

## MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding (“MOU”) serves to memorialize the current understanding between the Board of County Commissioners of Sedgwick County, Kansas (“County”) and the Kansas Department for Aging and Disability Services Secretary (“KDADS”) with regard to the funding, acquisition, and construction and/or improvements of what is intended to be a psychiatric hospital operated by the State of Kansas within Sedgwick County, Kansas. County and KDADS (collectively “the parties”) understand and acknowledge that this MOU is not a binding agreement and is merely an expression of intent for the parties and that subsequent actions and/or agreement(s) may be required to complete the full intent expressed within this MOU.

WHEREAS, pursuant to K.S.A. 39-1601, *et seq.*, the State of Kansas operates state psychiatric hospitals in Osawatomie and Larned;

WHEREAS, there is a need within Kansas for increased state psychiatric hospital services, for addressing serious mental health needs pertaining to care and treatment matters pursuant to K.S.A. 59-2945, *et seq.* where individuals are a danger to themselves or others;

WHEREAS, there is a need for increased competency evaluation and competency restoration services pursuant to K.S.A. 22-3301 *et seq.*, to reduce the wait times for defendants to obtain such evaluations and treatment;

WHEREAS, the COVID-19 pandemic exacerbated the already substantial mental health services needs within Kansas and also South Central Kansas, meaning that there is a need for increased capacity to close service gaps within the continuum of care;

WHEREAS, there is a particular regional need in and around Sedgwick County for services provided by the state psychiatric hospitals and the process outlined within this MOU could increase access to care and necessary services in the long term;

WHEREAS, County’s 2023 Legislative Platform specifically indicates that the County supports a state psychiatric hospital with a bed capacity of at least 50 within South Central Kansas;

WHEREAS, an additional state psychiatric hospital would be beneficial for the criminal justice system and the acute, inpatient psychiatric services within Kansas; and

WHEREAS, this MOU is consistent with recommendations from the 2021 Special Committee on Kansas Mental Health Modernization and Reform, recommendations included in the FY 2023 Governor’s Budget Report for a regional state psychiatric hospital and the recommendation of the Special Committee on Mental Health Beds that was established in 2022, and also comments made by legislators serving on such committee.

**1. Purpose; General Overview.** The purpose for this MOU is to outline an understanding between the parties as to the process for the establishment of a state psychiatric hospital (as described within K.S.A. 39-1601, *et seq.*, K.S.A. 59-2945, *et seq.*, K.S.A. 22-3301 *et seq.*, and any other applicable statutes) within Sedgwick County. Such hospital would have at least 50 beds with the potential to expand to up to 100 beds. At a minimum, 25 of the beds would be to serve acutely ill, civilly committed patients and 25 beds would be for forensic competency treatment services. The

State of Kansas, through its budgetary approvals, various agencies, and with whatever funding sources may be available and designated by the State, will provide funding to the County to acquire property and construct or modify a building to serve as a state psychiatric hospital. The County will then deed the real property and accompanying facility to the State of Kansas. The State of Kansas will then be responsible for operating and staffing the state psychiatric hospital.

2. **Funding.** The funding for this project will come from several funding sources for the County to complete actions indicated within this MOU and for the State of Kansas to operate the proposed state psychiatric hospital. While the parties recognize that additional actions may need to occur, the contemplated funding sources include, but may not necessarily be limited to:
- A. \$15,000,000.00 within the KDADS 2023 fiscal year budget specified for additional state psychiatric hospital capacity included in the FY 2023 Governor’s Budget Report, and released by the State Finance Council;
  - B. Approximately \$25,000,000.00 for a grant that may be awarded by SPARK Executive Committee to KDADS to expand statewide health and behavioral health services to close service gaps in the continuum of care and expand workforce, all consistent with a letter of interest submitted by Sedgwick County in 2022 and any subsequent application for the funding submitted by the County to KDADS for SPARK funding; and
  - C. \$15,000,000.00 recommended by the FY 2024 Governor’s Budget Recommendation for KDADS for the specified regional state psychiatric hospital capacity as contemplated in this MOU.

In total, it is estimated that the contemplated funding from the State of Kansas for the proposed state psychiatric hospital would be approximately \$40,000,000.00 from Section 2.A. and B., but this is not meant to in any way act as a limitation of funding from the State of Kansas for expenses related to the establishment of a state psychiatric hospital within Sedgwick County. The State’s appropriation and transfer of funding identified within this section would be a condition precedent to the County undertaking future action contemplated within this MOU. Funds in Section 2.A. may be transferred from KDADS to the County in amounts specified within one or more agreement(s) between the parties describing the work activities planned with related payment terms developed through statements of work. It is the intent of the parties that the County shall be provided with funds to complete work contemplated within this MOU and any subsequent agreements up-front prior to incurring costs for such work. The parties understand the County would generally intend to spend any funds identified within Section 2.B. of this MOU for construction, land acquisition, or remodeling costs before other funds identified within this Section.

3. **Uses for Funding.** The County will utilize any funding provided by the State of Kansas for any and all necessary expenses to achieve the purpose of this MOU. These uses would include, but not necessarily be limited to: acquisition of real property; construction of a facility or improvements to an existing facility to meet the needs of a state psychiatric hospital as outlined in this MOU; on-call realtor expenses; contracted architect expenses; outside legal counsel services; any necessary survey, platting, and zoning costs; and project management and oversight services.; and consulting services. While in-house County staff members will have significant involvement within this matter, the parties recognize that a state psychiatric hospital is a State of Kansas statutory responsibility and function. Accordingly, it is the intent of the parties that the County would not expend any County funds solely for activities completed within this MOU. Instead, the County’s primary contribution within this MOU would be the utilization of in-house professionals and staff members to assist with matters including but not limited to financial management, competitive bidding, purchasing, legal

advice, and overall project management. In the event the County does not utilize funds transferred by KDADS for purposes identified within this MOU, the funds shall be returned to KDADS.

