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

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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**

Current Conditions – 887 Potrero Avenue

Second Floor – Dayroom

Second Floor – Nurse Station

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

Current Conditions – 333 7th Street

Kitchen

Client Bedroom

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!