local Revenue Fund 2011, the director may offset the monetary sanctions from that account from the distribution attributable to the applicable contractor. The offset is subject to paragraph (2) of subdivision (q).

(4) If the director imposes monetary sanctions on a contractor that is funded from another mental health or substance use disorder realignment fund from which the Controller is authorized to make distributions to the contractor, the director may offset the monetary sanctions from these funds if the funds described in paragraphs (2) and (3) are insufficient for the purposes described in this subdivision, as appropriate. The offset is subject to paragraph (2) of subdivision (q).

(5) (A) If the director imposes monetary sanctions pursuant to subdivision (e) of Section 5963.04, the director may offset the monetary sanctions from the Behavioral Health Services Fund from the distribution attributable to the applicable contractor.

(B) With respect to an individual contractor, the department shall not collect via offset more than 25 percent of the total amount of the funds distributed

from the Behavioral Health Services Fund that are attributable to the contractor in a given month.

(C) If the department is not able to collect the full amount of monetary sanctions imposed on a contractor in a given month, the department shall continue to offset the amounts attributable to the contractor in subsequent months until the full amount of monetary sanctions has been collected. The offset is subject to paragraph (3) of subdivision (q).

(o) (1) (A) Whenever the department determines that a mental health plan or an entity that contracts with the department to provide Drug Medi-Cal services has violated state or federal law, a requirement of this chapter, Chapter 8 (commencing with Section 14200), Chapter 8.8 (commencing with Section 14600), or Chapter 8.9 (commencing with Section 14700), or any regulations, the state plan, a term or condition of an approved waiver, or a provision of its contract with the department, the department may temporarily withhold payments of federal financial participation and payments from the accounts listed in paragraphs (2) to (4), inclusive, of subdivision (n).

(B) The department shall temporarily withhold amounts it deems necessary to ensure the mental health plan or the entity that contracts with the department to provide Drug Medi-Cal services promptly corrects the violation.

(C) The department shall release the temporarily withheld funds when it determines the mental health plan or the entity that contracts with the department to provide Drug Medi-Cal services has come into compliance.

(2) (A) A mental health plan or an entity that contracts with the department to provide Drug Medi-Cal services may appeal the imposition of a temporary withhold pursuant to this subdivision in accordance with the procedures described in subdivisions (k) and (m).

(B) Imposition of a temporary withhold shall be stayed until the effective date of the final decision of the department.

(p) This section shall be read in conjunction with, and apply in addition to, any other applicable law that authorizes the department to impose sanctions or otherwise take remedial action upon contractors.

(q) (1) Notwithstanding any other law, nonfederal moneys collected by the department pursuant to this section, except for moneys collected from a contractor funded from one or more of the realigned accounts described in paragraphs (2) to (4), inclusive, of subdivision (n), shall be deposited into the General Fund for use and, upon appropriation by the Legislature, to address workforce issues in the Medi-Cal program and improve access to care in the Medi-Cal program.

(2) (A) Monetary sanctions imposed via offset on a contractor that is funded from one or more of the realigned accounts described in paragraphs (2) to (4), inclusive, of subdivision (n) shall be redeposited into the account from which the monetary sanctions were offset

pursuant to paragraphs (2) to (4), inclusive, of subdivision (n).

(B) The department shall notify the Department of Finance of the percentage reduction for the affected county.

(C) The Department of Finance shall subsequently notify the Controller, and the Controller shall redistribute the monetary sanction amount to nonsanctioned counties based on each county's prorated share of the monthly base allocations from the realigned account.

(D) With respect to an individual contractor, the department shall not collect via offset more than 25 percent of the total amount of the funds distributed from the applicable account or accounts that are attributable to the contractor in a given month.

(E) If the department is not able to collect the full amount of monetary sanctions imposed on a contractor funded from one or more of the realigned accounts described in paragraphs (2) to (4), inclusive, of subdivision (n) in a given month, the department shall continue to offset the amounts attributable to the contractor in subsequent months until the full amount of monetary sanctions has been collected.

(3) Monetary sanctions imposed via offset on a contractor pursuant to subdivision (e) of Section 5963.04 shall be redeposited into the account from which the monetary sanctions were offset pursuant to paragraph (5) of subdivision (n).

(r) Notwithstanding Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code, the department may implement, interpret, or make specific this section, in whole or in part, by means of plan or county letters, information notices, plan or provider bulletins, or other similar instructions without taking any further regulatory action.

(s) This section shall be implemented only to the extent that necessary federal approvals have been obtained and that federal financial participation is available.