**4. Compliance and Reporting; Expenditure Tracking; Remaining Funding.** The County will follow any applicable compliance and reporting requirements that exist pursuant to law. The County will follow all applicable ARPA compliance requirements related to any SPARK grant funding awarded to the County for the project described in the MOU or in the project defined by the County for SPARK funding. The County will specifically track all funds received and expended pursuant to activities contemplated within this MOU. Once all County functions have ended with respect to this MOU, if County retains any funding received pursuant to this MOU, to the extent permissible by law, such funding will be returned to the State of Kansas.

**5. Responsibilities of the Parties**

**A. Subject to the limits of the funding articulated in Section 2 of this MOU, KDADS will:**

- a. Transfer funds to the County to pay the costs of architectural design services performed by contractors working through contracts with Sedgwick County.
- b. Provide funding for any necessary surveys, platting, and/or zoning changes in relation to the acquisition or construction of the state hospital.
- c. Provide the County with funding for work products up-front developed within the schedule of activities for this project. Funds will be transferred to the County pursuant to one (1) or more written agreement(s) based upon specified planned activities. Such agreement(s) may include details for County to submit certification of completed milestones and/or project activities.
- d. Be responsible for the licensure, operation, staffing, and maintenance of the state psychiatric hospital after County deeds the property to the State of Kansas. The County would not be responsible for any aspects of the operational function of the state psychiatric hospital.
- e. Have final approval of design, site location, construction or renovation plans prior to: selecting a site for the psychiatric hospital; purchasing a building for renovation, or beginning site preparation; construction; and/or renovation of the psychiatric hospital.
- f. KDADS staff will provide project management services for the overall project to ensure completion of the project including opening the state psychiatric hospital for patients.
- g. KDADS shall, in all aspects, provide reasonable and timely feedback to the County regarding completion of work so that the County can ensure completion of work within the timeframe established within ARPA and in order to provide the County with the ability to reasonably accomplish any deadlines that may be applicable to the work completed within this MOU.

**B. County will:**

- a. Obtain an agreement or use an existing agreement to engage an architectural firm to develop preliminary design specifications for the state psychiatric hospital including standards for psychiatric hospitals construction from the Centers for Medicare and Medicaid Service's, accrediting agencies, input from Larned State

Hospital and Osawatomie State Hospital program managers, and facilities and building management staff from KDADS and the State of Kansas

- b. Acquire real property where the new state psychiatric hospital will be built or the building to be renovated. It will either be a newly built building or an acquisition of an existing building that could be renovated to meet the specifications developed for a state psychiatric hospital.
- c. Contract for or perform the requisite surveys, platting, zoning changes, or any other necessary acts to prepare the site for acquisition and construction/renovation that may be required as part of the acquisition and construction/renovation process.
- d. Use a competitive bidding process for contractors or firms to perform the construction of the state psychiatric hospital consistent with applicable local and state laws.
- e. Transfer the deed or any legal descriptions of the real property and facility to the State of Kansas upon substantial completion of the construction work. The transfer to the State will designate the property "as is", although to the extent possible the County intends to seek to ensure that any construction warranties would be transferable to the State of Kansas / KDADS.
- f. The County may contract for specific project management task related to the design, acquisition or construction phases of the project as deemed appropriate and agreed to by the County and KDADS.

**C. KDADS and County will**

- a. Develop a schedule of work products through the life of the project with assigned duties for the parties.
- b. Write a scope of work for a contractor to gather public input on the proposed design, potential site selection, and integration of a state psychiatric hospital into the Sedgwick County community and existing behavioral health and criminal justice services. If an existing state or county contract is available for this purpose, the appropriate party will engage their vendor to complete this process with the agreement of the other party.

**6. Additional Understandings.**

- A. During the process of designing, acquiring and constructing/renovating the state psychiatric hospital, the County will consult with KDADS to ensure the course of action would be satisfactory to KDADS. KDADS will make any final decision on the location of the proposed state hospital and the design specifications for the proposed hospital building or renovation.
- B. The parties recognize that unforeseen events or issues may arise such that this process may not be a comprehensive and precise sequential summary of activities.
- C. The parties understand that future legislative changes and changes to administrative regulations will be needed to establish the state psychiatric hospital in Sedgwick County.
- D. Each of the parties shall designate two (2) liaisons as points of contact for the other party.
- E. In the event the parties determine that an amendment to this MOU is necessary, such amendment shall be in writing and agreed to by both parties.

- F. The County can request funding from KDADS to fulfill a task or project objective with a statement of the work to be completed, an estimate of the total cost, a proposed payment schedule, and an accounting of the actual cost incurred.

This Memorandum of Understanding hereby reflects the understanding of these parties.

SEDGWICK COUNTY, KANSAS

KANSAS DEPARTMENT FOR AGING  
AND DISABILITY SERVICES

\_\_\_\_\_  
PETER F. MEITZNER, CHAIRMAN  
COMMISSIONER, FIRST DISTRICT

\_\_\_\_\_  
LAURA HOWARD  
SECRETARY

ATTEST:

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KELLY B. ARNOLD,  
COUNTY CLERK

APPROVED AS TO FORM:

*Justin M. Waggoner*  
JUSTIN M. WAGGONER,  
DEPUTY COUNTY COUNSELOR