



COUNTY OF SAN DIEGO

AGENDA ITEM

BOARD OF SUPERVISORS

PALOMA AGUIRRE
First District

JOEL ANDERSON
Second District

TERRA LAWSON-REMER
Third District

MONICA MONTGOMERY STEPPE
Fourth District

JIM DESMOND
Fifth District

DATE: May 19, 2026

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TO: Board of Supervisors

SUBJECT

AUTHORIZE ACCEPTANCE OF BOND BEHAVIORAL HEALTH CONTINUUM INFRASTRUCTURE PROGRAM GRANT FUNDS, WAIVE BOARD POLICY B-29, AND AUTHORIZE UNSPENT BEHAVIORAL HEALTH IMPACT FUNDS FOR DEVELOPMENT OF THE BEHAVIORAL HEALTH WELLNESS CAMPUS (DISTRICTS: ALL)

OVERVIEW

In March 2024, California voters passed Proposition 1 that includes the Behavioral Health Services Act and the Behavioral Health Infrastructure Bond Act of 2023. This legislation authorized \$6.38 billion in general obligation bonds to expand behavioral health treatment, residential care settings, and housing to support people with mental health conditions and substance use disorders. As part of Proposition 1, in July 2024, the California Department of Health Care Services (DHCS) released a request for applications for the Bond Behavioral Health Continuum Infrastructure Program (Bond BHCIP) Round 1: Launch Ready grant program that provided \$4.4 billion in competitive grant funds to counties, cities, tribal entities, and nonprofit and for-profit entities for behavioral health capital infrastructure. The County of San Diego (County) Behavioral Health Services (BHS) applied for Bond BHCIP Round 1 funds. On May 6, 2025, BHS received a notice of a grant award, totaling \$29.8 million of funding, for the Substance Use Residential and Treatment Services facility and Children's Crisis Residential Care facility.

In June 2025, DHCS released a second request for applications for the Bond BHCIP Round 2: Unmet Needs grant program, providing \$800 million in competitive grant funds. BHS applied for and in March 2026, received notice of a conditional grant award totaling \$99.5 million of funding to develop and construct a Behavioral Health Wellness Campus (Wellness Campus) that will provide a full, integrated continuum of care, inclusive of crisis stabilization, substance use residential treatment, long-term care, peer-focused social rehabilitation, and mental health outpatient services. By co-locating these comprehensive services, the Wellness Campus strengthens community wellness and supports diversion from jails and emergency rooms while meeting critical state mandates.

On April 7, 2020 (3), the San Diego County Board of Supervisors (Board) approved an agreement between the County and the City of San Diego (City) to establish \$25 million of appropriations to fund the Behavioral Health Impact Fund (BHIF) to help develop behavioral health capital projects

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within the boundaries of the city to strengthen the local capacity for long-term mental health and substance use treatment. Through a competitive process, several local community-based organizations were awarded BHIF dollars to invest in infrastructure, resulting in total costs of \$10.65 million. Currently, \$14.35 million remains in the BHIF because several initial projects were unable to move forward. In partnership with the City, the remaining funds can be used to support the development and construction of the Wellness Campus due to the alignment with the original terms of the BHIF agreement between the County and City (Attachment A).

Today's item requests the Board authorize the acceptance of \$99.5 million in one-time grant funds from DHCS for capital infrastructure at the Behavioral Health Wellness Campus and to waive Board Policy B-29, which requires full-cost recovery for grants. Today's action also requests the Board authorize unspent BHIF be utilized to develop and construct the Wellness Campus.

Today's action supports the County vision of a just, sustainable, and resilient future for all, specifically those communities and populations in San Diego County that have been historically left behind, as well as our ongoing commitment to the regional *Live Well San Diego* vision of healthy, safe, and thriving communities. This will be accomplished through further strengthening the continuum of behavioral health services in San Diego County.

