

County of Santa Clara

Office of the County Executive

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DATE: January 4, 2023

TO: Honorable Board of Supervisors
Jeffrey V. Smith, County Executive

FROM: Rene Santiago, Deputy County Executive/ Director, Health System ^{DS} 
Sherri Terao, Director of Behavioral Health Services ^{DS} 

SUBJECT: Agreements with Acadia Healthcare Company, Inc. and San Jose Behavioral Health

During the Board of Supervisors Meeting on December 6, 2022, (Item No. 15), Supervisor Chavez requested a copy of the lease agreement between the County of Santa Clara (County) and Acadia Healthcare Company, Inc. (Acadia).

Acadia is a publicly traded company that operates a network of behavioral health facilities across the United States. A Lease (Attachment 1- Executed Acadia Lease) between County and Acadia was executed on August 27, 2013, to utilize County land and buildings located at 455 Silicon Valley Blvd., San Jose, CA 95138 for the operation of San Jose Behavioral Health (SJBH), an Acadia subsidiary. Acadia spent over \$15 million redeveloping the property and obtaining entitlements to operate the facility as an acute-care psychiatric facility. None of the costs were borne by the County. Since taking occupancy, Acadia has received entitlements for and has or is constructing additional bed capacity to roughly double the size of the facility. The County currently receives \$990,000 per year in rent, with periodic increases. Acadia is responsible for all operating and maintenance costs. The initial term of the Lease expires October 31, 2044, with Acadia having the option to extend the term for three additional periods of ten years each, with the final extension period ending on October 31, 2074.

A separate inpatient service agreement (Attachment 2- Executed SJBH Inpatient Service Agreement) between the County – through the Behavioral Health Services Department (BHSD) – and SJBH was fully executed on November 22, 2021, utilizing the Delegation of Authority approved by the Board of Supervisors on

September 22, 2020, to operate a general acute care hospital with an approved psychiatric unit for Fiscal Years 2022-2026. Admissions to psychiatric hospitals are predominantly for emergency care that cannot be provided to individuals at a lower level of care. Therefore, this service agreement does not have a maximum financial obligation because the number of annual patient days and service rates fluctuate from year to year and cannot be predicted precisely in advance. The amount paid is based upon the actual number of patient days purchased by the rates specified in the agreement. BHSD closely monitors the services provided through this agreement for fiscal and patient care issues. BHSD is negotiating with SJBH to amend the Agreement to increase the number of acute care beds dedicated for BHSD clients.

cc: Chief Board Aides
Greta S. Hansen, Chief Operating Officer
James R. Williams, County Counsel
Tiffany Lennear, Clerk of the Board of Supervisors
Mary Ann Barrous, Agenda Review Administrator
Jason McCluskey, Budget and Public Policy Analyst
Shawn Whiteman, Program Manager II

Attachment 1- Executed Acadia Lease

Attachment 2- Executed SJBH Inpatient Services Agreement