



SUMMARY REPORT

Agenda Date: 1/28/2025

To: County of Sonoma Board of Supervisors
Department or Agency Name(s): Department of Health Services
Staff Name and Phone Number: Jennifer Solito, 707-565-4774
Vote Requirement: 4/5th
Supervisorial District(s): Countywide

Title:
Bridge Housing Site Management and Support Services Agreement

Recommended Action:

- A) Authorize the Director of Health Services, or designee, to execute an agreement with Felton Institute to provide Bridge Housing supportive services and site management at 440 Arrowood Drive, Santa Rosa, for an initial term from date of execution and ending June 30, 2027 in an amount not to exceed \$5,038,810, subject to review and approval by County Counsel, and to execute up to two (2) additional one-year renewal options for a maximum five-year agreement value of \$9,274,590, based on funding availability.
- B) Authorize the Director of Health Services, or designee, to execute modifications to the agreement with Felton Institute to increase the total not-to-exceed amount up to \$500,000 in order to address increased service needs or other contractual amendments, subject to available funding and review and approval by County Counsel.
- C) Authorize the Director of Health Services, or designee, to enter a Memorandum of Understanding with the County of Marin Department of Health and Human Services with a three-year term ending December 31, 2027, for the dedicated use of 20 beds at 440 Arrowood Drive, Santa Rosa.
- D) Adopt a Resolution authorizing budgetary adjustments to the Department of Health Services Fiscal Year 2024-2025 Adopted Budget by increasing revenue appropriations by \$140,000 to offset budgeted expenditures. (4/5th Vote Required)

Executive Summary:

In 2022, the State of California Department of Health Care Services (DHCS) established the Behavioral Health Bridge Housing (BHBH) Program, designed to provide funding to counties and Tribal entities to operate bridge housing settings to address the immediate housing and treatment needs of people experiencing homelessness who have serious behavioral health conditions, including serious mental illness and/or substance use disorder. The Department of Health Services, (DHS or the Department) applied for BHBH Round 1 funding in May 2023 and was awarded \$11,246,961. One of the key projects being funded by the BHBH grant is an 80-bed transitional recovery and community re-entry housing facility located at 440 Arrowood Drive in Santa Rosa. The location totals 25,414 square feet consisting of 43 bedrooms serving up to 80 individuals, incorporating double occupancy if appropriate. The grant submission included regional collaboration goals, with 20 of the beds dedicated for use by Marin County clients.

The Department is seeking authorization for the Director of Health Services, or designee, to execute an agreement with Felton Institute for site management and support services at the 440 Arrowood location for an initial term from the date of execution and ending June 30, 2027, in an amount not to exceed \$5,118,235, subject to review and approval by County Counsel, and to execute up to two additional one-year renewal options for a maximum five-year agreement value of \$9,354,015, based on funding availability.

Additionally, the Department is seeking authorization to enter into a Memorandum of Understanding (MOU) with the County of Marin where DHS will provide Marin County Behavioral Health the 20 dedicated interim shelter beds at 440 Arrowood Drive for a three-year term ending December 31, 2027. The bed rate will be \$2,000 per client each month for each dedicated bed, which includes the per-bed monthly operational costs, overhead and indirect costs.

Finally, the Department is requesting the Board to adopt a resolution increasing revenue appropriations by \$140,000 to reflect anticipated revenue from the Marin County MOU.

The Department expects 20 clients to move into the site in the first month, adding 20 each month thereafter until reaching full capacity in month four. This location will provide the community benefit of keeping clients close to their local support systems.

The long-term funding plan for this site includes a mix of Federal Financial Participation (FFP), planned participation in Community Supports funding from the Department of Health Care Services (DHCS), ongoing funding from the County of Marin, and related grants the Department will seek in the next three years, if available.

Discussion:

Background

Through the Behavioral Health Bridge Housing (BHBH) Program, the California Department of Health Care Services (DHCS) is providing over a billion dollars in funding to county behavioral health agencies to operate bridge housing settings to address the immediate housing needs of people experiencing homelessness who have serious behavioral health conditions, including serious mental illness and/or substance use disorder. The program, which was signed into law in September 2022 under [Assembly Bill 179](#) <https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202120220AB179>, provides funding through June 30, 2027.

In [Round 1 of BHBH funding](#) <<https://bridgehousing.buildingcalhhs.com/>>, released in the Summer of 2023, DHCS awarded more than \$900 million to county behavioral health agencies. Capacity to serve is limited across the State, so partnering with neighboring counties was highly encouraged. The Department submitted an application for the BHBH Round 1 grant and was awarded \$11,246,961. One of the projects funded by the BHBH grant is a transitional recovery and community re-entry housing facility, which will serve individuals with serious behavioral health conditions who are also experiencing homelessness.

