

## Assignment and Assumption Agreement

Between the County of San Mateo, and  
7th Avenue Center, LLC, and 7<sup>th</sup> Ave Care Center, LLC , a California professional corporation  
for Mental Health Rehabilitation Center Services

**THIS ASSIGNMENT AND ASSUMPTION AGREEMENT** (“Agreement”) is entered into by and between the County of San Mateo, Behavioral Health and Recovery Services (“County”) and **7th Avenue Center, LLC** (“Assignor”), and **7<sup>TH</sup> Ave Care Center, LLC** , a California professional corporation, (“Assignee”). Assignor, Assignee, and County are each a “Party” hereto, and collectively are the “Parties”.

### W I T N E S S E T H:

WHEREAS, Assignor provides locked psychiatric care services in a licensed Mental Health Rehabilitation Center to County under an agreement effective with a term from July 1, 2023 through June 30, 2026 (“Attachment A”) (the “**MHRC Services Agreement**”); and

WHEREAS, Assignor desires to assign the MHRC Services Agreement to Assignee; and

WHEREAS, Assignee is a California professional corporation, licensed and qualified to provide the services described in the MHRC Services Agreement and is willing to assume the rights and obligations afforded by that agreement; and

WHEREAS, pursuant to Government Code Section 31000, County may contract with independent contractors for the furnishing of such services to or for the County; and

WHEREAS, Assignee desires to provide such services upon all terms and conditions stated in the MHRC Services Agreement, and this Assignment and Assumption Agreement is entered into for the purpose of memorializing the Parties’ respective consent to the assignment and assumption of the MHRC Services Agreement.

**NOW, THEREFORE**, in consideration of the mutual agreements set out below, the Parties agree as follows:

### **Section 1: Assignment and Assumption**

For good and valuable consideration, receipt of which is hereby acknowledged, effective May 5, 2026, (the “Effective Date”) Assignor assigns and transfers to Assignee, all of its right, title and interest in and to the MHRC Services Agreement, attached hereto and incorporated herein by reference as Attachment A and as amended, if at all. Assignee hereby assumes and covenants to perform all of the duties and obligations of Assignor with respect to the MHRC Services Agreement assigned and transferred by this instrument, including any amendments thereto. Assignee further agrees to observe and abide by the terms set forth in the Miscellaneous Provisions in Section 3, below. Such assignment shall be irrevocable and shall include all of Assignor’s rights and obligations as set forth in the MHRC Services Agreement as of the Effective Date of said agreement. County consents to the assignment and assumption of the MHRC Services Agreement as between Assignor and Assignee.

## **Section 2: Novation**

The Parties hereto agree to simultaneously enter into the novation agreement (the "Novation") attached hereto as Attachment C, and incorporated herein by this reference. The Novation shall be executed by the Assignor, the Assignee, and the County. This Agreement shall not become effective or enforceable in any way unless and until the Novation is fully executed by all of the Parties thereto. Once the Novation and this Agreement are both fully executed, the Assignor shall be fully released from its obligations under the MHRC Services Agreement and as such, no longer secondarily liable to the County with respect thereto.

## **Section 3: Miscellaneous Provisions**

### **3.1 Notice Requirements**

Any notice, request, demand, or other communication required or permitted under this Agreement shall be deemed to be properly given when both: (1) transmitted via facsimile to the telephone number listed below or transmitted via email to the email address listed below; and (2) sent to the physical address listed below by either being deposited in the United States mail, postage prepaid, or deposited for overnight delivery, charges prepaid, with an established overnight courier that provides a tracking number showing confirmation of receipt.

If to County:                    Alexandra Hagnere, Clinical Services Manager II  
Behavioral Health & Recovery Services  
2000 Alameda de las Pulgas, Suite 200  
San Mateo, CA 94403  
650-474-1971  
Facsimile: 650-573-2950  
[ahagnere@smcgov.org](mailto:ahagnere@smcgov.org)

With Copy to:                County Attorney's Office  
500 County Center, 4<sup>th</sup> Floor  
Redwood City, CA 94063  
Facsimile: 650-363-4034

If to Assignor:                7th Avenue Center, LLC  
JP Butler, MA, CEO Designate  
1201 Shaffer Road, Bldg1, Suite 1A  
Santa Cruz, CA 95060  
831-515-2393  
Facsimile: 831-420-0136  
[JButler@frontstadmin.com](mailto:JButler@frontstadmin.com)

If to Assignee:                7<sup>th</sup> Ave Care Center, LLC c/o  
Stephan Gilbert, Agent  
7162 Beverly Blvd, STE 569  
Los Angeles, CA 90036  
Email: [stephan@pacificarehm.com](mailto:stephan@pacificarehm.com)

### **3.2 Merger Clause, Amendment, and Counterparts**

This Assignment and Assumption Agreement, including the Novation Agreement and other Exhibits and Attachments attached hereto and incorporated herein by reference, constitutes the sole Agreement of the Parties hereto and correctly states the rights, duties, and obligations of each party as of this document's date. In the event that any term, condition, provision, requirement, or specification set forth in this body of the agreement conflicts with or is inconsistent with any term, condition, provision, requirement, or specification in any exhibit and/or attachment to this assignment and assumption agreement, the provisions of this body of the assignment and assumption agreement shall prevail. Any prior agreement, promises, negotiations, or representations between the Parties not expressly stated in this document, whether written or otherwise, are not binding. All subsequent modifications shall be in writing and signed by the Parties.

This Assignment and Assumption Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

### **3.3 Severability**

In the event any provision of this Agreement is found to be legally invalid or unenforceable for any reason, the remaining provisions of the Agreement shall remain in full force and effect provided that the fundamental rights and obligations remain reasonably unaffected.

### **3.4 Further Assignment**

Assignee may not assign any of its rights or obligations assumed hereunder without the prior written consent of County. County may assign this Agreement to any successor, to all or substantially all of County's operating assets, or to any affiliate of County. This Agreement shall inure to the benefit of and be binding upon the Parties hereto and their respective successors and permitted assigns.

### **3.5 Governing Law**

This Assignment and Assumption Agreement shall be governed by the laws of the State of California.

### **3.6 Electronic Signature**

The Parties wish to permit this Agreement and future documents relating to this Agreement to be digitally signed in accordance with California law and County's Electronic Signature Administrative Memo. Any Party to this Agreement may revoke such agreement to permit electronic signatures at any time in relation to all future documents by providing notice pursuant to this Agreement.

### **3.8 Exhibits and Attachments**

The following exhibits and attachments are included hereto and incorporated by reference herein:


**Attachment A**— County of San Mateo and 7<sup>TH</sup> Avenue Center LLC Services Agreement

**Attachment B**—Executed Executive Letter Amendment

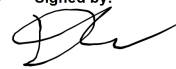
**Attachment C**—Novation Agreement

In witness of and in agreement with this Agreement's terms, the Parties, by their duly authorized representatives, affix their respective signatures:

For Assignor: 7th Avenue Center, LLC

Signed by:  990831830AE8426...	03/19/2026	Jonathan P Butler
Assignor Signature	Date	Name (please print)

For Assignee: 7th Ave Care Center, LLC, a California professional corporation

Signed by:  81FE1C12CFC84EC...	04/01/2026	David wertheimer
Assignee Signature	Date	Name (please print)

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COUNTY OF SAN MATEO

By:

President, Board of Supervisors, San Mateo County

Date:

ATTEST:

By:

Clerk of Said Board

**ATTACHMENT A**  
**AGREEMENT BETWEEN THE COUNTY OF SAN MATEO**  
**AND 7TH AVENUE CENTER, LLC**

This Agreement is entered into this 13 day of June, 2023, by and between the County of San Mateo, a political subdivision of the state of California, hereinafter called "County," and 7<sup>th</sup> Avenue Center, LLC, hereinafter called "Contractor."

\* \* \*

Whereas, pursuant to Section 31000 of the California Government Code, County may contract with independent contractors for the furnishing of such services to or for County or any Department thereof; and

Whereas, it is necessary and desirable that Contractor be retained for the purpose of locked psychiatric care services.

