



## FRED BROWN'S RECOVERY SERVICES, INC.

A Non-Profit Organization

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### **AN OPEN LETTER TO THE SAN PEDRO COMMUNITY**

#### **SERENITY RECOVERY CAMPUS**

We want to address questions that have arisen following the recent release of materials related to the proposed Serenity Recovery Campus.

We understand this project has generated strong reactions. Some members of the community may oppose a facility like this regardless of how it is designed or operated. We recognize that, and we respect that not everyone will agree.

At the same time, many people are seeking clear, factual information to better understand what is being proposed. This letter is intended for those who want to engage on that basis. Our goal is to provide straightforward explanations, clarify areas of confusion, and continue an open and transparent dialogue as this project develops.

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### **PROJECT TIMELINE**

This is not an immediate-use facility.

If the project moves forward, development and operations will occur in phases over several years, consistent with State requirements and funding timelines.

- Initial steps include **acquisition, planning, and site preparation**
- Any use of the site would occur **gradually and in stages**, based on readiness, licensing, and regulatory approval
- **Renovations and occupancy would occur over time**, with full capacity not anticipated until approximately **2030**

This phased approach allows for careful planning, facility upgrades, staffing, coordination with local systems, and full regulatory review before services are expanded.

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### **UNDERSTANDING "SLOTS"**

Some of the most confusing figures in the application are references to "slots" and **224,100 "individuals served annually."**

A "slot" does not represent a person. It is a technical term used by the State to describe a single treatment session using a chair in a treatment room. These are standardized reporting metrics used across State-funded behavioral health facilities.

#### **For Example:**

- One person attending **3 sessions per day for 7 days** would count as **21 slots**

Because a single chair can be used multiple times per day, these figures add up quickly and **do not reflect the number of people on site at any given time**. The “224,100” figure is based on this methodology and **does not represent actual individuals receiving care**.

**What is more meaningful:**

- The facility is designed to serve approximately **175–200 outpatient visits on any given day**
- This capacity would be **phased in gradually over time**

## **“JUSTICE-INVOLVED” PATIENTS**

The application notes that a high percentage of patients may be “justice-involved.”

This term does not mean individuals are being released from prison into the facility. It means that, at some point, individuals may have had some interaction with the justice system.

**To be clear:**

- This is **not a prison release program**
- It is **not a diversion program**
- Admission is based solely on **clinical need and eligibility**

## **FACILITY OPERATIONS AND SAFETY**

The Serenity Recovery Campus is designed as a **structured, supervised treatment environment**, consistent with how Fred Brown’s Recovery Services has operated in San Pedro for more than 40 years.

**Key Operational Points:**

- **No walk-ins** — all clients are screened and authorized before admitted
- Residents are **not permitted unsupervised entry or exit**
- Facilities are **staffed 24/7** with controlled access and monitoring
- Clients are generally **transported to and from the facility**
- The program operates under **state and county licensing and oversight**

While this is not a locked facility, it is also not an open one. Structured supervision and program requirements govern all movement and activity. The campus layout allows for a controlled environment that is largely **separate from surrounding uses**.

Over more than four decades in San Pedro, FBRS has maintained working relationships with local law enforcement and emergency services, and those partnerships will continue. FBRS also maintains the highest level of accreditation, which includes review of safety protocols and operational capacity.

A **dedicated community hotline will be maintained and monitored** to ensure that any concerns can be quickly addressed.

## THE PROPERTY AND APPRAISAL

We've heard questions about the property's sale history and current valuation, and we want to address that directly.

- The property was sold in 2019 by the Little Sisters of the Poor to Grace Mercado for approximately **\$20 million**, with financing provided by Brian Dror
- That sale was below what many would consider market value and reflected the seller's preference for a buyer who would continue a care-based use
- Our understanding is that, following that acquisition, the facility faced significant operational and financial challenges
- As a result, the property was transferred to an entity controlled by Mr. Dror at a similar price point
- While the details of that transaction are not ours to speak to, this helps explain why the property changed hands without a significant increase in price

### After that acquisition:

- The new owners believed the property was worth significantly more based on market conditions and potential future use
- An independent appraisal was conducted by **Partners**, a recognized firm used in State-related transactions
- That appraisal valued the property at over **\$40 million**, based on standard industry practice of evaluating highest and best use

### For Context:

- The appraisal was conducted by a **third-party firm with an established track record**
- It was **not created by or controlled by Fred Brown's Recovery Services**
- The valuation reflects standard appraisal methodology based on market potential

We understand why the difference between past sales and the current appraisal raises questions. At the same time, the appraisal process follows standard real estate practices.

## CURRENT RESIDENTS OF THE SITE

We also want to address questions about the seniors currently living at the property.

- FBRS is **not the current operator** of the facility and has never operated at the site
- Decisions regarding resident transitions are the responsibility of the **current owner and provider**
- We have been advised that the provider operates **other assisted living facilities** and is managing that process

### Additional Context:

- Residency is typically **transitional**, with many residents staying **8 months to 2 years**
- Approximately **32 residents** lived at the facility one year ago; there are currently **76**

## Relocation process:

- Any transition is overseen by the **California Department of Social Services (DSS)**.
- The operator and ownership have indicated they will:
  - Provide **comparable assisted living options**
  - Cover **relocation-related costs**
  - Obtain **DSS approval** for the process

## Timing:

- Any transition would occur **over time—not immediately**

**Continuity of care remains an important consideration, and we are committed to supporting a thoughtful and coordinated process.**

## **MOVING FORWARD**

We recognize that this is a significant project, and that it raises important questions.

### **We also believe that:**

- Expanding access to treatment is necessary
- Structured, supervised care helps people stabilize and recover
- Providing treatment is a more constructive alternative than leaving individuals without support

### **This project is still several years away from operation. That time will be used to:**

- Continue engaging with the community
- Refine plans and operations
- Work with regulatory agencies
- Ensure responsible design and operations
- Establish clear community protocols

**We are committed to continuing this conversation in a clear, factual, and transparent way.**

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We know that not everyone will agree with this project.

But for those who are open to understanding it, we will continue to provide information, answer questions, and engage in good faith as the process moves forward.

Sincerely,

**Fred Brown's Recovery Services**

