



Glenn County Health Services Agency

Director-Health Services Agency

Scott Gruendl

Deputy Director Behavioral Health

Amy Lindsey

Chief Deputy Director Administration

Cecilia Hutsell

Deputy Director Public Health Director of Nursing

Grinnell Norton

ADMINISTRATION

242 N. Villa Ave.
Willows, CA 95988
(530) 934-6582
FAX: (530) 934-6592

**ENVIRONMENTAL
HEALTH**

257 N. Villa Ave.
Willows, CA 95988
(530) 934-6102
FAX: (530) 934-6103

FISCAL

247 N. Villa Ave.
Willows, CA 95988
(530) 934-6347
FAX: (530) 934-6369

MENTAL HEALTH

242 N. Villa Ave.
Willows, CA 95988
(530) 934-6582
FAX: (530) 934-6592

604 E. Walker St.
Orland, CA
(530) 865-6459
FAX: (530) 865-6483
Mailing Address
242 N. Villa Ave.
Willows, CA 95988

PUBLIC HEALTH

240 N. Villa Ave.
Willows, CA 95988
(530) 934-6588
FAX: (530) 934-6463

SUBSTANCE ABUSE

1187 E. South St.
Orland, CA 95963
(530) 865-1146
FAX: (530) 865-1150
Mailing Address
P.O. Box 1174 E South St
Orland, CA 95963

January 24, 2012

Mr. Cliff Allenby, Director
Department of Mental Health
State of California
1600 Ninth Street, M.S. 151
Sacramento, CA 95814

RE: Request to Un-Assign MHSA Housing Funds

Dear Mr. Allenby,

As Glenn County has worked with CalHFA to access our \$409,400 in housing funds, it has become abundantly clear that the method employed for dispersing funds is not what was represented to the Glenn County Board of Supervisors at the time the funds were assigned to the Department of Mental Health. That method is that counties actually borrow their funds, pay a number of fees, create limited liability corporations, and actually pay the funding back. In summary, under the CalHFA method, it will cost Glenn County \$275,677 to access \$409,400. This is not what was represented to California counties at the time funds were assigned and this does not appear to comply with the Act.

I have conversed with CalHFA about returning Glenn County's allocation so that we can complete the purchase of a six-plex that is currently in escrow. Attached is their response. It is clear that the interagency agreement between CalHFA and DMH ties their hands in acting on my request. Therefore, the purpose of this letter is to request from DMH that Glenn County's MHSA Housing funds be un-assigned from DMH and transferred back to the county in a method acceptable to your department.

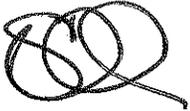
As you know, this week the Mental Health Services Oversight and Accountability Commission will adopt the recommendation by the Senate Office of Oversight and Outcomes to exempt county housing allocations of less than \$1,000,000 from the CalHFA process. Therefore, a mechanism needs to be developed to transfer funds assigned to DMH and CalHFA back to counties that wish to exercise the exemption.

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Time is of the essence as our MHSA Housing Plan is about to be approved and the escrow on the consumer selected six-plex will close in the latter half of February. I understand the importance of monitoring the proper use of MHSA funds, but the record for Glenn County is clear that this is not an issue and there are more cost effective monitoring methods. What is more clear is that the method employed by CalHFA for the MHSA Housing Program is not effective for small counties and has become the epitome of waste and ineffective use of funds.

Thank you for your time and consideration. I look forward to hearing from you or your staff soon.

Sincerely,

A handwritten signature in black ink, appearing to be 'Scott Gruendl', written in a cursive style.

Scott Gruendl
Director

CC: Steve Soeth, Chair, Glenn County Board of Supervisors
Larry Poaster, Chair, Mental Health Services Oversight and Accountability Commission
Claudia Cappio, Executive Director, CalHFA
Patricia Ryan, Executive Director, California Mental Health Directors Association