

June 12, 2025

Dr. Marni Sandoval
Behavioral Health Director
Santa Cruz County Health Services Agency
1080 Emeline Ave
Santa Cruz, CA 95060

Dear Dr. Sandoval,

I want to begin by expressing my sincere thanks for your partnership in helping renegotiate the terms of County funding that will allow Encompass to continue operating Casa Pacific. Your collaboration in identifying a viable path forward was critical, and we truly appreciate your role in ensuring that vital residential mental health treatment remains accessible in our community. We look forward to continuing our collaboration with the County to ensure that all Santa Cruz County residents—regardless of income, background, or health status—have access to high quality behavioral health care.

I'm writing to you because members of the public, including Encompass staff members, who attended the Board of Supervisors meeting this past Tuesday, June 10th, expressed concerns about some information that you and your colleagues shared during the meeting. This information merits clarification, and I'd like to address it with you and make sure we're on the same page.

First, it was stated that the Telos program closure came as a surprise to your office. Encompass notified County officials in February 2025 of Telos' lack of financial viability due to its small size. Furthermore, we met in person with County representatives on March 27th and informed them that the closure was imminent without additional financial support. We made this difficult decision after exhausting all avenues to sustain the Telos program, and we firmly believe proactive communication occurred at each appropriate step.

Second, during the meeting, there was incorrect information given regarding the rates for Casa Pacific. It was mentioned that the state average room and board rate was \$50 per day, so the County's (reduced) rate of \$75 per day was fair, given the cost-of-living adjustment for Santa Cruz County. However, the size of many other state facilities being used in this benchmark, specifically substance use disorder residential facilities, are typically larger than Encompass' mental health residential facilities, which isn't an apples-to-apples comparison. Smaller facilities do not allow us to



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take advantage of economies of scale, which is why the reduced room and board rate impacts programs like Casa Pacific so much more. It was also mentioned that Casa Pacific is receiving a per bed treatment fee of \$500, which is incorrect. Casa Pacific is considered a social rehabilitation facility that will receive \$274/bed next year, not \$500. Only our El Dorado Center is considered a crisis residential treatment facility and receives the higher \$500 rate. This is an important distinction because we want you to know that the decision to close Telos and the advocacy to secure additional funds for Casa Pacific are not reflections of mismanagement but of responsible stewardship in the face of significantly reduced County funding. Encompass leadership has reached out numerous times this month to voice concerns about the 40% reduction in the room and board rate, and we have been very transparent and vocal about the challenges of operating a smaller residential facility without economies of scale.

As you and I are both newly established in our roles, I feel confident we can build a strong and trusting relationship moving forward. Based on your suggestion, I welcome the opportunity to establish a regular cadence of communication—whether weekly or biweekly check-ins—so that we may avoid any misunderstandings and continue to collaborate effectively. Let’s get those meetings on the calendar.

Thank you again for your partnership. Our community relies on Encompass and Santa Cruz County Behavioral Health to work together closely. As the largest nonprofit provider of behavioral health services in the County, we are eager to support you, engage in consistent communication, and work together to ensure that vital resources for our community will continue to have a lasting impact.

I look forward to working closely with you in the future.

Warm regards,



Shellee Stopera
CEO, Encompass Community Services

Cc: Board of Supervisors



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