



COUNCIL REPORT

DATE: November 12, 2024
CATEGORY: Consent
DEPT.: City Manager's Office
TITLE: **Amended CHAC Joint Powers Agreement**

RECOMMENDATION

1. Adopt a Resolution of the City Council of the City of Mountain View 1) Approving an Amended Community Health Awareness Council ("CHAC") Joint Powers Agreement, 2) Authorizing the City Manager to Execute the Amended CHAC Joint Powers Agreement, and 3) Authorizing the City Manager to Provide Written Consent to the CHAC Joint Powers Authority ("JPA") Board to Dissolve the CHAC JPA Once the City Receives Written Notice From the CHAC JPA Board that Wind Up of CHAC's Business Affairs has Concluded, to be read in title only, further reading waived (Attachment 1 to the Council report).
2. Appoint Audrey Seymour Ramberg, Assistant City Manager, as the City's representative to the CHAC Joint Powers Authority Board.

BACKGROUND

CHAC Formation and Evolution

In 1973, the City of Los Altos, Town of Los Altos Hills, City of Mountain View, Los Altos School District, Mountain View School District, Whisman School District, and Mountain View Los Altos Union High School District observed the need to promote mental health and well-being within their communities and the lack of available mental health resources and programs in their communities. (The Mountain View School District and Whisman School District later merged to form the Mountain View Whisman School District.) To address this need, these public agencies executed an agreement and formed a Joint Powers Authority now known as the Community Health Awareness Council ("CHAC" or "JPA") with nonprofit status with the mission to provide accessible and culturally competent mental health services.

CHAC grew into an organization focusing on delivering a range of high quality affordable mental health programs and support services in the North County community of Santa Clara County, serving Mountain View, Los Altos, Los Altos Hills, and Sunnyvale. CHAC has provided mental health programming in various settings, including schools, Family Resource Centers, and a clinic.

CHAC offered prevention workshops, group therapy, and individual counseling services to youth and their families and operated from revenue secured through school contracts, contributions from JPA Member cities, philanthropic grants, FIRST 5 Santa Clara County, and sliding scale patient fees.

CHAC also established a training program with local clinical education partners, such as Palo Alto University, Wright Institute, and Santa Clara University, serving as a practice center for masters, doctorate, and postdoctoral students in psychology. The interns participating in this program provided mental health services, under supervision, as part of this program.

Over the years, as the scope of CHAC's services evolved and expanded, the Board was also expanded to include community members in addition to the representatives of the city and school district agencies that constituted the JPA.

Assessment of CHAC Fiscal Sustainability

In recent years, the CHAC Board of Directors became concerned about the financial sustainability of CHAC due to a number of economic factors, including, but not limited to, the cost of providing the services to the school districts, the historic rates charged for these services, changes in the law regarding interns, and the infrastructure required to access MediCal coverage. CHAC contracted with Venture Leadership Collective in 2023 to assess the current mental health environment and explore pathways to sustainability.

From March to December 2023, an Ad Hoc Task Force consisting of six Board members evaluated business model strategies ranging from CHAC as a standalone organization to merger. Four JPA member representatives served on the Ad Hoc Task Force. The initial goal was to create a long-term financially sustainable organization. In the near term, the Board of Directors passed an "Austere Budget" for the 2023-24 fiscal year and suspended the clinic, placing all non-school-based clinical services on "hiatus" until completion of the sustainability plan. **Through this process, CHAC recognized that other providers can serve the community and also access MediCal insurance as a funding source for services to clients unable to pay for them in full. CHAC further concluded that it could not be a sustainable standalone organization and began exploring opportunities to merge or collaborate with another entity to ensure continuity of mental health services for the community.**

Transfer of Assets Agreement with Pacific Clinics

At its December 6, 2023 meeting, the CHAC Board approved pursuing a collaboration with Pacific Clinics. Pacific Clinics is a nonprofit behavioral and mental health-care provider with a presence in the community and over 150 years of experience. CHAC and Pacific Clinics explored a net asset transfer. Following a due diligence period, the boards of CHAC and Pacific Clinics agreed upon the terms of the transfer, on June 10, 2024 and June 25, 2024 respectively, and executed

agreements to effectuate the transfer. This also included an agreement for intellectual/intangible property purchase and name use. As of July 1, 2024, CHAC transferred the building located at 590 West El Camino in Mountain View to Pacific Clinics and ceased providing services, except for supervision of an internship program which continued until mid-August 2024.