With the passage of [Senate Bill 1338](#) <https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202120220SB1338>, which established the [Community Assistance, Recovery & Empowerment \(CARE\) program](#) <<https://www.chhs.ca.gov/care-act/>>, the CARE-Court clients diagnosed with behavioral health conditions will be prioritized in referrals to this facility. Sonoma County will be partnering with Marin County, who did not have a property available, to purchase beds in Sonoma County for their CARE Court clients. In addition to the partnership with Marin County, Sonoma County will be hosting an annual Behavioral Health

Bridge Housing event: THREADS - Transforming, Housing, Resources, Engagement, Advocacy, and Development. This multi-county symposium will bring together organizations throughout the State to share, network, and support each other in the work to find solutions for people experiencing homelessness who have serious behavioral health conditions, including serious mental illness and/or substance use disorder, with a special emphasis on prioritizing participants of the CARE Program.

The facility at 440 Arrowood Drive totals 25,414 square feet consisting of 43 bedrooms (approximate occupancy of 80 individuals, incorporating double occupancy if appropriate). As required by DHCS, Sonoma County is establishing a regional partnership with Marin County and is dedicating 20 beds for Marin County use at this site. The facility also includes a commercial kitchen, common dining area, group meeting rooms, and offices, on a 1.55-acre property which has been leased by DHS for a term through December 1, 2031. The Department will be contracting for site management and support services for a start date of February 1, 2025. The population that will be served at the 440 Arrowood Drive site often suffers from complex and co-occurring medical conditions and other characteristics that can challenge their ability to navigate mental health, physical health, and substance use treatment in our community. Contracted services at the site will include 24/7 medical and clinical staffing. The services will provide enhanced support to help clients experiencing homelessness quickly exit to permanent housing.

The site opening date was set for December 1, 2024, a schedule developed both with the funder and in order to serve clients in the new CARE Court program, which became effective also on December 1, 2024, who would need housing.

Procurement Process

The Department published a Request for Proposals (RFP) on August 6, 2024. The RFP was disseminated to registered entities and interested parties, ensuring broad participation. A non-mandatory pre-bid virtual conference was held on August 19, 2024. A non-mandatory site visit of 440 Arrowood Drive was held on August 21, 2024. Formal questions from interested parties were due on August 28, 2024, and answers to all submitted questions were provided via addendum to the RFP on September 4, 2024. Zero proposals were received by the due date of September 18, 2024. As a result, and due to operational implementation needs, and with approval from the County's Purchasing Division, staff then solicited proposals from five potential applicants using an informal bidding process. Two organizations expressed interest. DHS staff, along with partners from Marin County met with both organizations and after reviewing their submissions the review panel felt it was in the best interest of the County to move forward with Felton Institute. Felton Institute has provided housing support specifically to those who are unhoused or exhibiting challenging behavior since 2016 in the San Francisco Bay area. Felton Institute will provide site administration, records management, and specialty mental health services to residents and guests, offering "no-wrong-door" access on a 24/7 basis. They will operate as the on-site comprehensive care management at the Arrowood Drive facility. Felton will work to identify clients' potential social services and other needs, assess risk, and assist individuals in obtaining essential linkages.

The Department is seeking authorization for the Director of Health Services, or designee, to execute an agreement with Felton Institute for Bridge Housing site management and support services at the Arrowood location for an initial three-year term ending June 30, 2027, in an amount not to exceed \$5,118,235, and to execute up to two (2) additional one-year renewal options for a maximum five-year agreement, based on funding availability.

Partnering with County of Marin

Clients are often placed out-of-county when there is no capacity in-county. To serve the region, Sonoma County is establishing a regional partnership with Marin County for this project and is dedicating 20 beds for Marin County use at the 440 Arrowood Drive site as well as fulfilling a grant requirement for regional participation. The bed rate will be \$2,000 per client each month for each dedicated bed. Marin County will pay this rate regardless of usage of the beds. The Department is seeking authorization to enter into a Memorandum of Understanding with the County of Marin for a three-year term ending December 31, 2027 with expected revenue of \$1,340,000.

Client Utilization

The Department expects high utilization rates at the facility as a result of the mixed populations of individuals it intends to serve in our community and forecasts being at full capacity in Fiscal Year 2025-2026. The Department will prioritize acceptance and placement of any individual accepted into CARE court. Other populations to be served at Arrowood include individuals who are homeless and are:

- being discharged from a correctional facility;
- stepping down from conservatorship or other long term care facility;
- being discharged from crisis services such as Sonoma Healing Center, Crisis Stabilization Unit, or Crisis Residential Units;
- transitioning out of residential treatment placement for co-occurring disorders;
- transitioning out of foster care; and
- behavioral health clients in services and who are also unsheltered.

