

**REPORT/RECOMMENDATION TO THE BOARD OF SUPERVISORS
OF SAN BERNARDINO COUNTY
AND RECORD OF ACTION**

March 24, 2026

FROM

JOSHUA DUGAS, Acting Director, Department of Behavioral Health

SUBJECT

Grant Award and Program Funding Agreement for the Community Care Expansion – Capital Expansion Grant

RECOMMENDATION(S)

1. Rescind Item No. 26 from the September 9, 2025 Board Agenda in its entirety.
2. Approve Program Funding **Agreement No. 26-179**, and accept the grant award, including non-standard terms, and its related attachments and exhibits, with BDO Government Services, LLC, on behalf of the California Department of Social Services, for the Community Care Expansion – Capital Expansion Grant, in the amount of \$10,515,038, effective upon execution through June 30, 2029.
3. Approve the Declaration of Restrictions(**Agreement No. 26-180**) with the State of California, represented by the California Department of Social Services, to restrict the use of certain portions of County-owned real property (Assessor's Parcel Number 3105-191-13), located at 13333 Palmdale Road in Victorville, for the provision of construction and use of recovery residences in which 52 beds/units are prioritized for certain qualified residents experiencing or at risk of homelessness, for a period of not less than 30 years commencing after the recording of the Declaration of Restrictions.
4. Approve the Performance Deed of Trust, Security Agreement and Fixture Filing(**Agreement No. 26-181**), with the State of California, represented by the California Department of Social Services, as security on County-owned real property (Assessor's Parcel Number 3105-191-13), located at 13333 Palmdale Road in Victorville, to guarantee the performance of the Program Funding Agreement and Declaration of Restrictions referenced in Recommendation Nos. 2 and 3.
5. Authorize the Chair of the Board of Supervisors, Assistant Executive Officer, Director of the Project and Facilities Management Department, Director of the Real Estate Services Department, Information Security Officer of the Department of Behavioral Health, or Director of the Department of Behavioral Health to execute and submit any subsequent non-substantive amendments to the Program Funding Agreement, and its related attachments and exhibits, the Performance Deed of Trust, Security Agreement and Fixture Filing, and Declaration of Restrictions, as referenced in Recommendation Nos. 2, 3 and 4, or any additional or supplemental documentation, including compliance certifications, subject to review by County Counsel.
6. Direct the Director of the Department of Behavioral Health to transmit any subsequent non-substantive amendments to the Program Funding Agreement and its related attachments and exhibits, the Performance Deed of Trust, Security Agreement and Fixture Filing, and Declaration of Restrictions to the Clerk of the Board of Supervisors within 30 days of execution.

(Presenter: Joshua Dugas, Acting Director, 252-5142)

**Grant Award and Program Funding Agreement for the Community Care
Expansion - Capital Expansion Grant
March 24, 2026**

COUNTY AND CHIEF EXECUTIVE OFFICER GOALS & OBJECTIVES

Promote and Fulfill the Countywide Vision.

Provide for the Safety, Health and Social Service Needs of County Residents.

FINANCIAL IMPACT

This item does not impact Discretionary General Funding (Net County Cost). The Community Care Expansion (CCE) – Capital Expansion Grant (Grant) funding award in the amount of \$10,515,038, administered by BDO Government Services, LLC (BDO-GS), on behalf of the California Department of Social Services (CDSS) requires a local match of \$2,540,102, which will be funded with 2011 Realignment. Adequate appropriation and revenue have been included in the DBH 2025-26 budget and will be included in future recommended budgets.

BACKGROUND INFORMATION

CDSS is providing CCE Grant funding, established through Assembly Bill 172, Chapter 696(3), for the expansion of the Comprehensive Treatment Campus (Campus), formerly known as the Saint John of God Campus, located at 13333 Palmdale Road in Victorville (Property). DBH is planning the expansion of the existing recovery residences which will offer county residents safe, substance-free housing designed to support sober living and long-term recovery. Recovery residences will be certified through the California Consortium of Addiction Programs and Professionals, adhering to standards to support clients' continued treatment and recovery as they transition to permanent housing and reintegration into the community. The goal is to provide a safe, sober living environment while individuals participate in treatment programs and gain education or employment, so these individuals can transition back into society as productive members, prepared to secure permanent housing.

On January 24, 2023 (Item No. 46), the Board of Supervisors (Board) approved the Purchase and Sale Agreement and Joint Escrow Instructions for the acquisition of the Property (Assessor's Parcel Number [APN] 3105-191-11-000), consisting of 29.47 acres, equipped with nine single story buildings, totaling about 17,770 square feet of building area, for a purchase price of \$2,000,000.