Pacific Clinics Services

The transfer of assets agreement between CHAC and Pacific Clinics included as a condition of transfer that Pacific Clinics will use the building at 590 West El Camino Real for nonprofit, charitable purposes, including the provision of behavioral health and related services, for a period of not less than five years. The agreement further stated that Pacific Clinics will use its “commercially reasonable best efforts to expand its behavioral health services at the Property.” Anticipated Pacific Clinic services at the property and in North County include:

- Outpatient services for all ages, including infant/early childhood, child, teen, transition-age youth, adults, and families;
- Meeting facilitation for youth, teachers, parents, social workers, and community members;
- Crisis continuum hub for rapid mobile responses for North Santa Clara County (youth and adult);
- Medication management/access to psychiatry services;
- Neurodevelopmental diagnostic assessments;
- Substance abuse services;
- In-clinic/in-home groups, individual, and family sessions/parenting programs for support after school hours for school districts contracted for services with Pacific Clinics; and
- Family Resource Center First 5 services for North County families.

Responsibilities of CHAC JPA During Wind-Up Period

With the completion of the net asset transfer and in light of Pacific Clinics’ provision of behavioral health services, the JPA’s original mission is now being fulfilled by Pacific Clinics. However, before the JPA can dissolve, it must wind up its business affairs. CHAC employed approximately 41 employees and has ongoing obligations to these former employees related to unemployment and benefits. **It is anticipated that the JPA will need to continue in a significantly reduced role for approximately two years based on the unemployment insurance claim timelines.** CHAC must also prepare and file annual required state and federal financial documents, such as tax

returns, until the dissolution occurs. These tasks will be accomplished by contractors. **CHAC has retained its financial officer as a contractor and will use other contractors (such as an auditor and attorney) as necessary to complete required tasks for the wind up. No financial contribution is being requested from any of the JPA member agencies.**

The CHAC Board will provide oversight, have signature authority, and be responsible for adopting an annual budget and reviewing and approving the required annual audit and tax filings prepared by contractors as well as monitoring the status of the unemployment insurance claims, which would be administered by contractors. Once the unemployment claim process is completed, the JPA can dissolve if all of its obligations have been satisfied. The membership and role of the JPA Board during the wind-up period is further discussed in the Analysis section below.

ANALYSIS

Proposed Amended CHAC Joint Powers Agreement

The municipal and school district members entered into the first joint powers agreement in or about 1973. In 2014, the member agencies entered into a new agreement, entitled “Joint Powers Agreement for the Operation of CHAC” (Attachment 2), and made minor modifications to the original agreement.

In light of the net asset transfer and the impending dissolution of CHAC, an Amended CHAC Joint Powers Agreement (“Amended Agreement”) is proposed (Exhibit A to Attachment 1). This Amended Agreement specifically and narrowly focuses on the winding up of CHAC’s affairs and outlines the process for eventual dissolution of the JPA. The Amended Agreement is being presented to the governing bodies of the member cities/towns and school districts for approval.

As a joint powers agency, CHAC is governed by the Joint Exercise of Powers Act (California Government Code Section 6500, *et seq.*). This state law imposes certain requirements on joint powers authorities like CHAC that are established by a written agreement between the parties.

Summary of Amendments

The Amended Agreement sets forth the specific purpose and authority of the agency and incorporates provisions to address specific requirements in the Joint Exercise of Powers Act and proposes the following changes:

- Updates the agreement and **specifies the purpose of the agency is to wind up its affairs.**

- **Contains specific financial and reporting requirements**, which are partially outlined in Section 10 of the Agreement.