(t) For purposes of this section, "contractor" means an individual, organization, or entity that enters into a contract with the department to provide services to enrolled Medi-Cal beneficiaries or other individuals receiving behavioral health services, as applicable, pursuant to any of the following:

(1) Article 2.7 (commencing with Section 14087.3), including dental managed care programs developed pursuant to Section 14087.46.

(2) Article 2.8 (commencing with Section 14087.5).

(3) Article 2.81 (commencing with Section 14087.96).

(4) Article 2.82 (commencing with Section 14087.98).

(5) Article 2.9 (commencing with Section 14088).

(6) Article 2.91 (commencing with Section 14089).

(7) Chapter 8 (commencing with Section 14200), including dental managed care plans.

(8) Chapter 8.9 (commencing with Section 14700).

(9) A county Drug Medi-Cal organized delivery system authorized under the California Medi-Cal 2020 Demonstration pursuant to Article 5.5 (commencing with Section 14184) or a successor demonstration or waiver, as applicable.

(10) Chapter 2 (commencing with Section 5650) of Part 2 of Division 5, solely for purposes of imposition of corrective action plans, monetary sanctions, or temporary withholds pursuant to subdivision (e) of Section 5963.04.

(11) Section 12534 of the Government Code.

(u) This section shall become operative on January 1, 2025, if amendments to the Mental Health Services Act are approved by the voters at the March 5, 2024, statewide primary election.

SEC. 112. Section 14197.71 is added to the Welfare and Institutions Code, to read:

14197.71. (a) The department may, at its discretion, align relevant terms of its contract with a Medi-Cal behavioral health delivery system with the terms of its contract with a Medi-Cal managed care plan, as defined in subdivision (j) of Section 14184.101, for those requirements that apply to both entities. Requirements that apply to both entities include, but are not limited to, all of the following:

(1) Organization and administration of the plan, including key administrative staffing requirements.

(2) Financial information.

(3) Information systems.

(4) Quality improvement systems.

(5) Utilization management.

(6) Provider network.

(7) Provider compensation arrangements.

(8) Provider oversight and monitoring.

(9) Access and availability of services, including, but not limited to, reporting of waitlists for behavioral health services or attesting to no waitlists.

(10) Care coordination and data sharing.

(11) Member services.

(12) Member grievances and appeals data.

(13) Reporting requirements.

(14) Other contractual requirements determined by the department.

(b) The department shall establish minimum quality metrics to measure and evaluate the quality and efficacy of services and programs covered under Medi-Cal behavioral health delivery systems.

(c) (1) Each Medi-Cal behavioral health delivery system shall report annually to the county board of supervisors on utilization, quality, patient care expenditures, and other data as determined by the department.

(2) The board of supervisors shall annually submit an attestation to the department that the county is meeting its obligations to provide realigned programs and services pursuant to clauses (i), (iv), and (v) of subparagraph (B) of paragraph (16) of subdivision (f) of Section 30025 of the Government Code.

(d) (1) Notwithstanding any other state or local law, including, but not limited to, Section 5328 of this code and Sections 11812 and 11845.5 of the Health and Safety Code, the sharing of health, social services, housing, and criminal justice information, records, and other data with and among the department, other state departments, including the State Department of Public Health and the State Department of Social Services, Medi-Cal managed care plans, as defined in subdivision (j) of Section 14184.101, Medi-Cal behavioral health delivery systems, as defined in subdivision (i) of Section 14184.101, counties, health care providers, social services organizations, care coordination and case management teams, and other authorized provider or plan entities, and contractors of all of those entities, shall be permitted to the extent necessary and consistent with federal law.

(2) The department shall issue guidance identifying permissible data-sharing arrangements.

(e) For purposes of this section, the term "Medi-Cal behavioral health delivery system" means an entity or local agency that contracts with the department to provide covered behavioral health Medi-Cal benefits pursuant to Section 14184.400 and Chapter 8.9 (commencing with Section 14700) or a county Drug Medi-Cal Organized Delivery System pilot authorized under the CalAIM Terms and Conditions and described in Section 14184.401 or authorized under the Medi-Cal 2020 Demonstration Project Act pursuant to Article 5.5 (commencing with Section 14184).

(f) This section shall be implemented only to the extent that necessary federal approvals have been obtained and federal financial participation is available and not otherwise jeopardized.

(g) The department shall implement this section no later than January 1, 2027.

SEC. 116. The provisions of this act are severable. If any provision of this act or its application is held invalid or unconstitutional by a decision of a court of competent jurisdiction, such decision shall not affect the validity of the remaining portions or applications of this act. The Legislature declares that it would have enacted this act and each portion thereof not declared invalid or unconstitutional without regard to whether any other portion of this act or its application thereof would be subsequently declared invalid or unconstitutional.

