

# County of Monterey



## Project Status Update on Health Services Campus Master Plan Phase I

Board of Supervisors | October 28, 2025

### Presenters:

**Luis Ochoa**, Capital Improvement Manager | Public Work, Facilities and Parks

**Elsa Jimenez**, Director of Health Services, Public Administrator/Conservator/Guardian | Health Department

**Melanie Rhodes**, Behavioral Health Bureau Chief / Behavioral Health Director | Health Department

**Fabricio Chombo**, Assistant Bureau Chief (WOC) | Health Department

**Nick Cronkhite**, Finance Manager II (WOC) | Health Department

# Board of Supervisors Recommendation

It is recommended that the Board of Supervisors (Board) receive a status report on the County of Monterey Health Services Campus Master Plan Project Phase I at 1443 Constitution Blvd. in Salinas, California and provide direction to staff.

# Expansion of Health Services

- Background
  - Board of Supervisor's vision for Comprehensive Health Services Campus on parcel off Constitution ("The Corral")
  - Phased Approach
    - Phase 1 – MHRC and infrastructure development for parcel
    - Phases 2/3 - Outpatient Behavioral Health, Outpatient Primary Care, and Parking Garage
- System Benefits
- Draft Design
- Project Budget and Expenditures to Date
- Project Operational Expenses and Revenue
- Financial Pro Forma and Ability to Pay Debt Service
- Timeline of Activities

# System Benefits

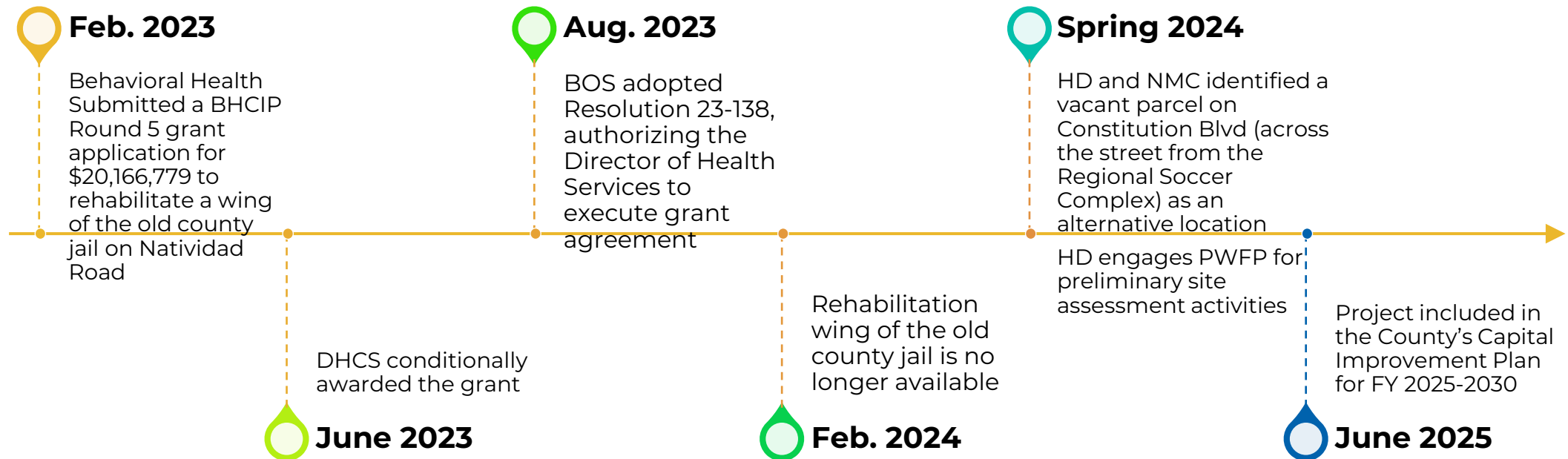
- Ability to have **local placement options** for Monterey County residents and families
- Ability to **contract out beds with other counties** in the region to ensure full utilization of MHRCs
- Local MHRC placement will **aid in overall care coordination**
  - With BH Placement Team & PA/PG/PC office and reduced out of county travel for staff
  - With outpatient treatment teams for step down from MHRC level of care back to outpatient care coordination and community placement
- Increase in MHRC placement options locally will **improve patient flow** in the system overall
  - To include conserved patients currently experiencing extended admin day stays on local inpatient psychiatric units



