

Mental Health Rehabilitation Center

Board of Supervisors Meeting
December 9, 2025



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Staff 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, CA
- Provide direction to staff on preferred option:
 - Proceed with constructing one MHRC only and one support building;
 - Proceed with Phase 1, Part 1 of project (three MHRCs and one support building);
 - Proceed with Phase 1, Part 1 and Part 2 of project (six MHRCs and one support building);
 - Cease future work on the project.
- Provide further direction as appropriate



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Background

- On October 28, 2025, the BOS received a project status update and expressed concerns, paused the project, and requested further information gathered
- Concerns Shared:
 - Jail Site Feasibility
 - Public Outreach
 - Fiscal Model/Sustainability
- Staff were directed to return to the Board with an update on December 9, 2025



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Jail Site Feasibility

The Monterey County Sheriff's Office is using the site for:

- Program and Vocational Spaces
- Program Staff and Contractor Offices
- Laundry Operations
- Events and Fairs
- Staff and Tactical Training
- Community Collaboration
- Planned Expansion of Discharge and Reentry Integration



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Outreach Efforts (since Oct. 28)

Outreach Type	Date(s)	Details
Mailers	Nov. 3, 2025	Mailed Fact Sheet and Listening Session Flyers to homes within 300ft of site
Door-to-Door Outreach	Nov. 5 and 8, 2025	Visited 33 Homes within 100ft of site, engaged with 16 residents, and left flyers in the remaining homes
County Media Briefing (Zoom)	Nov. 12, 2025	BHB Staff attended County Media Brief to provide information on Listening Sessions.
Listening Session (hybrid)	Nov. 13, 2025	12 in-person and 29 online participants
Listening Session (hybrid and livestream)	Nov. 17, 2025	20 in-person, 28 online participants, and 114 views as of December 2, 2025
Mailers	Nov. 3, 2025	Mailed Fact Sheet and Listening Session Flyers to homes within 1,500ft of site
BHB Quarterly All Staff Meeting (Zoom)	Dec. 3, 2025	Provided a project update and service/revenue projections
Press Release	Dec. 4, 2025	Health Public Information Officer issued a press release to Media, Board of Supervisors and City/County Elected Officials
Listening Session (hybrid and livestream)	Dec. 6, 2025	Verbal update to be provided due to submission deadlines



Community/Stakeholder Feedback

A word cloud representing community and stakeholder feedback. The words are arranged in a circular pattern, with 'Location Concerns' being the largest and most central. Other prominent words include 'Property Value Concerns' and 'Lack of Outreach & Transparency'. Smaller words like 'Taxpayer Concerns', 'Safety concerns', and 'No Concerns' are also visible. The colors of the words range from dark blue to orange.

Taxpayer Concerns
Property Value Concerns Would sign petition
Personal Support for the project Cost & Funding
County checking a box Safety concerns Stop the Project
Backyard view concerns Supportive resident Old jail option
Location Concerns
Lack of Outreach & Transparency
Distance from homes No Concerns Priority of services

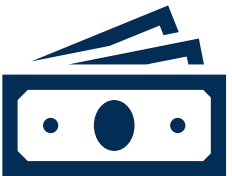
Social Media Feedback

Facility is needed
Provides essential care
County needs more mental-health beds
Safer for patients and community
Reduce stigma
Current options are inadequate
Should use existing or remote building
Compassion over leaving people unhoused
Project is too expensive
Rising Construction costs
Classism
Distrust of psychiatry
Fear of crime / fires / escape
Neighborhood safety concerns
Support but not this location
Fear-patients released in neighborhood
Taxpayer burden
Too close to homes/parks/soccer
Lack of Communication
Safety fears
Distrust County decision-making
NIMBYism
Locked facility "not 100% secure"
Sustainability

Fiscal Model Review



BHB staff met with County of San Mateo staff to review MHRC fiscal model



County of San Mateo reviewed and validated BHB's model and assumptions. Some considerations:

- San Mateo noted providers' budgeted costs exceeded initial estimates
- Fiscal prudence warranted revised operating cost estimates
- Utilized Cordilleras' budget model inflated to FY 26 dollars
- No changes to construction costs or debt service projection



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Understanding Behavioral Health Revenue Growth Opportunities



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Reminder: CalAIM Payment Reform

Pre-Payment Reform

- Cost Settlement
 - Interim Rates adjusted annually for inflation and cost-report changes
 - Per-minute rate
 - Reimburse for Direct Service, Documentation, and Travel Time