SEC. 117. This act shall take effect on January 1, 2025, upon approval by the voters of the amendments to the Mental Health Services Act at the March 5, 2024, statewide primary election.

BOND ACT PROVISIONS PROPOSED BY
CHAPTER 789 OF THE STATUTES OF 2023

SEC. 4. Chapter 4 (commencing with Section 5965) is added to Part 7 of Division 5 of the Welfare and Institutions Code, to read:

CHAPTER 4. BEHAVIORAL HEALTH INFRASTRUCTURE
BOND ACT OF 2024

5965. This chapter shall be known, and may be cited, as the Behavioral Health Infrastructure Bond Act of 2024.

5965.01. The purposes and intent in enacting this act are as follows:

(a) Bonds issued under this act are to develop an array of treatment, residential care settings, and supportive housing to help provide appropriate care facilities for Californians experiencing mental health conditions and substance use disorders.

(b) The bond will dedicate funding for veterans with a behavioral health challenge or substance use disorder and at risk of experiencing homelessness.

(c) Efforts to streamline the process for approving projects and renovating or building new facilities to accelerate the delivery of care in residential settings made available through additional Behavioral Health Services Act and bond financing is a priority.

5965.02. As used in this chapter, the following terms have the following meanings:

(a) "Act" means the Behavioral Health Infrastructure Bond Act of 2024 (Chapter 4 (commencing with Section 5965)).

(b) "Behavioral health challenge" includes, but is not limited to, serious mental illness, as described in subdivision (c) or (d) of Section 14184.402, or a substance use disorder, as described in Section 5891.5.

(c) "Board" means, with respect to the bond proceeds referenced in paragraphs (3) and (4) of subdivision (b) of Section 5965.04, and with respect to and for requests up to the amount specified for bond proceeds referenced in paragraphs (3) and (4) of subdivision (b) of Section 5965.04, for purposes of Section 5965.12 of this code and Section 16726 of the Government Code, the State Department of Health Care Services, and with respect to bond proceeds referenced in paragraphs (1) and (2) of subdivision (b) of Section 5965.04, and, with respect to and for requests up to the amount specified for bond proceeds referenced in paragraphs (1) and (2) of subdivision (b) of Section 5965.04, for purposes of Section 5965.12 of this code and Section 16726 of the Government Code, the Department of Housing and Community Development.

(d) "Committee" means the Behavioral Health Infrastructure Bond Act Finance Committee created pursuant to Section 5965.07.

(e) "Fund" means the Behavioral Health Infrastructure Fund created pursuant to Section 5965.03.

(f) "State General Obligation Bond Law" means the State General Obligation Bond Law (Chapter 4

(commencing with Section 16720) of Part 3 of Division 4 of Title 2 of the Government Code), as it may be amended.

(g) "Target population" means a person described in subdivision (c) or (d) of Section 14184.402, or a person with a substance use disorder, as described in Section 5891.5, except that enrollment in Medi-Cal or in any other health plan shall not be a condition for accessing housing or continuing to be housed.

(h) "Veteran" means a person who served in the active military, naval, or air service, and who was discharged or released under conditions other than dishonorable.

5965.03. (a) The proceeds of interim debt and bonds, excluding proceeds used directly to repay interim debt and excluding bonds issued in accordance with Section 5965.14, issued and sold pursuant to this chapter shall be deposited in the Behavioral Health Infrastructure Fund, which is hereby created in the State Treasury.

(b) All moneys in the fund, notwithstanding Section 13340 of the Government Code, are hereby continuously appropriated without respect to fiscal years for the purposes of this chapter.

(c) Bonds shall be issued and delivered in the amount determined by the committee to be necessary or desirable pursuant to Section 5965.08.

5965.04. (a) Moneys in the fund shall be used for any of the following purposes:

(1) Making loans or grants administered by the Department of Housing and Community Development to eligible entities specified under Section 50675.1.3 of the Health and Safety Code or loans to development sponsors as defined under Section 50675.2 of the Health and Safety Code to acquire capital assets for the conversion, rehabilitation, or new construction of permanent supportive housing, including scattered site projects, for veterans or their households, who are homeless, chronically homeless, or are at risk of homelessness, as defined by Part 578.3 of Title 24 of the Code of Federal Regulations, and meet the criteria of the target population.

(2) Making loans or grants administered by the Department of Housing and Community Development to eligible entities specified under Section 50675.1.3 of the Health and Safety Code or loans to development sponsors as defined under Section 50675.2 of the Health and Safety Code to acquire capital assets for the conversion, rehabilitation, or new construction of permanent supportive housing, including scattered site projects for persons who are homeless, chronically homeless, or are at risk of homelessness, as defined by Part 578.3 of Title 24 of the Code of Federal Regulations, and are living with a behavioral health challenge.

