



KAREN BASS
MAYOR

March 14, 2024

Honorable Members of the City Council
c/o City Clerk
Room 395, City Hall

Re: **California Department of Healthcare Services (DHCS) Behavioral Health Continuum Infrastructure Program (BHCIP) - Emergency Stabilization Bed (ESB) Grant Funding**

Dear Honorable Members:

Transmitted herewith is a request to:

- **Authorize** the Office of the City Administrative Officer (CAO) to accept funds on behalf of the City, from the California Department of Healthcare Services (DHCS) Behavioral Health Continuum Infrastructure Program (BHCIP), in an amount not to exceed \$33,241,866, for a performance period of March 22, 2024 through July 31, 2025;
- **Designate** the CAO as the grant administrator for the EBS grant funds;
- **Authorize** the Mayor's Office to execute a Grant Transfer Agreement with the State of California, subject to the approval of the City Attorney as to form;
- **Authorize** the City Administrative Officer (CAO) to execute any other necessary documents, not including the Grant Transfer Agreement, to accept Emergency Stabilization Beds (ESB) grant funding on behalf of the City;
- **Authorize** the Controller to:
 - a. Establish a new Special Fund, entitled "Emergency Stabilization Beds Grant," within Department 10, to receive and disburse the ESB funds:

- b. Create the appropriation account named below, account number to be determined; and
- c. Upon receipt of the complete allocation of ESB funds, increase appropriations within the newly created appropriation account as follows:

Special Fund: ESB

<u>Account Name</u>	<u>Amount</u>
Emergency Stabilization Beds Grant	\$33,241,866

- **Authorize** the Office of the City Administrative Officer (CAO) to submit to the grantor on behalf of the City, requests for drawdown of funds for payment or reimbursements of City departments, partner agencies, vendors, consultants and funds expended for approved grant purposes;
- **Authorize** BOE to execute sole source contracts, subject to the approval of the City Attorney as to form, for the use of the grant funds, for a term of up to 18 months within the applicable performance period, pursuant to Declaration of Local Housing and Homelessness Emergency;
- **Authorize** the City Administrative Officer to:
 - Prepare Controller instructions or make any necessary technical adjustments, including adjustments to the names of the Special Fund accounts recommended in this report, consistent with the Mayor and Council action in this matter, and authorize the Controller to implement these instructions; and
 - Prepare any additional Controller instructions to reimburse City Departments for their accrued labor, material or permit costs related to projects in this report consistent with the Mayor and Council action on this matter and authorize the Controller to implement these instructions.

SUMMARY

Pursuant to the Emergency Declaration made on July 7, 2023, the Mayor’s Office requests authority for the CAO to accept funds up to \$33,241,866 on behalf of the City of Los Angeles, in accordance with the California Department of Healthcare Services (DHCS) Behavioral Health Continuum Infrastructure Program (BHCIP). BHCIP is a no-cost share grant with a performance period of March 22, 2024 through June 30, 2025. All funds must be encumbered by the end of the performance period.

The grant is intended to provide municipalities in California with funds to create emergency beds to respond urgently to the statewide homelessness crisis, which has the highest rate of homelessness in the country.

Background

In 2023, the California Governor's Office announced a statewide initiative to provide assistance to procure up to 1,200 emergency sleeping cabins in municipalities across the state. Up to 500 of these units were designated for the City of Los Angeles. The Mayor's Office of Housing and Homeless Solutions has coordinated with the Governor's Office and the state Department of General Services (DGS) on a proposal.

The proposal would provide the City of Los Angeles up to \$33,241,866 in grant funding from the State of California for the purchase and construction of emergency stabilization beds, related improvements and infrastructure, as well as to fund necessary staff and consultant expenses. Grant funding will be utilized to design, procure and install up to 500 Emergency Stabilization Beds. The final grant award amount, and number of beds to be procured and installed, will be determined after further feasibility review, CEQA determination and negotiations with the Governor's Office and DGS. Potential sites will be further screened for feasibility, and BOE staff and consultants will develop a site layout for each location to determine the number of beds that can be accommodated.

