



Office of the City Manager

CONSENT CALENDAR
September 30, 2025

To: Honorable Mayor and Members of the City Council

From: Paul Buddenhagen, City Manager

Submitted by: Scott Gilman, Director, Health, Housing & Community Services Department

Subject: Application to the Behavioral Health Continuum Infrastructure Program (BHCIP) Round 2: Unmet Needs

RECOMMENDATION

Adopt a resolution to:

- 1) Authorize the City of Berkeley (City) to apply to the California Department of Health Care Services for Bond BHCIP Round 2 grant funds in an amount not to exceed \$6,947,050.
- 2) Authorize the City Manager, or designee, to execute the Program Funding Agreement and any related documents necessary to secure and administer the grant.
- 3) Acknowledge that the City will comply with every term and condition of the Program Funding Agreement.
- 4) Designate the City Manager, or designee, as the City's Authorized Signatory for all Program documents.

FISCAL IMPACTS OF RECOMMENDATION

If awarded funding, the City is required to provide at least a 10% match. BHCIP applications that incorporate higher matching percentages will score higher than those with lower ones. Based on our available funding, we propose an approximately 21% cash match for a total of \$1,850,000. The cash match amount will be comprised of 70% Mental Health Services Act Funds (\$1,300,000 in Fund 315) and 30% Opioid Settlement Funds (\$550,000 in Fund 137). In addition, the appraised equity in real property in the existing building at 2636 Martin Luther King Jr. Way will be reported as an in-kind contribution, further increasing the total match. Funding to cover costs associated with the application will be recommended for appropriation through the first amendment to the FY2026 appropriations ordinance. No General Fund dollars will be requested for this project. No new staff or program costs outside the construction costs are associated with this project.

CURRENT SITUATION AND ITS EFFECTS

Currently, the existing building located at 2636 Martin Luther King Jr. Way is unusable due to unsafe building conditions and cannot be certified by the county for any treatment purposes without major structural changes. All outpatient adult mental health clinic appointments must currently occur at the building next door, 2640 Martin Luther King Jr. Way. That building is currently at capacity and cannot serve additional clients in one-on-one therapy or group treatment settings. Berkeley Adult Mental Health clients are primarily vulnerable populations, who often face challenges such as a history of (often chronic) homelessness, justice system involvement, high risk of institutionalization, substance use disorders, and severe mental health challenges.

If the City is awarded BHCIP funding to renovate 2636 Martin Luther King Jr. Way, Adult Mental Health will obtain eight new outpatient treatment rooms and one flexible group treatment and/or peer respite space. If the City is awarded BHCIP Round 2 funds, the State Department of Health Care Services requires that a 30-year deed restriction be recorded on the property at 2636–2640 Martin Luther King Jr. Way. This restriction will ensure the property continues to be operated for behavioral health services and will limit the City's ability to repurpose or dispose of the site for other purposes during that period. With this additional facility space, peer respite and group treatment services will be increased, providing care to more individual clients, and expanding offerings for existing clients. The new building would also include storage space for medical records. If the City is awarded funding to renovate this building, its capacity for providing mental health treatment to vulnerable City residents will nearly double by increasing daily available treatment slots from the current maximum of 19 to a total of 35 while reducing staff travel time in the field. This increase in availability of on-site services will advance the City's Strategic Plan Priority of championing and demonstrating social and racial equity.

BACKGROUND

On May 30, 2025, the California Department of Health Care Services issued the Bond BHCIP Round 2 Request for Applications, which requires a governing-body resolution with specific language. Renovation of 2636 Martin Luther King Jr. Way will leverage BHCIP funds to bring an unusable building back into productive service. 2636 Martin Luther King Jr. Way has been unusable as office space since June 2025 due to lead paint and mold, and it has been unusable as a treatment space since the Americans with Disabilities Act (ADA) was signed into law in July 1990 because it has never conformed to ADA accessibility standards.