(3) Making grants administered by the State Department of Health Care Services, as specified under the Behavioral Health Continuum Infrastructure Program to eligible entities specified pursuant to Chapter 1 (commencing with Section 5960) to construct, acquire, and rehabilitate real estate assets or

to invest in needed infrastructure to expand the continuum of behavioral health treatment resources to build new capacity or expand existing capacity for short-term crisis stabilization, acute and subacute care, crisis residential, community-based mental health residential, substance use disorder residential, peer respite, community and outpatient behavioral health services, and other clinically enriched longer term treatment and rehabilitation options for persons with behavioral health disorders in the least restrictive and least costly setting.

(4) (A) Paying the costs of issuing bonds, paying the annual administration costs of the bonds, and paying interest on bonds.

(B) In addition, moneys in the fund or other proceeds of the sale of bonds authorized by this chapter may be used to pay principal of, or redemption premium on, interim debt issued prior to the issuance of bonds authorized by this chapter.

(b) Moneys in the fund shall be allocated as follows:

(1) One billion sixty-five million dollars (\$1,065,000,000) of the proceeds of the bonds, after allocation of bond proceeds to the purposes described in paragraph (4) of subdivision (a), shall be used for the loans or grants, loan or grant implementation, and loan or grant oversight described in paragraph (1) of subdivision (a) and administrative costs.

(2) Nine hundred twenty-two million dollars (\$922,000,000) of the proceeds of the bonds, after allocation of bond proceeds to the purposes described in paragraph (4) of subdivision (a), shall be used for the loans or grants, loan or grant implementation, and loan or grant oversight, as described in paragraph (2) of subdivision (a), and administrative costs.

(3) One billion five hundred million dollars (\$1,500,000,000) of the proceeds of the bonds shall be awarded to cities, counties, city and counties, and tribal entities, after allocation of bond proceeds to the purposes described in paragraph (4) of subdivision (a) for grants, grant implementation, and grant oversight, as described in paragraph (3) of subdivision (a), and administrative costs. Of this amount, thirty million dollars (\$30,000,000) shall be designated to tribal entities.

(4) Up to two billion eight hundred ninety-three million dollars (\$2,893,000,000) of the proceeds of the bonds, after allocation of bond proceeds to the purposes of paragraph (4) of subdivision (a), shall be used for grants, grant implementation, and grant oversight, as described in paragraph (3) of subdivision (a), and administrative costs.

5965.05. (a) (1) Bonds in the total amount of six billion three hundred eighty million dollars (\$6,380,000,000) not including the amount of refunding bonds issued in accordance with Section 5965.14, may be issued and sold for the purposes expressed in this chapter and to reimburse the General Obligation Bond Expense Revolving Fund pursuant to Section 16724.5 of the Government Code.

(2) The bonds, when sold, issued, and delivered, shall be and constitute a valid and binding obligation of the State of California, and the full faith and credit of the State of California is hereby pledged for the punctual payment of both the principal of, and interest on, the bonds as the principal and interest become due and payable.

(b) (1) The Treasurer shall issue and sell the bonds authorized in subdivision (a) in the amount determined by the committee to be necessary or desirable pursuant to Section 5965.08. The bonds shall be issued and sold upon the terms and conditions specified in a resolution to be adopted by the committee pursuant to Section 16731 of the Government Code.

(2) The bonds shall be issued and sold upon the terms and conditions specified in a resolution to be adopted by the committee pursuant to Section 5965.08.

5965.06. The bonds authorized by this chapter shall be prepared, executed, issued, sold, paid, and redeemed as provided in the State General Obligation Bond Law (Chapter 4 (commencing with Section 16720) of Part 3 of Division 4 of Title 2 of the Government Code), as amended, from time to time, and all of the provisions of that law, as amended, apply to the bonds and to this chapter and are hereby incorporated in this chapter as though set forth in full in this chapter, except that subdivisions (a) and (b) of Section 16727 of the Government Code shall not apply.

5965.07. (a) Solely for the purpose of authorizing the issuance and sale, pursuant to the State General Obligation Bond Law, of the bonds authorized by this chapter, the Behavioral Health Infrastructure Bond Act Finance Committee is hereby created.

(b) (1) The committee consists of the Controller, the Treasurer, and the Director of Finance.

(2) Notwithstanding any other law, a member may designate a representative to act as that member in the member's place, for all purposes, as though the member were personally present.

(c) (1) The Treasurer shall serve as chairperson of the committee.

(2) A majority of the committee may act for the committee.