Post-Payment Reform

- Fee-for-Service
 - Fee-for-service rates adjusted annually for inflation
 - Unit-based rate, with each service provider receiving an hourly rate regardless of service type
 - **Direct Service Only**



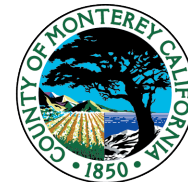
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Revenue Growth Under Current System Constraints

- We continue to adapt and improve our ability to capture revenue for services already being performed but not captured/billed
 - Educate around common misconceptions about billable vs. non-billable activities
 - Issued practical guidance to staff around ensuring the work they do is claimed appropriately
 - Streamline documentation expectations in alignment with statewide standards
 - Continue to adapt systems to developing state guidance



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Revenue Changes by Fiscal Year

Specialty Mental Health Services (SMHS) Revenue by Fiscal Year

FY	FFP <i>(Federal Financial Participation)</i>	SGF <i>(State General Fund)</i>	Total	% Change from Prior Year
21-22	\$ 44,263,285.36	\$ 2,685,602.78	\$ 46,948,888.14	
22-23	\$ 51,864,001.37	\$ 3,498,439.18	\$ 55,362,440.55	18%
*23-24	\$ 46,627,722.25	\$ 4,111,243.62	\$ 50,738,965.87	-8%
24-25	\$ 51,574,556.53	\$ 5,501,718.79	\$ 57,076,275.32	12%

