



County of Monterey

Item No.

Board Report

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

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Receive a status report on the County of Monterey Health Services Campus Master Plan Project - Phase I and provide direction to staff.

RECOMMENDATION:

It is recommended that the Board of Supervisors 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.

SUMMARY:

In February 2023, the County of Monterey (County), Health Department (HD), Behavioral Health Bureau (BHB) submitted a \$20.17 million grant application through the California Department of Health Care Services (DHCS), Behavioral Health Continuum Infrastructure Program (BHCIP) to convert a wing of the old county jail into a 100-bed Mental Health Rehabilitation Center (MHRC). An MHRC facility provides 24-hour, individualized programs and intense support for individuals with severe mental health conditions. By having a MHRC in our County, BHB will have local placement options for County residents and families, and this in turn will aid in the overall care coordination for clients. The County will also be able to contract out beds with other counties in the region to ensure full utilization of MHRCs, aiding with overall care coordination for clients, regionally. After receiving conditional approval and Board of Supervisors (BOS) authorization to proceed, the original site became unavailable in February 2024 due to the County of Monterey's Sheriff's Office (MCSO) needs. BHB, in coordination with Natividad, proposed a new site across from the Salinas Regional Soccer Complex on Constitution Blvd., which required State approval given the previously awarded funds. BHB revised the application to reflect a new project comprised of constructing six (6) 16-bed MHRC buildings, 96-beds in total, to comply with Medi-Cal reimbursement restrictions. The project is now known as the County of Monterey Health Services Campus Master Plan Project. Phase I of this master plan will develop the six (6) MHRCs, one (1) MHRC Support Building and all site improvements (Project). The BOS approved the plan in June 2024, and in January 2025, the revised project was officially approved by DHCS and Advocates for Human Potential (AHP). On November 2024, the BOS approved the potential issuance of Certificates of Participation (COP) to address the \$54.9 million Project funding gap, at that time. On June 17, 2025, the Project was included in the Board's Adopted Capital Improvement Plan (CIP) for FY 2025-2030. On August 18, 2025, HD provided a project update to the Health, Housing, Homelessness and Human Services Committee.

The Project's estimated cost based on an Engineer's Estimate conducted after completion of Programming and Schematic Design phase is \$172.5 million. This estimate considers the lack of infrastructure (water, sewer, power, and data) along Constitution Blvd., potential costs for any

mitigations identified in the environmental review process, increased construction cost, tariffs, escalation, and industry standard construction and project contingencies. Design activities are 50% complete and scheduled to be completed by December 2025. Permitting activities will be completed by June 2026. Construction for Phase I will be split into Part I and Part II due to funding reasons. Phase I - Part I will include the MHRC Support Building, three (3) MHRCs, parking, landscaping, and all onsite and offsite improvements which are scheduled to be completed by November 2028. Phase I - Part II will include the remaining three (3) MHRCs and are scheduled to be completed by January 2029. Through the BHCIP Round 5 Grant, and BHCIP Bond Round 1 Local Match, HD has secured \$23.2 million. BHCIP Bond Round 1 Grant in the amount of \$31 million is pending final approval from the State. On November 12, 2024, the Board voted 4-1 to proceed with exploring potential for issuance of COPs in the amount \$54.9 million. HD and the County Administrative Office (CAO), Budget Analysis Division are currently exploring further funding options to identify the current \$63.3 million Project funding gap. This report provides background on the MHRC Project Grant funding applications to date, site selection process, and COP approvals as well as the status of project design and construction schedule, project budget expenditures and HD's plan for addressing project funding gaps.

DISCUSSION:

Background

On February 13, 2023, HD-BHB submitted a \$20,166,779 funding application through Round 5 of the Behavioral Health Continuum Infrastructure Program (BHCIP) to rehabilitate a vacant wing of the old county jail at 1420 Natividad Road into a 100-bed Mental Health Rehabilitation Center (MHRC). On June 23, 2023, the DHCS conditionally awarded \$20,166,779 to HD-BHB to establish the MHRC. Subsequently, on August 22, 2023, the Board adopted Resolution No. 23-138, which authorized the Director of Health Services to execute an agreement with Advocates for Human Potential (AHP), DHCS's administrative entity, and formally accept the funding. The project had an anticipated cost of \$45,785,790. In February 2024, the MCSO informed BHB that the rehabilitation wing of the old County Jail located at 1420 Natividad Road was no longer available for this project as they needed to retain the facility for their own use.

Further discussion on the project is contained within Attachment A of this Board report.

OTHER AGENCY INVOLVEMENT:

PWFP and HD continue to work jointly in the design and development of the project. PWFP and HD also continue to work closely with the CAO-Budget and Analysis Division on the additional Project funding needs and financing sources to fill the current Project funding gap.

FINANCING:

The below sections address the HD-BHB strategy to fund and finance the Project. Part of this strategy includes the utilization of the DHCS California Advancing and Innovating Medi-Cal (CalAIM) Behavioral Health Initiative Payment Reform Opportunity to help finance the annual debt payments for \$118,188,050 in debt service as well as the annual operation expenditures for all six (6) MHRC buildings and Support Building.

Further financing discussion on this project is contained within Attachment G of this Board report.

BOARD OF SUPERVISORS STRATEGIC PLAN GOALS:

Approving the revised project budget of \$172.4 million towards the completion of Phase I of the County of Monterey Health Services Campus Master Plan Project - Phase I, will include the development of six (6) MHRCs, one (1) MHRC Support Building and all necessary site improvements that will help with the provision of mental health rehabilitation services at a regional level. The recommended action supports the following Board of Supervisors' Strategic Initiatives:

- ☒ Well-Being and Quality of Life
- ☒ Sustainable Infrastructure for the Present and Future
- ☐ Safe and Resilient Communities
- ☐ Diverse and Thriving Economy

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The following attachments are on file with the Clerk of the Board:

Attachment A - Project Discussion

Attachment B - Project Site Plan

Attachment C - MHRC Support Building Draft Floor Plans

Attachment D - Project Budget and Expenditures

Attachment E - Phase I - Part I Project Schedule

Attachment F - Phase I - Part II Project Schedule

Attachment G - Project Financing

Attachment H - MHRC Project Update Presentation