**Now, therefore, it is agreed by the parties to this Agreement as follows:**

**1. Exhibits and Attachments**

The following exhibits and attachments are attached to this Agreement and incorporated into this Agreement by this reference:

Exhibit A—Services  
Exhibit B—Payments and Rates  
Attachment H—HIPAA Business Associate Requirements  
Attachment I—§ 504 Compliance

**2. Services to be performed by Contractor**

In consideration of the payments set forth in this Agreement and in Exhibit B, Contractor shall perform services for County in accordance with the terms, conditions, and specifications set forth in this Agreement and in Exhibit A.

**3. Payments**

In consideration of the services provided by Contractor in accordance with all terms, conditions, and specifications set forth in this Agreement and in Exhibit A, County shall make payment to Contractor based on the rates and in the manner specified in Exhibit B. County reserves the right to withhold payment if County determines that the quantity or quality of the work performed is unacceptable. In no event shall County's total fiscal obligation under this Agreement exceed FIVE MILLION SIX HUNDRED THIRTY-TWO THOUSAND SEVEN HUNDRED EIGHTY-SEVEN DOLLARS (\$5,632,787). In the event that the County makes any advance payments, Contractor agrees to refund any amounts in excess of the amount owed by the County at the time of contract termination or expiration. Contractor is not entitled to payment for work not performed as required by this agreement.

#### **4. Term**

Subject to compliance with all terms and conditions, the term of this Agreement shall be from July 1, 2023, through June 30, 2026.

#### **5. Termination**

This Agreement may be terminated by Contractor or by the Chief of the Health System or his/her designee at any time without a requirement of good cause upon thirty (30) days' advance written notice to the other party. Subject to availability of funding, Contractor shall be entitled to receive payment for work/services provided prior to termination of the Agreement. Such payment shall be that prorated portion of the full payment determined by comparing the work/services actually completed to the work/services required by the Agreement.

County may terminate this Agreement or a portion of the services referenced in the Attachments and Exhibits based upon the unavailability of Federal, State, or County funds by providing written notice to Contractor as soon as is reasonably possible after County learns of said unavailability of outside funding.

#### **6. Contract Materials**

At the end of this Agreement, or in the event of termination, all finished or unfinished documents, data, studies, maps, photographs, reports, and other written materials (collectively referred to as "contract materials") prepared by Contractor under this Agreement shall become the property of County and shall be promptly delivered to County. Upon termination, Contractor may make and retain a copy of such contract materials if permitted by law.

#### **7. Relationship of Parties**

Contractor agrees and understands that the work/services performed under this Agreement are performed as an independent contractor and not as an employee of County and that neither Contractor nor its employees acquire any of the rights, privileges, powers, or advantages of County employees.

#### **8. Hold Harmless**

##### **a. General Hold Harmless**

Contractor shall indemnify and save harmless County and its officers, agents, employees, and servants from all claims, suits, or actions of every name, kind, and description resulting from this Agreement, the performance of any work or services required of Contractor under this Agreement, or payments made pursuant to this Agreement brought for, or on account of, any of the following:

(A) injuries to or death of any person, including Contractor or its employees/officers/agents;

(B) damage to any property of any kind whatsoever and to whomsoever belonging;

(C) any sanctions, penalties, or claims of damages resulting from Contractor's failure to comply, if applicable, with the requirements set forth in the Health Insurance Portability and Accountability Act of 1996 (HIPAA) and all Federal regulations promulgated thereunder, as amended; or

(D) any other loss or cost, including but not limited to that caused by the concurrent active or passive negligence of County and/or its officers, agents, employees, or servants. However, Contractor's duty to indemnify and save harmless under this Section shall not apply to injuries or damage for which County has been found in a court of competent jurisdiction to be solely liable by reason of its own negligence or willful misconduct.

The duty of Contractor to indemnify and save harmless as set forth by this Section shall include the duty to defend as set forth in Section 2778 of the California Civil Code.

**b. Intellectual Property Indemnification**

Contractor hereby certifies that it owns, controls, and/or licenses and retains all right, title, and/or interest in and to any intellectual property it uses in relation to this Agreement, including the design, look, feel, features, source code, content, and/or other technology relating to any part of the services it provides under this Agreement and including all related patents, inventions, trademarks, and copyrights, all applications therefor, and all trade names, service marks, know how, and trade secrets (collectively referred to as "IP Rights") except as otherwise noted by this Agreement.

Contractor warrants that the services it provides under this Agreement do not infringe, violate, trespass, or constitute the unauthorized use or misappropriation of any IP Rights of any third party. Contractor shall defend, indemnify, and hold harmless County from and against all liabilities, costs, damages, losses, and expenses (including reasonable attorney fees) arising out of or related to any claim by a third party that the services provided under this Agreement infringe or violate any third-party's IP Rights provided any such right is enforceable in the United States. Contractor's duty to defend, indemnify, and hold harmless under this Section applies only provided that: (a) County notifies Contractor promptly in writing of any notice of any such third-party claim; (b) County cooperates with Contractor, at Contractor's expense, in all reasonable respects in connection with the investigation and defense of any such third-party claim; (c) Contractor retains sole control of the defense of any action on any such claim and all negotiations for its settlement or compromise (provided Contractor shall not have the right to settle any criminal action, suit, or proceeding without County's prior written consent, not to be unreasonably withheld, and provided further that any settlement permitted under this Section shall not impose any financial or other obligation on County, impair any right of County, or contain any stipulation, admission, or acknowledgement of wrongdoing on the part of County without County's prior written consent, not to be unreasonably withheld); and (d) should services under this Agreement become, or in Contractor's opinion be likely

to become, the subject of such a claim, or in the event such a third party claim or threatened claim causes County's reasonable use of the services under this Agreement to be seriously endangered or disrupted, Contractor shall, at Contractor's option and expense, either: (i) procure for County the right to continue using the services without infringement or (ii) replace or modify the services so that they become non-infringing but remain functionally equivalent.

Notwithstanding anything in this Section to the contrary, Contractor will have no obligation or liability to County under this Section to the extent any otherwise covered claim is based upon: (a) any aspects of the services under this Agreement which have been modified by or for County (other than modification performed by, or at the direction of, Contractor) in such a way as to cause the alleged infringement at issue; and/or (b) any aspects of the services under this Agreement which have been used by County in a manner prohibited by this Agreement.

The duty of Contractor to indemnify and save harmless as set forth by this Section shall include the duty to defend as set forth in Section 2778 of the California Civil Code.

## **9. Assignability and Subcontracting**

Contractor shall not assign this Agreement or any portion of it to a third party or subcontract with a third party to provide services required by Contractor under this Agreement without the prior written consent of County. Any such assignment or subcontract without County's prior written consent shall give County the right to automatically and immediately terminate this Agreement without penalty or advance notice.

## **10. Insurance**

### **a. General Requirements**

Contractor shall not commence work or be required to commence work under this Agreement unless and until all insurance required under this Section has been obtained and such insurance has been approved by County's Risk Management, and Contractor shall use diligence to obtain such insurance and to obtain such approval. Contractor shall furnish County with certificates of insurance evidencing the required coverage, and there shall be a specific contractual liability endorsement extending Contractor's coverage to include the contractual liability assumed by Contractor pursuant to this Agreement. These certificates shall specify or be endorsed to provide that thirty (30) days' notice must be given, in writing, to County of any pending change in the limits of liability or of any cancellation or modification of the policy.

### **b. Workers' Compensation and Employer's Liability Insurance**

Contractor shall have in effect during the entire term of this Agreement workers' compensation and employer's liability insurance providing full statutory coverage. In signing this Agreement, Contractor certifies, as required by Section 1861 of the California Labor Code, that (a) it is aware of the provisions of Section 3700 of the California Labor

Code, which require every employer to be insured against liability for workers' compensation or to undertake self-insurance in accordance with the provisions of the Labor Code, and (b) it will comply with such provisions before commencing the performance of work under this Agreement.