*First year of CalAIM Payment Reform

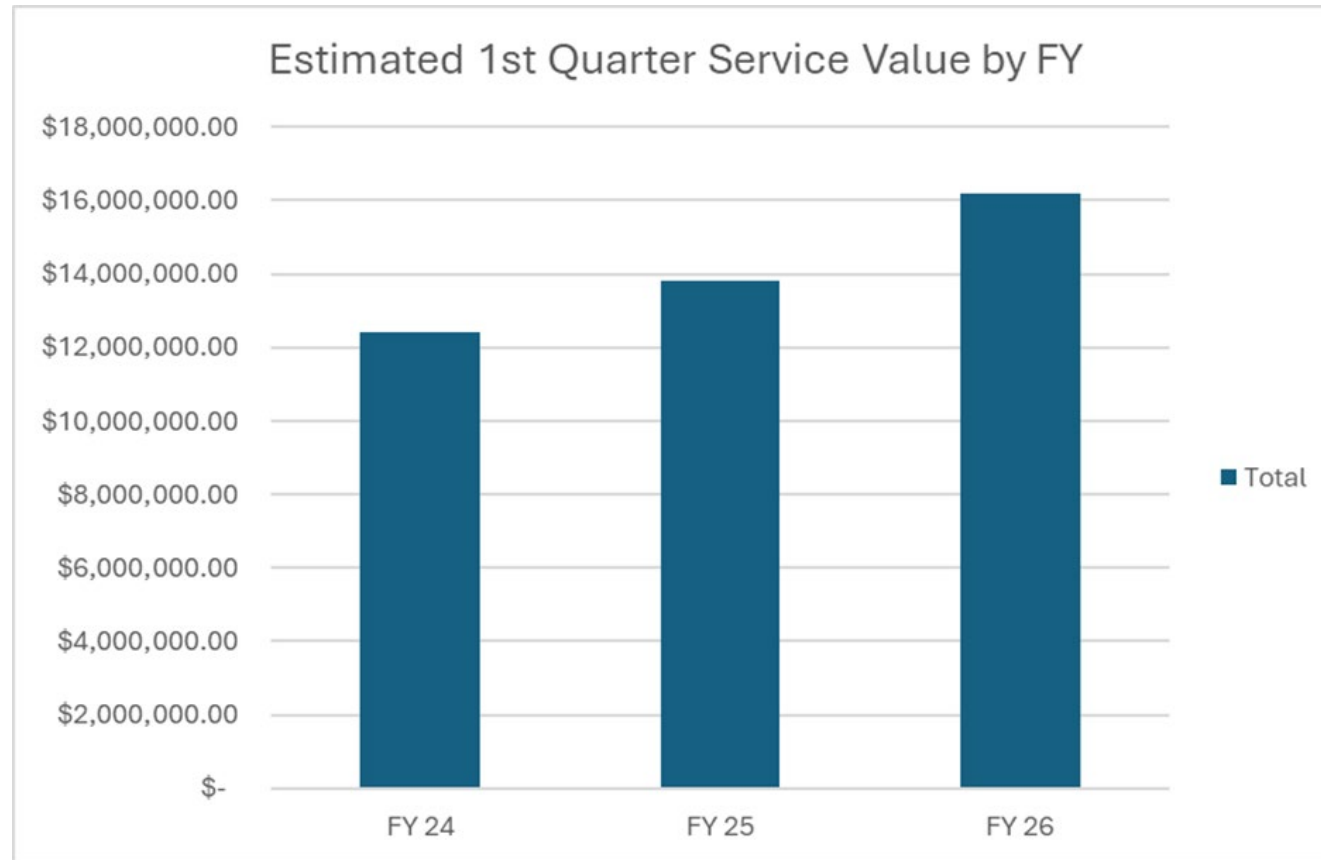


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Revenue Growth Under CalAIM



- 11.5% Increase from FY 23-24 to FY 24-25
- 17% Increase from FY 24-25 to FY 25-26

*~3% rate increase annually



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State Behavioral Health Reforms Impacting County BH (2022-25)

New Medi-Cal Benefits

24/7 Mobile Crisis Services (2024)

90-Day Jail In-Reach (2024-2026)

Traditional Health Care Practices (2025)

Peer Support Specialists (optional)

Contingency Management (optional)

BH-CONNECT Waiver Optional Benefits

Mental Health IMD

Peers with Forensic Specialty

Community Health Workers

First Episode Psychosis (BHSA required)

IPS Supported Employment (BHSA required)

Assertive Community Treatment to Fidelity (BHSA required)

Forensic ACT (BHSA required)

Community Transition In-Reach

Clubhouse Services

BH-CONNECT Waiver Required Benefits

Multisystemic Therapy

Functional Family Therapy

Parent-Child Interaction

High Fidelity Wraparound

Evidence Based Practices (BHSA)

Transitional Rent & Housing Trio (MCP provider & coordination)

Enhanced Care Management*

Community Supports (option)*

Program/Quality Reforms

BH Payment Reform

BH Eligibility Criteria

Mental Health & SUD Plan Integration

Documentation Reform

BH Quality Incentive Program

Comprehensive Quality Strategy

Behavioral Health Accountability Set

Standardized Screening & Transition Tools

Closed Loop Referrals

No Wrong Door

CPT Coding

Fiscal Reporting (BHSA)

Outcomes Accountability (BHSA)

FSP Levels of Care (BHSA)

FSP Presumptive Eligibility

SB 525 Min Wage

Centers of Excellence

Network Adequacy

Cultural Competence Plan Reform

NCQA Assessment/Incentive Pool

Revised BHSA Community Planning Process

SB 923 Transgender, Gender Diverse, Intersex Inclusive Care

Opioid settlement funds

Children & Youth

School-Linked Fee Schedule (CYBHI)

FFPSA

AB 2083

OYCR

Immediate Needs Program

Tiered Rate Structure

CANS Alignment

MHSSA

BH CONNECT Activity Stipends

Infrastructure (Treatment, Workforce, & Housing)

Behavioral Health Continuum Infrastructure Program (\$2.2billion)

Bond BHCIP (\$4.4billion) (BHSA)

Homekey+ (\$2.2 billion) (BHSA)

No Place Like Home

Community Care Expansion (CCE)

Workforce Funding (BHSA)

Workforce Funding (BH CONNECT)

Data Exchange

LPS & Crisis Continuum

SB 43 Grave Disability Criteria

Involuntary SUD

Necessary Medical Care

Personal safety

AB 2275 LPS Due Process

AB 2242 LPS Discharge Coordination

SB 929 LPS Reporting

SB 1238 LPS Facilities

988 National Suicide Prevention Lifeline

CARE Court

Cohort 1 in 2023

Cohort 2 in 2024

Expanded Reporting

Bipolar 1

SB 27 Referral Petitions

Housing/Homelessness

BHSA Housing Category

Behavioral Health Bridge Housing

Transitional Rent

Department of State Hospitals

Community Based Restoration

Diversion

Growth Cap/Penalties

Parity

Commercial Plan Contracting Requirement (BHSA)

Commercial Plan Billing

Voter Initiatives

Proposition 36 Treatment Mandated Felonies

Proposition 1 BHSA



Option 1: Single MHRC

Includes 1 MHRC, Support Building, and Site Work

Itemization	Cost
Construction Costs	\$74,322,171.12
Interest	\$65,636,003.93
Total Project Cost (30 years)	\$139,958,175.05

Assumptions

- Debt Issuance of \$74,322,171.12
- 4.69% Interest Rate on Debt
- \$0 in Grant Funding
- 100% County Utilization