In March 2023, DBH was notified of an award in the amount of \$10,093,171 from the CDSS grant initiative through CCE, effective upon execution through June 30, 2029, to support the expansion of the Campus. This expansion includes an additional 151,779 square feet of building area for 52 recovery residence beds, of which 40 beds are dedicated to the CCE population. The remaining 12 beds will accommodate clients with minor children so that family units can be housed together.

On December 29, 2023, the County closed escrow and officially acquired the property.

On May 21, 2024, DBH received an augmented award notification from CDSS, increasing the Grant award amount by \$421,867, for an updated total of \$10,515,038 to further support the expansion of the Campus.

On May 21, 2024 (Item No. 22), the Board approved the Program Funding Agreement (PFA) with Advocates for Human Potential, Inc., and grant acceptance for the Behavioral Health Continuum Infrastructure Program (BHCIP) Round 5 grant funding, in the amount of \$51,410,844, which would be used to modernize and expand some of these portions of the

**Grant Award and Program Funding Agreement for the Community Care
Expansion - Capital Expansion Grant
March 24, 2026**

Property to form the Campus. The PFA required DBH to provide a match in the amount of \$4,341,650, funded by 2011 Realignment funding.

The Campus will enhance the County's ability to engage more individuals including vulnerable populations, including older adults, individuals with disabilities, and those experiencing chronic homelessness, by combining housing interventions with behavioral health, recuperative care, and substance use disorder (SUD) treatment services. The total cost of \$10,515,038 is outlined as follows:

- \$458,240: Pre-Development including but not limited to site surveys, due diligence costs, reports, insurance, inspections, and consultations from architects, legal, and engineers.
- \$1,193,705: Development including but not limited to project management, contract administration, and labor compliance, and design contingency costs.
- \$8,863,093: Construction including but not limited to furniture, fixtures, and equipment, materials and labor, legal fees, and project inspection.

On September 9, 2025 (Item No. 26), the Board approved the PFA with Horne LLP, the grant administrator, along with related agreements and attachments, on behalf of CDSS, to accept grant funding in the amount of \$10,515,038. However, DBH was informed that Horne, LLP did not execute the Agreement and has recently merged with BDO-GS, which now requires a new PFA along with related exhibits and documents. Therefore, DBH is requesting that the Board action taken on September 9, 2025, be rescinded as part of Recommendation No. 1. BDO-GS requested to have the parcel formally subdivided so that each entity maintains separate ownership and avoid joint liability.

On December 16, 2025 (Item No. 30), based on BDO-GS's recommendation, the Board approved the subdivision of the Property into separate parcels to facilitate the expansion of the Campus. The Property, consisting of a single legal parcel, has now been approved to be subdivided, creating two new parcels for the BHCIP (BHCIP Property) and CCE (CCE Property) project locations and leaving the remaining undeveloped land as the original parcel number. The PFA, and its related attachments and exhibits, including but not limited to the Performance Deed of Trust, Security Agreement and Fixture Filing (PDOT/SAAF), and Declaration of Restrictions (DOR), referenced in the Recommendations, are limited to the CCE Property as more fully described in Attachment A included as a supporting document to this item.

Using CCE funds, the County plans to utilize the CCE Property to build a Recovery Residence/Sober Living Home project providing 52 beds to serve parents, individuals who are pregnant, and men in need of recovery services. Out of the 52 beds, 40 beds will be dedicated to the CCE target population of adult residents with mental health and/or SUD who are in need of behavioral health treatment offered on the Campus.

The PFA with BDO-GS contains non-standard County terms as follows:

1. The County is required to indemnify BDO-GS and CDSS.
 - The County standard contract does not include any indemnification or defense by the County of a contractor and requires the contractor to indemnify the County from any third-party claims.
 - Potential Impact: By agreeing to indemnify BDO-GS and CDSS, the County could be contractually waving the protection of sovereign immunity. Claims that may otherwise be barred against the County, time limited or expense limited, could be brought against the

**Grant Award and Program Funding Agreement for the Community Care
Expansion - Capital Expansion Grant
March 24, 2026**

County without such limitations and the County could be responsible to defend and reimburse BDO-GS and CDSS. Further, the indemnification means that if the County is sued, it may be solely liable for the costs of defense and damages, which could exceed the total PFA amount.