# Board of Supervisors Strategic Plan Goals

- Well-Being and Quality of Life
- Sustainable Infrastructure for the Present and Future

# Background



## ***June 4, 2024 - BHB presentation to the BoS***

- Moving from Rehabilitation to New Construction
- Six (6) separate, 16-bed MHRCs
- **Allows for Medi-Cal billing**
- One (1) Support building
- Leverage San Mateo County model
- Cordilleras Facilities design & plans

## ***November 12, 2024 - BHB Report and Financing Options Presentation to the BoS***

- Estimated project budget increase from \$45M to \$75M based on recent projects
- Increase due to change from rehabilitation to new construction
- Funding gap of \$54M between grant and budget
- BOS provided preliminary support (4-1) to pursue debt servicing to fund the gap



COUNTY OF MONTEREY  
**HEALTH DEPARTMENT**

# Background continued

December 2024, BHB submitted BHCIP Bond R1 Application

- \$31M application to increase bed capacity at MHRC from 96 to 144

Between December 2024 and May 2025, BHB met with PWFP to discuss bed expansion, which was deemed not viable

Project Programming continued and was completed in April 2025  
CEQA is in process and the project is in Design Development / Construction Document Phase

July 2025, BHB met with Advocates for Human Potential (AHP) and Department of Health Care Services (DHCS) to discuss the needed project revisions for the \$31M grant

- Request for project modification was submitted and is currently under review
- DHCS is actively reviewing our request for modification

# Proposed Location for MHRC



# DRAFT MHRC DESIGN

## PHASE 1 PART 1

**Funding:**  
**BHCIP Round 5 Grant (\$20.1M)**



# DRAFT MHRC DESIGN

## PHASE 1 PART 2

**Funding:**  
**BHCIP Bond Round 1 Grant (\$31M)**



A large, dark gray graphic with a white chevron shape on the right side. The text "MHRC Floor Plan" is written in white, bold, sans-serif font, centered within the dark gray area.

**MHRC  
Floor  
Plan**

**DRAFT**

MHRC APPROX AREA  
9,876 sf

The floor plan is divided into several functional zones:

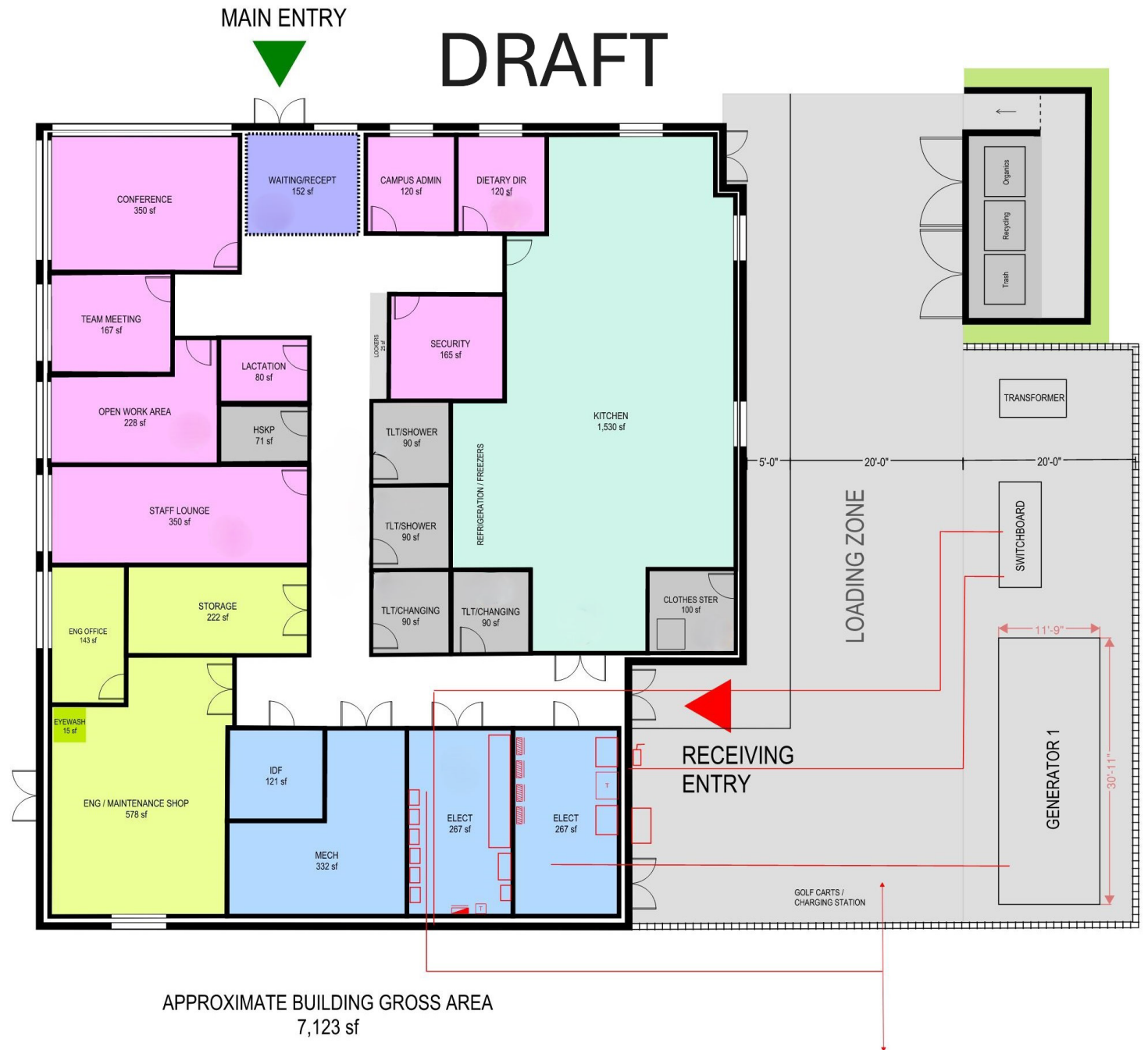
- Client Living and Activity:** Two symmetrical wings of residential-style rooms. Each wing includes a large yellow 'LOUNGE / LIVING ROOM', a yellow 'OFFICE', a yellow 'ACTIVITY' area, and a green 'CLIENT COURTYARD'. Rooms are color-coded: blue for private/semi-private rooms, yellow for common areas, and orange for utility/cleanliness.
- Central Core:** A central yellow 'ACTIVITY' area with a 'WAITING' area and 'OPEN TEAM STATION'.
- Staff and Support Wing:** A long, narrow wing at the bottom containing administrative and support spaces. Rooms include a large orange 'STAFF WORK AREA', a yellow 'DINING / ACTIVITY' area, a yellow 'EXAM / CONSULT' room, a yellow 'INTERVIEW / VISIT' room, an orange 'SHARED OFFICE', a yellow 'NOURISHMENT' area, a yellow 'STAFF LOUNGE', a grey 'DIRECTOR' office, a grey 'IDF' (Infectious Disease Facility), a grey 'ELECT' (Electrical) room, a grey 'MECH' (Mechanical) room, and a yellow 'WASTE' area.
- Support Spaces:** Various utility rooms are scattered throughout, including 'CLEAN LINEN', 'EXERCISE', 'WAITING', 'OPEN TEAM STATION', 'WORKSTATIONS', 'PASS THRU', 'SOILED', 'MEDICATION', 'HSPK', 'LOCKERS', and 'WASTE'.