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Option 1 – Annual Costs

Mental Health Rehabilitation Center “Single MHRC” Cost Analysis Summary (Year 1)	
Costs	
Annual Debt Service	\$4,665,272.50
Payments to Providers	\$3,556,194.96
Annual Building Depreciation (Cost Plan)	\$1,486,443.42
Total Costs	\$9,707,910.88
Revenue	
Property Lease Revenue	\$216,000.00
Medi-Cal Revenue	\$1,079,319.60
Other County Revenue	\$0.00
Total Revenue	\$1,295,319.60
New Model Annual Cost to County	\$8,412,591.28
Annual Average Savings from Payments to IMDs	\$1,672,998.42
Annual Income (Expense) (funded by BH revenues)	(\$6,739,592.86)

- Includes 1 MHRC, support building, and full project site work
- Annual costs are lower than the estimate for 6 MHRCs provided on 10/28



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Option 2: Phase I Part 1 Only

3 MHRCs, Support Building, Site Work

Itemization	Cost
Construction Costs	\$114,851,102.93
*Grant Awards	\$20,166,779.00
Interest	\$83,618,394.94
Total Project Cost (30 years)	\$198,469,497.87

Assumptions

- Debt Issuance of \$94,684,323.93
- 4.69% Interest Rate on Debt
- \$20,166,799 in Grant Funding*
- 73% Monterey County Utilization (35 of the 48 beds)

*Will require approval from DHCS



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Option 2 – Annual Costs

Mental Health Rehabilitation Center “Phase I, Part 1 Only” Cost Analysis Summary (Year 1)	
Costs	
Annual Debt Service	\$5,943,423.96
Payments to Providers	\$10,668,584.87
Annual Building Depreciation (Cost Plan)	\$2,297,022.06
Total Costs	\$18,909,030.89
Revenue	
Property Lease Revenue	\$648,000.00
Medi-Cal Revenue	\$2,361,011.63
Other County Revenue	\$2,889,408.40
Total Revenue	\$5,898,420.03
New Model Annual Cost to County	\$13,010,610.86
Annual Average Savings from Payments to IMDs	\$3,659,684.05
Annual Income (Expense) (funded by BH revenues)	(\$9,350,926.81)

- Includes 3 MHRCs, support building, and full project site work
- Annual costs are higher than previous estimate for 6 MHRCs provided on 10/28



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Option 3: Phase I Part 1 & 2

6 MHRCs, Support Building, Site Work

Itemization	Cost
Construction Costs	\$172,454,829
Grant Awards	\$51,166,779.00
Local Cash Match	\$3,100,000
Interest	\$104,375,197.84
Total Project Cost (30 years)	\$276,830,026.84

Assumptions

- Debt Issuance of \$118,188,050.00
- 4.69% Interest Rate on Debt
- \$54,166,779.00 in Grant & Local Match Funding
- 36% Monterey County Utilization (35 of 96 beds)



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Option 3 – Annual Costs

Mental Health Rehabilitation Center “Phase I, Part 1 & Phase I, Part 2” Cost Analysis Summary (Year 1)	
Costs	
Annual Debt Service	\$7,418,774.93
Payments to Providers	\$21,337,169.73
Annual Building Depreciation (Cost Plan)	\$3,449,096.58
Total Costs	\$32,205,041.24
Revenue	
Property Lease Revenue	\$1,296,000.00
Medi-Cal Revenue	\$2,361,011.63
Other County Revenue	\$13,557,993.27
Total Revenue	\$17,215,004.90
New Model Annual Cost to County	\$14,990,036.35
Annual Average Savings from Payments to IMDs	\$3,659,684.05
Annual Income (Expense) (funded by BH revenues)	(\$11,330,352.30)

- Includes 6 MHRCs, support building, and full project site work
- Annual costs are higher than previous estimate for 6 MHRCs provided on 10/28



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Option 4 – Cease Further Work

- Cease further work on the project
- Absorb costs incurred to date:

\$3,690,354

as of 11/19/25



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Summary of Options for Consideration and Direction

Project Options	Construction Cost	Grants/Other	Annual Expense to BH	Total Project Cost (30 years)
1 MHRC	\$74,322,171.12	\$0	\$6,739,592.86	\$139,958,175.05
Phase I Part 1 3 MHRCs	\$114,851,102.93	\$20,166,779.00	\$9,350,926.81	\$198,469,497.87
Phase I Part 1 & 2 6 MHRCs	\$172,454,829	\$54,266,779.00	\$11,330,352.30	\$276,830,026.84
End Project (as of 11/19/25)	\$0	\$0	One Time: \$3,690,354	\$3,690,354



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Thank you!



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