RECOMMENDATION(S)

CHIEF ADMINISTRATIVE OFFICER

1. Authorize the acceptance of Bond Behavioral Health Continuum Infrastructure Program (Bond BHCIP) Round 2 grant funding of up to \$99.5 million from the California Department of Health Care Services for Fiscal Years 2025-26 through 2030-31, for capital infrastructure at the Behavioral Health Wellness Campus; and authorize the Behavioral Health Services Director, or designee, to execute all required documents, upon receipt, including any program funding agreements, annual extensions, amendments, or revisions that do not materially impact or alter the services or funding level.
2. Authorize unspent Behavioral Health Impact Funds of up to \$14.35 million to be utilized to develop and construct the Behavioral Health Wellness Campus.
3. Waive Board Policy B-29 (Fees, Grants and Revenue Contracts–Department Responsibility for Cost Recovery), which requires full cost recovery for grants, for Bond BHCIP Round 2 grant funding from the California Department of Health Care Services.

EQUITY IMPACT STATEMENT

The County of San Diego Behavioral Health Services (BHS) serves as the specialty mental health plan for Medi-Cal eligible residents with serious mental illness and as the service delivery system for Medi-Cal eligible residents who need substance use disorder care. In 2025, over one in five San Diegans were Medi-Cal eligible, and Hispanic and Latino residents had the highest eligibility rate at 44%. As the regional steward for communities disproportionately affected by social determinants of health, BHS is responsible for ensuring that behavioral health services are accessible, culturally responsive, and distributed equitably.

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Data shows significant inequities in behavioral health conditions and access to care. According to 2024 data from the California Department of Health Care Access and Information, San Diego County had a substance use disorder (SUD)-related emergency department discharge rate of 118.1 per 100,000 residents. Rates were nearly twice as high among males (156.4) compared with females (79.9), and highest among non-Hispanic Black residents (257.0) compared with other racial/ethnic groups. By age, adults 30-39 had the highest rate (253.0), followed by ages 20-29 (213.2) and 40-49 (165.7). Nationally, only 19.3% of individuals age 12 or older with a diagnosed SUD received treatment in the past year, while an estimated 95.6% of adults age 18 or older with SUD did not seek or believe they needed care, according to the 2024 National Survey on Drug Use and Health. Mental health indicators also show growing need. The 2024 California Health Interview Survey reports that more than 19% of San Diego adults have ever seriously considered suicide, an increase since 2020. This trend is also seen nationally as suicide rates have continued to increase during this period. Local mortality data show suicide deaths decreased by 8% from 2016 to 2024 but rose by 3% between 2023 and 2024.

These patterns demonstrate an urgent need for coordinated and comprehensive behavioral health services that can reach residents with the highest levels of need. The Behavioral Health Wellness Campus would strengthen the regional continuum of care by expanding access, improving care coordination, and creating a centralized environment where individuals can receive timely and appropriate services for both serious mental illness and substance use challenges.

SUSTAINABILITY IMPACT STATEMENT

Today's proposed actions support the County of San Diego (County) Sustainability Goal #1, to engage the community in meaningful ways and continually seek stakeholder input, and Sustainability Goal #2, to ensure equitable access to County services. Behavioral Health Services (BHS) has conducted extensive engagement activities to better understand local behavioral health needs and enhance collaboration with local partners. Through these efforts, BHS has solicited community feedback to inform department priorities, inclusive of services and infrastructure planning. Prioritizing the development of the recommended facility will support increased capacity dedicated to people with behavioral health conditions. These services will support equitable access to essential behavioral health care for Medi-Cal eligible individuals, enabling them to be connected to the care they need.

FISCAL IMPACT

Funds tied to the acceptance of the Bond Behavioral Health Continuum Infrastructure Program (Bond BHCIP) grant funding for the Behavioral Health Wellness Campus are partially included in the FY 2026-27 CAO Recommended Operational Plan for the Health and Human Services Agency. If approved, this request will result in estimated costs and revenue of approximately \$99.5 million in FY 2026-27 through FY 2030-31 for capital costs for Behavioral Health Services. The funding source is Bond Behavioral Health Continuum Infrastructure through the Department of Health Care Services. Funds for subsequent years will be incorporated into future operational plans.