Declaration of Local Housing and Homelessness Emergency

As a condition of the Grant, the City must have issued an emergency shelter crisis declaration. Any and all Agreements under this ESB Grant may be entered pursuant to the Mayor's Emergency Declaration of July 7, 2023. The Declaration of Local Housing and Homelessness Emergency on July 7, 2023, under Section 8.33 of the Los Angeles Administrative Code, directed "all City Departments to take necessary steps for the protection of life, health and safety in the City of Los Angeles." Under Section 8.33, the Mayor's Office has the ability to suspend competitive bidding restrictions "enumerated in Charter Section 371(e)(6) and Los Angeles Administrative Code Sections 10.15 and 10.17 for contracts entered into by City departments and offices in response to the emergency and mitigation efforts related to the emergency" subject to certain conditions.

State Funding Allocation Process

Funding for the Emergency Stabilization Beds is provided by the State's Behavioral Health Continuum Infrastructure Program, which is overseen by the State's Department of General Services.

Upon execution of the Grant Transfer agreement, an initial allocation of \$550,000 will be provided to the City by the grantor for initial site design, layout, and feasibility studies. Within the first 45 days, a comprehensive Project Management Plan will be developed, outlining all project milestones, delivery timelines, and finalized sites and unit counts. The remaining balance of up to \$32,691,866 will be designated for pre-development costs and construction on a project-by-project basis. At the beginning of each milestone, funds for each site will be advanced by the grantor. The Office of the City Administrative Officer (CAO) will coordinate and administer the grant funds. Projects and funding allocations will be provided in future funding reports, which are subject to Council approval.

Authorizations Requested

It is therefore requested that the City Council:

1. **Authorize** the Office of the City Administrative Officer (CAO) to accept funds on behalf of the City, from the California Department of Healthcare Services (DHCS) Behavioral Health Continuum Infrastructure Program (BHCIP), in an amount not to exceed \$33,241,866, for a performance period of March 22, 2024 through July 31, 2025;
2. **Designate** the CAO as the grant administrator for the EBS grant funds;
3. **Authorize** the Mayor's Office to execute a Grant Transfer Agreement with the State of California, subject to the approval of the City Attorney as to form;
4. **Authorize** the City Administrative Officer (CAO) to execute any other necessary documents, not including the Grant Transfer Agreement, to accept Emergency Stabilization Beds (ESB) grant funding on behalf of the City;
5. **Authorize** the Controller to:
 - d. Establish a new Special Fund, entitled "Emergency Stabilization Beds Grant," within Department 10, to receive and disburse the ESB funds;
 - e. Create the appropriation account named below, account number to be determined; and
 - f. Upon receipt of the complete allocation of ESB funds, increase appropriations within the newly created appropriation account as follows:

Special Fund: ESB

<u>Account Name</u>	<u>Amount</u>
Emergency Stabilization Beds Grant	\$33,241,866

6. **Authorize** the Office of the City Administrative Officer (CAO) to submit to the grantor on behalf of the City, requests for drawdown of funds for payment or reimbursements of City departments, partner agencies, vendors, consultants and funds expended for approved grant purposes;
7. **Authorize** BOE to execute sole source contracts, subject to the approval of the City Attorney as to form, for the use of the grant funds, for a term of up to 18 months within the applicable performance period, pursuant to Declaration of Local Housing and Homelessness Emergency;
8. **Authorize** the City Administrative Officer to:
 - a. Prepare Controller instructions or make any necessary technical adjustments, including adjustments to the names of the Special Fund accounts recommended in this report, consistent with the Mayor and

Council action in this matter, and authorize the Controller to implement these instructions; and

- b. Prepare any additional Controller instructions to reimburse City Departments for their accrued labor, material or permit costs related to projects in this report consistent with the Mayor and Council action on this matter and authorize the Controller to implement these instructions.

Sincerely,

A handwritten signature in black ink that reads "Karen Bass". The signature is written in a cursive, flowing style.

KAREN BASS
Mayor

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