**c. Liability Insurance**

Contractor shall take out and maintain during the term of this Agreement such bodily injury liability and property damage liability insurance as shall protect Contractor and all of its employees/officers/agents while performing work covered by this Agreement from any and all claims for damages for bodily injury, including accidental death, as well as any and all claims for property damage which may arise from Contractor's operations under this Agreement, whether such operations be by Contractor, any subcontractor, anyone directly or indirectly employed by either of them, or an agent of either of them. Such insurance shall be combined single limit bodily injury and property damage for each occurrence and shall not be less than the amounts specified below:

- (a) Comprehensive General Liability...      \$1,000,000
- (b) Motor Vehicle Liability Insurance...      \$1,000,000
- (c) Professional Liability.....      \$1,000,000

County and its officers, agents, employees, and servants shall be named as additional insured on any such policies of insurance, which shall also contain a provision that (a) the insurance afforded thereby to County and its officers, agents, employees, and servants shall be primary insurance to the full limits of liability of the policy and (b) if the County or its officers, agents, employees, and servants have other insurance against the loss covered by such a policy, such other insurance shall be excess insurance only.

In the event of the breach of any provision of this Section, or in the event any notice is received which indicates any required insurance coverage will be diminished or canceled, County, at its option, may, notwithstanding any other provision of this Agreement to the contrary, immediately declare a material breach of this Agreement and suspend all further work and payment pursuant to this Agreement.

**11. Compliance With Laws**

All services to be performed by Contractor pursuant to this Agreement shall be performed in accordance with all applicable Federal, State, County, and municipal laws, ordinances, regulations, and executive orders including but not limited to the Health Insurance Portability and Accountability Act of 1996 (HIPAA) and the Federal Regulations promulgated thereunder, as amended (if applicable), the Business Associate requirements set forth in Attachment H (if attached), the Americans with Disabilities Act of 1990, as amended, and Section 504 of the Rehabilitation Act of 1973, which prohibits discrimination on the basis of disability in programs and activities receiving any Federal or County financial assistance. Such services shall also be performed in accordance with

all applicable ordinances and regulations, including but not limited to appropriate licensure, certification regulations, provisions pertaining to confidentiality of records, and applicable quality assurance regulations. In the event of a conflict between the terms of this Agreement and any applicable State, Federal, County, or municipal law or regulation, the requirements of the applicable law or regulation will take precedence over the requirements set forth in this Agreement.

Further, Contractor certifies that it and all of its subcontractors will adhere to all applicable provisions of Chapter 4.106 of the San Mateo County Ordinance Code, which regulates the use of disposable food service ware. Accordingly, Contractor shall not use any non-recyclable plastic disposable food service ware when providing prepared food on property owned or leased by the County and instead shall use biodegradable, compostable, reusable, or recyclable plastic food service ware on property owned or leased by the County.

Contractor will timely and accurately complete, sign, and submit all necessary documentation of compliance.

## **12. Non-Discrimination and Other Requirements**

### **a. General Non-discrimination**

No person shall be denied any services provided pursuant to this Agreement (except as limited by the scope of services) on the grounds of race, color, national origin, ancestry, age, disability (physical or mental), sex, sexual orientation, gender identity, marital or domestic partner status, religion, political beliefs or affiliation, familial or parental status (including pregnancy), medical condition (cancer-related), military service, or genetic information.

### **b. Equal Employment Opportunity**

Contractor shall ensure equal employment opportunity based on objective standards of recruitment, classification, selection, promotion, compensation, performance evaluation, and management relations for all employees under this Agreement. Contractor's equal employment policies shall be made available to County upon request.

### **c. Section 504 of the Rehabilitation Act of 1973**

Contractor shall comply with Section 504 of the Rehabilitation Act of 1973, as amended, which provides that no otherwise qualified individual with a disability shall, solely by reason of a disability, be excluded from the participation in, be denied the benefits of, or be subjected to discrimination in the performance of any services this Agreement. This Section applies only to contractors who are providing services to members of the public under this Agreement.

**d. Compliance with County’s Equal Benefits Ordinance**

Contractor shall comply with all laws relating to the provision of benefits to its employees and their spouses or domestic partners, including, but not limited to, such laws prohibiting discrimination in the provision of such benefits on the basis that the spouse or domestic partner of the Contractor’s employee is of the same or opposite sex as the employee.

**e. Discrimination Against Individuals with Disabilities**

The nondiscrimination requirements of 41 C.F.R. 60-741.5(a) are incorporated into this Agreement as if fully set forth here, and Contractor and any subcontractor shall abide by the requirements of 41 C.F.R. 60–741.5(a). This regulation prohibits discrimination against qualified individuals on the basis of disability and requires affirmative action by covered prime contractors and subcontractors to employ and advance in employment qualified individuals with disabilities.

**f. History of Discrimination**

Contractor certifies that no finding of discrimination has been issued in the past 365 days against Contractor by the Equal Employment Opportunity Commission, the California Department of Fair Employment and Housing, or any other investigative entity. If any finding(s) of discrimination have been issued against Contractor within the past 365 days by the Equal Employment Opportunity Commission, the California Department of Fair Employment and Housing, or other investigative entity, Contractor shall provide County with a written explanation of the outcome(s) or remedy for the discrimination prior to execution of this Agreement. Failure to comply with this Section shall constitute a material breach of this Agreement and subjects the Agreement to immediate termination at the sole option of the County.

**g. Reporting; Violation of Non-discrimination Provisions**

Contractor shall report to the County Manager the filing in any court or with any administrative agency of any complaint or allegation of discrimination on any of the bases prohibited by this Section of the Agreement or the Section titled “Compliance with Laws”. Such duty shall include reporting of the filing of any and all charges with the Equal Employment Opportunity Commission, the California Department of Fair Employment and Housing, or any other entity charged with the investigation or adjudication of allegations covered by this subsection within 30 days of such filing, provided that within such 30 days such entity has not notified Contractor that such charges are dismissed or otherwise unfounded. Such notification shall include a general description of the circumstances involved and a general description of the kind of discrimination alleged (for example, gender-, sexual orientation-, religion-, or race-based discrimination).

Violation of the non-discrimination provisions of this Agreement shall be considered a breach of this Agreement and subject the Contractor to penalties, to be determined by the County Manager, including but not limited to the following:

- i. termination of this Agreement;
- ii. disqualification of the Contractor from being considered for or being awarded a County contract for a period of up to 3 years;
- iii. liquidated damages of \$2,500 per violation; and/or
- iv. imposition of other appropriate contractual and civil remedies and sanctions, as determined by the County Manager.

To effectuate the provisions of this Section, the County Manager shall have the authority to offset all or any portion of the amount described in this Section against amounts due to Contractor under this Agreement or any other agreement between Contractor and County.

**h. Compliance with Living Wage Ordinance**

As required by Chapter 2.88 of the San Mateo County Ordinance Code, Contractor certifies all contractor(s) and subcontractor(s) obligated under this contract shall fully comply with the provisions of the County of San Mateo Living Wage Ordinance, including, but not limited to, paying all Covered Employees the current Living Wage and providing notice to all Covered Employees and Subcontractors as required under the Ordinance.

**13. Compliance with County Employee Jury Service Ordinance**

Contractor shall comply with Chapter 2.85 of the County's Ordinance Code, which states that Contractor shall have and adhere to a written policy providing that its employees, to the extent they are full-time employees and live in San Mateo County, shall receive from the Contractor, on an annual basis, no fewer than five days of regular pay for jury service in San Mateo County, with jury pay being provided only for each day of actual jury service. The policy may provide that such employees deposit any fees received for such jury service with Contractor or that the Contractor may deduct from an employee's regular pay the fees received for jury service in San Mateo County. By signing this Agreement, Contractor certifies that it has and adheres to a policy consistent with Chapter 2.85. For purposes of this Section, if Contractor has no employees in San Mateo County, it is sufficient for Contractor to provide the following written statement to County: "For purposes of San Mateo County's jury service ordinance, Contractor certifies that it has no full-time employees who live in San Mateo County. To the extent that it hires any such employees during the term of its Agreement with San Mateo County, Contractor shall adopt a policy that complies with Chapter 2.85 of the County's Ordinance Code." The requirements of Chapter 2.85 do not apply if this Agreement's total value listed in the Section titled "Payments", is less than one-hundred thousand dollars (\$100,000), but Contractor acknowledges that Chapter 2.85's requirements will apply if this Agreement is amended such that its total value meets or exceeds that threshold amount.