**MAIN ENTRY** (indicated by a green arrow pointing to the right)

**STAFF / SERVICE ENTRY** (indicated by a red arrow pointing to the left)

-  BLDG SUPPORT
-  CIRCULATION
-  CLIENT BEDROOM
-  EXTERIOR PROGRAM
-  SHARED
-  STAFF

# Support Building Floor Plan



# Project Cost Increase Factors

**Project cost estimates increased from \$75M (HD ROM) to \$172M (Engineer Estimate)**

**ROM was calculated prior to Completion of Programming and Schematic Design**

**Parcel lacks essential infrastructure (water, sewer, power, data, etc.)**

**Tariffs  
Escalation**

**Offsite Improvements  
Increased Construction  
Cost**

**Construction and Project  
Contingency - 20%**

**CEQA Mitigation  
Measures cost still to be  
determine**

# Project Budget

| Scope of Work                     | Projected Budget Cost |
|-----------------------------------|-----------------------|
| Architectural & Engineering (A&E) | \$10,996,453          |
| Right of Way & Utilities          | \$435,000             |
| Construction Management           | \$5,078,299           |
| Construction Costs                | \$127,577,095         |
| Construction Contingency – 10 %   | \$12,757,710          |
| Project Contingency – 10 %        | \$12,757,710          |
| Furniture Fixtures and Equipment  | \$2,852,563           |
| <b>Total</b>                      | <b>\$172,454,829</b>  |