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Funds tied to the Behavioral Health Infrastructure Fund are not included in the FY 2026-27 CAO Recommended Operational Plan for the Health and Human Services Agency. If approved, this request will result in estimated costs and revenue of approximately \$14.35 million in FY 2026-27 through FY 2030-31 for capital costs for Behavioral Health Services.

A waiver of Board Policy B-29 is requested because the funding is not anticipated to offset all costs of the Behavioral Health Wellness Campus. The original estimate of total project cost was up to \$194.0 million, inclusive of the planning, development, and construction costs of \$167.0 million and land value of \$27.0 million. The County Department of General Services will return to the Board with a final cost estimate for the project and a recommendation on the most timely, cost-effective approach for the development and construction of the Behavioral Health Wellness Campus following the completion of project design and review. The public benefit of this project far outweighs the B-29 unrecoverable costs. There will be no additional staff years.

BUSINESS IMPACT STATEMENT

N/A

ADVISORY BOARD STATEMENT

On October 2, 2025, the Behavioral Health Advisory Board voted to approve the Behavioral Health Continuum Infrastructure Program Letter of Support draft.

On April 2, 2026, the Behavioral Health Advisory Board voted to approve this item.

BACKGROUND

In California, counties are responsible for administering specialty mental health and substance use services for residents eligible for Medi-Cal. In this capacity, the County of San Diego (County) Behavioral Health Services (BHS) serves as the specialty mental health plan for Medi-Cal eligible residents with serious mental illness, and the service delivery system for Medi-Cal eligible residents with substance use disorder care needs within San Diego County. To ensure access to quality care that meets the needs of Medi-Cal beneficiaries in San Diego County, BHS is required to maintain a local network of behavioral health services and providers.

To address community needs and optimize the local behavioral health system of care, the San Diego County Board of Supervisors (Board) has made key investments over the last several years to enhance community-based behavioral health services and develop critical behavioral health infrastructure that is regionally distributed in alignment with population health needs. Recent significant State initiatives have been implemented to accelerate the transformation of the behavioral health continuum of care, complementing the current efforts and offering new opportunities for the County to build on critical work already underway.

Behavioral Health Continuum Infrastructure Program

In March 2024, California voters passed Proposition 1 that includes the Behavioral Health Services Act and the Behavioral Health Infrastructure Bond Act of 2023. This legislation authorized \$6.38

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billion in general obligation bonds to expand behavioral health treatment, residential care settings, and housing to support people with mental health conditions and substance use disorders. Funds from the bonds were allocated to competitive grants for facilities that provide behavioral health treatment and residential settings, including tribal entities and serving individuals who are homeless or at risk of homelessness with behavioral health needs.

In July 2024, the California Department of Health Care Services (DHCS) released a Request for Applications for the Bond Behavioral Health Continuum Infrastructure Program (Bond BHCIP) that provided \$4.4 billion in competitive grant funds to counties, cities, tribal entities, nonprofit, and for-profit entities, for behavioral health capital infrastructure. BHS applied for the Bond BHCIP Round 1: Launch Ready grant funds. On May 6, 2025, BHS received notice of a conditional grant award, totaling \$29.8 million, with \$21.9 million for the Substance Use Residential and Treatment Services facility and \$7.9 million for the new Children’s Crisis Residential Care facility. On June 3, 2025 (5), the Board authorized the acceptance of these funds.

In June 2025, DHCS released a second request for applications for the Bond BHCIP Round 2: Unmet Needs grant program, providing \$800 million in competitive grant funds. As with the initial round, the State guidance indicated that awards would be prioritized to counties, cities, tribal entities, nonprofit, and for-profit entities demonstrating site control, emphasizing residential treatment, and commencing service delivery in an expedient manner. On October 21, 2025 (9) the Board authorized a resolution to apply for the Bond BHCIP funds. Subsequently, on March 11, 2026, BHS received notice of a conditional grant award, totaling \$99.5 million of funding for a Behavioral Health Wellness Campus (Wellness Campus).