**14. Retention of Records; Right to Monitor and Audit**

(a) Contractor shall maintain all required records relating to services provided under this Agreement for three (3) years after County makes final payment and all other pending

matters are closed, and Contractor shall be subject to the examination and/or audit by County, a Federal grantor agency, and the State of California.

(b) Contractor shall comply with all program and fiscal reporting requirements set forth by applicable Federal, State, and local agencies and as required by County.

(c) Contractor agrees upon reasonable notice to provide to County, to any Federal or State department having monitoring or review authority, to County's authorized representative, and/or to any of their respective audit agencies access to and the right to examine all records and documents necessary to determine compliance with relevant Federal, State, and local statutes, rules, and regulations, to determine compliance with this Agreement, and to evaluate the quality, appropriateness, and timeliness of services performed.

#### **15. Merger Clause; Amendments**

This Agreement, including the Exhibits and Attachments attached to this Agreement and incorporated by reference, constitutes the sole Agreement of the parties to this Agreement and correctly states the rights, duties, and obligations of each party as of this document's date. In the event that any term, condition, provision, requirement, or specification set forth in the body of this Agreement conflicts with or is inconsistent with any term, condition, provision, requirement, or specification in any Exhibit and/or Attachment to this Agreement, the provisions of the body of the Agreement shall prevail. Any prior agreement, promises, negotiations, or representations between the parties not expressly stated in this document are not binding. All subsequent modifications or amendments shall be in writing and signed by the parties.

#### **16. Controlling Law; Venue**

The validity of this Agreement and of its terms, the rights and duties of the parties under this Agreement, the interpretation of this Agreement, the performance of this Agreement, and any other dispute of any nature arising out of this Agreement shall be governed by the laws of the State of California without regard to its choice of law or conflict of law rules. Any dispute arising out of this Agreement shall be venued either in the San Mateo County Superior Court or in the United States District Court for the Northern District of California.

#### **17. Notices**

Any notice, request, demand, or other communication required or permitted under this Agreement shall be deemed to be properly given when both: (1) transmitted via facsimile to the telephone number listed below or transmitted via email to the email address listed below; and (2) sent to the physical address listed below by either being deposited in the United States mail, postage prepaid, or deposited for overnight delivery, charges prepaid, with an established overnight courier that provides a tracking number showing confirmation of receipt.

In the case of County, to:

Name/Title: Talisha Racy / Clinical Service Manager II  
Behavioral Health and Recovery Services  
Address: 2000 Alameda de Las Pulgas, Suite 200  
San Mateo, CA 94403  
Telephone: 650-573-2541  
Facsimile: 650-573-2841  
Email: [TRacy@smcgov.org](mailto:TRacy@smcgov.org)

In the case of Contractor, to:

Name/Title: 7<sup>th</sup> Avenue Center, LLC  
Attn: JP Butler, MA  
Vice President  
Address: 2115 7<sup>th</sup> Avenue  
Santa Cruz, CA 95062  
Telephone: 831-515-2393  
Facsimile: 831-420-0136  
Email: [JButler@frontst.com](mailto:JButler@frontst.com)

#### **18. Electronic Signature**

Both County and Contractor wish to permit this Agreement and future documents relating to this Agreement to be digitally signed in accordance with California law and County's Electronic Signature Administrative Memo. Any party to this Agreement may revoke such agreement to permit electronic signatures at any time in relation to all future documents by providing notice pursuant to this Agreement.

#### **19. Payment of Permits/Licenses**

Contractor bears responsibility to obtain any license, permit, or approval required from any agency for work/services to be performed under this Agreement at Contractor's own expense prior to commencement of said work/services. Failure to do so will result in forfeit of any right to compensation under this Agreement.

\* \* \*


In witness of and in agreement with this Agreement's terms, the parties, by their duly authorized representatives, affix their respective signatures:

COUNTY OF SAN MATEO


By:  Resolution No. 079728  
President, Board of Supervisors, San Mateo County

Date: June 13, 2023

ATTEST:

By:   
Clerk of Said Board

7<sup>th</sup> Avenue Center, LLC

DocuSigned by:  
  
Contractor's Signature

Date: 05/09/2023

**EXHIBIT A - SERVICES  
7<sup>TH</sup> AVENUE CENTER, LLC  
2023-2026**

In consideration of the payments set forth in Exhibit B, Contractor shall provide the following services:

I. MENTAL HEALTH PROGRAM SERVICES

For the term of this Agreement as herein specified, Contractor shall provide to the County Behavioral Health and Recovery Services Division (BHRS) up to eighteen (18) beds for San Mateo County clients who are seriously and persistently mentally ill and in need of mental health rehabilitation, treatment and long-term care.

A. Admissions

All admissions are subject to prior authorization by the County. The admission of all persons receiving services under this Agreement must receive the approval of the Deputy Director of BHRS or designee. A signed "Authorization for Admission to IMD/State Hospital Placement" form shall indicate such approval.

B. Patient Eligibility

Contractor shall admit clients with a DSM-IV diagnosis. Individuals in need of twenty-four (24) hour skilled nursing services, clients who may have histories of and, without adequate treatment, are at risk of displaying behavioral symptoms (such as combativeness, elopement risk, suicide risk, and excessive verbal abusiveness) which preclude them from being admitted into a lower-level care facility, shall be considered acceptable for admission. Contractor may grant individual exceptions to these admission criteria. It is agreed by County and Contractor that individuals whose mental illness is deemed appropriate for acute care, as well as individuals suffering exclusively from dementia, developmental/intellectual disability, or physical illness (without a psychiatric component), shall not be considered for admission.

## C. MHRC Service Levels

### 1. Basic Services

Contractor shall provide basic service level that fully complies with Title 22 of the California Code of Regulations, Section 72445, or Title 9 of the California Code of Regulations, which includes life skills training, money management, training on accessing community services, transitional programs, and discharge planning with County staff. Basic services shall also include reasonable access to medical treatment and up-to-date psychopharmacology including Clozapine, reasonable transportation to needed off-site services, and bilingual/bicultural programming.

### 2. Enhanced Services

Contractor shall provide enhanced services such as experienced clinical and rehabilitative staff such as, but not limited to, psychiatric technicians, vocational and rehabilitative counselors and recreational therapists. Programs shall target enhanced services delivery for those clients whose mental health symptoms become so severe that they are at high risk of being discharged from the facility.

## D. Patient Discharge Planning and Placement

Contractor shall keep a County-designated person fully informed of discharge plans and shall collaborate in pre-discharge program planning. County shall designate a facility liaison who shall be responsible for arranging community support necessary for patient discharge.

## E. Reporting

1. Upon request Contractor shall provide information on medications prescribed and administered to clients placed under this Agreement.
2. Contractor will provide to the Chief of the Health System or designee a photocopy of each unusual occurrence report filed with the State Department of Health Care Services, as defined in Section 72541 of Division 5, Title 22, California Code of Regulations.

3. County shall have reasonable access to all areas of the facility during business hours and to such data as will allow for the meaningful evaluation and monitoring of quality of care.
4. Contractor shall provide a quarterly report on restraint/seclusion use on clients placed under this Agreement.

## II. ADMINISTRATIVE REQUIREMENTS

### A. Quality Management and Compliance

#### 1. Quality Management Program and Quality Improvement Plan

Contractor must have a Quality Management Program and submit a Quality Improvement Plan to Behavioral Health and Recovery Services (BHRS) Quality Management (QM) annually by June 30. The Quality Improvement Plan should address 1) how the Contractor will comply with all elements of this Agreement, 2) the Contractor will maintain an audit disallowance rate of less than five percent (5%), and 3) first appointment will be within fourteen (14) days of referral or request of service. BHRS QM will provide feedback if the submitted plan is missing critical components related to San Mateo County requirements. Additional feedback may be available if requested prior to the submission date.

