



August 4, 2026

THIS LETTER SENT VIA EMAIL

Ernest Hill, President
Services First of Northern California
102 West Bianchi Road
Stockton, California 95207

**BOND BEHAVIORAL HEALTH CONTINUUM INFRASTRUCTURE PROGRAM
(BHCIP) ROUND 1: LAUNCH READY - ALTERNATIVE LOCATION AND
SITE CONTROL**

Dear Ernest Hill:

The Department of Health Care Services (DHCS) awarded Services First of Northern California (SFNC) through Bond BHCIP Round 1 grant funding in the amount of \$8,239,637.33 for the proposed location at 1022 North Center Street and 1005 North El Dorado Street, Stockton, California 95202. Services First of Northern California Recovery Center Project includes an Adult Residential SUD Treatment Facility with 16 beds, an Outpatient Treatment for SUD Facility with 72 slots, a Peer Respite Facility with 4 beds, and a Social Rehabilitation Facility (SRF) with 16 beds.

On July 15, 2026, DHCS met with SFNC, to discuss project status and concerns. SFNC disclosed that the seller of the original property has decided not to move forward with the sale and has withdrawn from the transaction.

After review of the circumstances, the following conditions and deadlines are outlined below:

- **Alternative Location and Site Control** – SFNC must secure an alternative location with site control and initiate the necessary formal scope change process, provide detailed plans, letters of support from both the County Behavioral Health Director and City of Stockton to DHCS by September 3, 2026, no later than 5 p.m. PT via email at BHCIP@dhcs.ca.gov. Advocates for Human Potential, Inc. (AHP), Bond BHCIP administrative entity, can assist with initiating the scope change in the Building California Portal.
- **Purchase Sale Agreement** – DHCS will allow Services First of Northern California, until September 3, 2026, no later than 5 p.m. PT to submit a Purchase and Sale Agreement (PSA) via email at BHCIP@dhcs.ca.gov.

Ernest Hill
Page 2
August 4, 2026

- **Compliance and Program Guidance** – Awardees must clear title to the property before Bond BHCIP funds are disbursed. DHCS will verify eligibility and documentation, including clear title. Certain real estate costs—such as escrow extensions, interest, loan fees, operating costs from seller, origination fees, recording fees, and sponsor debt payoffs—are not reimbursable under Bond BHCIP.
- **BOND BHCIP Program Funding Agreement (PFA)** – Upon SFNC securing site control and approval from DHCS and AHP, the SNFC must finalize an amendment to the Bond BHCIP Program Funding Agreement (PFA) within 30 days following receipt of the amendment, once the scope change has been approved. Additionally, the project must execute the Funding Access Agreement (FAA) including the recordation of security instruments, the Deed of Restrictions (DOR) and the Promissory Deed of Trust (PDOT) within 30 days.

Failure to provide necessary documentation confirming site control and associated deadlines will result to DHCS relinquishing SFNC's Bond BHCIP Round 1: Launch Ready conditional award.

As stated in the Bond BHCIP Round 1: Launch Ready Request for Applications, Section 4.3, California law does not provide a protest or appeal process against award decisions made through an informal selection method. All award decisions made by DHCS are final.

If you have any questions or need further clarification, please do not hesitate to contact DHCS before the September 3, 2026, deadline at BHCIP@dhcs.ca.gov. Otherwise, we look forward to receiving the information requested by the due date and continuing this unprecedented opportunity to expand the behavioral health continuum of care through BHCIP.

Sincerely,

DocuSigned by:

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Marlies Perez
Division Chief, Community Services Division
Project Executive, Behavioral Health Transformation
Department of Health Care Services