Behavioral Health Wellness Campus

Establishing additional dedicated behavioral health infrastructure to support people with mental health and substance use needs who are Medi-Cal eligible will yield positive outcomes for some of the most vulnerable residents in San Diego County, including justice-involved individuals. The Wellness Campus will be a centralized, integrated campus located on County-owned property on Rosecrans Street in the City of San Diego, previously home to the Health Services Complex. The Wellness Campus will increase capacity to improve access for Medi-Cal beneficiaries, with the array of services aligning with the recommendations outlined in the Substance Use and Mental Health Optimal Care Pathways (OCP) models, approved by the Board on March 4, 2025 (1) and September 27, 2022 (23), respectively.

The Wellness Campus will offer a comprehensive continuum of care by co-locating an array of mental health and substance use treatment and support services, including crisis services, outpatient services, skill-building, vocational readiness, medication management, peer support, and step-up and step-down services for people with serious behavioral health conditions. It will support diversion from jails, emergency rooms, and higher levels of care by promoting recovery, reducing reliance on emergency services, and strengthening community wellness within community-based settings. In alignment with recommendations outlined in the OCP models, new services within the Wellness Campus will include:

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a) Crisis Stabilization Unit (CSU)

CSUs provide immediate mental health support and treatment services in a therapeutic setting to people experiencing serious behavioral health needs who require urgent care beyond outpatient clinical services. CSUs help deescalate a person's level of distress, prevent or treat a behavioral health crisis and reduce acute symptoms of a mental health condition. Services are provided on a short-term basis, up to 24 hours, and include but are not limited to, crisis intervention, mental health assessment, medication assistance, therapy, and peer support. CSUs are designed to provide a calming environment to support mental wellness while connecting individuals to ongoing care and diverting them from higher levels of treatment. CSUs also serve as locations for law enforcement drop-offs, facilitating seamless transfers to clinicians and allowing officers to return quickly to the field. This facility type was included in the County's application for Bond BHCIP funds and identified by DHCS as "highly encouraged".

b) Mental Health Rehabilitation Center (MHRC)

MHRCs provide intensive, long-term support and rehabilitative services for people experiencing serious behavioral health needs who might otherwise require placement in a state hospital or other highly structured mental health facility. The focus is on developing the skills necessary to achieve greater self-sufficiency, independence, and improved daily functioning. Services include, but are not limited to, psychiatric evaluation, medication management, individual, group, and family therapy, crisis stabilization, rehabilitative skill-building, and other customized supports. The goal is to prevent or reduce the need for hospitalizations, State hospital stays or placement in more restrictive residential settings by promoting stability, enhancing skills, and strengthening support networks.

c) Peer-Focused Social Rehabilitation Facility (SRF)

SRFs provide 24-hour, non-medical care to people with serious behavioral health needs who require more support than outpatient care but do not need hospital-level treatment. This peer-based crisis respite program will be primarily staffed by peers who have lived experience and model recovery, offer support, and foster a culture of mutual support, self-determination, and empowerment with an emphasis on providing short-term, voluntary support. Clinical staff will also be part of the model to support ongoing therapeutic programming. Services include emotional support, counseling, support groups, skill-building for independence, and assistance with daily living activities such as meals, self-care, and transportation. This recovery-oriented environment helps prevent unnecessary hospitalization, promotes long-term stability, and supports people in achieving greater independence. This facility type was also highly encouraged in the funding guidance.

d) Adult Residential Substance Use Disorder (SUD)

Adult Residential SUD treatment facilities provide a safe, supportive environment for people to live while they work on reducing their use of drugs or alcohol, including those who meet the American Society of Addiction Medicine (ASAM) criteria for Medically Monitored