#### 2. Referring Individuals to Psychiatrist

Contractor will have written procedures for referring individuals to a psychiatrist or physician when necessary, if a psychiatrist is not available.

#### 3. Medication Support Services

For Contractors that provide or store medications: Contractor will store and dispense medications in compliance with all pertinent state and federal standards. Policies and procedures must be in place for dispensing, administering and storing medications consistent with BHRS Policy 99-03, Medication Room Management and BHRS Policy 04-08 Medication Monitoring located at [www.smchealth.org/bhrs-documents](http://www.smchealth.org/bhrs-documents). In particular:

- a. Medications are logged in, verified, counted and added to inventory sheets.
- b. All medications obtained by prescription are labeled in compliance with federal and state laws. Prescription labels are altered only by persons legally authorized to do so.
- c. Medications intended for external use only are store separately from medications intended for internal use; food and blood samples are stored in separate refrigerators.
- d. All medications are stored at proper temperatures: room temperature drugs at 59-86 degrees Fahrenheit and refrigerated drugs at 36-46 degrees Fahrenheit.
- e. Medications are stored in a locked area with access limited to those medical personnel authorized to prescribe, dispense or administer medication.
- f. Medications are disposed of after the expiration date and recorded.
- g. Injectable multi-dose vials are dated and initialed when opened.
- h. A medications log is maintained to ensure that expired, contaminated, deteriorated and abandoned medications are disposed in a manner consistent with state and federal laws.
- i. "Stock" medications that are not prescribed by the client's physician may not be used (for example, Tylenol).

**B. Record Retention**

Paragraph 14 of the Agreement notwithstanding, Contractor shall maintain medical records required by the California Code of Regulations. Notwithstanding the foregoing, Contractor shall maintain beneficiary medical and/or clinical records for a period of ten (10) years, except the records of persons under age eighteen (18) at the time of treatment shall be maintained: a) until ten (10) years beyond the person's eighteenth (18th) birthday or b) for a period of ten (10) years beyond the date of discharge, whichever is later. This rule does not supersede professional standards. Contractor may maintain records for a longer period of time if required by other regulations or licenses.

### C. Documentation of Services

Contractor shall provide all pertinent documentation required for state and federal reimbursement including but not limited to Consent Forms, assessments, treatment plans, and progress notes. Contractor agencies must submit, via fax to Quality Management at 650-525-1762, their version of these forms for approval before the forms are to be used. Special attention must be paid to documentation requirements for residential treatment facilities. Documentation shall be completed in compliance with the BHRS Policies & Documentation Manuals (as defined in Paragraph II. of this Exhibit). Contractor agencies are required to provide and maintain record of regular documentation training to staff providing direct services. Proof of trainings including attendance by staff may be requested at any time during the term of this Agreement.

System of Care (SOC) Mental Health Providers shall document in accordance with the BHRS Mental Health & AOD Documentation Manual located online at: <https://www.smchealth.org/sites/main/files/file-attachments/bhrsdocmanual.pdf>

SOC contractor will utilize either documentation forms located on <http://smchealth.org/SOCMHContractors> or contractor's own forms that have been pre-approved.

Substance Use provider services shall be in compliance with the Alcohol and Other Drug Services Provider Handbook which is located online at <http://www.smchealth.org/bhrs/aod/handbook>.

Managed Care providers shall document services in accordance with the BHRS Managed Care Provider Manual and will utilize documentation forms located at <http://www.smchealth.org/bhrs/contracts>.

### D. Audits

Behavioral Health and Recovery Services QM will conduct regular chart audits of Contractors. Contractor is required to provide either the original or copies of charts, including all documentation upon request. The Department of Health Care Services and other regulatory agencies conduct regular audits of the clinical services provided by BHRS and Contractors requiring submission of charts as requested. Contractor is required to provide all necessary documentation for external audits and reviews within the stated timeline.

E. Clients Rights and Satisfaction Surveys

1. Administering Satisfaction Surveys

Contractor agrees to administer/utilize any and all survey instruments as directed by BHRS, including outcomes and satisfaction measurement instruments.

2. Beneficiary/Patient's Rights

Contractor will comply with County policies and procedures relating to beneficiary/patient's rights and responsibilities as referenced in the Agreement.

3. Advance Directives

Contractor will comply with County policies and procedures relating to advance directives.

F. Beneficiary Brochure and Provider Lists

Contractor must provide Medi-Cal beneficiaries new to BHRS with a beneficiary brochure at the time of their first mental health service from the Contractor. Contractors are required to be aware of and make available to BHRS Medi-Cal clients all mandatory postings listed at this website <http://www.smchealth.org/bhrs/providers/mandpost>

G. Licensing Reports

Contractor shall submit a copy of any licensing complaint or corrective report issued by a licensing agency to BHRS Quality Management, BHRS Deputy Director of Youth Services, BHRS Deputy Director of Adult and Older Adult Services, or the Manager of SU Services or their designee, within ten (10) business days of Contractor's receipt of any such licensing report

## H. Compliance with HIPAA, Confidentiality Laws, and PHI Security

1. Contractor must implement administrative, physical, and technical safeguards that reasonably and appropriately protect the confidentiality, integrity, and availability of Protected Health Information (PHI), including electronic PHI that it creates, receives, maintains, uses or transmits, in compliance with 45 C.F.R and to prevent use or disclosure of PHI other than as provided for by this Agreement. Contractor shall implement reasonable and appropriate policies and procedures to comply with the standards. Contractor is required to report any security incident or breach of confidential PHI to BHRS Quality Management within twenty-four (24) hours.
2. Contractor will develop and maintain a written Privacy and Security Program that includes administrative, technical and physical safeguards appropriate to the size and complexity of the Contractor's operations and the nature and scope of its activities.
3. Contractor agrees to comply with the provisions of 42 C.F.R. Part 2 as described below if records contain or contract possesses any PHI covered under 42 C.F.R Part 2:
  - a. Acknowledge that in receiving, storing, processing, or otherwise using any information from BHRS about the clients in the program, it is fully bound by the provisions of the federal regulations governing Confidentiality of Behavioral Health and Recovery Services Patient Records, 42 C.F.R. Part 2;
  - b. Undertake to resist in judicial proceedings any effort to obtain access to information pertaining to clients otherwise than as expressly provided for in the federal confidentiality regulations, 42 C.F.R. Part 2; and
  - c. Agree to use appropriate safeguards to prevent the unauthorized use or disclosure of the protected information.
4. Confidentiality Training

Contractor is required to conduct, complete and maintain record of annual confidentiality training by all staff serving or accessing PHI of BHRS clients. Contractor may utilize BHRS Confidentiality trainings located at <http://smchealth.org/bhrs/providers/ontrain>.

I. Site Certification

1. Contractor will comply with all site certification requirements. Contractor shall maintain all applicable certifications through San Mateo County to provide any of the following reimbursable services: Short-Doyle Medi-Cal, MediCal, Medicare, or Drug MediCal.
2. Contractor is required to inform BHRS Quality management, in advance, of the following major changes:
  - a. Major leadership or staffing changes.
  - b. Major organizational and/or corporate structure changes (example: conversion to non-profit status).
  - c. Any changes in the types of services being provided at that location; day treatment or medication support services when medications are administered or dispensed from the provider site.
  - d. Significant changes in the physical plant of the provider site (some physical plant changes could require a new fire or zoning clearance).
  - e. Change of ownership or location.
  - f. Complaints regarding the provider.

J. Critical Incident Reporting

Contractor is required to submit Critical Incident reports to BHRS Quality Management (via fax # 650-525-1762) when there are unusual events, accidents, errors, violence or significant injuries requiring medical treatment for clients, staff or members of the community. (Policy #93-11 and 45 C.F.R. § 164, subpart C, in compliance with 45 C.F.R. § 164.316.)