# Project Expenditures as of 9/26/25

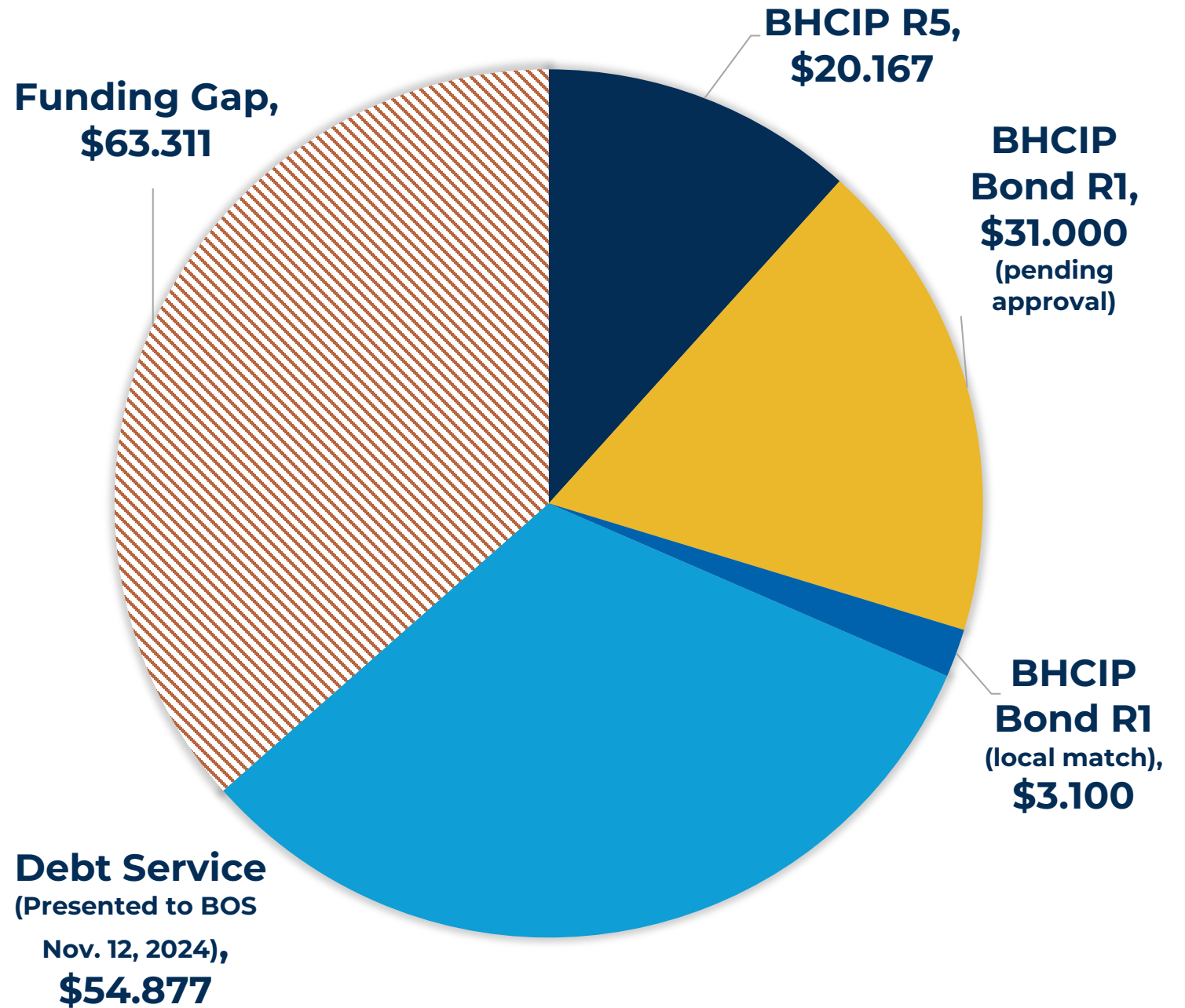
| Scope of Work                 | Consultants/ Parties Involved                                                                | Total Costs Received<br>as of 9/26/2025 |
|-------------------------------|----------------------------------------------------------------------------------------------|-----------------------------------------|
| Architectural and Engineering | PWFP Staff Time<br>Paul Davis Partnership, LLP<br>Millenium Consulting<br>Kleinfelder<br>LSA | \$2,122,902                             |
| Construction Management       | Harris and Associates                                                                        | \$160,272                               |
| Total                         |                                                                                              | \$2,283,174                             |

# Project Finances

(in millions)

| Funding Type                                     | Amount           |
|--------------------------------------------------|------------------|
| BHCIP Round 5 Grant*                             | \$20.167         |
| BHCIP Bond Round 1 Grant (Pending Approval)      | \$31.000         |
| BHCIP Bond Round 1 Local Match                   | \$3.100          |
| Debt Service (presented to BOS on Nov. 12, 2024) | \$54.877         |
| Funding Gap                                      | \$63.311         |
| <b>Total</b>                                     | <b>\$172.455</b> |

\*The land parcel was used as match for the BHCIP Round 5 Local Match



# Project Finances (continued)

| Description                  | Previously Approved | Revised Estimate     | Change        |
|------------------------------|---------------------|----------------------|---------------|
| Total Project Cost           | \$75,000,000        | <b>\$172,454,829</b> | \$97,454,829  |
| Less Other Funding Sources   | \$20,166,779        | <b>\$54,266,779</b>  | \$34,100,000  |
| COP Funding                  | \$54,833,221        | <b>\$118,188,050</b> | \$62,881,878  |
| Rate*                        | 4.67%               | <b>4.67%</b>         | No change     |
| Term                         | 30 years            | <b>30 years</b>      | No change     |
| Annual Debt Payment          | \$3,411,071         | <b>\$7,401,536</b>   | \$3,990,465   |
| Total Interest Paid          | \$50,652,250        | <b>\$103,858,023</b> | \$53,205,773  |
| Revised Total Project Cost** | \$125,652,250       | <b>\$276,316,852</b> | \$150,660,602 |