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Intensive Inpatient Services (ASAM 3.7). This level of service does not exist within the County continuum. Services include medically monitored services, withdrawal management, regular physician oversight, nursing support, individual, group, and family counseling, relapse prevention, rehabilitative and skill building and support services. By providing a structured, therapeutic environment, people can be stabilized by preventing the need for inpatient hospitalization or repeated detox admissions.

e) **Outpatient Community Mental Health Clinic**

Outpatient Community Mental Health clinics provide care in an office setting to treat and manage a variety of ongoing mental health or co-occurring conditions. Clinics also conduct outreach to engage people who are either not yet connected to care or have not been seen in a while. The clinic will offer appointments and walk-in hours, including support for people who are experiencing a crisis. Depending on need, services may include, but are not limited to, behavioral health screening and assessment, individual, family, and group therapy, medication management, crisis intervention, outreach services, and case management.

Developing a single campus with a continuum of services will provide integrated care that supports long-term recovery through discharge planning, and step-down and step-up services that reduce hospital re-admissions. It will also support connections to other services, including connections to inpatient care, housing, and other community-based care and supports improving outcomes for Medi-Cal beneficiaries. The Wellness Campus will also provide critical infrastructure to meet the needs of the populations prioritized under recent State mandates and reforms, including Senate Bill (SB) 43, Proposition 36, and the CARE Act. By aligning these services within a single recovery-oriented campus, the County can meet these new legal obligations while also addressing the growing regional demand for safe, accessible, and integrated behavioral health care.

A waiver of Board Policy B-29 is requested because the funding does not offset all costs. The full project cost of the Wellness Campus was estimated in the 2026-2031 Capital Improvement Needs Assessment as \$194.0 million, however this amount is subject to change due to project design, review and construction costs. The Department of General Services will return to the Board with final cost. The public benefit far outweighs the unrecoverable costs as funding will be used to strengthen the regional continuum of care by expanding access, improving care coordination, and creating a centralized campus where individuals can receive timely and appropriate services for both serious mental illness and substance use challenges.

Behavioral Health Impact Fund

On April 7, 2020 (3), the Board approved an agreement between the County and the City of San Diego (City) to establish \$25 million of appropriations to fund the Behavioral Health Impact Fund (BHIF) to help develop behavioral health capital projects within the boundaries of the city to strengthen the local capacity for long-term mental health and substance use treatment. Through a competitive process, several local community-based organizations were awarded BHIF dollars to invest in infrastructure, resulting in total costs of \$10.65 million. Currently, \$14.35 million remains in the BHIF because several initial projects were unable to move forward. In partnership with the

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City, the remaining funds can be used to support the development and construction of the Wellness Campus due to the alignment with the original terms of the BHIF agreement between the County and City (Attachment A).

Today's action requests the Board authorize the acceptance of \$99.5 million in one-time grant funds from the DHCS for capital infrastructure at the Behavioral Health Wellness Campus and to waive Board Policy B-29, Fees, Grants, Revenue Contracts – Department Responsibility for Cost Recovery, which requires full-cost recovery for grants. The County Department of General Services will return to the Board with a recommendation on the most timely, cost-effective approach for the development and construction of the campus by the required funding deadline of May 2031. Today's action also requests the Board authorize the remaining \$14.35 million of BHIF dollars to be used for the development and construction of the Behavioral Health Wellness Campus, in partnership with the City.

LINKAGE TO THE COUNTY OF SAN DIEGO STRATEGIC PLAN

Today's proposed actions support the County of San Diego 2026-2031 Strategic Plan initiatives of Equity (Health) and Community (Quality of Life) as well as the regional Live Well San Diego vision. This is accomplished by reducing disparities and disproportionality of people with mental illness and substance use disorders and ensuring access to a comprehensive continuum of behavioral health services administered through accessible behavioral health programs.

Respectfully submitted,



EBONY N. SHELTON
Chief Administrative Officer

ATTACHMENT(S)

Attachment A – Letter from City of San Diego RE: Agreement for Behavioral Health Services Between County of San Diego and the City of San Diego