Strategic Plan:

This item directly supports the County’s Five-year Strategic Plan and is aligned with the following pillar, goal, and objective.

Pillar: Healthy and Safe Communities

Goal: Goal 1: Expand integrated system of care to address gaps in services to the County’s most vulnerable.

Objective: Objective 3: Increase investment in programs that treat underlying causes of homelessness, including substance abuse, mental illness, poverty, and lack of affordable housing.

Racial Equity:

Was this item identified as an opportunity to apply the Racial Equity Toolkit?

No

Prior Board Actions:

On July 23, 2024, the Board adopted a budget Resolution adjusting the fiscal year 2024-2025 revised budget increasing appropriations in the amount of \$2,124,241 to reflect revenue and expenditures associated with the Behavioral Health Bridge Housing Program.

On October 24, 2023, the Board delegated authority to the Public Infrastructure Department Director to execute a lease agreement, in form approved by County Counsel, with Arrowood Holdings, LLC as Landlord, for a 25,414 square foot, 43 bedroom rehabilitation center at 440 Arrowood Drive, Santa Rosa, for a term of eight

(8) years commencing approximately December 1, 2023, at an initial monthly rent of \$47,016 (\$1.85/sf/month), with annual rent escalations of three percent (3%), with one option to extend the lease term an additional five (5) years.

On July 18, 2023, the Board A) Adopted a resolution to authorize the Director of Health Services to execute a program funding agreement with Advocates for Human Potential, Inc. and to receive \$18,233,680 in revenue to support the Behavioral Health Continuum Infrastructure Program in Sonoma County through June 30, 2027; B) Adopted a resolution to authorize the Director of Health Services to execute a contract with Advocates for Human Potential, Inc. and to receive \$11,246,961 in revenue to support the Behavioral Health Bridge Housing Program in Sonoma County through June 30, 2027; and C) Adopted a resolution to authorize the Director of Health Services to execute a standard agreement with California Interagency Council on Homelessness and to receive \$4,567,130 in revenue to support the Encampment Resolution Funding.

FISCAL SUMMARY

Expenditures	FY24-25 Adopted	FY25-26 Projected	FY26-27 Projected
Budgeted Expenses	\$4,556,089	\$4,761,842	\$4,761,842
Additional Appropriation Requested			
Total Expenditures	\$4,556,089	\$4,761,842	\$4,761,842
Funding Sources			
General Fund/WA GF			
State/Federal	\$4,416,089	\$4,281,842	\$4,281,842
Fees/Other	\$140,000	\$480,000	\$480,000
Use of Fund Balance			
General Fund Contingencies			
Total Sources	\$4,556,089	\$4,761,842	\$4,761,842

Narrative Explanation of Fiscal Impacts:

Actions proposed in this Board Item increase revenue available for the Program and do not have a fiscal impact on adopted expenditure appropriations.

The Fiscal Year 2024-2025 Adopted Budget included the grant award balance for the County’s Behavioral Health Bridge Housing Program. This Program receives funding from multiple rounds of State Behavioral Health Bridge Housing Grants. In future years, the County will be eligible to receive Federal Financial Participation (Medi-Cal reimbursement) dollars further offsetting expenditures.

Funding Source	FY 2024-2025	FY 2025-2026	FY 2026-2027
Marin MOU	\$140,000	\$480,000	\$480,000
BHBH Grant	\$4,416,089	\$3,490,436	\$3,490,436
Federal Financial Participation	0	\$791,406	\$791,406
	\$4,556,089	\$4,761,842	\$4,761,842

Future year revenue and expenditure appropriations for the Program, including the proposed Felton agreement and Marin County MOU, will be included in the Department of Health Services annual budget submissions. At the time of this writing, they are projected to be \$4,761,842 in FY 2025-2026 and FY 2026-2027.

Staffing Impacts:			
Position Title (Payroll Classification)	Monthly Salary Range (A-I Step)	Additions (Number)	Deletions (Number)

Narrative Explanation of Staffing Impacts (If Required):

None

Attachments:

- Attachment 1 - Budget Resolution
- Attachment 2 - Draft Felton Agreement
- Attachment 3 - Draft Marin County MOU
- Attachment 4 - BHBH Grant Award Letter

Related Items "On File" with the Clerk of the Board:

None