



County of Monterey

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

Board Report

File #: RES 23-138, **Version:** 1

Adopt a resolution to:

- a. Ratify the submittal of a grant application (“Application”) by the County of Monterey, through its Health Department Behavioral Health Bureau, to the California Department of Health Care Services (“DHCS”), through its administrative entity Advocates for Human Potential, Inc. (“AHP”) for a Behavioral Health Continuum Infrastructure Program (“Program”) grant in the amount of \$20,166,779 to establish the Monterey County Regional Mental Health Rehabilitation Center; and
- b. Authorize and direct the Director of Health Services or their designee to execute a Standard Agreement with AHP for use in converting the County of Monterey’s former jail into a regional mental health rehabilitation center, subject to approval by the Office of County Counsel and the Board of Supervisors, in a total amount not to exceed \$20,166,779 from the Program; and
- c. Authorize and direct the Director of Health Services or their designee to execute and deliver all other documents required or deemed necessary or appropriate to secure the Program funds from the DHCS and to participate in the Program, and all amendments thereto (collectively, the “Program Documents”), subject to approval by the Office of County Counsel and Board of Supervisors; and
- d. Authorize and direct the Director of Health Services or their designee to execute the Declaration of Restrictions and Performance Deed of Trust to be recorded on behalf of the County of Monterey for participation in the Program, subject to approval by the Office of County Counsel and the Board of Supervisors.

RECOMMENDATION

It is recommended that the County of Monterey Board of Supervisors adopt a Resolution to:

- a. Ratify the submittal of a grant application (“Application”) by the County of Monterey, through its Health Department Behavioral Health Bureau, to the California Department of Health Care Services (“DHCS”), through its administrative entity Advocates for Human Potential, Inc. (“AHP”) for a Behavioral Health Continuum Infrastructure Program (“Program”) grant in the amount of \$20,166,779, to establish the Monterey County Regional Mental Health Rehabilitation Center; and
- b. Authorize and direct the Director of Health Services or their designee to execute a Standard Agreement with AHP for use in converting the County of Monterey’s former jail into a regional mental health rehabilitation center, subject to approval by the Office of County Counsel and the Board of Supervisors, in a total amount not to exceed \$20,166,779 from the Program; and
- c. Authorize and direct the Director of Health Services or their designee to execute and deliver all other documents required or deemed necessary or appropriate to secure the Program funds from the DHCS and to participate in the Program, and all amendments thereto (collectively, the “Program Documents”), subject to approval by the Office of County Counsel and Board of Supervisors; and
- d. Authorize and direct the Director of Health Services or their designee to execute the Declaration of Restrictions and Performance Deed of Trust to be recorded on behalf of the County of Monterey for participation in the Program, subject to approval by the Office of County Counsel and the Board of Supervisors.

SUMMARY/DISCUSSION:

Board Resolution Required to Secure Conditional Approval

The California Department of Health Care Services (“DHCS”) is administering the Behavioral Health Continuum Infrastructure Program (“Program”) through its administrative entity Advocates for Human Potential, Inc. (“AHP”). In January 2022, DHCS and AHP issued a Request for Applications (“RFA”) for the Program. The County of Monterey (“County”), through its Health Department Behavioral Health Bureau (“BHB”), provided two prior applications to the RFA for Program funds for a proposed Regional Mental Health Rehabilitation Center (“MHRC”), and each was denied. In February 2023, the County provided a responsive application in the Fifth Round of the RFA and requested \$20,166,779 of program funds. On June 23, 2023, DHCS conditionally selected the County to receive \$20,166,779 to establish the Monterey County Regional MHRC and the conditional award is contingent on several conditions, including but not limited to confirmation of matching funds, a clean title report, and acceptance of the terms of encumbrance on the property. As one of the conditions, AHP requires the County to formally authorize acceptance of grant funds by executing an authorizing resolution from the Board of Supervisors, as attached hereto. This Board Action seeks to comply with the resolution requirement and preserve the County’s ability to further explore securing these funds. BHB will return to the Board in the coming months to make a full presentation, request approval of additional agreements, and discuss the economics of the MHRC as more information is gathered.

The Monterey County Regional Mental Health Rehabilitation Center

The 100 to 120-bed Regional MHRC will serve transition-age youth and adults, providing more efficient and cost-effective services by reducing local and state costs associated with out-of-county care. The service area is the entirety of Monterey County, which also saw approximately 100 out-of-county placements in 2021, having the following race/ethnic composition: Hispanic/Latino 56%; Other 26%, White 14%; Asian 2%; and African American 2%. The planned capacity will accommodate overflow clients from other counties, including San Benito, Santa Cruz, and San Luis Obispo, for a total service area of 8,777 square miles.