2. Disputes arising under the PFA must be settled by binding arbitration.
 - The County standard contract does not require arbitration
 - Potential Impact: The PFA requires binding arbitration for all disputes between the parties. Disputes that might otherwise be settled in small claims court would incur arbitration costs that would exceed the costs of a small claims action. Arbitration decisions are not appealable.
3. The PFA does not include certain standard County insurance requirements, including provisions requiring that the County be named as an additional insured.
 - The County standard contract requires contractors to carry appropriate insurance at limits and under conditions determined by the County's Risk Management Department.
 - Potential Impact: Without being named as an additional insured, the County may be prohibited from submitting a legitimate claim against the policies of BDO-GS and CDSS which could result in expenses that exceed the total PFA amounts.
4. The PFA requires a non-prevailing party to pay the prevailing party's reasonable expenses and attorneys' fees in connection with a dispute arising out of the agreement.
 - The County standard contract neither party is responsible to pay for the other party's attorney's fees and costs, except for indemnification obligation.
 - Potential Impact: In the event of a claim arising out of the PFA, the County may be obligated to pay BDO-GS and CDSS costs if they prevail in the claim arising out of the agreement.
5. The PFA limits the liability of BDO-GS and CDSS to any claim the County may have for special, consequential, or punitive damages; indirect or incidental damages; or for any loss of goodwill or other loss of use arising out of the performance of the agreement.
 - The County standard contract restricts a contractor from limiting its liability in performance of the contract.
 - Potential Impact: In the event of a claim arising out of the PFA, the County will be prohibited from seeking certain damages against BDO-GS and CDSS even if the County advises of the possibility of any such damages.
6. The PFA includes a venue provision in which any litigation or enforcement of an award under the agreement must be brought in a state or federal court in the County of Sacramento.
 - Venue is San Bernardino County in the County standard contract.
 - Potential Impact: Should either party to the PFA bring an action to enforce an award it must be done in a state or federal court in the County of Sacramento.

Approval of this item will allow DBH to formally accept the grant award for the CCE program and approve the PFA, which will be effective upon execution. The PFA includes several required legal instruments, including a Performance Deed of Trust, Security Agreement and Fixture Filing (PDOT/SAAF) and Declaration of Restrictions (DOR). While the PDOT/SAAF and DOR are part of the PFA recommended for approval as part of Recommendation No. 2, a separate

**Grant Award and Program Funding Agreement for the Community Care
Expansion - Capital Expansion Grant
March 24, 2026**

recommendation to approve the PDOT/SAAF and DOR are included for tracking purposes in Recommendation Nos. 3 and 4.

The PDOT/SAAF is a legal instrument that allows the funding agency to place a lien on the property receiving grant funding to ensure the grant recipient complies with the terms and conditions of the agreement. The SAAF, a component within the PDOT, further ensures the grant recipient fulfills the obligations outlined in the agreement and protects the funding agency's rights to items affixed to the property. Lastly, the DOR establishes guidelines for land use and development, ensuring the CCE Property is used in a manner consistent with the PFA, applicable zoning standards, and regulatory requirements for a minimum term of 30 years following recording of the DOR. The DOR will be recorded on the CCE Property following the issuance of a certificate of occupancy for the newly constructed structure. Lastly, approval of this item will allow DBH to move forward with the Capital Improvement Project 25-057 for the construction of the CCE component of the Campus in collaboration with the Project and Facilities Management Department.

DBH also requests delegated authority to execute and submit any non-substantive amendments to the PFA and any additional or supplemental documentation, including but not limited to compliance certifications, DOR, and the PDOT/SAAF to ensure executed documents are returned in a timely manner as required by the State.

PROCUREMENT

Not applicable.

REVIEW BY OTHERS

This item has been reviewed by Behavioral Health (Diana Barajas, Administrative Supervisor I, 383-0899) on March 6, 2026; County Counsel (Jason Searles, Supervising Deputy County Counsel, 387-5455) on March 9, 2026; Project and Facilities Management (Moe Yousif, Interim Director, 387-5224) on March 10, 2026; Risk Management (Stephanie Pacheco, Staff Analyst II, 386-9008) on March 9, 2026; and County Finance and Administration (Paul Garcia, Administrative Analyst, 386-8392) on March 9, 2026.

**Grant Award and Program Funding Agreement for the Community Care
Expansion - Capital Expansion Grant
March 24, 2026**

Record of Action of the Board of Supervisors
San Bernardino County

APPROVED (CONSENT CALENDAR)

Moved: Curt Hagman Seconded: Joe Baca, Jr.

Ayes: Col. Paul Cook (Ret.), Jesse Armendarez, Dawn Rowe, Curt Hagman, Joe Baca, Jr.

Lynna Monell, CLERK OF THE BOARD

BY 
DATED: March 24, 2026



cc: DBH - Alfaro w/agree for sign
Contractor - c/o DBH w/agree
File - w/agree

MBA 03/25/2026