The incident reports are confidential however discussion may occur with the Contractor regarding future prevention efforts to reduce the likelihood of recurrence. Contractor is required to participate in all activities related to the review and resolution of critical incidents.

## K. Ineligible Employees

Behavioral Health and Recovery Services (BHRS) requires that contractors comply with Federal requirements as outlined in 42 CFR (438.608) Managed Care Regulations. Contractors must identify the eligibility of employees, interns, or volunteers prior to hiring and on a monthly basis thereafter. Results of the eligibility screenings are to be maintained in the employee files. This process is meant to ensure that any person delivering services to clients of BHRS are not currently excluded, suspended, debarred or have been convicted of a criminal offense as described below. The Contractor must notify BHRS Quality Management (by completing the BHRS Critical Incident Reporting Form, Policy#93-11) should a current employee, intern, or volunteer be identified as ineligible. Contractors are required to screen for ineligible employees, interns, and volunteers by following procedures included in BHRS Policy # 04-01, which can be found online at:

<http://www.smchealth.org/bhrs-policies/compliance-policy-funded-services-provided-contracted-organizational-providers-04-01>. BHRS Quality Management must be notified within twenty-four (24) hours of any violations. Contractor must notify BHRS Quality Management if an employee's license is not current or is not in good standing and must submit a plan to correct to address the matter.

### 1. Credentialing Check – Initial

During the initial contract process, BHRS will send a packet of contract documents that are to be completed by the Contractor and returned to BHRS. Attachment A – Agency/Group Credentialing Information will be included in the contract packet. Contractor must complete Attachment F and return it along with all other contract forms.

### 2. Credentialing Check – Monthly

Contractor will complete Attachment A – Agency/Group Credentialing Information each month and submit the completed form to BHRS Quality Management via email at: [HS\\_BHRS\\_QM@smcgov.org](mailto:HS_BHRS_QM@smcgov.org) or via a secure electronic format.

## L. Cultural Competency

Implementations of these guidelines are based on the National Culturally and Linguistically Accessible Services (CLAS) Standards issued by the Department of Health and Human Services. For more information about these standards, please contact the Health Equity Initiatives Manager (HEIM) at 650-573-2714 or [ODE@smcgov.org](mailto:ODE@smcgov.org)

Out of county contractors must attest to compliance with all of the pertinent cultural competence requirements in their host County contract. Out of county contractors shall submit to HEIM ([ODE@smcgov.org](mailto:ODE@smcgov.org)) by March 31st, documentation of their compliance.

Technical Assistance -- Contractors who are not able to comply with the cultural competence requirements will be asked to meet with the Program Manager and HEIM ([ODE@smcgov.org](mailto:ODE@smcgov.org)) to plan for appropriate technical assistance.

M. Compliance Plan and Code of Conduct

Contractor will annually read and be knowledgeable of the compliance principles contained in the BHRS Compliance Plan and Code of Conduct located at <http://smchealth.org/bhrs-documents>. In addition, Contractor will assure that Contractor's workforce is aware of compliance mandates and informed of the existence and use of the BHRS Compliance Improvement Hotline (650) 573-2695.

Contractor is required to conduct, complete and maintain record of annual compliance training by all staff serving or accessing PHI of BHRS clients. Contractor may utilize BHRS Confidentiality trainings located at <http://smchealth.org/bhrs/providers/ontrain>.

O. Availability and Accessibility of Service

Contractor shall offer hours of operation that are no less than the hours of operation offered to commercial enrollees, if the Contractor also serves enrollees of a commercial plan, or that are comparable to the hours the Contractor makes available for Medi-Cal services that are not covered by the County or another Mental Health Plan, if the Contractor serves only Medi-Cal clients.

P. Fingerprint Compliance

Contractor certifies that its employees, trainees, and/or its subcontractors, assignees, volunteers, and any other persons who provide services under this agreement, who have direct contact with any client will be fingerprinted in order to determine whether they have a criminal history which would compromise the safety of individuals with whom the Contractor's employees, trainees and/or its subcontractors, assignees, or volunteers have contact. Contractor shall have a screening process in place to ensure that employees who have positive fingerprints shall:

1. Adhere to CCR Title 9 Section 13060 (Code of Conduct) when providing services to individuals with whom they have contact as a part of their employment with the contractor; OR
2. Obtain an exemption from Community Care Licensing allowing the employee to provide services to individuals with whom they have contact as a part of their employment with the contractor

A certificate of fingerprinting certification is attached hereto and incorporated by reference herein as Attachment E.

Q. Minimum Staffing Requirements

Contractor shall have on file job descriptions (including minimum qualifications for employment and duties performed) for all personnel whose salaries, wages, and benefits are reimbursable in whole or in part under this Agreement. Contractor agrees to submit any material changes in such duties or minimum qualifications to County prior to implementing such changes or employing persons who do not meet the minimum qualifications currently on file. Contractor service personnel shall be direct employees, contractors, volunteers, or training status persons.

III. GOALS AND OBJECTIVES

Goal 1: To minimize inappropriate or unnecessary state and local acute hospitalization to the extent clinically appropriate.

Objective 1: No more than ten percent (10%) of all admissions will be discharged to an acute psychiatric level of care.

Data will be provided by Contractor to County bi-annually, June 1 and December 1.

Objective 2: At least seventy percent (70%) of clients will show a decrease in the percentage of hospital days compared to the year prior to their admission.

Data will be provided by Contractor to County bi-annually, June 1 and December 1.

Goal 2: To modify clients' dysfunctional maladaptive behavioral patterns and develop daily living skills which will enable them to live in a less restrictive, more independent setting.

Objective 1: At least seventy-five percent (75%) of all discharged clients will be discharged to a less restrictive, more independent level of care, which shall include all community-based supported housing.

Data will be provided by Contractor to County bi-annually, June 1 and December 1.

\*\*\*End of Exhibit A\*\*\*

**EXHIBIT B – PAYMENTS AND RATES**  
**7<sup>TH</sup> AVENUE CENTER, LLC**  
**2023-2026**

In consideration of the payments set forth in Exhibit B, Contractor shall provide the following services:

I. PAYMENTS

In full consideration of the services provided by Contractor pursuant to this Agreement, and subject to Paragraph 3 (“Payments”) of this Agreement, County shall pay Contractor in the manner described below, except that any and all such payments shall be subject to the conditions contained in this Agreement.

A. Maximum Obligation

Notwithstanding the method of payment set forth herein, in no event shall County pay or be obligated to pay Contractor more than the sum of FIVE MILLION SIX HUNDRED THIRTY-TWO THOUSAND SEVEN HUNDRED EIGHTY-SEVEN DOLLARS (\$5,632,787) for services provided under Exhibit A, of this Agreement for the term July 1, 2023 through June 30, 2026.

B. Payment Terms

1. MHRC Program Services

a. FY 2023-2024

- i. Subject to adjustment by the State Department of Health Care Services, for the period July 1, 2023, through June 30, 2026, Contractor shall be paid at the negotiated rate of: TWO HUNDRED SIXTY-EIGHT DOLLARS AND ONE CENT (\$268.01) per bed per day for MHRC Services.

- ii. Rates for Enhanced Services as described in paragraph I.C. of Exhibit A shall be an additional ONE HUNDRED FIFTY DOLLARS to FOUR HUNDRED DOLLARS (\$150 to \$400) per client per day over and above the basic daily rate of TWO HUNDRED SIXTY-EIGHT DOLLARS AND ONE CENT (\$268.01). Enhanced Services must be authorized by County in advance. Should a client require one-on-one supervision for longer than twenty-four (24) hours while awaiting return to his/her home community, there will be an additional charge of FOUR HUNDRED DOLLARS (\$400) per day.
  - iii. Rates for two (2) Dedicated Beds, Contractor shall be paid at the negotiated rate of: TWO HUNDRED SIXTY-EIGHT DOLLARS AND ONE CENT (\$268.01) per bed per day.
  - iv. Rates for Bed Hold, Contractor shall be paid at the negotiated rate of: TWO HUNDRED SIXTY-ONE DOLLARS AND SIXTEEN CENTS (\$261.16) per bed per day.
  - v. Maximum amount for the FY 2023-2024, County shall pay is ONE MILLION EIGHT HUNDRED SEVENTEEN THOUSAND SEVEN HUNDRED FIFTY-ONE DOLLARS (\$1,817,751).
- b. FY 2024-2025
- i. Subject to adjustment by the State Department of Health Care Services, for the period July 1, 2024, through June 30, 2025, Contractor shall be paid at the negotiated rate of: TWO HUNDRED SEVENTY-SEVEN DOLLARS AND THIRTY-NINE CENTS (\$277.39) per bed per day for MHRC Services.