As CHAC has done in the past, it must designate a Treasurer. Joint powers authorities are also required to have a Certified Public Accountant or Public Accountant perform an annual audit and file the audit with the County (Government Code Section 6505). In addition, Section 9 addresses the requirement that the Treasurer or any other persons who have access to CHAC's property or funds shall obtain a bond that covers them for holding or disbursing CHAC funds. (Government Code Section 6501.1)

- **Modifies the Board of Directors.** In the current joint powers agreement, the Board of Directors is made up of the elected representatives of the six city/town and school district agencies and several community representatives for a total of 16 board members. Since the purpose of the JPA has shifted from the provision of mental health services in the community to winding up the business affairs of CHAC, the need for community representatives to serve on the board no longer exists. For this reason, only **the six public agencies who are the parties to the Amended Agreement will be represented on the Board (City of Los Altos, Town of Los Altos Hills, City of Mountain View, Los Altos School District, Mountain View Los Altos Union High School District, and Mountain View Whisman School District).**

As with the current joint powers agreement, the governing body of each agency appoints its representative. **There is no requirement that the representative be a member of the governing body.**

- **Removes the provision in the preexisting joint powers agreement that permits the parties to withdraw from the JPA.** As the guidance of all member agencies is needed to wind up CHAC's affairs, the member agencies are not required to make any financial contributions to support CHAC, and CHAC will not continue in the longer term, this provision has been removed from Amended Agreement.
- **Modifies the required number of Board meetings to two per year.** The preexisting joint powers agreement requires the Board to meet at least once every two months with an annual meeting in March. **The Amended Agreement states the Board shall hold two regular meetings per year to monitor the wind up, adopt an annual budget, and review and approve the annual audit and tax filings.** The Board may hold special meetings as it may determine to be necessary. Pacific Clinics has agreed to allow the Board to meet at the former CHAC headquarters and to provide the Board with updates regarding the services it is providing twice each year while the JPA remains in existence.

It is important to note these following provisions contained in the Amended Agreement have been retained or added:

- In the absence of its consent, **no party to this Amended Agreement or members of the Board shall be bound to provide any sum of money, property, or service of any kind to CHAC.** The Board shall have no power or authority to bind any parties to this Amended Agreement to any debt, liability, or obligation in the absence of express written authorization of the party to be bound (previously Section 8.1 of Attachment 3, now Section 4.3.11).
- **The preexisting CHAC Board has adopted a budget with the funding necessary to fulfill its obligations to wind down the affairs of the JPA and is not seeking any additional funding from the member agencies.** In fact, it is possible that some funds may remain at the time of dissolution. In accordance with the Joint Exercise of Powers Act, the Amended Agreement provides that any surplus funds remaining at the time of dissolution would be distributed according to the contributions made by the parties to CHAC since 2012 based on the availability of data (Government Code Section 6512).
- Indemnification and Insurance provisions have also been included in the Amended Agreement and clearly state that **CHAC is a separate legal entity from the member agencies and, to the extent permitted by law, CHAC will defend and indemnify the public agency members.**
- The role of the Board members has also been clarified, as summarized below.

Role of the CHAC JPA Board

As noted above, the CHAC JPA Board consists of representatives appointed by the JPA member agencies. The role of the JPA Board is to oversee the wind up of CHAC's administrative affairs, the work of which will be conducted by contractors. It is expected that the wind-up period will be two years (driven by the timeline for processing unemployment claims from former CHAC employees) and that the Board will meet two times each year. The functions of the Board include:

- Approving an annual audit in the fall;
- Adopting an annual budget in the spring;
- Monitoring the status of administrative work performed by contractors, particularly the status of the processing of unemployment claims;
- Signing checks (by the Secretary/Treasurer appointed by the JPA Board);

- Receiving updates from Pacific Clinics regarding services provided to the communities of the member agencies; and
- Notifying JPA member agencies when CHAC's obligations have been fulfilled and requesting written consent to dissolve the JPA.

Dissolution

Once the obligations of the CHAC JPA have been satisfied, the Board will hold its last meeting and will send each member agency a notice requesting written consent to dissolve the JPA. This is anticipated to occur in fall 2026. Upon receipt of written consent from four of the six JPA members, the JPA will cease to exist. The recommendation includes a request that each agency designate and authorize an individual, such as city manager or superintendent, to provide written consent to the dissolution. The resolution includes a recommendation that the City Council authorize the City Manager to provide this written consent.

