



County of Monterey

Item No.

Board Report

Board of Supervisors
Chambers
168 W. Alisal St., 1st Floor
Salinas, CA 93901

Legistar File Number: A 24-502

November 12, 2024

Introduced: 10/17/2024

Current Status: Health Department -
Consent

Version: 1

Matter Type: BoS Agreement

- a. Authorize the Director of Health Services or designee to execute a Program Funding Agreement (PFA) for the Behavioral Health Continuum Infrastructure Program (BHCIP) Round 5: Crisis and Behavioral Health Continuum (Program) with the California Department of Health Care Services (DHCS), through its administrative entity Advocates for Human Potential, Inc. (AHP), for the construction of a new regional Mental Health Rehabilitation Center (MHRC), in the amount of \$20,166,779; and
- b. Authorize the Director of Health Services or designee to execute and deliver all other documents required or deemed necessary or appropriate to secure Program funds from DHCS and to participate in the Program, and all amendments thereto (collectively the "Program Documents"); and
- c. Authorize the Director of Health Services or designee to execute a Declaration of Restrictions and Performance Deed of Trust to be recorded on behalf of the County of Monterey for participation in the Program.

RECOMMENDATION

It is recommended that the County of Monterey Board of Supervisors:

- a. Authorize the Director of Health Services or designee to execute a Program Funding Agreement (PFA) for the Behavioral Health Continuum Infrastructure Program (BHCIP) Round 5: Crisis and Behavioral Health Continuum (Program) with the California Department of Health Care Services (DHCS), through its administrative entity Advocates for Human Potential, Inc. (AHP), for the construction of a new regional Mental Health Rehabilitation Center (MHRC), in the amount of \$20,166,779; and
- b. Authorize the Director of Health Services or designee to execute and deliver all other documents required or deemed necessary or appropriate to secure Program funds from DHCS and to participate in the Program, and all amendments thereto (collectively the "Program Documents"); and
- c. Authorize the Director of Health Services or designee to execute a Declaration of Restrictions and Performance Deed of Trust to be recorded on behalf of the County of Monterey for participation in the Program.

SUMMARY/DISCUSSION

On August 22, 2023, the County of Monterey Board of Supervisors adopted Resolution No. 23-314 wherein the County of Monterey, through its Health Department Behavioral Health Bureau (BHB), was authorized to ratify the submittal of a grant application to DHCS, through its administrative entity AHP, for a BHCIP grant in the amount of \$20,166,779 to establish the Monterey County regional MHRC in the former County jail.

Since the original project location was no longer viable, County staff identified a new parcel of land on County-owned property on the corner of Medical Center Drive and Constitution Boulevard in Salinas. On May 21, 2024, BHB received approval from the Board of Supervisors to accept plan changes to the conditionally awarded Program from converting the County of Monterey's jail into a regional MHRC to construction of a new regional MHRC on county-owned property. On October 8, 2024, BHB received plan change approval from DHCS to move forward with new construction. This plan change approval includes a decrease in bed count from 100 to 96, and an increase in square footage from 40,000 to 60,000. County staff has been working on architectural designs and any necessary CEQA review at the new location.

As part of the approved plan changes, the estimated project budget increased by \$29,291,924 from the original budget amount of \$45,785,790 to \$75,077,714. The main reason for the increase is the change from rehabilitating a current building to the new construction of a regional MHRC. This change is expected to result in many positive changes, one of which is the ability for the county to generate Medi-Cal revenue for the provision of services at the regional MHRC.

The current estimated budget projects a funding gap of \$54,910,935. To address this gap, BHB is working with the County's Administrative Office to explore issuing debt in the form of Certificates of Participation or other funding mechanism. To fund this debt, the County has performed a financial analysis and projects that the additional Medi-Cal revenue generated annually by the regional MHRC will cover the annual debt payments in addition to annual operating and depreciation expenses, resulting in little to no reliance on the County's General Fund.

This work supports the County of Monterey Health Department 2018-2024 Strategic Plan Goal(s): 2) Enhance community health and safety through prevention; and 3) Ensure access to culturally and linguistically appropriate, customer-friendly, quality health services. It also supports one or more of the ten essential public health services, specifically: 4) Mobilize community partnerships and action to identify and solve health problems; and 7) Link people to needed personal health services and assure the provision of health care when otherwise unavailable.

OTHER AGENCY INVOLVEMENT

The Office of County Counsel has reviewed this item as to legal form. The Department of PWFP has consulted on this matter and will continue to consult with BHB to move this project forward.

FINANCING

As a result of the changes to the Regional MHRC, the project's revised total budget has increased the funding gap between the project's total cost and the grant amount from \$25,619,901 in the original application to \$53,910,935 in the amended PFA. To address this gap, BHB is working with the County's Administrative Office to explore issuing debt in the form of Certificates of Participation or other funding mechanism. Failure to secure funding for the \$53,910,935 will result in the reversion of the grant funds to DHCS. Additionally, the grant has a stringent deadline of June 30, 2027, for grant funds to be spent and December 31, 2027, for services to be provided at the MHCR.

BOARD OF SUPERVISORS STRATEGIC INITIATIVES:

This work supports the County of Monterey Health Department 2018-2024 Strategic Plan Goal(s):

Economic Development:

- Through collaboration, strengthen economic development to ensure a diversified and healthy economy.

Administration:

- Promote an organization that practices efficient and effective resource management and is recognized for responsiveness, strong customer orientation, accountability, and transparency.

Health & Human Services:

- Improve health and quality of life through County supported policies, programs, and services, promoting access to equitable opportunities for healthy choices and healthy environments in collaboration with communities.

Infrastructure:

- Plan and develop a sustainable, physical infrastructure that improves the quality of life for County residents and supports economic development results.

Public Safety:

- Create a safe environment for people to achieve their potential, leading businesses, and communities to thrive and grow by reducing violent crimes as well as crimes in general.

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Approved By: Elsa Mendoza Jimenez, Director of Health Services, 755-4526

Attachments:

Board Report

Conditional Acceptance Letter

Resolution No.: 23-314