- ii. Rates for Enhanced Services as described in paragraph I.C. of Exhibit A shall be an additional ONE HUNDRED FIFTY DOLLARS to FOUR HUNDRED DOLLARS (\$150 to \$400) per client per day over and above the basic daily rate of TWO HUNDRED SEVENTY-SEVEN DOLLARS AND THIRTY-NINE CENTS (\$277.39). Enhanced Services must be authorized by County in advance. Should a client require one-on-one supervision for longer than twenty-four (24) hours while awaiting return to his/her home community, there will be an additional charge of FOUR HUNDRED DOLLARS (\$400) per day.
  - iii. Rates for two (2) Dedicated Beds, Contractor shall be paid at the negotiated rate of: TWO HUNDRED SEVENTY-SEVEN DOLLARS AND THIRTY-NINE CENTS (\$277.39) per bed per day.
  - iv. Rates for Bed Hold, Contractor shall be paid at the negotiated rate of: TWO HUNDRED SEVENTY DOLLARS AND FIFTY-FOUR CENTS (\$270.54) per bed per day.
  - v. Maximum amount for the FY 2024-2025, County shall pay is ONE MILLION EIGHT HUNDRED SEVENTY-FIVE THOUSAND TWO HUNDRED FIFTY-SEVEN DOLLARS (\$1,875,257).
- c. FY 2025-2026
- i. Subject to adjustment by the State Department of Health Care Services, for the period July 1, 2025, through June 30, 2026, Contractor shall be paid at the negotiated rate of: TWO HUNDRED EIGHTY-SEVEN DOLLARS AND TEN CENTS (\$287.10) per bed per day for MHRC Services.

- ii. Rates for Enhanced Services as described in paragraph I.C. of Exhibit A shall be an additional ONE HUNDRED FIFTY DOLLARS to FOUR HUNDRED DOLLARS (\$150 to \$400) per client per day over and above the basic daily rate of TWO HUNDRED EIGHTY-SEVEN DOLLARS AND TEN CENTS (\$287.10). Enhanced Services must be authorized by County in advance. Should a client require one-on-one supervision for longer than twenty-four (24) hours while waiting return to his/her home community, there will be an additional charge of FOUR HUNDRED DOLLARS (\$400) per bed per day.
  - iii. Rates for Bed Hold, Contractor shall be paid at the negotiated rate of: TWO HUNDRED EIGHTY DOLLARS AND TWENTY-FIVE CENTS (\$280.25) per bed per day.
  - iv. Rates for two (2) Dedicated Beds, Contractor shall be paid at the negotiated rate of: TWO HUNDRED EIGHTY-SEVEN DOLLARS AND TEN CENTS (\$287.10) per bed per day.
  - v. Maximum amount for the FY 2025-2026, County shall pay is ONE MILLION NINE HUNDRED THIRTY-NINE THOUSAND SEVEN HUNDRED SEVENTY-NINE DOLLARS (\$1,939,779).
- d. Under the terms of Title 22, Division 5, Section 72520, California Code of Regulations, Contractor shall be reimbursed for bed-hold days. The bed-hold rate shall be equal to the negotiated rate minus Department of Health Care Services food cost rate. Bed-hold shall be authorized by County in advance. Initial authorization will not exceed 7 days.
  - e. County shall be responsible for billing and collecting Share of Cost (SOC) and Supplemental Security Income (SSI) revenue, and any such collections shall be retained by County to offset the cost of providing these services. Contractor shall facilitate such collections and remit any revenue received to County.
2. San Mateo County clients who are eligible for reimbursement from the Veteran's Administration or other private resources are not billable under this contract.

3. The Contractor shall not hold beneficiaries liable for debts in the event that the County becomes insolvent, for costs of covered services provided under this or other contracts, referral or other arrangement rather than from the County.

C. Payment Schedule and Reporting

1. Payment by County to Contractor shall be monthly. Contractor shall bill County on or before the tenth (10<sup>th</sup>) working day of each month for the prior month. The invoice shall include a summary of services and changes for the month of service. All claims shall clearly reflect patient names, number of patient days, and daily negotiated rate. Non-billable clients referenced in this Exhibit B must be included in the monthly claim with a daily rate of ZERO DOLLARS (\$0) and the source of reimbursement indicated. In addition contractor shall provide back-up to the invoice. Such back-up shall be in the form of:
  - a. County provided service reporting form(s) (“Service Reporting Form(s)”) completed by Contractor according to the instructions accompanying the Service Reporting Form(s), or
  - b. County approved form(s) which provide detailed description of services provided including but not limited to: client name, mental health ID#, service date, type of service provided (Ex: enhanced rate, one-to-one supervision, etc.), and duration of service (hour/minute format).
2. All residential care facilities including IMD’s and MHRC’s shall provide County a weekly census using a County-provide standardized form. This form shall be completed and sent via the County’s secure email system to [BHRS-MIS-Census@smcgov.org](mailto:BHRS-MIS-Census@smcgov.org) or faxed to (650) 573-2110 (Attention MIS/Billing) on each Monday following the end of the report week. If you opt to use secure email, MIS/Billing at (650) 573-2502 to initiate that use.

The weekly census will not replace but will be in addition to the monthly invoice that is required in paragraph C.1 above.

3. County reserves the right to change the Service Report Forms, instructions, and/or require the Contractor to modify their description of services as the County deems necessary.

- D. The Chief of the Health System or designee is authorized to execute contract amendments which modify the County's maximum fiscal obligation by no more than \$25,000 (in aggregate), and/or modify the contract term and/or services so long as the modified term or services is/are within the current or revised fiscal provisions.
- E. If County or Contractor finds that performance is inadequate, at the County's discretion, a meeting may be called to discuss the causes for the performance problem, and this Agreement may either be renegotiated, allowed to continue to end of term, or terminated pursuant to Paragraph 4 of this Agreement. Any unspent monies due to performance failure may reduce the following year's agreement, if any.
- F. In the event Contractor claims or receives payment from County for a service, reimbursement for which is later disallowed by County or the State of California or the United States Government, then Contractor shall promptly refund the disallowed amount to County upon request, or, at its option, County may offset the amount disallowed from any payment due or become due to Contractor under this Agreement or any other agreement.
- G. County anticipates the receipt of revenues from various sources to be used to fund services provided by Contractor through this Agreement. Should planned or actual revenues be less than the amounts anticipated at the time of the signing of this Agreement, the maximum payment obligation and/or payment obligations for specific services may be reduced at the discretion of the Director of Health or designee.
- H. In the event this Agreement is terminated prior to June 30, 2026, the Contractor shall be paid for services already provided pursuant to this Agreement.
- I. Claims Certification and Program Integrity

Anytime Contractor submits a claim to the County for reimbursement for services provided under Schedule A of this Agreement, Contractor shall certify by signature that the claim is true and accurate by stating the claim is submitted under the penalty of perjury under the laws of the State of California.

The claim must include the following language and signature line at the bottom of the form(s) and/or cover letter used to report the claim:

"Under the penalty of perjury under the laws of the State of California, I hereby certify that the above claim for services complies with all terms and conditions referenced in the Agreement with San Mateo County.