The Regional MHRC project will rehabilitate the former 40,000 square foot County jail, located at 1412 Natividad Road, Salinas, CA 93906 on approximately 2.6 acres (APN 003-851-035-000). The facility is a County-owned, free-standing building sited on a campus consisting of Natividad Hospital, the County’s new jail, the BHB administrative offices, physical and mental health clinics, and the departments of Health, Probation, Emergency Services, and Sheriff.

The former County jail is approximately 60 years old and has been continuously occupied since its construction. It was vacated in mid-March 2022 after which a design/engineering team conducted an initial inspection and issued a fit and feasibility study in April 2023, indicating that rehabilitation for its intended use is feasible. The facility’s basic infrastructure (water, sewer, and electrical service) is in place and is operable. The project is considered to be in the design development phase with the intention to start construction in June 2024 and complete in late 2026. When the MHRC project is nearly finished, BHB will issue a request for proposals for regional MHRC operations. The County and the operator will jointly apply for the MHRC license. Mental health services will be provided through a combination of Medi-Cal billing, federal fund participation, Realignment funds, and Mental Health Services Act (“MHSA”) funds. Approximately 97% of the County’s seriously mentally ill clients who are served in out-of-county MHRC placements are Medi-Cal, Medicare, or Medi-Medi insured. Cost savings will be realized at the state and local levels as clients will be served at an in-county location. Cost efficiencies will be realized as staff will not have to travel to multiple sites outside of the county to see MHRC clients. Costs in staff travel time, vehicle maintenance, gas, and insurance will be realized.

The former County jail is designed as an octagon hub with seven long radiating wings. The Regional MHRC will have a wing dedicated to serve Transition Aged Youth (age 18-25), with flexibility to dedicate other wings for special populations (such as elder adults or justice involved). All bedrooms will be either one or two-bed

private spaces and have windows. One wing will be dedicated to the kitchen and dining/common area. Staff offices and private counseling rooms will be located in the central octagon. Laundry will initially be done offsite, but a permanent laundry may be added in the future.

Funding

At the time of the application, on February 13, 2023, BHB projected a preliminary and conservative project cost estimate of \$45,785,790. This estimate was based on costs associated with our current Health Department facility renovation, input from the project architect/engineer, and Health Department facilities staff's experience; however, this sum may fluctuate as additional projections and estimates are performed. The total estimated project costs will be offset by the \$20,166,779 Program grant. At the time of the application, the grant required a ten percent (10%), local match (before contingencies, \$20,166,779 grant award less \$3,127,690 contingencies equals \$17,039,089), which equates to \$1.7 million. BHB is currently advocating for the value of the land/building to be used as the match. To fund the gap between the potential project costs and the grant amount, BHB has identified \$5.5 million in MHSA Capital Facilities & Technological Needs (CFTN) funds as part of its FY 2023-26 Three-Year Plan for this project bringing the estimated funding to \$26,666,779. The BHB is currently evaluating options to fund any remaining gap; however, due to the unknown project costs, no final determination on the total funding strategy has been made. To address this uncertainty, BHB anticipates collaborating with the Auditor Controller's Office and the County Administrative Office once the total project costs are known.

The \$20,166,779 will become available only after the Board takes additional actions to secure funding. The BHB will need to return to the Board of Supervisors to authorize the Standard Agreement, the Program Funding Agreement, Program Documents, Declaration of Restrictions, Performance Deed of Trust, and possibly more materials. The BHB may also return to the Board of Supervisors to request additional funding when the true cost of the MHRC becomes better known.

OTHER AGENCY INVOLVEMENT:

The Office of County Counsel has reviewed this item as to legal form. The County Administrative Office, Probation Department, and Sheriff's Office each provided letters of support for the application of Program funds in 2022. The Department of Public Works, Facilities, and Parks has consulted on this matter and will continue to consult with the Health Department as the Health Department manages this project as it moves forward.

FINANCING:

The project amount was not included in the Health Department's Behavioral Health Bureau's (HEA012, BU 8410) FY 2023-24 Adopted Budget. If awarded, the Bureau will return to the Budget Committee and Board of Supervisors to request an increase in appropriations funded by an increase in grant revenues and to provide updates on project estimates and options on funding sources for the remaining unfunded portion of the project.

BOARD OF SUPERVISORS STRATEGIC INITIATIVES:

Check the related Board of Supervisors Strategic Initiatives:

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.

Prepared by: Jon Drake, Assistant Bureau Chief, 755-4357

Approved by:

Date: _____

Elsa Mendoza Jimenez, Director of Health Services, 755-4526

Attachments:

Request for Applications (“RFA”) dated January 31, 2022

Letters of Support from the County Administrative Office, Probation Department, and Sheriff’s Office

Application to RFA dated February 13, 2023

Conditional Acceptance Letter

Draft Resolution

Items to be completed and approved later:

Standard Agreement

Program Funding Agreement

Program Documents

Declaration of Restrictions and

Performance Deed of Trust