



County of Santa Cruz Board of Supervisors

Agenda Item Submittal

From: Health Services Agency

Subject: Approve Agreement with Mental Health Client Action Network

Meeting Date: June 24, 2025

Formal Title: Approve agreement with Mental Health Client Action Network in the amount of \$477,939 for operation of a Peer-Run Center for adults with behavioral health conditions, and take related actions

Recommended Actions

1. Approve an expenditure agreement with Mental Health Client Action Network, Contract No. 26H1460, in the amount of \$477,939 for operation of a Peer-Run Center for adults with behavioral health conditions; and
2. Authorize the Interim Director of Health Services or designee to sign the agreement.

Executive Summary

The Health Services Agency (HSA) Behavioral Health Division (BHD) has maintained an ongoing expenditure agreement with the Mental Health Client Action Network (MHCAN) for many years. However, for Fiscal Year (FY) 2025-26, BHD faced severe budget constraints and proposed eliminating MHCAN from its budget. The Board directed HSA to work the County Executive Office (CEO) to explore alternate funding, and because of that effort this item is in support of an agreement made to fund MHCAN for FY 2025-26.

Discussion

HSA BHD has maintained an ongoing expenditure agreement with MHCAN to operate a Peer-Run Center. It is the only behavioral health peer-run center in Santa Cruz County that provides a safe, stigma-free supportive environment for adults with behavioral health conditions and offers a variety of peer activities and employment development opportunities. In recent years, the membership at MHCAN has increasingly grown to serve people with behavioral health conditions who are also experiencing homelessness, and for many, it is the only safe place people can go to receive support. MHCAN has expanded services specifically to better serve its unhoused members and fills a critical gap in the behavioral health continuum.

BHD experienced significant budget constraints and initially made the difficult decision to recommend eliminating the funding for MHCAN from the FY 2025-26 budget, along with several other non-mandated services. Next year, and in the years to come, BHD is facing significant challenges in funding the full complement of services that are critical to the health of the community it serves, but do not have associated funding or are not reimbursable through Medi-Cal Federal Financial Participation (FFP). In response to this decision, community members attended multiple Board meetings commenting in support of MHCAN.

On June 3, 2025, the Board directed HSA to work with the CEO to find additional funding to support the continued operations of MHCAN. HSA worked with the CEO to identify potential solutions, including working with the City of Santa Cruz (City) to

commit \$100,000 previously allocated to the Homeless Outreach, Proactive Engagement and Services (HOPES) program, which was a collaborative effort between BHD and the City to provide homeless outreach, proactive engagement and services to homeless individuals across Santa Cruz County and those individuals who have criminal justice contacts/arrests who may be referred to the Bob Lee Community Partnership for Accountability, Connection & Treatment (PACT) Court for monitoring and supervision.

BHD met with the City and presented an alternative to HOPES with the newly formed Full-Service Partnership (FSP) team, the Integrated Housing and Recovery Team (IHART), which operates countywide but has staff working in the City of Santa Cruz. IHART is focused on supporting people experiencing a serious mental illness or a co-occurring mental illness and substance use disorder with treatment and housing support. In addition to the \$100,000 repurposing of HOPES funding, the CEO committed a General Fund contribution of \$349,565, and HSA will provide \$28,374 in Medi-Cal Administrative Activities (MAA) revenue to round out the MHCAN contract budget.

Financial Impact

The expenditure agreement renewal with MHCAN, Contract No. 26H1460, in the amount of \$477,939 is budgeted under account 363210/62381. Sufficient appropriations are included in HSA BHD's FY 2025-26 Budget, with funding for this fiscal year comprised of a combination of \$349,565 from the County General Fund contribution, \$100,000 from the City contribution, and \$28,374 in MAA revenue.

Strategic Initiatives

Operational Plan - Comprehensive Health & Safety

Submitted By:

Jennifer Herrera, Interim Director of Health Services

Recommended By:

Carlos J. Palacios, County Executive Officer

Artificial Intelligence Acknowledgment:

Artificial Intelligence (AI) did not significantly contribute to the development of this agenda item.