Executed at \_\_\_\_\_, California, on \_\_\_\_\_, 20\_\_

Signed \_\_\_\_\_ Title \_\_\_\_\_

Agency \_\_\_\_\_”

\*\*\*End of Exhibit B\*\*\*

## ATTACHMENT I

### Assurance of Compliance with Section 504 of the Rehabilitation Act of 1973, as Amended

The undersigned (hereinafter called "Contractor(s)") hereby agrees that it will comply with Section 504 of the Rehabilitation Act of 1973, as amended, all requirements imposed by the applicable DHHS regulation, and all guidelines and interpretations issued pursuant thereto.

The Contractor(s) gives/give this assurance in consideration of for the purpose of obtaining contracts after the date of this assurance. The Contractor(s) recognizes/recognize and agrees/agree that contracts will be extended in reliance on the representations and agreements made in this assurance. This assurance is binding on the Contractor(s), its successors, transferees, and assignees, and the person or persons whose signatures appear below are authorized to sign this assurance on behalf of the Contractor(s).

The Contractor(s): (Check a, b, or c)

- a. Has no employees  
 b. Employs fewer than 15 persons  
 c. Employs 15 or more persons and, pursuant to section 84.7 (a) of the regulation (45 C.F.R. 84.7 (a), has designated the following person(s) to coordinate its efforts to comply with the DHHS regulation.

Name of 504 Person:

JP Butler

Name of Contractor(s):

7<sup>th</sup> Avenue Center LLC

Street Address or P.O. Box:

2115 7<sup>th</sup> Ave

City, State, Zip Code:

Santa Cruz, CA 95062

I certify that the above information is complete and correct to the best of my knowledge

Signature:

JP Butler

Title of Authorized Official:

CEO and Owner

Date:

5/10/23

\*Exception: DHHS regulations state that: "If a recipient with fewer than 15 employees finds that, after consultation with a disabled person seeking its services, there is no method of complying with (the facility accessibility regulations) other than making a significant alteration in its existing facilities, the recipient may, as an alternative, refer the handicapped person to other providers of those services that are accessible."

## ATTACHMENT B - EXECUTIVE LETTER AMENDMENT



SAN MATEO COUNTY HEALTH

**BEHAVIORAL HEALTH  
& RECOVERY SERVICES**

2000 Alameda de las Pulgas  
Suite 280  
San Mateo, CA 94403  
smchealth.org

JP Butler, Vice President  
7<sup>th</sup> Avenue Center, LLC  
2115 7<sup>th</sup> Avenue  
Santa Cruz, CA 95062

Dear Mr. Butler,

We are writing in response to 7th Avenue Center, LLC's ("7th Avenue") request regarding a proposed transfer of certain management obligations under the agreement between 7<sup>th</sup> Avenue and the County of San Mateo ("County") for the provision of locked psychiatric care services for San Mateo County residents dated June 13, 2023 for the term July 1, 2023 through June 30, 2026, Agreement number #R079728 ("Agreement"). Section 9. Assignability and Subcontracting of the Agreement states the following:

Contractor shall not assign this Agreement or any portion of it to a third party or subcontract with a third party to provide services required by Contractor under this Agreement without the prior written consent of County. Any such assignment or subcontract without County's prior written consent shall give County the right to automatically and immediately terminate this Agreement without penalty or advance notice.

After reviewing the proposed subcontracting arrangement, the County hereby consents to 7<sup>th</sup> Avenue's assignment of the management of the services outlined in the Agreement to PacifiCare Health Management, LLC ("PacifiCare"). The effective date of this assignment is anticipated to be on or near to September 4, 2025, and is subject to the completion of the sale of the facility to PacifiCare.

This consent is granted based on the following conditions:

- Prior to the date of assignment, PacifiCare will apply for its change of ownership license with the State Department of Health Care Services.
- The assigned work must remain subject to all terms and conditions of the existing Agreement.
- 7<sup>th</sup> Avenue retains full responsibility for the performance and quality of services delivered by PacifiCare.
- PacifiCare must comply with all confidentiality, data protection and security obligations applicable under the current agreement.



ATTACHMENT B - EXECUTIVE LETTER AMENDMENT



SAN MATEO COUNTY HEALTH

**BEHAVIORAL HEALTH  
& RECOVERY SERVICES**

- The provision of services under the Agreement will continue through the agreement end date of June 30, 2026, or until PacifiCare obtains such licenses as required for the provision of the contracted services, including those licenses required by the State of California, whichever comes first.

If PacifiCare obtains the required licenses for the operation of the facility prior to the Agreement termination date, the County may choose to: 1) contract directly with PacifiCare for the provision of services through the current Agreement end date, or 2) allow assignment of the services provided under the current Agreement to PacifiCare.

This consent to assign management services does not waive any other obligations under the Agreement, nor does it imply consent to any future subcontracting or assignment arrangements without prior written approval. Should PacifiCare wish to subcontract any assigned rights and duties, it must first obtain explicit approval from the County.

Sincerely,

Signed by:

*Jeji Africa*

E9580419FA41430...

Jeji Africa, Director

Behavioral Health and Recovery Services

08/26/2025

## **ATTACHMENT C**

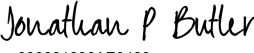
### **NOVATION AGREEMENT**

This Novation, dated as of the Effective Date, is entered into by and among the County of San Mateo, Behavioral Health and Recovery Services (“County”) and 7th Avenue Center, LLC . (“Assignor”), and 7<sup>TH</sup> Ave Care Center, LLC , a California professional corporation, (“Assignee”). Capitalized terms used herein and not defined shall have the meanings ascribed to them in the Assignment and Assumption Agreement to which this Novation is attached and therein incorporated. Assignor, Assignee, and County are each a “Party” hereto, and collectively are the “Parties”.

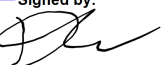
1. **Assigned Contract**: Assignor and County are Parties to the County of San Mateo and 7<sup>th</sup> Avenue Center LLC Services Agreement (“MHRC Services Agreement” or “Assigned Contract”) (attached to the Assignment and Assumption Agreement as Attachment A).
2. **Novation**: The Parties hereto agree that with respect to the Assigned Contract, Assignee shall be substituted for Assignor. As such, Assignee shall acquire all of the rights and obligations of Assignor as set forth therein as of the Effective Date.
3. **Consideration**: The transfer of rights and delegation of duties as set forth above shall serve as each Party's respective consideration to the other Party.
4. **Release**: Despite anything set forth to the contrary in the Assigned Contract, and subject to the terms hereof and the terms of the Assignment and Assumption Agreement, Assignee fully releases and forever discharges Assignor, along with Assignor's employees, agents, officers, directors, shareholders, affiliates, and representatives (collectively, the "Released Parties") from (i) Assignor's performance obligations as set forth in the Assigned Contract accruing on or after the Effective Date; and (ii) all claims, threatened claims, suits, debts, expenses, costs, deficiencies, damages, or demands that the County may have against any of the Released Parties to the extent arising out of the non-fulfillment of performance obligations set forth in the Assigned Contract on or after the Effective Date. Without limitation on the foregoing, this release shall in no way affect the obligations required to be performed under the Assigned Contract before the Effective Date.
5. **Acknowledgement by County**: County acknowledges and agrees that Assignee is Assignor's successor-in-interest in and to the Assigned Contract. As such, Assignee is entitled to all right, title and interest of Assignor in and to the Assigned Contract existing on or after the Effective Date. Assignee and County shall be fully bound by the terms of the Assigned Contract as if the Assignee were named as a Party thereto.

IN WITNESS WHEREOF, the Parties hereto have caused this Novation Agreement to be executed as indicated below:

For Assignor: 7th Avenue Center, LLC

<small>Signed by:</small>  <small>000824836AE8428...</small>	03/19/2026	Jonathan P Butler
Assignor Signature	Date	Name (please print)

For Assignee: 7th Ave Care Center, LLC, a California professional corporation

<small>Signed by:</small>  <small>B4FE1G12CF684EC...</small>	04/01/2026	David wertheimer
Assignee Signature	Date	Name (please print)

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COUNTY OF SAN MATEO

By:  
President, Board of Supervisors, San Mateo County

Date:

ATTEST:

By:  
Clerk of Said Board