\*Each additional increase of one basis point increases the Revised Total Project Cost by ~\$258k

\*\*Includes Total Project Cost and Total Interest Paid

# CalAIM Payment Reform Opportunity

- Prior to Fiscal Year 23-24 BH service delivery subject to annual cost settlement
- Beginning Fiscal Year 23-24 Medi-Cal services reimbursed on fee-for-service basis without cost settlement
- Payments received above cost are permitted to be reinvested into the local care continuum
- Opportunity to meet two community needs:
  1. Increase mental health and substance use service delivery
  2. Meet additional Debt repayment needs

# MHRC and Debt Service Funding

| Mental Health Rehabilitation Center        |                     |
|--------------------------------------------|---------------------|
| Cost Analysis Summary (Year 1)             |                     |
| <b>MHRC Costs</b>                          |                     |
| Annual Debt Service                        | \$7,401,536         |
| Payments to Providers                      | \$4,013,720         |
| Annual Building Depreciation (Cost Plan)   | \$3,449,097         |
| Clients Placed Out of County*              | \$1,672,998         |
| <b>Total Annual Costs</b>                  | <b>\$16,537,351</b> |
| <b>Revenue</b>                             |                     |
| Property Lease Revenue                     | \$1,296,000         |
| Medi-Cal Revenue                           | \$2,361,012         |
| Other County Revenue                       | \$1,234,472         |
| <b>Total Annual MHRC Revenue</b>           | <b>\$4,891,483</b>  |
| <b>Savings From Clients Placed Locally</b> | <b>\$3,659,684</b>  |
| <b>Total Revenue/Savings</b>               | <b>\$8,551,167</b>  |
| <b>New Costs to County</b>                 | <b>\$7,986,183</b>  |

\*Average annual spend on IMD placements is approximately \$5,332,682

| FY 25-26<br>FFP/SGF Estimate<br>County Operated<br>Programs | +10.5%<br>Direct<br>Service<br>Increase** | FY 29-30<br>FFP/SGF Estimate<br>County Operated<br>Programs*** |
|-------------------------------------------------------------|-------------------------------------------|----------------------------------------------------------------|
| \$19,916,572                                                |                                           | \$28,043,786                                                   |

FFP – Medi-Cal Federal Financial Participation  
SGF – Medi-Cal State General Fund

| New MHRC Costs Funded by Increased Direct Service Billing |                    |
|-----------------------------------------------------------|--------------------|
| Annual Revenue Increase                                   | \$8,127,213        |
| Less New Costs to County                                  | <b>\$7,986,183</b> |
| Net Margin                                                | \$141,030          |

\*\*1% increase to average billable direct service hours generates approx. \$965,619.29/year

\*\*\*In current dollars, adjusted using 5% discount rate

# Pro Forma Summary

- Total annual MHRC cost **with debt service payments:**  
\$16,537,350
- MHRC revenue and additional savings from returning out-of-county-placements:  
\$8,551,167
- Remaining amount can be offset by 10.5% increase in system wide billable direct services:  
\$7,986,183

# Project Timeline



# Project Benefits

## System Benefits

- Ability to have **local placement options** for Monterey County residents and families
- Local MHRC placement will **aid in overall care coordination for clients and their connection to their natural supports**
- Ability to **contract out beds with other counties** in the region to ensure **full utilization** of MHRCs aiding on **overall care coordination regionally**

## Project Budget and Construction Timeline

- Construction Timeline is **Achievable**
- **BHCIP R5 and BHCIP Bond R1** funding offsets project costs

## Debt can be serviced by the Health Department:

- Anticipated **increases** in Behavioral Health Bureau **systemwide billable direct service** provision allow for **increased revenues to support debt repayment**
- Relocating eligible clients to MHRC **realizes additional savings** compared to costly out of county placements

# Board of Supervisors Recommendation

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# **Thank you!**

Questions and Answers