5965.08. (a) The committee shall determine, by resolution, whether it is necessary or desirable to issue and sell bonds authorized pursuant to this chapter to carry out the actions specified in this chapter and, if so, the amount of bonds to be issued and sold.

(b) Successive issues of bonds may be authorized and sold to carry out those actions progressively, and it is not necessary that all of the bonds authorized to be issued be sold at any one time.

5965.09. (a) There shall be collected each year, and in the same manner and at the same time as other state revenue is collected, in addition to the ordinary revenues of the state, a sum in an amount required to pay the principal of, and interest on, the bonds becoming due each year.

(b) *It is the duty of all officers charged by law with a duty in regard to the collection of the revenue to do and perform each and every act that is necessary to collect that additional sum.*

5965.10. *Notwithstanding Section 13340 of the Government Code, there is hereby continuously appropriated from the General Fund in the State Treasury, for the purposes of this chapter and without regard to fiscal years, an amount that equals the total of the following:*

(a) *The sum annually necessary to pay the principal of, and interest on, bonds issued and sold pursuant to this chapter, as the principal and interest become due and payable.*

(b) *The sum necessary to carry out Section 5965.11.*

5965.11. (a) *For the purpose of carrying out this chapter, the Director of Finance may authorize the withdrawal from the General Fund of an amount or amounts not to exceed the amount of the unsold bonds that have been authorized by the committee to be sold for the purpose of carrying out this chapter, excluding refunding bonds authorized pursuant to Section 5965.14 less any amount loaned pursuant to Section 5965.12 and not yet repaid, and any amount withdrawn from the General Fund pursuant to this section and not yet returned to the General Fund.*

(b) *Any amounts withdrawn shall be deposited in the fund.*

(c) *Any moneys made available under this section shall be returned to the General Fund, with interest at the rate earned by the moneys in the Pooled Money Investment Account, from proceeds received from the sale of bonds for the purpose of carrying out this chapter.*

5965.12. (a) *The board may request the Pooled Money Investment Board to make a loan from the Pooled Money Investment Account, in accordance with Section 16312 of the Government Code, for the purpose of carrying out this chapter.*

(b) *The amount of the request shall not exceed the amount of the unsold bonds that the committee has, by resolution, authorized to be sold for the purpose of carrying out this chapter, excluding refunding bonds authorized pursuant to Section 5965.14, less any amount loaned pursuant to this section and not yet repaid and withdrawn from the General Fund pursuant to Section 5965.11 and not yet returned to the General Fund.*

(c) *The board shall execute documents required by the Pooled Money Investment Board to obtain and repay the loan.*

(d) *Any amounts loaned shall be deposited in the fund to be allocated by the board in accordance with this chapter.*

5965.13. *All moneys deposited in the fund that are derived from premium and accrued interest on bonds sold pursuant to this chapter shall be reserved in the fund and shall be available for transfer to the General*

Fund as a credit to expenditures for bond interest, except that amounts derived from premium may be reserved and used to pay costs of bond issuance before any transfer to the General Fund.

5965.14. (a) *The bonds issued and sold pursuant to this chapter may be refunded in accordance with Article 6 (commencing with Section 16780) of Chapter 4 of Part 3 of Division 4 of Title 2 of the Government Code, which is a part of the State General Obligation Bond Law.*

(b) *Approval by the voters of the state for the issuance of the bonds described in this chapter includes the approval of the issuance of bonds issued to refund bonds originally issued under this chapter or any previously issued refunding bonds.*

(c) *A bond refunded with the proceeds of refunding bonds, as authorized by this section, may be legally defeased to the extent permitted by law in the manner and to the extent set forth in the resolution, as amended, authorizing that refunded bond.*

5965.15. (a) *Notwithstanding any provision of this chapter or the State General Obligation Bond Law, if the Treasurer sells bonds pursuant to this chapter that include a bond counsel opinion to the effect that the interest on the bonds is excluded from gross income for federal tax purposes, under designated conditions, or is otherwise entitled to a federal tax advantage, the Treasurer may maintain separate accounts for the investment of bond proceeds and the investment earnings on those proceeds.*

(b) *The Treasurer may use or direct the use of those proceeds or earnings to pay a rebate, penalty, or other payment required under federal law or to take any other action with respect to the investment and use of those bond proceeds, required or desirable under federal law, to maintain the tax-exempt status of those bonds and to obtain any other advantage under federal law on behalf of the funds of this state.*

5965.16. *The proceeds from the sale of bonds authorized by this chapter are not "proceeds of taxes" as that term is used in Article XIII B of the California Constitution, and the disbursement of these proceeds is not subject to the limitations imposed by that article.*

5966. (a) (1) *The Department of Housing and Community Development, in coordination with the Department of Veterans Affairs, shall determine the methodology and distribution of the funds provided pursuant to paragraph (1) of subdivision (b) of Section 5965.04, used for the purposes provided in paragraph (1) of subdivision (a) of Section 5965.04.*

(2) *The Department of Housing and Community Development and the Department of Veterans Affairs shall work in coordination pursuant to a memorandum of understanding.*

(b) *The Department of Housing and Community Development shall determine the methodology and distribution of the funds provided pursuant to paragraph (2) of subdivision (b) of Section 5965.04,*

used for the purposes provided in paragraph (2) of subdivision (a) of Section 5965.04.