ENVIRONMENTAL SUSTAINABILITY AND CLIMATE IMPACTS

Staff will work with the project architect and Public Works to identify cost-effective measures that reduce greenhouse-gas emissions, improve energy efficiency, and manage construction waste in line with adopted City climate-action policies. As a restoration of an existing urban site, the project will not negatively impact the natural

habitat and will likely qualify for a categorical exemption under CEQA Guidelines 15301 (Existing Facilities) or 15302 (Replacement or Reconstruction).

RATIONALE FOR RECOMMENDATION

Securing up to \$4,670,000 in State capital funding will rehabilitate the City-owned building at 2636 Martin Luther King Jr. Way, expand behavioral-health services, and leverage existing local resources. Delaying or declining the application would result in the building remaining vacant and unusable, prolong service gaps and could forfeit a competitive funding opportunity.

ALTERNATIVE ACTIONS CONSIDERED

The City could forgo application for Bond BHCIP Round 2 funding, in which case the City would have insufficient funds to renovate 2636 Martin Luther King Jr. Way and expand behavioral health services or utilize existing building infrastructure.

CONTACT PERSON

Catherine Roseman, Community Services Specialist III, HHCS, 510-981-5232

Attachments:

1: Resolution

RESOLUTION NO. ##,###-N.S.

CITY OF BERKELEY APPLICATION AND PARTICIPATION IN THE BEHAVIORAL
HEALTH CONTINUUM INFRASTRUCTURE PROGRAM (BHCIP) – BOND ROUND 2:
UNMET NEEDS

WHEREAS, The California Department of Health Care Services (DHCS) issued a Request for Applications dated May 30, 2025 for Bond BHCIP Round 2 (2025): Unmet Needs; and

WHEREAS, the City of Berkeley Adult Mental Health facility at 2636 Martin Luther King Jr. Way is currently unusable, and staff are unable to provide mental health services at that location; and

WHEREAS, the City of Berkeley desires to apply for Program grant funds and will submit an application for Program grant funds to DHCS; and

WHEREAS, renovating the facility will restore it to safe, code-compliant condition, add eight outpatient treatment rooms and one flexible peer-respite / group treatment room; and

WHEREAS, if the City is awarded Program funds, it will contribute a local match equal to at least ten percent of the total project cost, using Mental Health Services Act funds and opioid-settlement proceeds, and the appraised value of the City-owned property at 2636 Martin Luther King Jr. Way will be reported as an in-kind contribution to further increase the total match; and

WHEREAS, as a condition of receiving Bond BHCIP Round 2 funds, the Department of Health Care Services requires that a 30-year deed restriction be recorded on the property at 2636–2640 Martin Luther King Jr. Way, ensuring the site is operated for behavioral health services during that period; and

WHEREAS, the Program guidelines require the City Council to authorize submission of the application and to designate an authorized representative to execute all documents related to the grant.

NOW THEREFORE, BE IT RESOLVED by the Council of the City of Berkeley that the City Manager, or designee, is authorized to submit an application to the California Department of Health Care Services for Bond BHCIP Round 2 Program funds in an amount not to exceed \$6,947,050.

BE IT FURTHER RESOLVED that, if the application is approved, the City Manager, or designee, is authorized to execute the Program Funding Agreement and any other documents required by the State, including amendments, and to execute and record a 30-year deed restriction encumbering the property at 2636–2640 Martin Luther King Jr. Way as required by the Program.

BE IT FURTHER RESOLVED that the City shall comply with every term and condition of the Program Funding Agreement; all activities, expenditures, information, and timelines represented in the application shall be enforceable through that Agreement, and grant funds shall be used only for costs allowable under the Program.

BE IT FURTHER RESOLVED that, upon award, the City will provide a local cash match of approximately 21% of the total project cost, to be satisfied with Mental Health Services Act capital-facilities funds (Fund 315), National Opioid Settlement proceeds (Fund 137), and the appraised value of the City-owned property at 2636 Martin Luther King Jr. Way will be reported as an in-kind contribution to further increase the total match.