FISCAL IMPACT

As noted above, the preexisting CHAC Board has adopted a budget with the funding necessary to fulfill its obligations to wind up the affairs of the JPA and is not seeking any additional funding from the member agencies. In the absence of its consent, no party to this Amended Agreement or members of the Board shall be bound to provide any sum of money, property, or service of any kind to CHAC.

It is possible that some funds may remain at the time of dissolution. In accordance with the Joint Exercise of Powers Act, the Amended Agreement provides that any surplus funds remaining at the time of dissolution would be distributed according to the contributions made by the parties to CHAC since 2012 based on the availability of data.

LEVINE ACT

California Government Code Section 84308 (also known as the Levine Act) prohibits city officials from participating in any proceeding involving a "license, permit, or other entitlement for use" if the official has received a campaign contribution exceeding \$250 from a party, participant, or agent of a party or participant in the proceeding within the last 12 months. A city official is similarly prohibited from accepting, soliciting, or directing a campaign contribution exceeding \$250 from a party, participant, or agent of a party or participant to any proceeding involving a license, permit, or other entitlement for use for 12 months after a final decision is rendered in said proceeding.

Please refer to the “X” in the checklist below for information about whether the recommended action for this agenda item is subject to or exempt from the Levine Act.

SUBJECT TO THE LEVINE ACT

- Land development entitlements
- Other permit, license, or entitlement for use
- Contract or franchise

EXEMPT FROM THE LEVINE ACT

- Competitively bid contract
- Labor or personal employment contract
- General policy and legislative actions

For more information about the Levine Act, please see the Fair Political Practices Commission website: www.fppc.ca.gov/learn/pay-to-play-limits-and-prohibitions.html.

CONCLUSION

The CHAC JPA was established in 1973 and grew over time to deliver a range of mental health programs and support services in northern Santa Clara County. In 2023, CHAC concluded that it could not be a sustainable standalone organization and identified Pacific Clinics as an entity to merge with to ensure continuity of mental health services for the community. In June 2024, the CHAC and Pacific Clinic Boards agreed to a transfer of assets and an agreement for intellectual/intangible property purchase and name use. With the execution of these agreements, and in light of Pacific Clinics provision of behavioral health services, the JPA’s original mission is now being fulfilled by Pacific Clinics. The CHAC JPA will be dissolved following the wind up of its remaining administrative affairs, related primarily to meeting the unemployment and benefit obligations to CHAC’s former employees. The wind-up period is projected to be two years based on estimated unemployment insurance claim timelines. An Amended CHAC Joint Powers Agreement specifies this narrowly focused purpose, the Board composition of representatives from the JPA member agencies (City of Los Altos, Town of Los Altos Hills, City of Mountain View, Los Altos School District, Mountain View Los Altos Union High School District, and Mountain View Whisman School District), and other terms. The following actions are recommended at this time: approval of the Amended Agreement, authorization of the City Manager to execute the Amended Agreement, authorization of the City Manager to provide to the CHAC JPA Board written consent to dissolve the CHAC JPA once the City receives written notice from the CHAC JPA Board that the wind up of CHAC’s administrative affairs has concluded, and appointment of Audrey Seymour Ramberg, Assistant City Manager, as the City’s representative to the CHAC Joint Powers Authority Board.

ALTERNATIVES

1. Appoint a different representative to the JPA Board.
2. Do not delegate consent for dissolution of the JPA and require that this consent be provided by the City Council.
3. Direct revisions to or do not approve the Amended Agreement.
4. Provide other direction.

PUBLIC NOTICING

Agenda posting and a copy of report to City of Los Altos, Town of Los Altos Hills, Los Altos School District, Mountain View Los Altos Union High School District, and Mountain View Whisman School District.

Prepared by:

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Approved by:

Audrey Seymour Ramberg
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ASR/MS/6/CAM
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- Attachments:
1. Resolution
 2. Joint Powers Agreement for the Operation of CHAC