5966.02. (a) (1) Notwithstanding any other law, funds allocated for the purposes specified in paragraphs (1) and (2) of subdivision (a) of Section 5965.04 shall be disbursed in accordance with subdivisions (a) to (h), inclusive, of Section 50675.1.3 of the Health and Safety Code and any associated guidelines changes to that program, as provided in the Multifamily Housing Program in Chapter 6.7 (commencing with Section 50675) of Part 2 of Division 31 of the Health and Safety Code, and this chapter, consistent with applicable law and guidance.

(2) The Department of Housing and Community Development shall issue guidance regarding implementation by July 1, 2025.

(b) In developing the methodology and distribution of funds referenced in subdivision (a) of Section 5966, the Department of Housing and Community Development shall consult with the Department of Veterans Affairs

regarding supportive services plan standards and other program areas where the Department of Veterans Affairs holds expertise for the purposes specified in paragraph (1) of subdivision (a) of Section 5965.04.

5967. The Department of Health Care Services shall determine the methodology and distribution of the funds provided pursuant to paragraphs (3) and (4) of subdivision (b) of Section 5965.04, used for the purposes provided in paragraphs (3) and (4) of subdivision (a) of Section 5965.04.

5967.01. (a) Notwithstanding any other law, funds allocated for the purposes specified in paragraph (3) of subdivision (a) of Section 5965.04 shall be disbursed in accordance with the Behavioral Health Continuum Infrastructure Program (commencing with Section 5960), and this chapter, consistent with applicable law and guidance.

(b) The Department of Health Care Services shall issue guidance regarding the implementation of this article by July 1, 2025.



May 6, 2025

THIS LETTER SENT VIA EMAIL

Ms. Yoonjung Kim, Director of Residential System of Care
San Francisco Department of Public Health
1380 Howard Street
San Francisco, California 94103

**BOND BEHAVIORAL HEALTH CONTINUUM INFRASTRUCTURE PROGRAM
(BHCIP) ROUND 1: LAUNCH READY – NOTICE OF CONDITIONAL AWARD**

Dear Ms. Yoonjung Kim:

Congratulations! The Department of Health Care Services (DHCS) is pleased to announce that San Francisco Department of Public Health has been selected to receive a conditional Bond BHCIP Round 1: Launch Ready grant funding award. At this time, DHCS will coordinate regional public award announcements on a rolling basis for Bond BHCIP Round 1. Please note this award information is under embargo and you should not share outside of your organization until you receive an email notification of the embargo lift from DHCS.

Awarded Project

- Project Name: 7th Street Enhanced Dual Diagnosis Residential Treatment
- Project Address(es): 333 7th Street, San Francisco, California 94103
- Award amount: \$6,337,140.00
- Match Source(s) and Amount: Equity Value from Property; \$633,714.00
- Facility Type(s) and Behavioral Health Capacity Expansion:
 - Social Rehabilitation Facility (SRFs) with 16 beds

Your conditional award is being granted based on the project information identified above. Any project modifications will result in DHCS rescinding your grant funding.

The following outlines the expectations and next steps for conditional awardees that are required to finalize all Bond BHCIP Round 1: Launch Ready grant awards. Please read all information carefully.

1. Award Acceptance and Attestation

Conditional awardee must acknowledge acceptance of the Bond BHCIP Round 1: Launch Ready conditional grant award by 5:00pm (PT) on May 13, 2025 by submitting the attached Bond BHCIP Round 1: Launch Ready

Conditional Award Attestation letter to DHCS via email at BHCIP@dhcs.ca.gov. This acceptance will ensure that the conditional awardee acknowledges they will meet all the requirements in order to receive grant funding. Failure to respond to DHCS by the due date above will result in voluntary relinquishment of the conditional grant award.

2. Program Funding Agreement (PFA)

Information from your application is deemed final and will serve as the foundation of the project data, payment schedule, and Statement of Work (SOW). All this information will be included in your Program Funding Agreement (PFA), or contract, with Advocates for Human Potential, Inc. (AHP), the BHCIP administrative entity. See the attached sample PFA.

As per the Request for Applications (RFA), the PFA must be digitally executed by the conditional awardee and executed with AHP within 90 days of its receipt, a condition of disbursement. DHCS will not accept any modifications, negotiations, or redlines to the PFA. Furthermore, conditional awardees are obligated to clear title to the subject property to be improved with Bond BHCIP Round 1: Launch Ready funds prior to recordation of the security instruments. DHCS retains the authority to rescind conditional award funding and redirect it to alternate applicants in instances where extended delays in the execution of the PFA occur.

3. Match Requirements

The match source specified in your submitted application is considered final, and you may not make any modifications to it. All conditional awardees must provide the necessary documentation to support their match source no later than 5:00pm (PT) on May 16, 2025. For more information about match, see the attached Match information sheet.

Conditional awardees who identified use of cash for their match source will have 90 days from the date of the PFA execution to deposit those funds into a designated match account.

Conditional awardees who identified use of sunk costs for their match source may now submit invoices and proof of payment for costs incurred prior to the date of this letter ("sunk costs") and receive credit on their required match.

Conditional awardees must adhere to strict guidelines and submit all documentation for DHCS approval of allowable sunk costs by 5:00pm (PT) on May 13, 2025. Costs incurred up to one year prior to the date of the award letter can be submitted as sunk costs; costs incurred more than one year ago will not be considered sunk costs.

4. AHP Account Success Manager (ASM)

Your designated ASM has scheduled an onboarding call for May 12, 2025 at 1:00pm (PT). This is a mandatory initial step in the contracting process and

an opportunity to meet your ASM, who will serve as your point of contact throughout the contracting and funding processes.

5. Bond BHCIP Round 1 Conditional Awardee Kickoff Webinar

A mandatory kickoff webinar will be held on May 8, 2025, from 12:00 to 1:00 pm (PT). Please [register here](#). Your project lead and all development team members are invited. A link to the recording will be sent to all conditional awardees for their reference following the webinar.

6. Incurred Cost and Projected Funding Needs

As a conditional awardee, you will be able to incur allowable project-specific expenses beginning the date of this conditional award letter. However, the ability to invoice will be contingent upon meeting all bond funding and program requirements.

Please note conditional awardees must submit an initial cost projection by 5:00pm (PT) on May 16, 2025 to align with the general obligation bond process. The specificity of these requirements will be covered in your scheduled onboarding call and mandatory webinars.

7. Monitoring and Reporting

Conditional awardees are required to complete the SOW and budget to finalize the PFA. Upon execution of the PFA, conditional awardees will be identified as awardees and at a minimum commit to providing: monthly funding projections, updates to project construction timelines, quarterly progress reports, and attending monthly ASM calls.

Reporting requirements and regular compliance on-site inspections will be required by DHCS for up to 30 years after completion of project construction.

8. Communications and Media Publications

As a condition of this award, conditional awardees are required to respond to DHCS requests regarding the promotion of this award. Requests may include, but are not limited to, media interviews; submission of related letters to the editor; providing quotes for media activities; or submitting informational videos to discuss the organization, funded behavioral health facilities, and impacts on communities as a result of this award.

You will receive an email from BHCIP@DHCS.ca.gov with instructions on how to whitelist safe email addresses. All future communications from AHP will be sent from bondbhcipround1@ahpnet.com. Please whitelist this email address to ensure you receive communications related to this award.

For questions, please contact DHCS or AHP at bondbhcipround1@ahpnet.com. If you have not already done so, you are encouraged to register for the [BHCIP listserv](#) to receive updates about current and future funding opportunities. In

Notice of Conditional Bond BHCIP Round 1 Award

Page 4

May 6, 2025

addition, please review the frequently asked questions ([FAQ](#)) on the BHCIP website regularly for program guidance.

Should you no longer be interested in receiving Bond BHCIP Round 1: Launch Ready grant funding or wish to withdraw your grant application, please contact DHCS immediately at BHCIP@dhcs.ca.gov.

DHCS is excited to embark on this partnership with you to expand California's continuum of behavioral health facilities. We are doing lasting work that will benefit many of our state's most vulnerable individuals.

Sincerely,

DocuSigned by:



C595D8938F1F429...

Marlies Perez

Division Chief, Community Services Division
Project Executive, Behavioral Health Transformation
Department of Health Care Services

Attachment: Award Attestation



San Francisco Department of Public Health

Daniel Tsai
Director of Health

City and County of San Francisco
Daniel Lurie
Mayor

Memorandum

To: Honorable Members of the Board of Supervisors

From: San Francisco Department of Public Health

Date: Monday, December 29, 2025

RE: **Retroactivity re: File 251259 and File 251260**

This Resolution seeks authorization for the Department of Public Health (DPH) to retroactively accept and expend two grant awards in the amount of \$21,347,760 and \$6,337,760, respectively, from the California Department of Health Care Services (DHCS) through Advocates for Human Potential, Inc. (AHP).

These grants are retroactive because DPH received the grant agreements after the pre-determined project start date. DHCS sent the initial notices of conditional award for both grants, Bond BHCIP Round 1, on May 6, 2025. The project period for both grants began on the date of the conditional award (May 6, 2025) and goes through June 30, 2030. DPH received the final grant agreements from DHCS on October 29, 2025. DPH then brought the items to the Controller's Office for review. The Controller's Office reviewed and forwarded the packet to the Mayor's Office on December 12, 2025, for introduction on December 16, 2025.

We respectfully request retroactive authorization for these items. Please contact Lily Conover, SFDPH Controller, at lily.conover@sfdph.org for any questions about this request for retroactive authorization.

President, District 8
BOARD of SUPERVISORS



City Hall
1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco, CA 94102-4689
Tel. No. 554-6968
Fax No. 554-5163
TDD/TTY No. 544-5227

RAFAEL MANDELMAN

PRESIDENTIAL ACTION

Date: 1/5/26

To: Angela Calvillo, Clerk of the Board of Supervisors

Madam Clerk,
Pursuant to Board Rules, I am hereby:

☐ Waiving 30-Day Rule (Board Rule No. 3.23)

File No.

(Primary Sponsor)

Title.

☐ Transferring (Board Rule No 3.3)

File No.

(Primary Sponsor)

Title.

From:

Committee

To:

Committee

☒ Assigning Temporary Committee Appointment (Board Rule No. 3.1)

Supervisor: Chen

Replacing Supervisor:

For: 1/7/26

(Date)

Budget & Finance

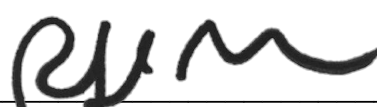
(Committee)

Meeting

Start Time:

End Time:

Temporary Assignment: ☐ Partial ☒ Full Meeting


Rafael Mandelman, President
Board of Supervisors

City and County of San Francisco

Department of Public Health



Daniel L. Lurie
Mayor

Daniel Tsai
Director of Health

TO: Angela Calvillo, Clerk of the Board of Supervisors

FROM: Daniel Tsai
Director of Health

DATE: 12/11/2025

SUBJECT: Grant Accept and Expend

GRANT TITLE: Behavioral Health Continuum Infrastructure Program
(BHCIP) Round 1 7th Street Enhanced Dual Diagnosis
Residential Treatment - \$6,337,140

Attached please find the original and 1 copy of each of the following:

- ☒ Proposed grant resolution, original signed by Department
- ☒ Grant information form, including disability checklist
- ☒ Budget and Budget Justification
- ☐ Grant application
- ☒ Agreement / Award Letter
- ☐ Other (Explain):

Special Timeline Requirements:

Departmental representative to receive a copy of the adopted resolution:

Name: Gregory Wong (greg.wong@sfdph.org) Phone: 554-2521

Interoffice Mail Address: Dept. of Public Health, 101 Grove St # 108

Certified copy required Yes ☐

No ☒

OFFICE OF THE MAYOR
SAN FRANCISCO



DANIEL LURIE
MAYOR

TO: Angela Calvillo, Clerk of the Board of Supervisors
FROM: Adam Thongsavat, Liaison to the Board of Supervisors
RE: Grant Agreement – Retroactive – California Department of Health Care Services – Bond BHCIP
Round 1 – Anticipated Revenue to the City of \$6,337,140
DATE: December 16, 2025

Resolution authorizing the Department of Public Health to enter into a Grant Agreement for a term commencing on the execution of the Grant Agreement, through June 30, 2030, between the City and County of San Francisco ("City"), acting by and through its Department of Public Health ("DPH"), and the California Department of Health Care Services and its third-party administrator Advocates for Human Potential, Inc., having anticipated revenue to the City of \$6,337,140; including a provision allowing for the recapture of allowable project expenses incurred retroactive to May 6, 2025; including a Permitted and Restricted Use at 333 7th Street; retroactively authorizing DPH to accept and expend grant funds; authorizing the Grantor to apply for a Receiver in the event of the City's default; and authorizing DPH to enter into amendments or modifications to the Grant Agreement that do not materially increase the obligations or liabilities of the City and are necessary to effectuate the purpose of the Grant.

Should you have any questions, please contact Adam Thongsavat at adam.thongsavat@sfgov.org